



**OPERATIONS COMMITTEE
MARCH 17, 2005**

SUBJECT: BUS TRANSMISSION OVERHAUL KITS

ACTION: AWARD CONTRACT FOR BUS TRANSMISSION OVERHAUL KITS

RECOMMENDATION

Authorize the Chief Executive Officer to award a 24-month fixed unit rate contract under Bid Number 05-0001 with Valley Power Systems, the lowest responsive, responsible bidder for the purchase of 1,440 Transmission Overhaul Kits for an amount not to exceed \$4,561,049 inclusive of sales tax.

RATIONALE

Transmission Overhaul Kits are necessary for the Regional Rebuild Center (RRC) to supply both the Operating Bus Divisions and the RRC Engine Power Plant Shop with rebuilt transmissions. Approximately two-thirds of these rebuilt transmissions are sent directly to the Operating Divisions for change out. Staff performed a make or buy (new) analysis in support of its decision to continue rebuilding bus transmissions at RRC.

The contract to be awarded under a Master Agreement will be a Requirements Type Contract for a specified period of time but not for a fixed quantity. The bid quantities are estimates only with deliveries to be ordered and released as required. There is no obligation or commitment on the part of Metro to order any or all of the Transmission Overhaul Kits that may be anticipated.

The Transmission Overhaul Kits under this procurement will be maintained under an Inventory Account and managed by Material Management. As the rebuilt transmissions are issued, the appropriate departmental budget project numbers and accounts are charged for the cost of the Transmission Overhaul Kits.

FINANCIAL IMPACT

The current forecast is to purchase 60 Transmission Overhaul Kits per month beginning April 2005. The funding of \$570,131 for the Transmission Overhaul Kits is included in the FY05 budget for cost center 3441, Central Maintenance Power Plant Department, under projects 300011 (Bus Operations), 300050 (RRC Heavy Maintenance), and 200050 (RRC Maintenance & Refurbish). Since this is a multi-year contract, the Cost Center Manager and

Deputy Chief Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. In FY04 \$606,236 was expended on this line item.

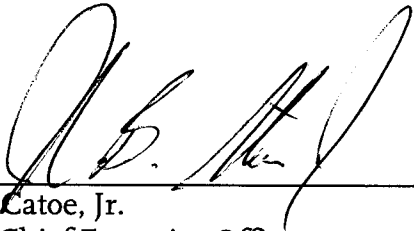
ALTERNATIVES CONSIDERED

The alternative is not to award the contract and procure Transmission Overhaul Kits on an as-needed basis at a higher cost. This approach is not recommended since it does not ensure a fixed price or provide a commitment from the distributor or the original equipment manufacturer to ensure availability.

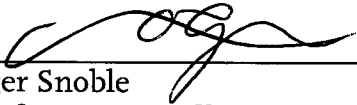
ATTACHMENTS

- A. Procurement Summary, Attachment A
- B. Procurement History, Attachment A-1
- C. Bid Tabulation, Attachment A-2

Prepared By: Milo Victoria, DEO Operations
Brian Collins, Purchase Contracts Manager



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

BUS TRANSMISSION OVERHAUL KITS

| | | | |
|-----|--|--|--|
| 1. | Contract Number: 05-0001 | | |
| 2. | Recommended Vendors: Valley Power Systems 425 S. Hacienda Blvd. City of Industry, CA 91745 | | |
| 3. | Cost/Price Analysis Information: | | |
| | 1. Bid/Proposed Price: \$4,561,049 | Estimated Amount: \$5,042,562 | |
| | B. Details of Significant Variances are in Attachment A-1.D | | |
| 4. | Contract Type: Fixed Price | | |
| 5. | Procurement Dates: | | |
| | A. Issued: 9/30/04 | | |
| | B. Advertised: 10/15/04 | | |
| | C. Pre-bid Conference: 10/12/04 | | |
| | D. Proposals/Bids Due: 11/16/04 | | |
| | E. Pre-Qualification Completed: Yes | | |
| | F. Conflict of Interest Form Submitted to Ethics: Yes | | |
| 6. | Small Business Participation: | | |
| | A. Bid/Proposal Goal: No goal recommended | Date Small Business Evaluation Completed: | |
| | Small Business Commitment: No goal recommended | | |
| 7. | Invitation for Bid/Request for Proposal Data: | | |
| | Notifications Sent: 6 | Bids/Proposals Picked up: 6 | Bids/Proposals Received: 2 |
| 8. | Evaluation Information: | | |
| | A. Bidders/Proposers Names: New Flyer Valley Power Systems | Bid/Proposal Amount: \$6,775,028 \$4,561,049 | Best and Final Offer Amount: N/A |
| | B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder. | | |
| 9. | Protest Information: | | |
| | A. Protest Period End Date: March 22, 2005 | | |
| | B. Protest Receipt Date: TBD | | |
| | C. Disposition of Protest Date: TBD | | |
| 10. | Contract Administrator: Jerri McGlothern | Telephone Number: 213-922-1075 | |
| 11. | Project Manager: John Petres | Telephone Number: 213-922-5743 | |

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

BUS TRANSMISSION OVERHAUL KITS

A. Background on Contractor

Valley Power Systems, City of Industry, California has been in business for fifty-six years. The company is a factory-sponsored distributor for Detroit Diesel, Allison, and Volvo Penta. Valley Power Systems is one of the largest distributors of Allison transmission parts in North America.

Valley Power Systems ranks third among Metro vendors ranked by transaction volume and sixth among Metro vendors ranked by dollar amount.

During the late 1990s, Valley Power Systems played an integral role in converting Metro's bus fleet from Methanol to Ethanol.

B. Procurement Background

This procurement was a competitive, sealed-bid awarded to the lowest responsive, responsible bidder on the basis of price.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this procurement.

Pursuant to the DBE Program, if the awardee proposes to utilize the services of subcontractors, Primes are expected to afford maximum opportunities to DBEs in all subcontractor supplier service areas. Upon Metro's request, Primes are also requested to submit documentation to demonstrate that good faith efforts are made to utilize DBEs throughout the life of the contract.

C. Evaluation Criteria

Selection of the lowest responsive, responsible bidder on the basis of price, in compliance with Metro Procurement policies and procedures.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$4,561,049 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

**BOARD REPORT ATTACHMENT A-2
BID TABULATION**

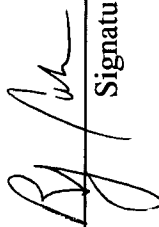
Bid No. 05-0001 BUS TRANSMISSION OVERHAUL KITS

Bid Out: 09/30/04 Total 6
 Bids Opened: 11/16/04 Total 2
 Advertisement Date: 10/15/04
 Newspaper: Daily News

| Item | MFR P/N | Description | Approved Brand | Qty | UM | New Flyer | | Valley Power Systems | |
|-----------|----------|--|----------------|-------|----|------------|----------------|----------------------|----------------|
| | | | | | | Unit Price | Extension | Unit Price | Extension |
| 1 | 29541740 | Kit - Master, Overhaul B400R, Dynex, TID 3 | Allison | 1,440 | KT | \$4346.31 | \$6,258,686.40 | \$2,926.00 | \$4,213,440.00 |
| Sub Total | | | | | | | \$6,258,686.40 | | \$4,213,440.00 |
| Sales Tax | | | | | | | | | |
| 8.25% | | | | | | | \$516,341.63 | | \$347,608.80 |
| Total | | | | | | | \$6,775,028.03 | | \$4,561,048.80 |

I hereby certify Valley Power Systems as being the lowest responsible bidder and recommend the award to them for total price, including sales tax, of \$4,561,049

2-28-2005
Date


Signature