

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	10/22/12	Open	Action	10/16/12

Subject: Authorizing Sole Source Contract for UTDC Light Rail Vehicle Brake Overhaul and Training to Knorr Brake Corporation.

## ISSUE

Whether or not to Approve a Sole Source Procurement and Award a Contract for UTDC Light Rail Vehicle Brake Overhaul and Training to Knorr Brake Corporation.

## RECOMMENDED ACTION

Adopt Resolution No. 12-10-\_\_\_\_, Approving a Sole Source Procurement and Awarding a Contract for UTDC Light Rail Vehicle Brake Overhaul and Training to Knorr Brake Corporation.

## FISCAL IMPACT

Budgeted:	Partially budgeted	This FY:	\$ None
Budget Source:	Capital	Next FY:	\$411,106 per year
Funding Source:	Federal (ARRA) State (Prop 1B)		Over the next 3 years

Cost Cntr/GL Acct(s) or WBS: R085.07.06.05

Capital Project #: GL: 910800

Total Budget: \$ 1,147,274

American Recovery and Reinvestment Act (ARRA) of 2009: \$260,049

Awarded Prop 1B: \$504,800

Future Funding: \$382,425

Total Contract Amount: \$1,147,274

\*Pending – awaiting bond sale and allocation to this project  
Plus applicable sales tax

\*The contract contains a clause that addresses budget shortfalls and also contains a termination for convenience clause in case future state funding is not available.

## DISCUSSION

On September 8, 2003, the RT Board approved an agreement for the sublease of 21 used Urban Transportation Development Corporation (UTDC) light rail vehicles (Vehicles) from Santa Clara Valley Transportation Authority (VTA). The UTDC vehicles began operating in service for VTA in 1987. Utah Transit Authority (UTA) procured the balance of VTA's fleet and completed refurbishment in 2009.

In 2004, RT obtained additional funding to procure a portion of equipment required to meet RT's operating requirements. Several major subsystems were procured, such as the train-to-wayside equipment, elderly and handicapped ramps, and radios. Starting in 2009, additional funding was obtained to start the refurbishment project. In June 2012, a Contract was awarded to Siemens Industries, Inc. for refurbishment of the vehicles. The brake equipment overhaul is a requirement to support the refurbishment contract that RT is procuring separately, as discussed in the

Approved:

Presented:

Final 10/16/12

General Manager/CEO

Maintenance Superintendent - Light Rail

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requirements below.

## FUNDING

In 2009, ARRA funding was obtained for this project. RT created a Project Team and contracted with LTK to help develop the technical specifications for refurbishing the entire fleet of UTDC vehicles. At that time, RT revisited what modifications were needed, what systems had to be replaced with newer technology, and what systems should be added. RT analyzed the changes and upgrades that UTA made, met with UTA to understand the difficulties UTA had, and internally researched RT's requirements in today's environment. The Project Team decided to manage some of the major sub-system overhauls in-house. The ARRA funding is sufficient to refurbish the first 7 vehicles.

In 2012, additional Prop 1B funding was received for use on the project and is sufficient to complete refurbishment of the next 7 vehicles and the majority of sub-system component procurements and overhaul contracts. The funding necessary to complete the last 7 vehicles is currently being sought from future state Prop 1B grants.

## REQUIREMENTS

LTK Engineering provided a detailed scope of work, which identified the systems on the vehicles that should be managed by RT rather than the major refurbishment contractor. LTK also analyzed and identified the systems that are critical to the safe operation of the vehicles. Many components on a light rail vehicle are safety related and the continued safe operation of the vehicle depends on proper selection of replacement parts or overhaul of the systems. The brake equipment is one of the major sub-systems identified. The original parts were designed to work with these vehicles and the safety of these parts have been verified through a rigorous program of qualification testing. During qualification testing, the components are tested up to the limits of the design margins and sometimes beyond, often in a laboratory setting. Additionally, on-vehicle testing is conducted prior to acceptance to ensure proper operation and component settings. LTK concluded that these components and systems must be supplied and/or overhauled by the original equipment manufacturer.

The original equipment manufacturer for the brake equipment components is Knorr Brake Corporation (Knorr). Knorr is still active in the marketplace; a major segment of its business is the aftermarket support for its equipment with overhaul service and replacement parts.

## STATUTORY AUTHORITY

The RT Procurement Ordinance, applicable State and Federal codes governing procurements, and RT's procurement program require procurements be conducted by full and open competition to the extent possible. However, due to the age of the vehicles and the specially-designed brake equipment for operating on the UTDC vehicles, there is no market for full and open competition.

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**ONLY ONE RESPONSIBLE SOURCE AND NO OTHER CONTRACTOR WILL SATISFY AGENCY REQUIREMENTS**

Procurement of supplies and services, without competition, may be authorized under limited conditions, and subject to written justification documenting the conditions that preclude competition. Procurement by Noncompetitive Proposals (Sole Source) is authorized under RT’s Procurement Ordinance Section 1.405 B where staff has determined that the services and supplies can be provided by only one firm. The criteria set out in RT’s Procurement Ordinance that have been followed for this procurement are also consistent with the requirements in the Federal Transit Administration’s Third-Party Contracting Circular 4220.1F and requirements in the Federal Acquisition Regulations and U.S. Codes (which are referenced in FTA C4220.1F).

Staff performed extensive research to locate any authorized repair facilities that have the knowledge and capability to support the old equipment installed on the UTDC vehicles. Currently, Knorr has no licensed maintenance facilities to support this equipment, and the only repair work currently being performed by transit agencies with Knorr equipment are those that have been trained directly by Knorr personnel. Staff contacted Knorr’s Western Region Sales Manager to obtain certification that no other authorized repair facilities exist (See Attachment A).

**DETERMINATION OF FAIR AND REASONABLE COST**

The Engineer’s estimate for the brake equipment overhaul is \$1,121,550; Knorr’s pricing of \$1,147,274, which is 2 percent over the Engineering estimate, has been determined to be fair and reasonable.

For the reasons stated above, staff recommends the Board approve a Sole Source Procurement and award a Contract for UTDC Light Rail Vehicle Brake Overhaul and Training to Knorr Brake Corporation in the amount of \$1,147,274, plus applicable sales tax.



## KNORR BRAKE CORPORATION

Knorr Brake Corporation • 29471 Kohoutek Way • Union City, CA 94587

Telephone: 510-475-0770  
Fax: 510-475-0901

May 9, 2012

Ms. Colleen Elder  
Materials Management Superintendent  
Sacramento Regional Transit District  
2760 Academy Way  
Sacramento, CA 95815

Re: Sole Source for Overhaul of the Knorr Brake Equipment

Dear Colleen,

Knorr Brake Corporation, located in Westminster, MD is part of the world-wide Knorr-Bremse Group. Knorr is the global leader in supplying brake, door and HVAC systems to the rail industry.

Knorr Brake Corporation is the Original Equipment Manufacturer (OEM) of the brake system supplied to UTDC on the VTA vehicles that operated in Santa Clara. As the OEM of the brake system, the design, drawings, etc are proprietary and the property of Knorr. In as such, the parts/service required for the overhaul of the brake system for Regional Transit Sacramento can only be purchased through Knorr. Additionally, there are no licensed repair facilities to overhaul the brake equipment.

If you have any questions or comments on this matter, please don't hesitate to contact us.

Sincerely,

W.J. Mutschler  
Western Region Sales Manager  
Knorr Brake Corporation

RESOLUTION NO. 12-10-\_\_\_\_\_

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

October 22, 2012

**APPROVING A SOLE SOURCE PROCUREMENT AND AWARDING A CONTRACT FOR UTDC LIGHT RAIL VEHICLE BRAKE OVERHAUL AND TRAINING TO KNORR BRAKE CORPORATION**

WHEREAS, in accordance with Section 1.405 of the RT Procurement Ordinance, sole source procurement is permitted upon a determination that the required product is only available from the manufacturer and it would be futile to seek competition; and

WHEREAS, RT's existing UTDC light rail vehicle brake equipment uses proprietary parts made by Knorr Brake Corporation which can only be repaired or overhauled by Knorr Brake Corporation; and

WHEREAS,, RT Procurement staff's efforts to identify any authorized repair facilities with the knowledge and capability to support the brake overhaul needed for the UTDC vehicles were unsuccessful; and

WHEREAS, it would be futile to seek competitive bids to overhaul proprietary UTDC light rail vehicle brake equipment as otherwise required under Public Utilities Code Section 102222.

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

THAT, the Contract for UTDC Light Rail Vehicle Brake Overhaul and Training between Sacramento Regional Transit District, therein referred to as "RT," and Knorr Brake Corporation, therein referred to as "Contractor," whereby Contractor agrees to provide UTDC Light Rail Vehicle Brake Equipment Overhaul services, as specified, for an amount not to exceed \$1,147,274, plus applicable sales tax, is hereby approved.

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

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BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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