

PROCUREMENT SUMMARY

**CONTRACT MODIFICATION WITH TOW INDUSTRIES FOR THE PURCHASE OF
NINE 35-TON TOW TRUCKS
CONTRACT DR81105000**

1.	Contract Number: DR81105000			
2.	Contractor: Baatz Enterprises Inc., dba Tow Industries			
3.	Mod. Work Description: To increase contract value			
4.	Contract Work Description: 35-Ton Tow Trucks, Compressed Natural Gas and Diesel Fuel			
5.	The following data is current as of January 8, 2024			
6.	Contract Completion Status		Financial Status	
	Contract Awarded:	February 24, 2022	Contract Award Amount:	\$3,922,757.26
	Notice to Proceed (NTP):	March 26, 2022	Total of Modifications Approved:	\$0.00
	Original Complete Date: CNG Tow Trucks: Diesel Fuel Tow Trucks:	July 26, 2023 January 26, 2024	Pending Modifications (including this action):	\$733,836.74
	Current Est. Complete Date:	September 30, 2024	Current Contract Value (with this action):	\$4,656,594.00
7.	Contract Administrator: Lorretta Norris		Telephone Number: 213.922.2632	
8.	Project Manager: Gary Jolly		Telephone Number: 213.922.5802	

A. Procurement Background

This Board Action is to approve Contract Modification No. 1 issued to increase the total not-to-exceed amount by \$733,836.74 to \$4,656,594.00.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

On February 24, 2022, the Board awarded a firm fixed price Contract No. DR81105000 to Tow Industries for a total of nine (9) 35-Ton Tow Trucks (6 Diesel , and 3 CNG) in an amount of \$3,922,757.26. To date, there have been no contract modifications to Contract No. DR81105000. The Contract does not allow for cost escalation.

Approval of the contract modification for additional funding for the contract with Baatz Enterprises Inc. DBA Tow Industries will allow staff to move forward with the replacement of the nine Metro owned and operated 35-ton tow trucks. Tow Industries projected that the outfitting of the three CNG tow trucks would be completed in January 2024, and the six diesel trucks are estimated to be completed by July 2024. If modifications to this contract are approved, delivery of the tow trucks will commence after the completion of outfitting activities.

B. Cost/Price Analysis

Due to industry supply chain issues, the manufacturer's increased costs in raw materials, components, labor, and other factors have led to increased costs on all components. Staff conducted a price analysis including current market conditions as one of the factors. To validate Tow Industries' claim about industry price increases, Vendor/Contract Management (V/CM) conducted a market industry review by contacting vendors who provided capability statements detailing comparable purchases if procured in 2023 and beyond. Due to manufacturers' increased cost, such as steel and the manufacturing process, the increase in price was determined to be fair and reasonable. V/CM also received a copy of the letter from the chassis manufacturer to Tow Industries documenting the price increase from Miller Industries, which provided further justification for the tow truck price increase.

Staff was able to negotiate the proposed price down from \$4,826,447 to \$ 4,656,594 from the original 22% price increase down to a 17.9% increase. Additionally, if Metro were to cancel the current contract and resolicit, the overall impact would be additional time to receive the tow trucks, higher prices due to costs, longer lead time and continual usage of an aging fleet.

The recommended price has been determined to be fair and reasonable based upon Metro's technical analysis, independent cost analysis and fact finding of the work to be performed.

Proposal Amount	Original Contract Amount	Negotiated Amount
\$4,826,447	\$3,922,757.26	\$4,656,594