Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2025-0191, **File Type:** Contract **Agenda Number:** 29.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
MAY 15, 2025

SUBJECT: HIGH-DENSITY STORAGE SYSTEM

ACTION: AWARD CONTRACT

RECOMMENDATION

CONSIDER:

A. FINDING that after rejecting all bids for a High-Density Storage System solicited under Public Utilities Code (PUC) section §130232 the equipment may be purchased at a lower price on the open market; and

B. AUTHORIZING the Chief Executive Officer to award a firm fixed price Contract No. OP119312 (3)000 to Southwest Material Handling, Inc., pursuant to PUC §130233, for the High-Density Storage System in the amount of $889,636.50 inclusive of sales tax, subject to the resolution of any properly submitted protest(s), if any.

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

ISSUE

This procurement is for the replacement of a Metro owned and operated Pallet Racking System. A High-Density Storage System is used to store Metro inventory utilizing a hydraulic lift system that eliminates the need for a forklift and has a smaller footprint, allowing for a higher density in the storage of materials. This equipment is required to support light and heavy rail material needs throughout the Metro system. The current storage system is nearly 30 years old and 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 High-Density Storage System contract through a negotiated process rather than a bid after three formal solicitations were completed, and no bids were found to be responsive.

BACKGROUND

The Logistics Warehouse (A11) currently has pallet racks that require a forklift to remove and store

material. The current setup requires a larger footprint in comparison to the proposed new system, as the old system requires larger aisles and spacing between pallets. Replacing the forklift will increase safety, efficiency, and volume. Metro has been upgrading to these systems and has found them beneficial.

The implementation of the High-Density Storage System at the A11 Warehouse represents a significant advancement in optimizing inventory management and material flow for Metro's Rail and Facilities Maintenance Operations. This innovative system will utilize hydraulic mechanisms to enhance the storage, retrieval, and transportation of rail parts and supplies, ensuring more efficient operations.

The system's core components include unit load storage and retrieval lifts designed for pallet-sized loads. It will provide access to four storage rows, equipped with a rigid mast hydraulic lift with an elevating platform. This design enables precise and controlled movement of materials, ensuring that each unit can be stored or retrieved with ease. The hydraulic shuttle extends in and out of the rack openings, facilitating the efficient pick-up and deposit of loads onto the platforms.

This technology is designed to optimize space utilization by allowing more inventory to be stored vertically, reducing the need for expansive floor space. With the ability to access four rows of storage, the system will maximize storage capacity and ensure the warehouse remains organized and accessible. Additionally, the hydraulic nature of the system ensures smooth and reliable operation, reducing manual labor and the potential for human error.

DISCUSSION

On January 5, 2024, Invitation for Bids (IFB) No. OP119312 was issued as a competitive sealed bid procurement in accordance with Metro’s Acquisition Policy. The IFB was issued under the Small Business Prime (Set-Aside) Program, which requires that bidders must be Small Business Enterprises (SBE) to be eligible to participate in this solicitation. On March 13, 2024, Metro rejected the single bid received due to the bidder not meeting the SBE Set-Aside requirements.

On May 29, 2024, the solicitation was re-issued as IFB No. OP119312(2). The Diversity & Economic Opportunity Department did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal for this re-solicitation. On June 27, 2024, Metro rejected the single bid received due to non-responsiveness to the technical requirements and unreasonable cost.

On October 24, 2024, the solicitation was re-issued as IFB No. OP119312(3). The Diversity & Economic Opportunity Department did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) goal. On November 15, 2024, Metro received two bids and rejected them due to non-responsiveness to the IFB's requirements, technical requirements, and unreasonable cost.

After the above-mentioned IFBs were issued and bidders were found non-responsive, in accordance with Metro’s Acquisition Policy and Public Utility Code (PUC) §130233, staff found the equipment could be purchased at a lower amount on the open market and proceeded to negotiate the purchase. Additionally, due to the multiple re-solicitations and bidders’ difficulty meeting requirements, it did not

appear that further competitive solicitations would result in a better outcome.

DETERMINATION OF SAFETY IMPACT

The purchase of the new equipment will provide Metro with an advanced state-of-the-art system with a higher storage capability. Replacing standard pallet racking with high density storage equipment will increase material availability and decrease the amount of trucking needed to transport material between Rail facilities. This will assist the effort to decrease carbon emissions. Finally, the new equipment will facilitate the timely maintenance of Rail vehicles to ensure the safe and quiet operation on Metro light rail trains.

FINANCIAL IMPACT

For FY25, $272,621 has been set aside in Cost Center 6350, Logistics, project #204806, Task #01.001. The total contract cost of $889,636.50 is within the Life of Project budget. 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 budget for this project is funded with Measure M State of Good Repair 2%. As this contract enhances Operational logistics, the funds considered are appropriate.

EQUITY PLATFORM

The High-Density Storage System will enable a higher storage of parts at Metro A11 Warehouse allowing for timely rail car repairs and maintenance. A reliable rail service will ensure riders have dependable transportation for their daily essential activities. This project will improve rail reliability, reduce unexpected service interruptions, and provide better rider experiences.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) participation goal for this procurement due to a lack of subcontracting opportunities.

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.

While this item does not directly encourage taking 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

Reduction 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 to deliver outstanding trip experiences for all users of the transportation system.

ALTERNATIVES CONSIDERED

Retaining the existing Pallet Racking System was considered. However, the current system, in operation since 1995, has exceeded its useful life, exhibited reduced reliability and increased maintenance costs. Its limitations in storage capacity and inefficiency in material handling make it unsuitable to meet Metro's growing inventory and operational needs. This option was dismissed due to its inability to support future requirements effectively.

NEXT STEPS

Upon approval by the Board, staff will execute Contract OP119312(3)000, and the purchase of the High-Density Storage System will occur over a 12-month period following the award.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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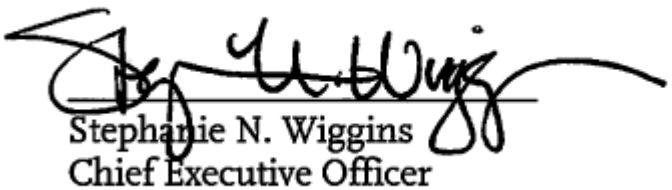

Stephanie N. Wiggins
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