



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**26**

**OPERATIONS COMMITTEE  
OCTOBER 18, 2007**

**SUBJECT: METRO PRINTING SERVICES REPLACEMENT EQUIPMENT**

**ACTION: AUTHORITY TO NEGOTIATE AND AWARD**

**RECOMMENDATION**

- A. Authorize the Chief Executive Officer to award a five-year, firm fixed-price contract under Bid No. PS087140606 to Heidelberg USA, Inc., the single responsive and responsible bidder, for a 28" sheet-fed offset printing press system in the amount of \$1,448,000 inclusive of sales tax, shipping, installation, training, removal of old equipment and maintenance for five years;
- B. The Board finds that the single bid received from Stevens Technology for a narrow offset web press is non-responsive to the terms of the Invitation to Bid under P.U.C. section 130237 and authorizes negotiations with Stevens Technology as a sole source for a narrow offset web press to replace the aging existing press; and  
  
Requires two-thirds vote.
- C. Authorize the Chief Executive Officer to negotiate and award a firm, fixed-price contract to Stevens Technology for a narrow offset web press in an amount not to exceed \$1,450,000 inclusive of sales tax, shipping, installation, training, removal of old equipment and maintenance for five years.

**ISSUE**

On August 16, 2007, Metro issued an Invitation for Bids (IFB) Number PS087140606 to supply one 28" sheet-fed offset printing press system and one narrow offset web press to replace aging equipment currently used in Metro's Printing Services department to print timetables, maps and other customer information. Bidders were invited to bid on one item or both items.

**SHEET-FED PRESS**

A single responsive and responsible bid was received from Heidelberg USA, Inc. for the 28" sheet-fed offset printing press system. Heidelberg's model SM 74-5 can produce printed materials up to a rate of 15,000 impressions per hour, representing a significant increase in

productivity from the 8,000 impressions per hour produced by the current aging equipment. This new system will allow Printing Services to produce necessary customer materials in a reliable, timely and cost-efficient manner.

### WEB PRESS

A single bid was received from Stevens Technology for the narrow offset web press and was determined to be non-responsive to the terms and conditions stated in the IFB document due to unaddressed items including details of the shipping and maintenance plans. However, Stevens Technology is the only existing manufacturer of narrow web presses in the industry. It is therefore necessary to conduct discussions with this firm to ensure Metro's requirements are met and to obtain the best pricing for delivery, installation, training, removal of old equipment and five-year maintenance plan.

### POLICY IMPLICATIONS

Negotiating with the original equipment manufacturer will ensure that Metro gains the best insurance for the shipping and installation of the equipment, the least impact to the physical layout of the print shop without re-construction and the least disruption of the daily print shop services.

### OPTIONS

One option is not to purchase this replacement equipment and to continue using the current equipment. This is not recommended due to the fact that the current equipment is outdated and prone to frequent breakdowns, regularly jeopardizing our ability to meet customer needs for revised shakeup timetables, public hearing notices and other customer information. The presses in current use are now 20 to 25 years old; typical lifespan of such equipment is 15 to 20 years. Portions of the current system use obsolete technology for which service and support is no longer available. Replacing this worn-out equipment will reduce costs for repairs, reduce costs for outside printing services, and increase reliability and productivity in delivering core customer information materials. The use of copier and digital print technology was explored in the development of the IFB, but offset printing was determined to be the best solution for Metro's high volume, high quantity printing requirements.

### FINANCIAL IMPACT

The funding of \$2.9 million for these products and services is included in the FY08 budget in Cost Center 7140, Customer Communications, under project number 210014, task numbers 07.001 and 07.002. Since this is a multi-year contract, the cost center manager and Chief Communications Officer will be accountable for budgeting the cost of maintenance agreements in future years.

## BACKGROUND

The Printing Services department produces timetables, public hearing notices and other information distributed to riders and non-riders to encourage the growth of ridership and to assist customers in accessing the system. By maintaining inside printing services, Metro is able to meet its extensive printing needs in the most cost-efficient manner possible. The two presses used to produce these customer items are a 28" sheet-fed offset press and a narrow offset web press; two other, smaller presses are used for printing internal forms, flyers and stationery.

Printing presses deliver many years of service; however the presses currently in use have exceeded their expected life span of 15 to 20 years by at least 25%. In addition, substantial advancements in technology since these presses were built in the 1980s have rendered portions of the current printing systems obsolete, with service and support no longer being available. Recommended replacement has been deferred for five years. As a result, the current equipment is prone to frequent breakdowns, regularly jeopardizing our ability to meet customer needs. Replacing this worn-out equipment will reduce costs for repairs, reduce costs for outside printing services, and increase reliability and productivity in delivering core customer information materials.

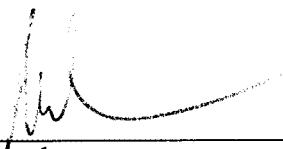
## NEXT STEPS

Although Stevens Technology is able to supply the required equipment, their bid did not comply with the terms and conditions set down by Metro's Invitation to Bid. If authorized, Metro will negotiate with Stevens Technology to gain terms that are the most beneficial to Metro. If negotiations are successful within the next 90 days, a firm, fixed price contract will then be executed for delivery, installation, removal of old equipment, training and maintenance for five years.

## ATTACHMENTS

A. Procurement Summary

Prepared by: Robert Hartert, Printing Services Supervisor



---

Matt Raymond  
Chief Communications Officer



---

Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY  
METRO PRINT SHOP REPLACEMENT EQUIPMENT**

1.	Contract Number: PS087140606		
2.	Recommended Vendor: Heidelberg USA, Inc. and Stevens Technology		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,448,000 for five-color print press	Recommended Price: \$1,448,000 for five color print press \$1,450,000 Not to Exceed for narrow web press	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm, fixed price		
5.	Procurement Dates:		
	A. Issued: 8/16/07		
	B. Advertised: 8/18/07		
	C. Pre-proposal Conference: 8/23/07		
	D. Proposals Due: 9/18/07		
	E. Pre-Qualification Completed: 9/28/07		
	F. Conflict of Interest Form Submitted to Ethics: 9/20/07		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed: 5/3/07	
	Small Business Commitment: 0% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 4	Bids/Proposals Picked up: 5	Bids/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Heidelberg USA, Inc. Stevens Technology	Bid/Proposal Amount: \$1,448,000 N/A; Non-responsive	Best and Final Offer Amount: N/A
	B. Evaluation Methodology: 2 step IFB Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 10/24/07		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Linda Wasley	Telephone Number: 922-4186	
11.	Project Manager: Robert Hartert	Telephone Number: 922-4353	

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

**METRO PRINT SHOP REPLACEMENT EQUIPMENT**

**A. Background on Contractor**

Heidelberg USA, Inc. in Kennesaw, Georgia has been incorporated in the United States for more than 15 years but the origins of the company in the United States can be traced back to 1936. Heidelberg USA, Inc. is wholly owned by Heidelberg Americas, Inc, which is owned by Heidelberg Druckmaschinen, AG. - the original German based maker of offset printing presses and equipment. Heidelberg USA, Inc. equipment has been satisfactorily used in the Metro Print Shop for more than twenty years. Heidelberg USA, Inc. is the prime supplier of print presses to private print shops and newspaper and magazine printers all over the world.

Stevens Technology, based in Fort Worth, Texas, has been manufacturing web presses for more than 55 years. Their main competitor in the narrow web press market niche was Didde web presses, who withdrew from the manufacturing market in 2007. Stevens Technology has supplied web presses for applications such as banknotes and securities markets throughout the world.

**B. Procurement Background**

PS087140606 was conducted as a two-phase “specific or approved equal” procurement. Phase one provided potential bidders the opportunity to submit their request for approved equals to the specified presses.

Two bids were received; one for each press; both from original equipment manufacturers.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a DBE Voluntary Anticipated Level of Participation (VALP) goal for this procurement due to lack of sub-contracting opportunities.

**C. Evaluation of Proposals**

In accordance with Metro Procurement Policies and procedures, Print Shop staff performed a technical evaluation. It was determined that the equipment proposed for each machine is in full compliance with the specifications. Heidelberg USA, Inc. was the responsive responsible bidder for the five color print press. Although its machine complied with the specifications, Stevens Technology was determined to be non-responsive to key terms and conditions of the IFB document.

**D. Cost/Price Analysis**

The recommended price of \$1,448,000 for the five color press has been determined to be fair and reasonable due to market evaluation and catalog pricing. The \$1,500,000 requested as a not-to-

exceed amount for the narrow web press has been determined to be fair and reasonable based on market evaluation and catalog pricing.

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

**METRO PRINT SHOP REPLACEMENT EQUIPMENT**

**PRIME CONTRACTOR**

Heidelberg USA, Inc.

Small Business Commitment

0%

Total Commitment          0%

Other Subcontractors

None