



Metro

Metropolitan Transportation Authority

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**OPERATIONS COMMITTEE
JUNE 19, 2008**

SUBJECT: PRINTING SERVICES REPLACEMENT EQUIPMENT

ACTION: MODIFY CONTRACT PS087140606

RECOMMENDATION

Authorize the Chief Executive Officer to execute Modification No. 2 to Contract No. PS087140606 with Heidelberg USA, Inc. to make payment to Heidelberg for California Sales Tax of \$124,000 increasing the Total Contract Value from \$1,546,196 to \$1,670,196.

RATIONALE

On October 16, 2007, the Board approved award of a contract to Heidelberg USA, Inc. (Heidelberg) to supply one 28" sheet-fed offset printing press system based on Invitation for Bids (IFB) Number PS087140606. In their bid, Heidelberg extended its lowest pricing as allowed under the Government Services Award (GSA Schedule 70). Heidelberg and we entered into a contract for the purchase of the printing press system. After contract execution, it was discovered that, because Heidelberg had used its federal GSA Schedule 70 in computing its bid pricing, state sales tax had not been included in its pricing and Metro also did not discover this oversight. This mutual mistake has resulted in the contract not reflecting the actual agreement of the parties that state sales tax was to be part of the pricing.

In accordance with our Procurement Policy Manual Section 7.22.1, Mistakes In Bids After Award, it has been determined that a Modification to the contract to correct the mistake concerning the inclusion of state sales tax would be in our best interest.

FINANCIAL IMPACT

The funding of \$124,000 for the sales tax is included in the FY08 budget in cost center number 7140, Customer Communications, under project number 210014, task number 05.001 and 05.002.

Approval of this action will not impact the Life of Project (LOP) budget for this project.

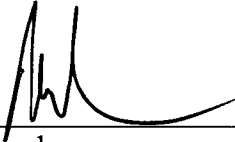
ALTERNATIVES CONSIDERED

No alternatives have been considered due to the fact that we are legally responsible for paying California Sales Tax on goods purchased and the GSA pricing from Heidelberg USA, Inc. created a mutual misunderstanding.

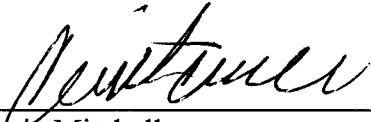
ATTACHMENT

1. Procurement Summary

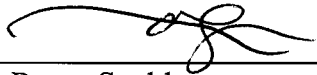
Prepared by: Linda C. Wasley, Sr. Contract Administrator



Matt Raymond
Chief Communications Officer



Lonnie Mitchell
Chief Administrative Services Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY
METRO PRINT SHOP REPLACEMENT EQUIPMENT**

1.	Contract Number: PS087140606		
2.	Recommended Vendor: Heidelberg USA, Inc.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$124,000	Recommended Price: \$124,000	
	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: N/A		
	F. Conflict of Interest Form Submitted to Ethics: N/A		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed: N/A	
	Small Business Commitment: 0% 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: Heidelberg USA, Inc.	<u>Bid/Proposal Amount:</u> \$124,000	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: N/A		
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: Linda Wasley	Telephone Number: 922-4186	
11.	Project Manager: Robert Hartert	Telephone Number: 922-4353	

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

METRO PRINT SHOP REPLACEMENT EQUIPMENT

A. Background on Contractor

Heidelberg USA, Inc. in Kennesaw, Georgia has been incorporated in the United States for more than 15 years but the origins of the company in the United States can be traced back to 1936. Heidelberg USA, Inc. is wholly owned by Heidelberg Americas, Inc, which is owned by Heidelberg Druckmaschinen, AG. - the original German-based maker of offset printing presses and equipment. Heidelberg USA, Inc. equipment has been satisfactorily used in our Print Shop for more than twenty years. Heidelberg USA, Inc. is the prime supplier of print presses to private print shops and newspaper and magazine printers all over the world.

B. Procurement Background

This is a request to authorize payment of California Sales Tax on contract PS087140606 with Heidelberg USA, Inc. (original equipment manufacturer) for the 28" sheet fed printing press. California Sales Tax was not included in the original bid.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a DBE Voluntary Anticipated Level of Participation (VALP) goal for this procurement due to lack of sub-contracting opportunities.

C. Evaluation of Proposals

The original procurement was conducted in accordance with our Procurement Policies and procedures. Heidelberg USA, Inc. was the single responsive responsible bidder for the five color print press.

D. Cost/Price Analysis

\$124,000 is the amount of the California State Sales Tax on the printing press purchase. The price for the 28" sheet fed printing press with sales tax is less than the original estimate for the procurement. California sales tax is due on this purchase.

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

METRO PRINT SHOP REPLACEMENT EQUIPMENT

PRIME CONTRACTOR

Heidelberg USA, Inc.

Small Business Commitment

0%

Total Commitment 0%

Other Subcontractors

None