



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE  
APRIL 20, 2006**

**SUBJECT: BUS INSPECTION SERVICES**

**ACTION: EXERCISE OPTIONS FOR BUS INSPECTION SERVICES FOR  
ARTICULATED BUSES**

**RECOMMENDATION**

Authorize the Chief Executive Officer to execute Modification No.1 to Contract No.OP33201516 with First Transit, Inc. to provide Bus Inspection Services for a period of one-year not-to-exceed amount of \$130,000 increasing the Total Contract Value from \$273,445 to \$403,445.

**RATIONALE**

Federal Transit Administration (FTA) Regulations (specifically 49CFR Section 663) requires transit properties to provide "In plant" inspections of new bus purchases. Based on past experience, and to avoid disrupting normal bus maintenance activities, staff has determined that it is more cost effective to outsource these mandated bus inspections rather than have Metro maintenance personnel perform them. In addition, the proposed outsourcing is consistent with recommendations of the Office of the Inspector General (OIG).

The proposed bus inspectors provide an independent review and testing of the manufacturer's quality throughout the manufacturing process to insure compliance with the technical specifications. The inspectors also insure compliance with Federal Buy America requirements, provide technical feedback to Metro's Project Manager and Engineers, and if necessary, provide specialists to assist in resolving any identified problems. In addition to the on-site contracted inspectors, Metro augments these contracted inspections with periodic on-site inspections by the project management team, and with other Metro Operations staff.

First Transit has been conducting all off-site inspection work on the first 200 vehicles being delivered under Contract OP33200646 with NABI Inc. First Transit has been performing the work under Contract No. OP33201516. First Transit has performed effectively. They have met or exceeded all contract requirements.

## **BACKGROUND**

In March 2004, the Board of Directors approved a contract with North American Bus Industries to manufacture two-hundred sixty-foot articulated buses. Last month Metro executed a contract option for an additional 96 articulated buses. The buses in this order are to be fabricated in Budapest, Hungary, and finished in Anniston Alabama. All of these buses are scheduled to be delivered during FY07.

FTA regulations require that Metro provide on-site inspectors to monitor production and Quality Assurance activities throughout the vehicle manufacturing process. The primary purpose of these inspections is to insure compliance with the technical specifications, but these inspections also insure compliance with federal Buy America requirements, provide technical feedback to the Metro's project team, and provide written documentation about any problems or issues encountered during vehicle production.

In 2000, Metro Operations began outsourcing the majority of its off-site bus inspection work. Under these bus inspection contracts, contractors assigned full-time inspectors to each of NABI's production facilities, and these inspectors are on-site any time a Metro vehicle is in any stage of production. Metro does continue to use some employees to conduct "Start-up and final acceptance inspections" as is required by the ATU labor contract, but these are minimal inspections that only cover a small portion of the total time Metro's vehicles are in production.

## **FINANCIAL IMPACT**

Funding for this service will be included in the FY07 budget in cost center number 3320, Vehicle Technology, project number 201011, Articulated Bus Procurement.

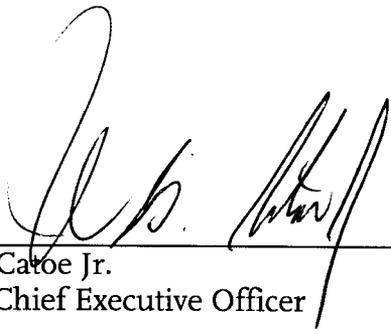
## **ALTERNATIVES CONSIDERED**

Performing bus inspections solely with Metro staff was considered. Staff does not recommend this alternative for several reasons. First Metro Operations has found it to be both more expensive and operationally disruptive to assign Metro staff to perform all required off-site inspection work at these off-site locations (Budapest and Anniston, Alabama). Additionally, outsourcing contracted bus inspection personnel to perform quality assurance oversight is consistent with the findings in the OIG's report on the Metro bus inspection program.

## **ATTACHMENT(S)**

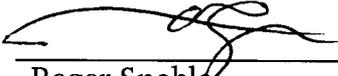
- A. Procurement Summary
- A-1. Procurement History
- A-2. List of Subcontractors

Prepared by: John Drayton, Manager, Vehicle Technology



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John B. Catoe Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**BUS INSPECTION SERVICES**

1.	Contract Number: OP33201516		
2.	Recommended Vendor: First Transit		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: NA	Recommended Price: Not to Exceed \$403,445	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-proposal Conference: N/A		
	D. Proposals 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:	Date Small Business Evaluation Completed: May 13, 2004	
	B. Small Business Commitment: 10% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders/Proposers Names: N/A	<u>Bid/Proposal Amount:</u> N/A	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: Competitive procurement. Details are in Attachment B-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Susan M. Dove	Telephone Number: (213) 922-7451	
11.	Project Manager: John Drayton	Telephone Number: (213) 922-5882	

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

**BUS INSPECTION SERVICES**

**A. Background on Contractor**

First Transit Inc. is a business unit of FirstGroup America, an entity owned by FirstGroup, plc. United Kingdom-based passenger Transportation Company. FirstGroup, plc. is the United Kingdom's largest surface transportation company, with a fleet of more than 9,000 vehicles. With 40,000 employees worldwide, FirstGroup, plc. is listed on the London Stock Exchange. For over fifty years, First Transit, Inc. has provided public transit contracting and management services. First Transit, Inc. serves more than 100 transit authorities, federal agencies, municipal organizations and private companies.

First Transit, Inc. has performed bus inspection services for clients including Metropolitan Transit Authority of Harris County in Houston, Dallas Area Rapid Transit, and Long Beach Transit. In addition, First Transit has performed bus inspections on North American Bus Industries vehicles for Orange County Transportation Authority. First Transit has also performed bus inspections on buses of other bus manufacturers, including New Flyer of America and Gillig. Based on reference checks, First Transit Inc. performance in performing bus inspection services was very good.

**B. Procurement Background**

Under this procurement, Metro solicited proposals for a firm fixed price contract for a Contractor to provide bus inspection services during the manufacture of the buses at North American Bus Industries (NABI) facilities in Budapest, Hungary, and in Anniston, Alabama.

The initial contract period of performance was July 1, 2004 through June 30, 2006. In the event Metro exercised options for additional articulated buses, the contract contained options for additional inspection services based on a CPI escalation of the fixed rates for inspection of the initial two hundred buses. In September 2005, the Board of Directors authorized exercising an option for ninety-four buses. NABI included two additional buses at no cost to Metro.

The Diversity and Economic Opportunity Department (DEOD) established a 10% Disadvantaged Business Enterprise (DBE) participation goal for this contract.

As required by Metro's Procurement Policy, staff must determine that the option pricing is reasonable. In the original contract award, Metro paid a fixed price for the inspection of each bus. A special provision was included in the contract which delineated the formula to calculate the appropriate escalation factor for any option

being exercised. The escalation factor was based on the Consumer Price Index (CPI) for all Urban Wage Earners and Clerical Workers for Los Angeles-Riverside-Orange County, CA. Based on Metro staff's calculation, the escalation factor for the period July 2004 and February 2006 is 7.1%. When applied, the escalation will increase the price of each inspection from a cost of \$1255 per bus to a cost of \$1344.10 per bus, an increase of \$89.10. Based on a review of the option pricing, and a market survey conducted by staff, the proposed price of \$1,344.10 per bus was determined to be reasonable.

C. **Evaluation of Proposals**

Not applicable.

D. **Cost/Price Analysis Explanation of Variances**

The recommended not to exceed amount of \$130,000 for bus inspection services has been determined to be fair and reasonable based on a price analysis. Therefore, a revised contract not to exceed amount of \$403,445 has been recommended.

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

**BUS INSPECTION SERVICES**

**SMALL BUSINESS PARTICIPATION (OP33201516)**

This Contract has a Disadvantaged Business Enterprise (DBE) participation goal of 10%. The Contract was awarded on July 2004 and is approximately 100% complete. Current DBE attainment<sup>1</sup> based on the relevant amount<sup>2</sup> is 10 %. Current DBE participation<sup>3</sup> based on total actual amount paid-to-date to Contractor and total actual amount paid-to-date to DBEs is 17.4%.

<b>Original Award Amount</b>	<b>\$ 273,445.00</b>
<b>Relevant Contract Amount<sup>2</sup></b>	<b>\$ 273,445.00</b>
<b>Total Actual Amount Paid to Date to Prime</b>	<b>\$ 157,259.00</b>

**Small Business Participation**

Subcontractor Name	% Commitment	% Complete	% Current Attainment	% Current Participation
ESA Management & Engineering	10%	100%	10%	17.4%
TOTAL	<b>10%</b>	<b>100%</b>	<b>10%</b>	<b>17.4%</b>

<sup>1</sup>Current Attainment = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Current Contract Amount

<sup>2</sup>Relevant Contract Amount = Original Contract Value + Contract Cost Modifications

<sup>3</sup>Current Participation = Total Actual Amount Paid-to-Date to DBE Subs ÷ Total Actual Amount Paid-to-Date

