

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	10/25/10	Open	Action	10/04/10

Subject: Approving a Noncompetitive and Sole Source Procurement and Awarding a Contract for Control/Electrical System Upgrade Services for Simmons Stanray Wheel Truing Machine to Simmons Machine Tool Corporation.

## ISSUE

Whether or not to approve a noncompetitive and sole source procurement and award a contract for Control/Electrical System Upgrade Services for Simmons Stanray Wheel Truing Machine to Simmons Machine Tool Corporation.

## RECOMMENDED ACTION

Adopt Resolution No. 10-10-\_\_\_\_, Approving a Noncompetitive and Sole Source Procurement and Awarding a Contract for Control/Electrical System Upgrade Services for Simmons Stanray Wheel Truing Machine to Simmons Machine Tool Corporation.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	198,750.00
Budget Source:	Capital	Next FY:	\$	0
Funding Source:	Local	Annualized:	\$	N/A
WBS/GL Acct(s)	WBS: R085.09.01 GL: 910800			
Total Budget:	\$ 198,750.00			
	\$ 2,400.00 (paint option)			
	\$ 4,000.00 (1-year extended warranty option)			
	\$ 5,550.00 (2-year extended warranty option)			

## DISCUSSION

Sacramento Regional Transit District (RT) owns a Simmons Stanray Wheel Truing Machine, purchased in 1986 and located at its Light Rail (Metro) Facility, that is currently inoperable. RT mechanics are required to perform preventative maintenance work on the light rail vehicle wheels pursuant to the annual re-profiling campaign in addition to repairing wheel flats to maintain the high level of safety and performance expected. The machine is also an integral part of the UTDC refurbishment project. Since the cost to replace the machine is prohibitive, staff wanted to determine if the machine could be repaired. In order to determine whether repairs could return the machine to operable status, an on-site inspection had to be performed.

On June 22, 2010, Sacramento Regional Transit District (RT) solicited bids through issuance of a Request for Quotes (RFQ) for inspection and repair of the Stanray Wheel Truing Machine. Staff

Approved:

Presented:

FINAL 10/20/10

General Manager/CEO

Director of Facilities

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sought full inspection of the machine, including a written inspection report that identified what components of the machine were in need of replacement, repair, and/or maintenance. The inspection report was to include specific details of each component to be replaced and/or repaired, including part numbers, if any, and the time required to perform and complete repair. The inspection report would become property of RT. In the event that repair services were not feasible, and RT had to solicit bids under a separate procurement for electrical upgrade or full replacement of the control system or other components, the inspection report could be used by RT to develop a scope of work or technical specifications for the bid documents. Responsive bidders would not be disqualified from participating in future solicitations for electrical upgrade or full replacement of the control system or other components. RT would reimburse potential bidders for travel costs and expenses that must not exceed the per diem, tax-free rates established by the Internal Revenue Service.

Simmons Machine Tool Corporation (Simmons) responded and performed inspection services from July 19-21, 2010. Simmons determined that repair services were not feasible and that control replacement and electrical upgrade services were required to return the machine to operable status.

Simmons is the sole manufacturer capable of expertly upgrading the machine to current state-of-the-art condition because of the highly technical nature of the Stanray Wheel Truing Machine. Simmons has performed maintenance services, including replacement of parts, in years past. Simmons is the only vendor who can provide Original Equipment Manufacturer (OEM) parts for the machine. Product liability would be void if parts other than OEM were used on the machine. Moreover, upgrading of the control system requires the use of Simmons proprietary computer software.

Due to the highly technical nature of the machine and the services required to return the machine to operable status, it is infeasible to procure these services under sealed bids or competitive proposals. Staff does not possess the technical expertise needed to prepare technical specifications or scope, including the salient characteristics of machine parts, nor determine the acceptance of approved equal items and accurately evaluate proposals received. Also, it is likely that award to another contractor would result in: 1) substantial duplication of costs that are not expected to be recovered through competition; and 2) unacceptable delays in fulfilling RT's needs.

The purchase of a new machine from Simmons would cost approximately \$1 million and is not economically feasible at this time. The only other alternative, to not have an operable wheel truing machine, is not recommended because removing and transporting wheels to another facility for truing is not efficient and is very costly.

In accordance with Section 1.405C of RT's Procurement Ordinance, the Board may approve and award a noncompetitive procurement when it determines that it is in the best interest of RT.

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Staff recommends that the Board approve a noncompetitive and sole source procurement and award a contract for Control/Electrical System Upgrade Services for Simmons Stanray Wheel Truing Machine to Simmons Machine Tool Corporation for an amount not-to-exceed \$198,750.00 with a \$2,400.00 paint option, \$4,000.00 1-year extended warranty option, and \$5,550.00 2-year extended warranty option.

RESOLUTION NO. 10-10-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

October 25, 2010

**APPROVING A NONCOMPETITIVE AND SOLE SOURCE PROCUREMENT AND AWARDING  
A CONTRACT FOR CONTROL/ELECTRICAL SYSTEM UPGRADE SERVICES FOR  
SIMMONS STANRAY WHEEL TRUING MACHINE TO SIMMONS MACHINE TOOL  
CORPORATION.**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, RT's Simmons Wheel Truing Machine was manufactured by Simmons Machine Tool Corporation.

THAT, Simmons Machine Tool Corporation manufactures the Control Replacement/ Electrical System parts and the proprietary software that is needed to bring the Simmons Stanray Wheel Truing Machine back to operational status and can provide the parts, software and installation services in the most cost-efficient manner because they manufacture the parts and software.

THAT, because of the foregoing paragraphs, it is in RT's best interest to retain the services of Simmons Machine Tool Corporation without following RT's competitive solicitation procedures set forth in Article III of RT's Procurement Ordinance.

THAT, pursuant to Section 1.405C of RT's Procurement Ordinance a sole source procurement is authorized upon a Best Interest finding.

THAT, the Contract between the Sacramento Regional Transit District, therein referred to as "RT," and Simmons Machine Tool Corporation, therein referred to as "Contractor," whereby Contractor agrees to provide Control/Electrical System Upgrade Services for Simmons Stanray Wheel Truing Machine, as specified, for an amount not-to-exceed \$198,750.00, with a \$2,400.00 paint option, \$4,000.00 1-year extended warranty option, and \$5,550.00 2-year extended warranty option, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Contract.

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STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary