



Board Report

File #: 2026-0167, File Type: Contract

Agenda Number: 30.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE MAY 21, 2026

SUBJECT: AUTOMATED GUIDED VEHICLE (AGV) REPLACEMENT

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a 24-month firm-fixed price Contract No. PS135749000 to Dematic Corp. (Dematic) for the Automated Guided Vehicle (AGV) replacement to install 11 AGVs along with the associated software in the amount of \$4,837,855, subject to the resolution of any properly submitted protest(s), if any.

ISSUE

This Board action is to award a contract for the replacement of Metro-owned and operated AGVs, which are a component of Metro's existing Automated Storage and Retrieval System (ASRS). The 20-year-old AGVs have obsolete parts that are critical to the operating system, including the main CPU boards, communications boards, and radios. The 4906 AGV controller software (traffic control and routing) is obsolete, and at the end of their useful life. Repair and/or replacement parts are not available, which will result in negative service impacts on our riders.

BACKGROUND

The ASRS system was commissioned in 1986 by HK Systems Incorporated, which Dematic acquired in 2010. Within the last 40 years, ASRS went through several upgrades (2006, 2007, 2013 and 2015) to replace the original components and perform system updates. Components such as the AGVs are at the end of their useful life, and any failure would cause a significant risk to Metro.

Metro's AGVs are computer-controlled, wheel-based load carriers that move materials and supplies autonomously around Metro's Central Maintenance Facility (CMF). They carry material loads to and from Metro's CMF main parts supply stocking warehouse and receiving docks. They follow predefined paths-using magnets-to deliver parts and components to CMF's main production line and support repair shops across multiple buildings at CMF. In addition, they deliver loads of material to the shipping area for outbound material shipments to Metro bus and rail divisions in support of Metro Operations.

Metro is currently using Dematic's Equipment Management System (EMS), which has been

customized for Metro's requirements (the 4906 AGV control system is fully integrated with Dematic's EMS). These integrated software packages are running on Windows servers and workstations, which use ORACLE RDMS (under AIX).

DISCUSSION

At CMF, the handling of material distribution and logistics comprises the heartbeat of an efficient system. Metro's Equipment Asset Management System (EAMS) relies heavily on the information provided by a computer controlled ASRS, which is integrated with EAMS. The AGVs were installed to support the transfer of materials and supplies in supporting the maintenance of Bus, Rail, and Non-Revenue vehicles throughout LA County. Unfortunately, due to the aging fleet, the AGVs have been experiencing some failures and require above-average maintenance. Replacement parts are becoming obsolete and hard to find. Replacing the aging AGVs is a strategic, cost-effective alternative to maintaining them.

Replacing the AGVs will enhance safety and allow for greater operational efficiency. The new AGV replacement will integrate into Metro's physical system and integrate with the manager/controller software. The new AGVs will use an in-vehicle charging method. High-capacity Thin Plate Pure Lead (TPPL) batteries will be used along with in-floor charging shoes to automatically recharge the onboard vehicle batteries, when necessary, without maintenance personnel being required. Metro will realize cost savings with the charging efficiency of the new battery technology, the extended life of each charge, and the minimized service disruptions.

The new AGVs also enhance warehousing efficiency by improving inventory accuracy. They are equipped with lasers, sensors, and cameras, and minimize accidents, human error, and damage to parts and supplies. The AGVs can operate 24/7, providing consistent, reliable, and faster movement of materials and supplies at the CMF main stocking location and areas where material loads are moved around: material receiving/deliveries, shipping to our Bus and Rail divisions, and CMF repair shops and production line. The newer AGVs integrate with the existing ASRS system which ensures inventory control and traceability.

Dematic is the Original Equipment Manufacturer (OEM) for Metro's ASRS system. They are also responsible for ongoing support and warranty to Metro for this system. The ASRS utilizes Dematic's proprietary components, communication protocol, controls and interface logic between the server and the system components, only the OEM can perform the equipment upgrade and software support.

DETERMINATION OF SAFETY IMPACT

The new AGVs create a safer work environment. The purchase and replacement of the new AGVs will provide Metro with an advanced state-of-the-art system and includes 360° monitoring using laser scanners to increase the vehicles' ability to sense people/objects and if something comes near the vehicle. Laser scanners replace the physical bumpers of the old AGVs and require much less periodic maintenance. The new AGVs has a maximum load capacity of 4,000 lbs. and allows for communication on either 400 MHz radio or Wi-Fi. Moreover, the new AGVs controller software can fully integrate with Metro's existing ASRS system The upgraded safety and control system allows for increased diagnostics and remote support.

Based on Dematic's proposal, there will be minimal interruption of facility operations during the installation or cutover to the new AGVs. The work will be performed during non-peak or off-shift hours.

FINANCIAL IMPACT

The project work will take place throughout 2026-2028. For FY26, \$900,000 has been set aside in Cost Center 6350, Logistics, project #290011. The total contract cost of \$4,837,855 is within the Life of Project (LOP) budget. The combined Life of Project budget for this work is \$6,062,095. Since this is a multi-year project, the Project manager, Cost Center manager, and Deputy Chief Vendor/Contract Management Officer will be responsible for budgeting the remaining costs for future fiscal years.

Impact to Budget

The source of funds for this action is TDA 4. These funds are eligible for use on bus and rail operations.

EQUITY PLATFORM

The AGV Replacement project will benefit Metro Transit riders because it supports the fleet maintenance requirements for roll-out. The new AGVs will be using state-of-the-art technology and bring the system to meet the demand of expanded ridership. In addition, the new AGVs will enable on-time parts receiving/delivery and accurate inventory control to Metro divisions for timely bus/rail cars repair and maintenance. Reliable bus/rail service will ensure riders have dependable transportation for their daily essential activities. This project will improve Metro bus and rail reliability, reduce unexpected service interruptions, and provide better rider experiences. There are no potential harm and barriers anticipated as a result of the proposed action.

The Diversity & Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) goal for this procurement due to the lack of availability of small businesses. Dematic Corp. is expected to perform the work with its own workforce.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. While this item does not directly encourage transit, sharing a ride, or using active transportation, it is

a vital part of Metro operations, as it maintains and improves Logistics services in support of Maintenance operations.

Because the Metro Board has adopted an agency-wide VMT Reductions Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this recommendation supports Metro's Strategic Plan Goal 1: Provide high quality mobility options that enable people to spend less time traveling. Proper functioning equipment will optimize the reliability of the Automated Storage and Retrieval System (ASRS). Also, this recommendation supports Metro's good public policy judgment and sound fiscal stewardship.

ALTERNATIVES CONSIDERED

Retaining the existing AGVs was considered. However, the 20-year-old AGVs, has exceeded its useful life, exhibited reduced reliability and increased maintenance costs. Its unreliability and inefficiency issues in material handling make it unsuitable to meet Metro's growing inventory and operational needs.

Operational Impacts in Current State

- Increased maintenance costs for end-of-life ASRS components.
- Increased maintenance time for Facilities Maintenance technicians.
- System downtime and inability to support Maintenance Operations.
- Safety systems that are far surpassed with the new technology.
- Inoperable system because of obsolete parts.
- Inoperable system because of non-supported systems.

Foreseeable Risks in Current State

- Inability to efficiently deliver parts to bus and rail facilities.
- Inability for bus and rail maintenance technicians to perform preventative maintenance and unplanned maintenance required to keep bus/rail fleet at targeted operational levels.
- Loss of inventory control and increased working capital needs agency-wide.

Metro does not possess the technical knowledge and/or documentation to support the in-house replacement of components or perform upgrades. The system integrates with Metro's enterprise applications and is considered complex with its own proprietary functions/logic. Any alternative(s) to engage other competitors would require levels of reverse engineering for both the hardware and software interfaces adding significant time to the schedule, the introduction of warranty/performance

issues, and unknown additional costs associated with the engineering to be performed. Dematic is the Original Equipment Manufacturer (OEM) and only Dematic is authorized to perform the necessary upgrades effectively and in a timely manner.

Another alternative is to consider replacing the entire system; however, this will also add significant time to the project, presenting a significant learning curve and training costs, and add considerable financial impact as a new similar system is estimated to be in the \$30-\$40 million range.

NEXT STEPS

Upon approval by the Board, staff will execute Contract No. PS135749000 with Dematic Corp. for the AGV replacement.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Jeffrey Vergel de Dios, Senior Manager, Inventory Management, (213) 922-5022
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Reviewed by: Michelle Navarro, Chief Financial Officer (Interim), 213 922-3056



Stephanie Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

AUTOMATED GUIDED VEHICLE (AGV) REPLACEMENT / PS135749000

1.	Contract Number: PS135749000	
2.	Recommended Vendor: Dematic Corp.	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" 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: November 13, 2025	
	B. Advertised/Publicized: November 18-20, 2025	
	C. Pre-Proposal Conference: November 19, 2025	
	D. Proposals Due: December 29, 2025	
	E. Pre-Qualification Completed: January 6, 2026	
	F. Ethics Declaration Forms submitted to Ethics: December 29, 2025	
	G. Protest Period End Date: April 21, 2026	
5.	Solicitations Downloaded: 26	Bids/Proposals Received: 1
6.	Contract Administrator: Armine Menemshyan	Telephone Number: 213-922-4851
7.	Project Manager: Jeff Vergel de Dios	Telephone Number: 213-922-5022

A. Procurement Background

This Board Action is to approve Contract No. PS135749000 in support of the Automated Guided Vehicle (AGV) Replacement Project. Board approval of contract awards is subject to the resolution of any properly submitted protest(s), if any.

On November 13, 2025, Request for Proposals (RFP) No. PS135749 was issued in accordance with Metro’s Acquisition Policy and the contract type is firm fixed price. The Diversity and Economic Opportunity Department did not recommend a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) goal for this procurement due to the lack of availability of small businesses.

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

- Amendment No. 1, issued on November 19, 2025, extended the proposal due date from December 17, 2025, to December 19, 2025.
- Amendment No. 2, issued on December 4, 2025, extended the proposal due date from December 19, 2025, to December 29, 2025, added one more worksite visit, and extended the questions due date.

A total of 26 downloads of the RFP were recorded in the planholders’ list. A virtual pre-proposal conference was held on November 19, 2025, and was attended by seven participants representing two firms. There were five questions received and responses were provided prior to the proposal due date.

One proposal was received from Dematic Corp. by the proposal due date of December 29, 2025.

Since only one proposal was received, staff conducted a market survey of the planholders to determine why no other proposals were received. Responses were received from seven firms, and they included:

- Scope of services not being within their area of expertise.
- Time constraints to prepare and submit a proposal.

The market survey revealed that the decisions not to propose were based on individual business considerations. Therefore, the solicitation can be awarded as a competitive award.

B. Evaluation of Proposal

A Proposal Evaluation Team (PET) consisting of staff from Logistics, Inventory Management, Facilities/Property Maintenance, and Policy, Systems, and Development Services Departments was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria:

1) Pass/Fail Requirements

Proposers must meet all of the Pass/Fail Requirements to be considered technically acceptable to move forward with the evaluation process:

Key Personnel: Provide proof of qualifications and experience of staff who will manage or perform critical roles under the contract in the past 5 years.

- a) Does the proposer meet all the Performance Requirements stated in the Scope of Work?
- b) Does the proposer meet all the Safety Requirements stated in the Scope of Work?
- c) Does the proposer meet all the Mechanical Requirements stated in the Scope of Work?
- d) Does the proposer meet all the Control System Requirements stated in the Scope of Work?
- e) Does the proposer meet all the Battery Charging Requirements stated in the Scope of Work?
- f) Does the proposer meet all the AGV Routing Interface Requirements stated in the Scope of Work?
- g) Does the proposer meet all the System Requirements stated in the Scope of Work?

- h) Does the Proposer’s level of service commitment align with Metro’s needs stated in the Scope of Work?
- i) Does the proposal reflect the ability to complete this project in 24 months or less?
- j) Does the proposal meet the Warranty Requirements (Proposer must provide a minimum of 12 months of warranty from the project completion)?
- k) Do the proposer and all subcontractors meet Licensing Requirements (Prime Contractor must hold one or more of the following California State Contractors Licenses: A, B, C10 or C61/D21, and all subcontractors shall hold California State Contractor’s Licenses applicable to their trade or discipline)?

2) Evaluation Criteria

The proposer met the Pass/Fail requirements and was further evaluated based on the following evaluation criteria and weights:

- Firm's Skills, Experience, and Qualifications 25%
- Project Manager and Key Personnel 25%
- Understanding of the Work and Approach 20%
- Risk Assessment 10%
- Price 20%

Several factors were considered when developing these weights, giving the greatest importance to the firm's skills, experience, and qualifications, and the project manager and key personnel.

From January 12, 2026 to January 30, 2026, the PET independently evaluated and scored the technical proposal and determined that Dematic Corp. met the requirements of the RFP and is technically qualified to perform the services.

The following is a summary of the PET scores:

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	Dematic Corp.				
3	Firm's Skills, Experience, and Qualifications	91.00	25.00%	22.75	
4	Project Manager and Key Personnel	86.00	25.00%	21.50	
5	Understanding of the Work and Approach	87.50	20.00%	17.50	
6	Risk Assessment	88.00	10.00%	8.80	
7	Price	100.00	20.00%	20.00	
8	Total		100.00%	90.55	1

C. Cost Analysis

The recommended price has been determined to be fair and reasonable based upon an Independent Cost Estimate (ICE), technical analysis, and cost analysis.

	Proposer Name	Proposal Amount	Metro ICE	Recommended Amount
1	Dematic Corp.	\$4,837,855	\$6,062,095	\$4,837,855

The variance between the recommended amount and the ICE is the result of the contractor providing highly competitive pricing due to current market conditions, including reduced material costs and favorable supplier agreements. In addition, the contractor demonstrated optimized processes, streamlined project management, and efficient resource allocation, which significantly lowered overhead expenses without compromising quality. The contractor already possesses the necessary equipment, tools, and technical expertise, eliminating the need for additional capital expenditures that were considered in the ICE.

D. Background on Recommended Contractor

Dematic Corp. (Dematic), a member of the KION Group, headquartered in Atlanta, Georgia, has approximately 10,000 employees globally, providing innovative, integrated supply chain automation technologies, software, and services.

Dematic has a large Lifecycle Solutions Services customer service group focused solely on live system modernizations and upgrades. Dematic's Modernization Project Management and Engineering Team have over 30 years of AGV Upgrade experience. Its clients include the United States Army, JCPenney, Wal-Mart, Anheuser-Busch, and Wells Dairy.

In addition, Dematic is the original AGV system integrator and equipment manufacturer as well as the system developer and integrator of Metro's Equipment Management System (EMS) software. Dematic successfully installed Metro's current AGVs in 2006 as replacements for the originals and performance has been satisfactory.

DEOD SUMMARY

AUTOMATED GUIDED VEHICLE (AGV) REPLACEMENT / PS135749000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE)/Disabled Veteran Business Enterprise (DVBE) goal for this procurement due to the lack of availability of small businesses. Dematic Corp. is expected to perform the work with its own workforce.

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 wage is not applicable to this contract.

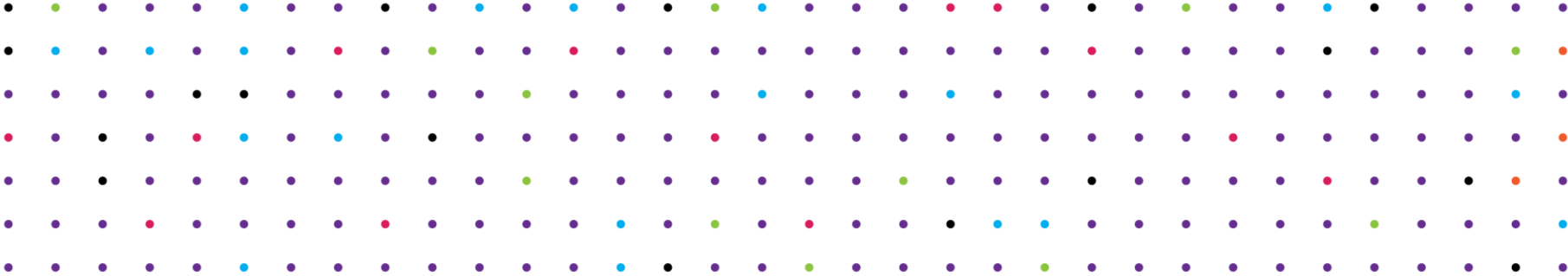
D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

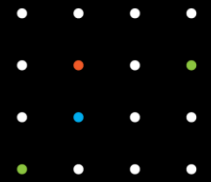
E. Manufacturing Careers Policy

The Manufacturing Careers Policy (MCP) does not apply to this contract. The MCP is required on Metro's Rolling Stock RFPs, with an Independent Cost Estimate of at least \$50 million.

Automated Guided Vehicle (AGV) Replacement



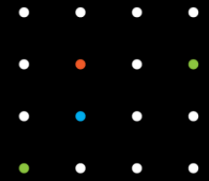
RECOMMENDATION



AUTHORIZE the Chief Executive Officer to:

Award a 24-month firm-fixed price, Contract No. PS135749000 to Dematic Corp. (Dematic) for the Automated Guided Vehicle (AGV) replacement to install 11 AGVs along with the associated software in the amount of \$4,837,855.00, subject to the resolution of any properly submitted protest(s), if any.

ISSUE & DISCUSSION



AWARDEE

Dematic Corporation

NUMBER OF BIDS/PROPOSALS

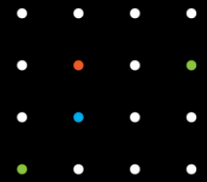
One proposal was received from Dematic Corporation by the proposal due date.

	Proposer Name	Proposal Amount	Metro ICE	Recommended Amount
1	Dematic Corp.	\$4,837,855	\$6,062,095	\$4,837,855

DEOD COMMITMENT

DEOD did not establish a SBE/DVBE participation goal for this procurement due to the lack of availability of small businesses. Dematic Corp. is expected to perform the work with its own workforce.

ISSUE & DISCUSSION



ISSUE

- The 20-year-old (AGVs) replacement parts are at their end of life and obsolete.
- The 20-year-old controller software is obsolete and will not be supported by Dematic Corporation.

DISCUSSION

- The replacement of Metro owned and operated Automated Guided Vehicles (AGV) which is a component of Metro's existing Automated Storage and Retrieval system (ASRS).
- The AGVs were installed to support the transfer of materials and supplies to support the maintenance of Bus, Rail, MOW and Non-Revenue Lines of Business.
- Service interruptions and failures of inventory parts to the Lines of Businesses (LOBs) is the risk. If the AGVs and Controller System are not upgraded through replacement (using the same Company – Dematic) a high risk to support all LOBs extends each day including catastrophic failures.
- Replacing the aging AGVs is a strategic alternative to reduce costs, support equipment up-time and stability as well as client requirements.