



OPERATIONS COMMITTEE
April 16, 2009

SUBJECT: RED LINE WHEELS SETS

ACTION: AWARD CONTRACT FOR RED LINE WHEELS SETS

RECOMMENDATION

Authorize the Chief Executive Officer to award a 24-month, firm fixed price contract under Bid Number 09-0018 to Penn Machine Company, the lowest responsive and responsible bidder for 180 Red Line Wheel Sets for an amount not to exceed \$501,600 inclusive of one-year option.

RATIONALE

This procurement of 180 wheels sets are for the Metro Red Line Breda Rail Cars. There are 104 vehicles of this type in service and each vehicle is equipped with eight (8) wheels per vehicle. The wheels are replaced when flats occur or as a result of normal wear and tear. New wheels have an average mileage on the vehicles of more than 750,000 miles. Four (4) wheels on a truck are changed at the same time. The establishment of a 24 month contract for the supply of the rail wheel sets for the Red Line will ensure uninterrupted revenue service.

Since the contract to be awarded is a "requirement type" agreement in which Metro commits to order only from the awardee, up to the specified quantity for a specific duration of time, but there is no obligation or commitment for Metro to order any or all wheel sets that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required.

FINANCIAL IMPACT

The funding of \$95,600 for Red Line wheel sets is included in the FY09 budget in the Rail operating cost center 3942, Project 300044, line item 50441. Since this is a multi-year contract, the cost center manager and General Manager, Rail Operations will be accountable for budgeting the cost in future fiscal years. In FY08, there were no expenditures for Red Line wheel sets.


ALTERNATIVES CONSIDERED

The alternative is not to award the contract and to procure the Rail Wheel Sets on an as-needed basis at a higher cost. This approach is not recommended since it does not provide a commitment from the suppliers to ensure availability and price stability.

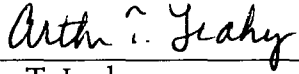
ATTACHMENTS

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

Prepared By: S. Jackson, Procurement Planning Administrator
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Michael J. Cannell
General Manager, Rail Operations



Arthur T. Leahy
Chief Executive Officer



Metro

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

RED LINE WHEEL SETS

1.	Contract Number: 09-0018		
2.	Recommended Vendor: Penn Machine Company, 106 Station Street, Johnstown, PA 15905		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$501,600.	Recommended Amount: \$501,600.	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: December 5, 2008		
	B. Advertised: December, 5, 2008		
	C. Pre-bid Conference: December 11, 2008		
	D. Proposals/Bids Due: January 8, 2009		
	E. Pre-Qualification Completed: Yes		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation: %		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed:	
	Small Business Commitment:		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 3	Bids/Proposals Picked up: 2	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders/Proposers Names: ORX Penn Machine Company	<u>Bid/Proposal Amount:</u> \$455,760. \$501,600..	<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: 4/23/09		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Sherri Jackson	Telephone Number: 213/922-1025	
11.	Project Manager: Cathy Kaminski	Telephone Number: 213/922-5713	

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

RED LINE WHEEL SETS

A. Background on Contractor

In 1920, Penn Machine Company began business as a coal company and pioneered the manufacture of quality replacement parts for coal mining equipment, heavy industry and railroad locomotives. Penn Machine Company has grown to become a major supplier of heavy-duty OEM and aftermarket components for the transit, railroad, mining, steel, marine and general industries.

Penn Machine Company product lines include carburized and hardened gears and pinions, resilient transit wheels, axles, wheel sets and gearbox remanufacturing. In addition, Penn Machine Company is the manufacturer of the original FCC resilient wheel, and a licensee of Bochumer Verein Verkehrstechnik for their state-of-the-art transit wheel set technology. Penn Machine Corporation is also a licensee of ZF Bahntechnik for every type of rail transit transmission.

Penn Machine Company has been a continuous supplier of wheel sets, steel tires and other products and services to Metro Rail Divisions.

B. Procurement Background

Evaluation of the two bids received was based on the submittal of offers for Red Line Wheel Sets as specified. One bid was found to be responsive to the bid requirements.

The Diversity and Economic Opportunity Department recommended 0% Disadvantaged Anticipated Levels of Participation (DALP) participation goal for this procurement.

C. Evaluation Criteria

Technical review and selection of the lowest responsive, responsible bidder.

Bidder #1 ORX. in the amount of \$455,760. was non compliant to the bid requirements. ORX bid submittal was found to be incomplete because they failed to sign the Bidder's Statement.

Bidder #2 Penn Machine Company in the amount of \$501,600 is in full compliance to the technical specifications and the bid requirements.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$501,600 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
LIST OF SUBCONTRACTORS**

RED LINE WHEEL SETS

PRIME CONTRACTOR

Small Business Commitment

Other Subcontractors

Total Commitment 0%



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

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metro.net

**ATTACHMENT B
BID TABULATION**

Bids Out: 12/05/08 Total 3
Bids Opened: 01/08/09 Total 2
Advertisement Date(s): 12/05/08
Newspaper: Daily News

					ORX		Penn Machine Co.	
Item No.	MTA Item Code	Description	Qty	UM	Unit Price	Total Price	Unit Price	Total Price
24 MONTH								
1	172504N	Wheel Set Assembly Class B	120	EA	\$2,492.00	\$299,040.00	\$2,735.00	\$328,200.00
Total 24 Month						\$299,040.00		\$328,200.00
1st YEAR OPTION								
1	172504N	Wheel Set Assembly Class B	60	EA	\$2,612.00	\$156,720.00	\$2,890.00	\$173,400.00
Total 1st Year Option						\$156,720.00		\$173,400.00
GRAND TOTAL						\$455,760.00		\$501,600.00

I hereby certify _____ as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of _____.

Date

Signature

