



Board Report

File #: 2017-0629, File Type: Contract

Agenda Number: 21.

SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE NOVEMBER 16, 2017

SUBJECT: PURCHASE OF PRODUCTION RAIL TAMPER

ACTION: APPROVE CONTRACT AWARD

RECOMMENDATION

CONSIDER:

- A. FINDING the only responsive responsible bid for acquisition of a Production Rail Tamper under Public Utilities Code (PUC) section 130232 has been rejected due to the lack of competition and the equipment may be purchased at a lower price on the open market (PUC §130233); and
- B. AUTHORIZING the Chief Executive Officer to award a firm fixed price Contract no. OP42642000 with Plasser American Corporation, on the open market pursuant to PUC §130233, for one Production Rail Tamper in the amount of \$3,378,292, inclusive of sales tax.

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

ISSUE

This procurement is for the replacement of a Metro owned and operated rail tamping machine. A rail tamping machine is used to "tamp" stone ballast underneath and around rail track for proper track leveling and support. This equipment is required to support the track maintenance of light and heavy rail track throughout the Metro system. The current machine has been in operation since 1995. In the last several years it has experienced reduced reliability and has now surpassed its useful life and requires replacement.

Staff recommends awarding the rail tamper machine contract through a negotiated process rather than a bid. Although a formal solicitation was attempted, only one bidder made an offer and that bid price was not deemed fair and reasonable. However, through cost analysis and negotiation Metro was able to obtain a significant price reduction from the bid price. Through market survey staff found no evidence that a re-solicitation would result in a better outcome.

DISCUSSION

The new machine is a heavy duty, high performance switch and production tamping machine. It is a multifunctional machine with fully automatic track lifting, lining, and cross leveling capabilities. It is specially designed for high density transit commuter lines with tight radius curves. The production rail tamper is designed to properly align the track and has the capability of lifting the rails to ensure that the ballast beneath the ties is level and compacted for maximum support.

The purchase of the production rail tamper will provide the Metro Track Maintenance Department with the necessary equipment for the consistent, timely and effective maintenance of Metro light and heavy rail track systems for the next 15-20+ years. In addition, Plasser American Corporation will provide training to the Metro employees in order to operate the machine as well as perform preventive maintenance, troubleshooting, inspections and repairs.

DETERMINATION OF SAFETY IMPACT

The purchase of the new equipment will provide Metro with an advanced state-of-the-art system that includes an acoustically insulated, climate controlled and air pressurized cabin to reduce noise and eliminate particulates, thus maximizing operator safety. Finally, the new equipment will facilitate the timely maintenance of rail track to ensure the safe and quiet operation on Metro light and heavy rail trains.

FINANCIAL IMPACT

The recommendation for award is \$3,378,292. The funding is included in Cost Center 3790 Maintenance Administration; Project 208082 and 208091 Rail Equipment; Account 53106, Acquisition of Service Vehicle. The delivery of the equipment is scheduled for up to 16 months after the date of award.

Impact to Budget

The source of funds for this procurement will come from Federal, State and local funding sources including sales tax and fares that are eligible for Rail Operating or Capital Projects. They will maximize fund use given funding allocation provisions.

ALTERNATIVES CONSIDERED

Staff considered leasing equipment and/or contracting out tamping services, but it was found cost prohibitive and therefore not recommended. Production tamping is an in-house task currently performed by ATU contract personnel. Contracting out this service would conflict with the Metro/ATU Collective Bargaining Agreement.

The alternative of retaining the existing rail tamper for primary track tamping is not recommended. Diminished reliability, high maintenance costs, unavailability of spare parts and frequent repairs over the past several years has rendered the use of the existing tamping machine a poor alternative for

continued operation.

Not purchasing the recommended rail production tamper will significantly reduce the ability of the Metro Track Maintenance Department to effectively maintain the Metro light and heavy rail track systems. Further, the expanding maintenance requirements of the Metro track system and the expansion of Metro light rail track requires Metro to purchase a new, reliable and effective piece of equipment to ensure cost-effective, timely maintenance of the Metro system for the next 20 years.

NEXT STEPS

Following the authorization and execution of the Contract, the vendor will begin the manufacturing process and provide Metro with a production schedule to identify milestones consistent with the scheduled delivery of the equipment 16 months after the award of the Contract.

ATTACHMENTS

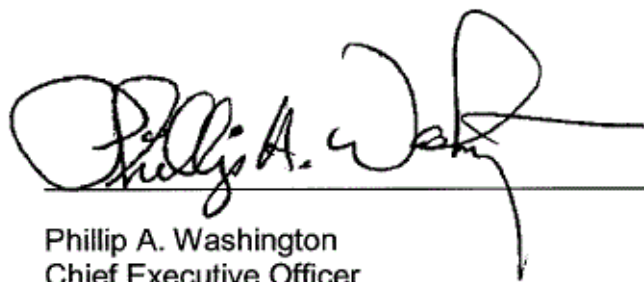
Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

PURCHASE OF PRODUCTION RAIL TAMPER / OP42642000

1.	Contract Number: OP42642000	
2.	Recommended Vendor: Plasser American Corporation	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 07/07/2017	
	B. Advertised/Publicized: 07/07/2017	
	C. Pre-Bid Conference: 07/13/2017	
	D. Bids Due: 09/07/2017	
	E. Pre-Qualification Completed: 09/13/2017	
	F. Conflict of Interest Form Submitted to Ethics: 09/11/2017	
	G. Protest Period End Date: 11/17/2017	
5.	Solicitations Picked up/Downloaded: 7	Bids Received: 1
6.	Contract Administrator: Aryani L. Guzman	Telephone Number: 213-922-1387
7.	Project Manager: Dan Ramirez	Telephone Number: 562-658-0231

A. Procurement Background

This Board Action is to approve Contract No. OP42642000 issued in support of the light and heavy track maintenance throughout the Metro's rail system.

Invitation for Bid (IFB) No. OP42642 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

Two amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on August 1, 2017, revised bid due date;
- Amendment No. 2, issued on August 4, 2017, new requirements were issued.

One bid was received on September 7, 2017.

B. Evaluation of Bids

Metro received one bid from Plasser American Corporation (Plasser American).

As a result of receiving a single bid, in accordance with Metro's Acquisition Policy and Public Utility Code §130233, the solicitation was canceled and staff entered into negotiations for a non-competitive contract with Plasser American. Accordingly, staff was required to obtain cost data from Plasser American to conduct a formal cost analysis. In addition to the cost analysis being performed, Metro's project management and technical staff members conducted a technical evaluation of the proposed direct labor hours, labor categories, and on the bill of material associated

with the rail tamper equipment. These elements were found to be technically acceptable, as well as Plasser American being found to be overall technically acceptable.

Metro conducted a market survey to determine the reasons for only receiving one bid. One potential bidder indicated it did not manufacture the rail tamper equipment but wanted to offer a re-built rail tamper which Metro's Technical Specification prohibited. Another potential bidder requested material changes to Metro's technical specifications which were not acceptable. There was adequate time to respond with a formal price bid with additional time authorized via a formal Amendment to the IFB. None of the firms interviewed expressed any concerns regarding restrictions in Metro's specification requirements.

Plasser American was determined to be responsive, responsible and was deemed qualified to perform the scope of work based on the solicitation requirements.

C. Cost Analysis

Metro staff conducted a cost analysis of the bidder's proposal and, accordingly, reviewed various elements of cost (i.e. direct labor rates, overhead rates, material costs, and other direct costs). Based on our cost analysis, technical analysis, clarifications, and negotiations with Plasser American, the final agreed to Firm Fixed Price (FFP) is considered fair and reasonable. The recommended FFP reflects a 16.7% savings for the original bid price and is 8% lower than Metro's Independent Cost Estimate.

Bidder Name	Original Bid Amount	Final FFP	Metro ICE
Plasser American Corporation	\$3,908,484	\$3,378,292	\$3,620,000

D. Background on Recommended Contractor

The recommended firm, Plasser American Corporation, located in Chesapeake, Virginia, has been in business for 60 years, and is a leader in the production tamping and switch machines used throughout the United States, Turkey and Pakistan. Plasser American has provided rail tampers to San Francisco Bay Area Rapid Transit (BART), Washington Metropolitan Area Transit Authority, Long Island Rail Road, and the Massachusetts Bay Transportation Authority.

DEOD SUMMARY

PURCHASE OF PRODUCTION RAIL TAMPER / OP42642

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this solicitation due to the lack of subcontracting opportunities. This procurement involves the Original Equipment Manufacturer (OEM) purchase of a customized production rail tamper that is shipped directly to Metro.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

C. Prevailing Wage Applicability

Prevailing wages are not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.