



March 2, 1999

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

TO: BOARD OF DIRECTORS
FROM: JAMES P. REICHERT
SUBJECT: ACQUISITION OF 14 USED COACHES

ISSUE

MTA acquired 14 used RTS-II coaches at auction on February 6, 1999 to augment the replacement of coaches for Ryder/ATE. The total cost of the acquisition was \$148,265.

BACKGROUND

The MTA has committed to an aggressive program to trade out buses on the contracted service lines to improve their performance. Staff became aware of the availability of these coaches through auction at a point too late to obtain Board authorization to participate in the bidding. Hence, the attached letters provided both Procurement and Operations staff guidelines and authorization to purchase coaches up to an amount not to exceed \$ 250,000 on an urgent basis. Purchase of these coaches is pursuant to section 130235 of the Public Utilities Code.

Staff was successful in obtaining 14 good quality used coaches that can be transferred at an accelerated rate to Ryder/ATE, the contracted services provider. All of the coaches are of 1980 manufacture and have varying lifetime miles of 662,000 to 813,000. The coaches are wheel chair lift equipped. The average price paid was \$10,500 per coach. Competition for purchase was intense. A local bus re-manufacturer, as well as other transit properties, drove the coach pricing. All of the 14 coaches purchased came from a pre-selected group that was thoroughly inspected by the Quality Assurance Department staff.

To date, 26 MTA coaches have been transferred to the contractor. The transfer of these 14 used coaches, after painting by the MTA, will insure that the MTA meets its contractual obligations to transfer 63 buses by April 30, 1999.

ALTERNATIVES CONSIDERED

Before obtaining information about the auction, staff considered purchasing re-manufactured buses from a local supplier. The base price for those coaches was higher than that achieved at auction, and the available coaches would need to be retrofitted with wheelchair lifts to make them ADA compliant. The refurbishment

and addition of lifts would have driven the cost of these vehicles above \$50,000 and was therefore not considered an economic alternative. Make ready costs for the 14 used coaches will be a minimum \$5,000 for paint and minor repair per coach. The RRC staff is preparing a detailed estimate of cost. Eight coaches will need repair or replacement of the power plant assembly. That cost will range from \$10,000 to \$15,000 for each coach. In total, the cost expended to make these coaches ready for service will range from \$150,000 to \$190,000. This is still well below estimated costs for obtaining remanufactured coaches.

Staff also considered not purchasing these vehicles at auction. This action was not recommended. Not purchasing these vehicles would have eliminated an opportunity to acquire good equipment at a low price and help us guarantee fulfillment of the schedule to trade out vehicles to the contractor. Given the short response time and the auction date, staff believed it was prudent to proceed to acquire these coaches on an emergency basis.

IMPACT ON BUDGET AND OBJECTIVES

Increased costs for this proposal were anticipated in the FY99 budget, therefore there is no impact to the funding levels provided in the current year. Funding for the purchase at auction of the used coaches is included in the FY 99 budget in cost center 3590, Purchase Transportation Services (Account 50801), under Project 300011(Bus Operations). No funds were expended for this purpose in Fiscal Year 1998.

CONCLUSION

The acquisition of the used coaches will assist the MTA in meeting its goals for our customers and insure that our commitment to trade out the coaches will be met.

Attachments: Authorization letters to staff and Auction Result Sheet

Prepared by Gary S. Spivack, Director of Operations Support Services



February 4, 1999

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

K. Porter Auction Company
Owner and Guardian
813 Garden Street
Santa Barbara, CA 93101

To whom it may concern:

On February 6, 1999, a public auction will be held in Torrance California for the sale of motor vehicles to include transit buses. The Los Angeles County Metropolitan Transportation Authority (Authority) is interested in the procurement/bid of approximately 30 transit buses being offered by the Orange County Transit Authority through K. Porter Auction Company.

For bidding responsibilities at the auction, I have authorized Mike Stange, Margaret Merhoff and Tej Kharbanda from our staff to represent the Authority and bid on related buses.

Sincerely,

James P. Reichert
Executive Officer
Transit Operations



February 4, 1999

**INTEROFFICE
MEMO**

Los Angeles County
Metropolitan
Transportation
Authority

TO: Distribution

FROM: James Reichert

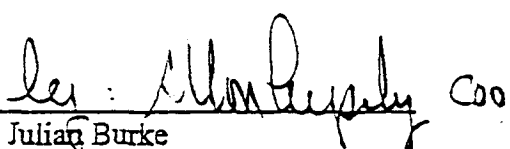
SUBJECT: PROCUREMENT OF USED BUSES AT AUCTION

As part of the ongoing effort to enhance the quality and reliability of the bus fleet for contracted service, the MTA shall engage in the emergency procurement of up to 30 Orange County Transit Authority RTS II buses that are in clean, safe and reliable condition. The buses will be auctioned on February 6, 1999, by K. Porter Auction Company in Torrance, California.

My goal is to purchase, bid permitting, these buses at an amount not to exceed \$10,000 each. Discretion on the final bid price for each vehicle shall be based on condition of each vehicle.

Representing the Authority and authorized to bid on related buses at the auction will be Mike Stange, Operations Department, Margaret Mernoff and Tej Kharbanda, Procurement Department.

Approved by:


Julia Burke
Chief Executive Officer

Distribution:

M. O'Connor
R. Hunt
G. Spivack
M. Stange
M. Mernoff
T. Kharbanda

MAILING ADDRESS
 813 GARDEN STREET
 SANTA BARBARA, CA 93103



KEN PORTER AUCTION COMPANY
 PHONE: AREA 805 966-0017

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BUYER #

Sold To Margaret Merhoff
 Company LACMTA
 Address 10 Gateway Plaza
 City LA Zone 90012
 Date 2/06/99 Phone: (213)922-1071
 Driver's License A 2357050

225 \$10,000 -
 226 \$10,100 -
 230 \$10,100 -
 232 \$9,250 -
 235 \$9,100 -
 241 \$1,800 -
 243 \$9,300 -
 245 \$9,600 -

TOTAL SALES AS PER ATTACHED SLIPS	134,150	
10% BUYERS PREMIUM	13,415	
PAPER PROCESSING FEES	700	
SALES TAX		
TOTAL PURCHASES	148,265	
AMOUNT PAID	25,000	
BALANCE DUE	123,265	
BY:		
HOW PAID C.C. CK. CK	DEPOSITS	
check	\$25,000	

Title does not pass for items purchased at this auction until payment clears bank. I hereby certify that I hold a valid seller's permit Tax No. Issued pursuant to the sales and use tax laws; that the merchandise appearing hereon has been purchased for resale and is not subject to sales or use tax. All merchandise sold as is, unless otherwise specified in writing. Neither the seller nor Ken Porter Auction Co. make nor warranty, either specific or implied, as to the condition of any item purchased herein. Should buyer fail to pay the balance and pick up all merchandise as agreed herein, then said buyer shall be held in default and lots bought by him or her may be sold without notice at public or private sale. In case of such default, any part payments by buyer shall be credited to buyer's account and buyer shall be liable for any deficit including expense of sale. Should Ken Porter Auction Co. bring suit against defaulter for defaulted account and prevail in such action. Defaulter shall pay all reasonable attorney's fees and other expenses of such litigation. Positively no allowance for shortage or claims after merchandise leaves the premises.

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Date	BALANCE PAID		MERCHANDISE RECEIVED	
	HOW PAID		Date	
CASH				
C. CK.				
CK.				
	Rec'd By		Rec'd By	