



**OPERATIONS COMMITTEE
JANUARY 18, 2007**

SUBJECT: RAIL WHEEL LUBRICATING STICKS

ACTION: AWARD CONTRACT TO KELSAN TECHNOLOGIES

RECOMMENDATION

Authorize the Chief Executive Officer to award a 24-month firm fixed price requirements contract under Bid Number 06-0020 with Kelsan Technologies, the lowest responsive and responsible bidder, for rail wheel lubricating sticks for an amount not to exceed \$544,237.

RATIONALE

Rail wheel lubricating sticks are needed to maintain and service all 225 Metro rail vehicles. Each vehicle has four or six lubricating sticks, depending on the vehicle type. The thin film from the lubricating sticks provides a consistent friction level on the wheel/rail interface throughout the transit system. Lubricating sticks are critical to the operation of the Metro rail fleet because they reduce tread wear and wheel replacement, wheel truing costs, rail wear, gauge widening and noise levels and provide for safer vehicle operation. Rail vehicle lubricating sticks are inspected during the monthly vehicle inspection and replenished as-needed as part of the Rail Fleet Services Maintenance Program.

The lubricating sticks are held in inventory so that they are immediately available to Rail Fleet Services when replacement is warranted. While usage varies based on vehicle type and mileage rate, staff estimates that Metro uses approximately 16,300 lubricating sticks per year.

This procurement will provide Metro continuity in the supply of rail wheel lubricating sticks at the lowest cost thereby preventing rail cars from being out of revenue service over the next 24-months.

FINANCIAL IMPACT

Funding of \$136,059 for rail lubricating sticks is included in the FY07 budget in Cost Center Numbers, 3941, 3942, 3943, 3944 (Blue Line Fleet Services, Green Line Fleet Services, Red Line Fleet Services and Gold Line Fleet Services, respectively) under projects 300022, 300033, 300044, and 300055, Line Item 50441, Parts.

Since this is a multi-year contract, the cost center managers and Deputy Executive Officer will be accountable for budgeting the cost in FY08 and FY09. In FY06, \$246,000 was expended on this item.

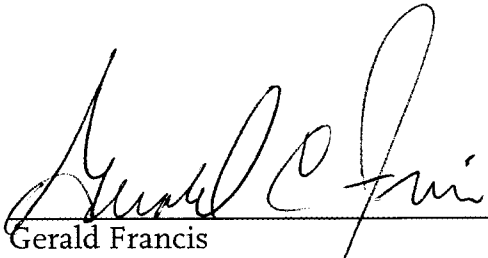
ALTERNATIVES CONSIDERED

The alternative is to not award the contract and to continue to procure the lubricating sticks in small quantities on an as-needed basis. This strategy is not recommended since it does not provide a commitment from the supplier that ensures the availability, timely delivery, or a guaranteed fixed-price for the rail wheel lubricating sticks.

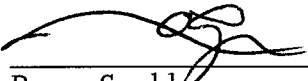
ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- A-3 Bid Tabulation

Prepared By: Al Mitchell, Purchase Contract Manager
Dave Kubicek, Deputy Executive Officer, Rail Fleet Services



Gerald Francis
General Manager, Rail Operations



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

RAIL WHEEL LUBRICATING STICKS

1.	Contract Number: 06-0020		
2.	Recommended Vendor: Kelsan Technologies Corp. Vancouver Canada V7P 1M9		
3.	Cost/Price Analysis Information:		
	1. Bid/Proposed Price: \$544,237	Estimated Amount: \$ 600,000	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Price		
5.	Procurement Dates:		
	A. Issued: 4-14-06		
	B. Advertised: 4-14-065		
	C. Pre-bid Conference: 6-2-06		
	D. Proposals/Bids Due: 7-15-06		
	E. Pre-Qualification Completed: yes		
	F. Conflict of Interest Form Submitted to Ethics: Yes		
6.	Small Business Participation: N/A		
	A. Bid/Proposal Goal: 0% No goal recommended	Date Small Business Evaluation Completed:	
	Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent:	Bids/Proposals Picked up: 9	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders/Proposers Names: 1. Kelsan Technologies Corp 2. Rosemead Oil Corp.	<u>Bid/Proposal Amount:</u> \$544,236.96 \$199,864.14	<u>Best and Final Offer Amount:</u> N/A
	B. Evaluation Methodology: Selection of the lowest responsive, responsible bidder.		
9.	Protest Information:		
	A. Protest Period End Date: 12-18-06		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Julene Close	Telephone Number: 213/922-1066	
11.	Project Manager: Cathy Kaminski - Inventory	Telephone Number: 213/922-5713	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

RAIL WHEEL LUBRICATING STICKS

A. Background on Contractor

Kelsan Technologies Corporation has been in business since 1994 supplying rail lubrication products. Their customers include New York City, Miami Dade, Union Pacific Railroad, and Burlington Northern Sante Fe Railroad, Norfolk Southern, CSX Railroad, CN Railroad and CP Railroad.

Kelsan Technologies Corporation has provided satisfactory service and products to Metro.

B. Procurement Background

In accordance with Metro's Procurement Policy Manual, Rail Fleet Services Engineering staff performed a technical evaluation and determined that the bid submitted by Kelsan Technologies Corporation was determined to be in full compliance with the specifications.

The Diversity and Economic Opportunity Department did not recommend a participation goal for this procurement.

C. Evaluation Criteria

Technical review and selection of the lowest responsive, responsible bidder.

Bidder #1 Kelsan Technologies Corporation in the amount of \$544,236.96 was found to be in full compliance with the bid specifications.

Bidder #2 Rosemead Oil in the amount of \$199,864.14 was found to be in non-compliance with the specification requirements and therefore was ineligible for award.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$544,237 has been determined to be fair and reasonable, based upon adequate price competition, and selection of the lowest responsive and responsible bidder.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

RAIL WHEEL LUBRICATING STICKS

PRIME CONTRACTOR – Kelsan Technologies Corp.

Small Business Commitment

Other Subcontractors

N/A

N/A

Total Commitment 0.0%

**BOARD REPORT ATTACHMENT A-3
 BID TABULATION FOR RAIL LUBRICATING STICKS IFB NO. 060018**

Bids Out: 04/14/06 Total 2
 Bids Opened: 07/15/06 Total 2
 Advertisement Date(s): 04/13/06
 Newspaper: San Bernardino Sun, L.A. Watts Times
 and La Opinion

Item No.	Description	MTA #	Quantity	Kelsan Technologies, Corp.		*Rosemead Oil	
				Unit Price	Total Price	Unit Price	Total Price
1	Stick Lubricant, LCF 3" Solid	172532	16,800	\$11.79	\$198,072.00	\$10.99	\$184,632.00
2	Lubricating Block LC Interlocking Lube Stick	163862	6,000	\$19.65	\$117,900.00	No Bid	\$0.00
3	Stick - Modifying, Friction	175966	2,640	\$34.08	\$89,971.20	No Bid	\$0.00
4	Stick- Lubrication, Flang, Lubricating - Block, HPF, Interlocking 3" Long	175968	3,552	\$19.58	\$69,548.16	No Bid	\$0.00
5		164042	120	\$18.48	\$2,217.60	No Bid	\$0.00
6	Lubricating- Block, HPF, Interlocking 3" Long	163861	3,600	\$18.48	\$66,528.00	No Bid	\$0.00
			Sub Total		\$544,236.96		\$184,632.00
			Total		\$544,236.96		*\$199,864.14

*Rosemead Oil did not meet the specification Requirement.

I hereby certify Kelsan Technologies Corporation as being the lowest responsive, responsible bidder and recommend the Award to them for total price, excluding sales tax, of \$ 544,237.

12-15-06
 Date


 Signature

