



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
NOVEMBER 16, 2006**

**SUBJECT: DIVISION-22 GREEN-LINE SHOPS IMPROVEMENTS - PHASE II
CAPITAL PROJECT #204037**

**ACTION: AUTHORIZE SINGLE SOURCE PROCUREMENT TO SIMMONS
MACHINE TOOL CORPORATION**

RECOMMENDATION

A. The Board finds that there is only a single source of procurement for a Light Rail Vehicle (LRV) Wheel Truing Machine and purchase is for the sole purpose of duplicating the equipment already in use. The Board hereby authorizes purchase of the equipment pursuant to Public Utilities Code 130237.

Requires Two-Thirds Vote

B. Authorize the Chief Executive Officer to award a single source, firm fixed price contract to Simmons Machine Tool Corporation (SMTC) for the purchase, installation, commissioning and training of a new Simmons-Stanray CNC Under-floor Wheel Truing Machine Model Tn84C for the Metro Green Line Shop in an amount not to exceed \$1,410,000.

ISSUE

The Division-22 Metro Green Line Shop was constructed and built without a wheel-truing machine on-site to effectively support the fleet of rail-cars required for the alignments revenue service requirements. This procurement is for a LRV wheel-truing machine to be used for preventive maintenance programs, unscheduled maintenance repairs, and scheduled wheel-work activity. Division-22 has increased in fleet size over the past years from 15 LRVs to its current fleet size of 28 LRVs. The fleet size at this location is expected to peak at a fleet size of 36 LRVs by 2008. There are similar truing machines currently in use at Metro Gold Line and Metro Red Line facilities.

POLICY IMPLICATIONS

There are two similar wheel truing machines at other Metro rail shops. Purchase of a similar machine will further reduce operating and maintenance costs by improving staff effectiveness through equipment familiarity and standardization.

OPTIONS

One option would be to not purchase the Wheel Truing Machine for Division-22 and to maintain the status quo. This option is not recommended. Currently, staff must transfer LRVs from Division-22 to Metro Blue Line Division-11 for wheel truing services. This activity impacts daily operations at both locations and creates extended down-time in which rail-cars are not in service. Having this machine on-site to support alignment requirements will reduce the current process, that takes up to 3 weeks in equipment down-time, and will now be reduced to a timeframe of 2 to 3 days to complete the work on-site. There are also labor expenses associated with transferring rail cars between locations for wheel profiling because management must arrange for train operators to support equipment moves, which are not deemed revenue service activity. This issue will only be further compounded in the future by the opening of Metro's Mid-City Exposition Line . The presence of an on-site wheel-truing machine at Division-22 will allow for the accommodation of current and projected capacity. This will also reduce the strain on Division-11's equipment since its current allotment of the existing Blue-Line rolling stock is utilized for revenue service. It appears that Expo Phase-I will have to be supported at this location since there is no clear operational site identified at the time of this report.

FINANCIAL IMPACT

Funds for this action are included in the FY07 budget in Cost Center 3960, Capital Project 204037, Division 22 Expansion - Phase II, Wheel Truing Machine CO794 in the amount of \$884,131. This funding amount will cover initial expenses for SMTC to begin the production cycle for this machine. Due to the long lead-time for the machine the remaining balance has been programmed in FY08. This amount includes labor, material, tools, services and-incidentals for design, construction, installation and commissioning of the Wheel Truing Machine. This action is within the board approved Life of Project budget of \$4,895,000.

BACKGROUND

The Division-22 Improvements Project is a multi-year project to provide safety and efficiency improvements for Metro Green Line Yard operations. The vehicle fleet is serviced by Division-22 and has expanded from 15 vehicles in 1996 to the current fleet size of 28. This fleet size is continuing to expand as Metro receives new P2550 vehicles and P2000 vehicles removed from service at the Metro Gold Line are returned to Division-22 and Division-11.

Originally Phase-I of Division 22 Improvements expanded the maintenance shop by providing a new Blow Down Facility and Pit. This eliminated the need to transfer vehicles to the Metro Blue Line Yard for preventative maintenance activities.

The Phase-II portion of Division 22 Improvements provides for a new wheel-truing machine to allow for on-site maintenance efficiencies. This machine is being purchased because the agency already has two similar machines at other Metro rail shops. By purchasing a similar machine, operating and maintenance costs are further reduced. Through equipment familiarization and standardization staff effectiveness improves. The machine type being procured has proven service reliability not only at Metro, but also throughout the U.S. rail

market. This also ensures specifications and guidelines for wheel-set to track interface work outlined by the Federal Railroad Administration and California Public Utilities Commission are complied with.

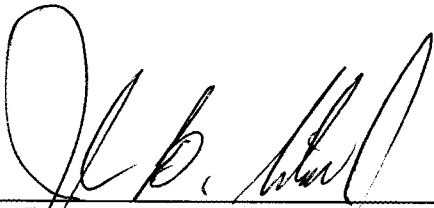
NEXT STEP

The contract will be awarded to Simmons Machine Tool Corporation. Due to the specialized nature of this equipment, the delivery period upon award is expected to be up to 14 months. Therefore, any delays to the process will only extend the timeframe and depending upon vendor orders from other clients and the limited quantity built each year, further delays to the overall project should be placed under consideration.

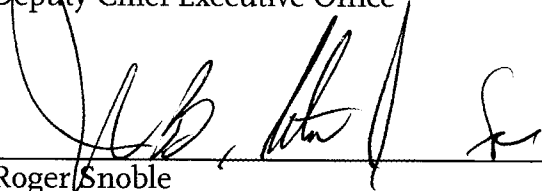
ATTACHMENT(S)

- A. Procurement Summary
- A-1. Procurement History
- A-2. List of Subcontractors

Prepared by: Walter (Ted) Sparkuhl, Contract Administrator
 Dave J. Kubicek, Deputy Executive Officer of Rail Operations
 Gerald C. Francis, General Manager, Rail Operations



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

DIVISION-22 IMPROVEMENTS PHASE II – WHEEL TRUING MACHINE

1.	Contract Number: OP3960-06-C0794		
2.	Recommended Vendor: SIMMONS MACHINE TOOL CORPORATION		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,442,016	Recommended Price: \$1,410,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: May 30, 2006		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: June 2006		
	E. Pre-Qualification Completed: May 4, 2006		
	F. Conflict of Interest Form Submitted to Ethics: October 24, 2006		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0.0% DBE Goal	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: 0.0% Details are in Attachment A-2 N/A		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: 1
8.	Evaluation Information:		
	A. Proposers Names: SIMMONS MACHINE TOOL CORP.	<u>Bid/Proposal Amount:</u> \$1,442,016	<u>Best and Final Offer Amount:</u> \$1,410,000
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date B. : N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Walter 'Ted' Sparkuhl	Telephone Number: 213-922-7399	
11.	Project Manager: Edward Smith	Telephone Number: 310-643-3804	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

DIVISION-22 IMPROVEMENTS PHASE II – WHEEL TRUING MACHINE

A. Background on Contractor

Simmons Machine Tool Corporation (SMTC) is a long established, well known rail maintenance equipment manufacturer. SMTC provides rail equipment to domestic and global rail transportation agencies. Metro has considerable experience with SMTC, as they have provided Metro with several pieces of heavy rail maintenance equipment and services, the latest being the refurbishment of the Division-11 Simmons-Stanray Wheel Truing Machine for Division-21, Metro Gold Line Wheel Truing Shop. Most recently Metro has entered into yearly service and technical support purchase orders for the Hegenscheidt Wheel Truing Machine located at Division 11, Metro Blue Line. SMTC has always worked very closely with Metro with respects to the agency's needs and has always fulfilled the agency's expectations on time, and on budget.

B. Procurement Background

As a result of the specialized nature of Simmons-Stanray wheel-truing machine it was necessary to implement a sole source procurement to satisfy the needs of Metro. The specialized nature of the work prompted DEOD to not recommend a Disadvantaged Business Enterprise goal for this procurement effort. SMTC is the only firm in the United States that can provide the type of wheel truing machine necessary to meet Metro's rail car maintenance requirements.

C. Evaluation of Proposals

Upon receipt of Simmons Machine Tool Corporation's proposal, a technical evaluation, price analysis and formal audit were performed. The price analysis was performed based upon sales history dating back to the year 2000 of ten similar machines sold to other transit agencies within the United States, and included Metro's Estimating Department's independent cost estimate (ICE).

D. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon fact finding, clarifications, Metro's ICE, and MASD's audit findings. The negotiated price of \$1,410,000 is 8.24% lower than Metro's Independent Cost Estimate, and within 1% of the audit findings, including proposed profit.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

DIVISION-22 IMPROVEMENTS PHASE II – WHEEL TRUING MACHINE

SIMMONS MACHINE TOOL CORP.

Small Business Commitment Subcontractors

None

Total Commitment 0.0%

