



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
MAY 18, 2006**

SUBJECT: BUS DIFFERENTIALS

ACTION: AWARD CONTRACT FOR BUS DIFFERENTIALS

RECOMMENDATION

Authorize the Chief Executive Officer to award a twenty-four month fixed unit rate contract under Bid Number 06-0013 with North American Bus Industries (NABI), the lowest responsive, responsible bidder for Bus Differentials in an amount not-to-exceed \$3,784,050, inclusive of sales tax.

RATIONALE

A Differential is a set of gears that allow the powered wheels in a vehicle to turn at different speeds, especially when going around a curve. Bus differentials are located in the middle of the rear axle and are critical because it transfers power from the drive shaft to the rear axle.

The Procurement and Material Management Department has identified requirements for 1368 bus differentials to be replaced during the next two years. In recent years, bus differentials have been rebuilt at Metro's Regional Rebuild Center (RRC). Make/Buy analysis performed by Material Planning has determined savings of thirty percent may be achieved by purchasing new bus differentials. In addition, new bus differentials are sold with a warranty and have a longer mean time between failures than rebuilt bus differentials.

FINANCIAL IMPACT

The funding 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, approximately \$687,921 was expended in this category.

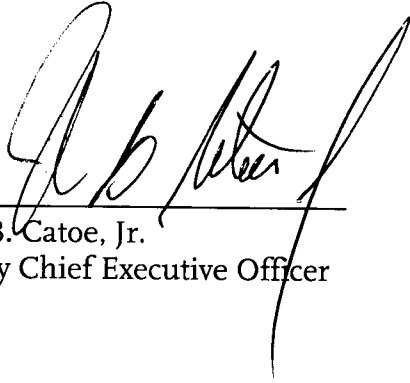
ALTERNATIVES CONSIDERED

The alternative is to not award the contract and procure bus differentials 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 suppliers to ensure availability.

ATTACHMENTS

- A. Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B. Bid Tabulations

Prepared by: Brian J. Collins, Purchase Contract Manager
Milo Victoria, Deputy Executive Officer Operations



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

BUS DIFFERENTIALS

1.	Contract Number: 06-0013		
2.	Recommended Vendor: North American Bus Industries (NABI)		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$3,784,050	Recommended Price: \$3,784,050	
	B. Details of Significant Variances: N/A		
4.	Contract Type: Unit fixed price		
5.	Procurement Dates:		
	A. Issued: February 23, 2006		
	B. Advertised: February 23, 2006		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: March 22, 2006		
	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	
	B. Small Business Commitment: No Goal Recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 22	Bid/Proposals Picked up: N/A	Bid/Proposals Received: 7
8.	Evaluation Information:		
	A. Bidders Names:	<u>Bid Amounts:</u>	<u>Best and Final Offer Amount:</u>
	NABI	\$3,784,049.61	\$3,784,049.61
	Orion Bus Industries	\$3,871,881.24	\$3,871,881.24
	Gillig Corp.	\$3,889,206.00	\$3,889,206.00
	Neopart	\$3,920,975.64	\$3,920,975.64
	New Flyer	\$4,452,000.87	\$4,452,000.87
	Muncie	\$5,998,717.05	\$5,998,717.05
	Evaluation Methodology: Selection of the lowest responsive, responsible bidder		
9.	Protest Information:		
	A. Protest Period: 05/24/06		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Joanne Cummings	Telephone Number: 922-1035	
11.	Project Manager: Milo Victoria	Telephone Number: 922-5042	

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

BUS DIFFERENTIALS

A. Background on Contractor

North American Bus Industries (NABI) designs, manufactures, assembles, and sells transit buses. In January 2006, NABI was acquired by Cerberus Capital Management, L.P., a U.S. based private equity fund manager. Headquartered in New York, Cerberus Capital Management, L.P., and its affiliated entities manage funds and accounts with capital in excess of \$16 billion. NABI ranks first among Metro vendors ranked by transaction volume and fourth among Metro vendors ranked by dollar amount.

NABI has provided satisfactory service and supplies to Metro.

B. Procurement Background

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.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$3,784,050 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 TABULATIONS**

BUS DIFFERENTIALS

PRIME CONTRACTOR – North American Bus Industries

Small Business Commitment

N/A

Total Commitment 0%

Other Subcontractors

N/A

Bids Out: 2/23/06 Total 13
 Bids Opened: 7 No Bids: 1
 Advertisement Date(s): 2/23/06
 Newspaper: Daily News

NABI		Orion Bus Industries Inc		Cillig Corporation		Neopart		New Flyer Industries		Muncie Reclamation a								
Item No.	MTA Item Code	Mfg. No.	Description	U	M	2-Year Est. Usage	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price		
1	133780	A1-3200P1706-563	Differential Asrm 5.63	E	A	720	\$2,469.78	\$1,778,241.60	\$2,524.20	\$1,817,424.00	\$2,545	\$1,832,400	\$2,559.15	\$1,842,588.00	\$2,913.91	\$2,098,015.20		
2	140317	A1-3200P1706-538	Differential Asrm 5.38	E	A	240	\$2,469.78	\$592,747.20	\$2,524.20	\$605,808.00	\$2,545	\$610,800	\$2,559.15	\$614,196.00	\$2,913.91	\$699,338.40		
3	141900	A1-3200P1706-489	Differential Asrm 4.89	E	A	288	\$2,469.78	\$711,296.64	\$2,524.20	\$726,969.60	\$2,545	\$732,960	\$2,559.15	\$737,035.20	\$2,913.91	\$839,206.08		
4	140326	SA 86003170	Carrier Asrm. 5.25	E	A	120	\$3,444.77	\$413,372.40	\$3,554.95	\$426,594.00	\$3,472	\$416,640	\$3,569.41	\$428,329.20	\$3,967.86	\$476,143.20		
Subtotal								\$3,495,657.84		\$3,576,795.60		\$3,592,800		\$3,622,148.40		\$4,112,702.88		\$5,541,540.
Sales Tax 8.25 %								\$288,391.77		\$295,085.64		\$296,406		\$298,827.24		\$339,297.99		\$457,177.01
Total Bid Price								\$3,784,049.61		\$3,871,881.24		\$3,889,206		\$3,920,975.64		\$4,452,000.87		\$5,998,717

I HEREBY CERTIFY NABI AS BEING THE LOWEST RESPONSIBLE BIDDER AND RECOMMEND THE AWARD TO THEM FOR TOTAL PRICE, INCLUDING SALES TAX OF

\$3,784,049.61

By [Signature]
 SIGNATURE

5.1.2006
 DATE

Bus Differentials

