



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
MARCH 16, 2006**

SUBJECT: GEARBOXES

**ACTION: APPROVE SINGLE SOURCE CONTRACT AWARD FOR GEARBOXES
FOR METRO RED LINE**

RECOMMENDATION

A. The Board finds that there is only a single source for procurement of Gearboxes on Metro Red Line Vehicles and purchase is for the sole purpose of replenishing Metro's existing supply. The Board hereby authorizes purchase of the gearboxes 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 Flender Corporation to purchase 10 Gearboxes to support the Metro Red Line fleet for a total cost of \$383,650 including sales taxes.

DISCUSSION

The gearbox assembly serves to transmit the power from the motor to the drive axle. The fleet of 104 Metro Red Line cars have four gearboxes per car.

The original gearboxes were designed and manufactured by Flender Corporation as part of the traction motor system when the rail cars were built and placed in service in 1993. There is no other source for these gearboxes since they must be compatible with existing traction motors. The 10 gearboxes will be used to repair and maintain the Red Line fleet.

The original gearboxes have provided over 12 years of service but now these units have started failing due to the normal wear and tear operation of the vehicles. To ensure uninterrupted revenue service, gearboxes must be available in inventory at all times.

At this time, no other known supplier besides Flender Corporation is available who can supply the exact identical component.

FINANCIAL IMPACT

Funding of \$383,650 will be included in the FY07 budget under Cost Center 3942, Project Number 206019, Task 09.001 and Line item number 50441. In FY06, no funds were expended in this category.

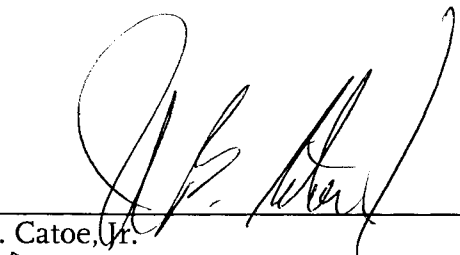
OPTIONS

Not award the contract and buy Gearboxes on an as-needed basis, using the traditional "min/max" inventory replenishing method. This approach is not recommended since the price for a smaller quantity could be as much as 40% higher. Also, gearboxes are manufactured to Metro specifications and takes approximately 32 weeks for delivery.

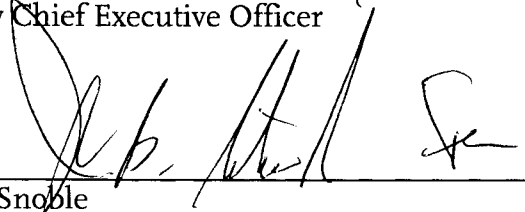
ATTACHMENTS

- A. Procurement Summary
- A-1 Procurement History

Prepared By: Dave Kubicek, Deputy Executive Officer – Rail Operations
Richard Bachman, Contract Administration Manager



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

GEARBOXES

1.	Contract Number: TBD		
2.	Recommended Vendor: Flender Corporation		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$383,650	Estimated Amount: \$383,650	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-bid Conference: N/A		
	D. Proposals/Bids Due: N/A		
	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: N/A	
	Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent:	Bids/Proposals Picked up:	Bids/Proposals Received:
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u> Flender Corporation	<u>Bid/Proposal Amount:</u> \$383,650	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10	Contract Administrator: Richard Bachman	Telephone Number: 213/922-1016	
11	Project Manager: Dave Kubicek	Telephone Number: 213/922-3640	

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

GEARBOXES

A. Background on Contractor

Flender Corporation is a major international manufacturer of drive systems and components with 9,500 employees and annual sales of about \$1 billion. Flender Corporation is the original manufacturer of the gearboxes currently installed on all of the Metro's fleet of rail vehicles.

B. Procurement Background

Pursuant to Section 11.2.A.1.a of the Metro's Policies and Procedures, a sole-source procurement is warranted if the item is only available from a single source. Based on information provided by the Rail Engineering Section, the purchase of gearboxes meets the criteria listed in the Procurement Policy Manual. Currently, Flender Corporation is the only supplier that can provide a gearbox that meets all technical requirements and is compatible with existing equipment.

The warranty on these gearboxes is either 12 months after installation or 18 months from date of shipment, whichever comes first.

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

C. Evaluation Criteria

Single source award based on price analysis. The price was evaluated and determined to be fair and reasonable based on comparison with historical pricing.

D. Cost/Price Analysis Explanation of Variances

The recommended price of \$383,650 is best obtainable price for this single source procurement. A cost analysis was not performed because Flender would not provide a detailed breakdown of its proposed price by cost element. However, a price analysis was performed and based on historical pricing adjusted for inflation and quantities, it was determined that the price per gearbox is fair and reasonable.

