

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	01/14/13	Open	Action	12/05/12

Subject: Reject All Bids for the Purchase of UTDC Light Rail Vehicle Journal Bearings

## ISSUE

Whether to reject all bids for Purchase of UTDC Light Rail Vehicle Journal Bearings.

## RECOMMENDED ACTION

Adopt Resolution No. 13-01-\_\_\_\_, Rejecting All Bids for Purchase of UTDC Light Rail Vehicle Journal Bearings.

## FISCAL IMPACT

This action does not involve the expenditure of funds.

## DISCUSSION

Under Resolution Number 12-07-0110, dated July 23, 2012, the RT Board authorized the solicitation of bids for the purchase of UTDC light rail vehicle journal bearings. The purchase of journal bearings is part of the refurbishment of the 21 UTDC light rail vehicles.

The Invitation to Bid (ITB) Technical Specifications specified that the minimum standards of the original manufacturer of the journal bearings must be met and no alternatives could be used for this safety-related component. The original parts have been designed to work with the UTDC vehicles and the safety of the parts have been verified through a rigorous program of qualification testing to the limits of the design margins. Seeking an alternative source for these components would involve extensive reverse engineering and re-qualification procedure; therefore, no alternatives to the original manufactured product were allowed.

The ITB document was released on September 19, 2012, sent to 6 qualified sources, advertised in publications of general circulation (as per RT SOP GM-SOP-97-009), and posted on RT's website under Contracting Opportunities. On October 24, 2012, RT received 4 bids from: Hi-Tec Enterprises (Hi-Tec), Kaman Industrial Technologies (Kaman), Motion Industries, and Siemens Industry, Inc. (Siemens).

## BID IRREGULARITY

After a thorough review of the bids, staff determined that the bid from Hi-Tec contained a material irregularity that cannot be waived. Hi-Tec submitted an exception to its bid on Section 5.1, Delivery Schedule. Per ITB No. 2012107, Section 1.5, Conditional/Alternate Bids, "A bid that includes unauthorized conditions, limitations or provisions attached to a Bid may render it nonresponsive." Hi-Tec stated the "First delivery will be made in approximately 11-12 months from contract release." RT does not accept this condition, as the delivery schedule for journal bearings

Approved:

Presented:

Final 1/8/13

General Manager/CEO

Maintenance Superintendent - Light Rail

J:\Board Meeting Documents\2013\01 January 14, 2013\2012107 IP Journal Bearings 130114.doc

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	01/14/13	Open	Action	12/05/12

Subject: Reject All Bids for the Purchase of UTDC Light Rail Vehicle Journal Bearings

is critical to the overall UTDC light rail vehicle refurbishment schedule; therefore, Hi-Tec's bid was deemed non-responsive.

## BID PRICES

<u>Bidder:</u>	<u>Total Bid Price</u>
Motion Industries	\$160,524.00
Kaman	\$162,544.20
Siemens	\$164,114.00

All bid prices are within the Engineer's estimate of \$148,000 to \$170,000.

## BUY AMERICA REQUIREMENTS

The Buy America statute and its implementing regulations impose certain requirements on the procurement of rolling stock and manufactured products using federal funds. The journal bearings are being purchased to support the overhaul (a form of preventative maintenance) of the UTDC light rail vehicles to enable the vehicles to perform to the end of their useful life. The overhaul is partially funded with American Reinvestment and Recovery Act (ARRA) funding. Due to the nature of the funding and the purpose of the parts, all Bidders were required to submit a certification of compliance with the Buy America Manufactured Products rule. The lowest responsive Bidder, Motion Industries, filled out Bid Form 7.7, FTA Buy America Certificate, Alternative B, Certificate of Non-Compliance with Section 165(a). Under Alternative B, a Bidder certifies that it cannot comply with the Buy America requirements, but it may qualify for an exception. Prior to award of the contract, Motion Industries would have to submit a waiver request to the FTA. Neither the Buy America statute nor the Buy America regulations impose a deadline on the FTA to render a decision for a waiver request. RT's last request for a waiver, for inverters, took 16 months to resolve and FTA ultimately denied the request for a waiver, resulting in RT procuring the parts with local funds.

To meet the schedule for the Siemens main overhaul contract, the journal bearings must be delivered to RT by May 15, 2013. There is a 6-month lead time for production of the journal bearings. The journal bearings are identified as owner-furnished equipment in the Siemens contract. If RT is unable to provide the bearings by the date required to avoid a delay in the work being performed by Siemens, Siemens could request an extension of time and additional compensation for the delay.

If the Board rejects all bids, the General Manager/CEO would issue a Contract Change Order (CCO) to the Siemens contract to eliminate the requirement that RT supply the journal bearings as owner-furnished equipment, with the consequence that Siemens would be required to obtain the journal bearings to complete the overhaul work. The CCO would incorporate the increased cost to Siemens to purchase and provide the bearings and Siemens would assume all liability for timely providing the journal bearings as necessary to complete its work.

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	01/14/13	Open	Action	12/05/12

Subject: Reject All Bids for the Purchase of UTDC Light Rail Vehicle Journal Bearings

In accordance with RT's Standard Operating Procedure GM-SOP-97-009, Section XI, Rejection of Bids, and RT's Procurement Ordinance Section 1.509, Rejection of Bids/Proposals, staff recommends that the RT Board of Directors reject all bids, and authorize the General Manager/CEO to issue a Contract Change Order to Siemens to obtain and complete the overhaul work on the journal bearings.

RESOLUTION NO. 13-01-\_\_\_\_\_

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

January 14, 2013

**REJECTING ALL BIDS FOR PURCHASE OF UTDC LIGHT RAIL VEHICLE  
JOURNAL BEARINGS**

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

THAT, pursuant to the RT Procurement Ordinance Section 1.508, this Board hereby rejects the bids received for the Purchase of UTDC Light Rail Vehicle Journal Bearings.

THAT, the General Manager/CEO is hereby authorized and directed to execute a Contract Change Order with Siemens to perform this work.

\_\_\_\_\_  
BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

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