

**Board Report**

File #: 2017-0543, **File Type:** Contract**Agenda Number:** 24.

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
SEPTEMBER 21, 2017****SUBJECT:** DIFFERENTIAL ASSEMBLY**ACTION:** AWARD CONTRACT**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a 36-month, indefinite delivery/indefinite quantity Contract no. MA41702000 to America Moving Parts, the lowest responsive and responsible bidder, for Differential Assemblies for a total contract amount of \$1,049,835; subject to resolution of protest (s), if any. The award is for a base year amount of \$343,541, inclusive of sales tax; option year 1 in the amount of \$343,541, inclusive of sales tax; and option year 2 in the amount of \$362,753, inclusive of sales tax.

ISSUE

The Bus Maintenance Midlife program targets buses at the mid-point of the bus life and includes major mechanical systems replacements and interior and exterior refurbishment. During the Midlife, the existing differential assembly will be replaced with a new assembly during the bus overhaul. Bus operating divisions also replace differential assemblies as needed on buses. This procurement is required to ensure differential assemblies are available for buses to continue revenue service without delays.

DISCUSSION

The bus differentials are a part of the rear axle assembly that contains a set of gears that take the rotation of the driveshaft from the engine through the transmission and applies a ratio from one rotation to over five to one to the axles and tires for driving the bus in either forward or reverse.

The contract to be awarded is a "requirements type" agreement in which we commit to order up to the specified quantity for a specific duration of time, but there is no obligation or commitment for Metro to order the maximum quantity of differential assemblies. The bid quantities are estimates only, with deliveries to be ordered and released as required.

DETERMINATION OF SAFETY IMPACT

Award of contract will ensure that all operating divisions have adequate inventory to maintain the bus fleet and equipment according to Metro Maintenance standards.

FINANCIAL IMPACT

The funding of \$200,398 for these products is included in the FY18 budget under multiple bus operating cost centers in project 306002 Operations Maintenance under line 50441, Parts - Revenue Vehicle and in Central Maintenance cost center 3366, under project 203036 Bus Midlife Project and line item 50441, Parts - Revenue Vehicle.

Since this is a multi-year contract, the cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years including any option exercised.

Impact to Budget

The source of funds for this procurement will come from Federal formula funds, State MSRC, Proposition C 40%, and Enterprise Operating Funds including fares. These sources are eligible for Bus Operating or Capital projects. Use of these funding sources maximizes established funding provisions and guidelines.

ALTERNATIVES CONSIDERED

The alternative is not to award the contract and procure the differentials on an as-needed basis, using the traditional "min/max" replenishment system method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure the availability, timely delivery, continued supply and a guaranteed fixed price for the parts.

NEXT STEPS

Metro's requirements for differential assemblies will be fulfilled under the provisions of the contract.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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