



**OPERATIONS COMMITTEE
APRIL 20, 2006**

SUBJECT: TURBOCHARGERS

ACTION: AWARD CONTRACT FOR TURBOCHARGERS

RECOMMENDATION

Authorize the Chief Executive Officer to award a twenty-four month firm fixed price requirements contract under Bid No. 06-0008 with Custom Turbo Rebuilding, Inc, the lowest responsive and responsible bidder for turbochargers for a firm fixed price of \$1,976,905, inclusive of sales tax.

RATIONALE

A turbocharger is a device that is mounted on the engine and is responsible for compressing the air going into the engine to provide extra power and more efficiently burn the mixture of fuel in the cylinders. All of the engines in Metro's bus fleet need a turbocharger to operate. One-thousand six-hundred and twenty-eight vehicles require the specific turbochargers included in this award. This procurement will provide Metro the continuity of supply of turbochargers at the lowest cost and ensure that they are available to support the bus fleet to continue uninterrupted service. Based on historical usage, staff estimates Metro uses approximately 450 turbochargers per year.

A turbocharger's lifecycle is affected by a number of conditions, i.e. variable loads, engine types, PSV valve failures, etc. The warranty period for these turbochargers is one-year.

Since this contract is a "requirement type" agreement up to the specified quantity for a specific duration of time there is no obligation or commitment on the part of Metro to order any or all of the turbochargers that may be required. The bid quantities are estimates only, with deliveries to be ordered and released as required.

Turbochargers will be purchased and will be maintained in inventory and managed by Material Management. Each of the Service Sector operating divisions maintain turbochargers in their stock room based on their individual consumption requirements. As the turbochargers are issued, the appropriate Sector's budget project numbers and accounts are charged.

FINANCIAL IMPACT

The funding of \$171,000 for this procurement is included in the FY06 budget in cost center numbers 3601, 3802, 3805, 3818, 3508, 3515, 3503, 3609, 3706, 3707, and 3710, Parts Revenue Vehicles under project numbers 303008, 304008, 301008, 302008, 305008. 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. In FY05, \$1,896,213 was expended on turbochargers.

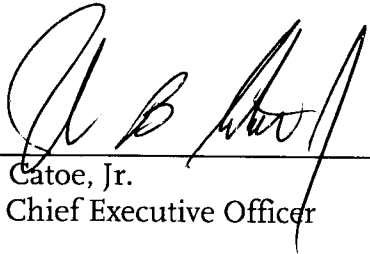
ALTERNATIVES CONSIDERED

The alternative is not to award the contract and procure the turbochargers on an as-needed basis, using the traditional "min/max" replenishment system method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure the availability, timely delivery, continued supply and a guaranteed fixed price for the parts.

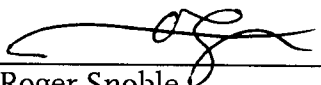
ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractos
- B Bid Tabulation

Prepared by: Milo Victoria, DEO, 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**

TURBOCHARGERS

1.	Contract Number: 06-0008		
2.	Recommended Vendor: Custom Turbo Rebuilding, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,976,905	Recommended Price: \$2,578,951	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: 02/03/06		
	B. Advertised: 02/06/06		
	C. Pre-proposal Conference: None		
	D. Proposals Due: 02/28/06		
	E. Pre-Qualification Completed: Not Required		
	F. Conflict of Interest Form Submitted to Ethics: 03/03/06		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 19	Bids/Proposals Picked up: 10	Bids/Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Custom Turbo Rebuilding, Inc. DEPO Valley Power Systems, Inc.	<u>Bid/Proposal Amount:</u> \$1,976,904.71 \$2,083,855.80 \$2,673,542.05	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 04/26/06		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Vimol Katkaphan	Telephone Number: 213-922-7351	
11.	Project Manager: John Petres	Telephone Number: 213-922-5743	

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

TURBOCHARGERS

A. Background on Contractor

Custom Turbo Rebuilding, located in the city of Santa Fe Springs, has been in business since 1968. Major area of business is turbochargers and heavy duty exhaust industries. Major customers are Orange County Transportation Authority, Riverside Transit, Logistics Marine Corps Barstow San Francisco Transit, United States Coast Guard, and Los Angeles Unified School District. Metro is currently doing business with Custom Turbo Rebuilding, and this company has been responsive in providing satisfactory service and delivery of parts to Metro.

B. Procurement Background

In accordance with Metro Procurement Policies and Procedures, Metro Equipment Maintenance performed a technical evaluation.

All bidders were determined to be in full compliance with the specification. Therefore, staff recommends award to the lowest responsive, responsible bidder Custom Turbo Rebuilding, Inc.

The warranty on these turbochargers is one year.

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

C. Evaluation of Proposals

Bidder #1 Custom Turbo Rebuilding, Inc. was the lowest bidder and was found to be in compliance with the terms and conditions of the bid.

Bidder #2 DEPO was found to be in compliance with the terms and conditions of the bids.

Bidder #3 Valley Power Systems, Inc. was found to be in compliance with the terms and conditions of the bids.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$1,976,905 has been determined to be fair and reasonable, based upon adequate price competition, and selection of the lowest responsive and responsible bidder. The recommended bid unit rate will result in a total savings/cost avoidance over a two-year period of \$1,048,629 from current prices. The difference in pricing is based on increased competition.

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

TURBOCHARGERS

PRIME CONTRACTOR – Custom Turbo Rebuilding, Inc.

Small Business Commitment

Other Subcontractors

N/As

N/A

Total Commitment 0 %

**BOARD REPORT ATTACHMENT B
 BID TABULATION**

TURBOCHARGERS

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY BID TAB
 Bid No.: 060008 Turbo Chargers**

Bids Out: 02/03/06 Total 10
 Bids Opened: 02/28/06 Total 3
 Advertisement Date(s): 02/06/06
 Newsmen: Daily News

Item No.	MTA Item Code	Description	U M	2-Year Est. Usage	Custom Turbo Rebuilding				Depo				Valley Power Systems			
					Unit Price	Less Unit Core Value	Total Unit Price	Total Price	Unit Price	Less Unit Core Value	Total Unit Price	Total Price	Unit Price	Less Unit Core Value	Total Unit Price	Total Price
1	11738	Turbochargers	EA	168	\$1,101.79	\$0.00	\$1,101.79	\$185,100.72	\$1,130.00	\$0.00	\$1,130.00	\$189,840.00	\$1,388.00	\$0.00	\$1,388.00	\$233,184.00
2	13723	Turbochargers	EA	720	\$2,279.36	\$0.00	\$2,279.36	\$1,641,139.20	\$2,410.00	\$0.00	\$2,410.00	\$1,735,200.00	\$3,406.39	\$300.00	\$3,106.39	\$2,236,600.80
Subtotal					\$1,826,239.92				\$1,925,040.00				\$2,469,784.80			
Sales Tax 8.25 %					\$150,664.79				\$158,815.80				\$203,757.25			
Total Bid Price					\$1,976,904.71				\$2,083,855.80				\$2,673,542.05			

I hereby certify Custom Turbo Rebuilding as being the lowest responsible bidder and recommend the award to them for total price, including sales tax of \$ 1,976,905.

3/29/06 Date
AA Bachman Signature

