

**Metro**Los Angeles County  
Metropolitan Transportation AuthorityOne Gateway Plaza  
Los Angeles, CA 90012-2952213.922.2000 Tel  
metro.net**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE  
NOVEMBER 6, 2014****SUBJECT: PURCHASE OF PRODUCTION RAIL GRINDER****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

Authorize the Chief Executive Officer to award a firm fixed price contract under IFB OP37903310 with Harsco Rail the lowest responsive and responsible bidder for one (1) Production Rail Grinder for a firm fixed price of \$3,509,800 inclusive of sales tax.

**ISSUE**

This procurement is for the replacement of a Metro owned and operated rail grinding machine. A production rail grinder is required to support the track maintenance of light and heavy rail track throughout the Metro system.

**DISCUSSION**

The rail grinding machine is required to remove rail surface defects such as corrugation and shelling, maintain proper profiles, reduce curve wear and enhance overall wheel/rail interaction. Metro's existing rail grinder has been in operation since 1995. In the last few years it has experienced declining reliability and has now surpassed its useful life as the primary grinder and requires replacement.

The purchase of the production rail grinder will provide the Metro Track Maintenance Department with the necessary equipment for the consistent, timely and effective maintenance of Metro light and heavy rail track systems for the next 20-25 years. Further, it will provide the necessary flexible functionality to grind switches, road crossings and mainline track without restrictions.

**DETERMINATION OF SAFETY IMPACT**

The purchase of the new equipment will provide Metro with an advanced state-of the art system that includes an acoustically insulated, climate controlled and air pressurized cabin to reduce noise and eliminate particulates, thus maximizing operator safety. It also includes fire control systems that will extinguish any fires that may occur as a result of grinding sparks in open track areas. Finally, the new equipment will facilitate the

timely maintenance of rail track to ensure the safe and quiet operation on Metro light and heavy rail trains.

## **FINANCIAL IMPACT**

The recommendation for award is \$3,509,800. The funding is included in Cost Center 3790 Maintenance Administration; Project 208091 Non-Revenue Equipment Rail Grinder; Account 53106, Acquisition of Service Vehicle. The delivery of the equipment is scheduled from 12 to 14 months after the date of award.

### **Impact to Budget**

The funding for this acquisition will come from Prop A 35% which is eligible for replacement of rail assets.

## **ALTERNATIVES CONSIDERED**

Staff considered leasing equipment and/or contracting out grinding services, but it was found cost prohibitive and not recommended. The cost of grinding services would equal or exceed the full purchase price of the grinding machine in the first 6 years of service. Further, production grinding is an in-house task currently performed by ATU contract personnel. Contracting out this service would conflict with the Metro/ATU Collective Bargaining Agreement.

The alternative of retaining the existing rail grinder is not recommended. Diminished reliability, high maintenance costs, unavailability of spare parts and frequent repairs over the past few years has rendered the use of the existing grinding machine a poor alternative for continued operation.

Not purchasing the recommend rail production grinder will significantly reduce the ability of the Metro Track Maintenance Department to effectively maintain the Metro light and heavy rail track systems. Further, the expanding maintenance requirements of the Metro track system and the expansion of the Metro light rail track requires Metro to purchase a new, reliable and effective piece of equipment to ensure a cost-effective, timely maintenance of the Metro system for the next 20-25 years. The no purchase option is not recommended.

## **NEXT STEPS**

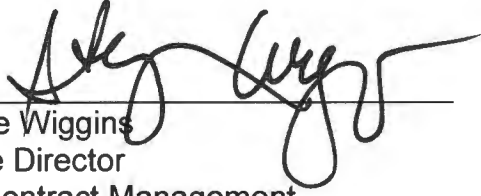
Following the authorization and execution of the contract, the vendor will begin the manufacturing process and provide Metro with a production schedule to identify milestones consistent with the scheduled delivery of the equipment 12 to 14 months after the award of the contract.

**ATTACHMENTS**

A. Procurement Summary

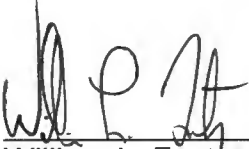
Prepared by: Daniel Ramirez, Non-Revenue Maintenance Manager

Questions: Christopher Reyes, Senior Administrative Analyst, Operations  
(213) 922-4808



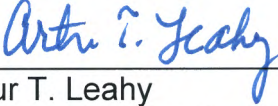
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Stephanie Wiggins  
Executive Director  
Vendor/Contract Management



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William L. Foster  
Interim Chief Operations Officer



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Arthur T. Leahy  
Chief Executive Officer

## PROCUREMENT SUMMARY

## Production Rail Grinder/ OP37903310

1.	Contract Number: OP37903310	
2.	Recommended Vendor: Harsco Rail	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 04/29/14	
	B. Advertised/Publicized: 04/29/14	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 07/29/14	
	E. Pre-Qualification Completed: 09/10/14	
	F. Conflict of Interest Form Submitted to Ethics: 08/22/14	
	G. Protest Period End Date: (15 Calendar Days after Notification of Intent to Award)	
5.	Solicitations Picked up/Downloaded: 17	Bids/Proposals Received: 2
6.	Contract Administrator: Mona Ismail	Telephone Number: 213-922-7376
7.	Project Manager: Daniel Ramirez	Telephone Number: 562-658-0231

**A. Procurement Background**

The procurement of a Production Rail Grinder was conducted as a formal sealed bid competitive acquisition to replace the aging rail grinder currently in use required to support track maintenance of light and heavy rail throughout the Metro system. IFB OP37903310 was issued in accordance with Metro's Acquisition Policy and Procedures on April 29, 2014 and advertised during the week of April 29, 2014. The contract type is a Firm Fixed Price (FFP).

Five amendments were issued during the solicitation phase of this RFP; amendment No. 1 issued on 05/22/14 clarified Statement of Work (SOW), answered vendor questions, and extended the question due date; amendment No. 2 issued on 06/02/14 answered vendor questions; amendment No. 3 issued on 06/11/14 answered vendor questions; amendment No. 4 issued on 06/23/14 answered vendor questions, provided photographs, and extended the bid due date; and, amendment No. 5 issued 07/07/14 answered vendor questions and extended the bid due date.

**B. Evaluation of Bids**

A total of 2 bids were received on July 29, 2014 in response to this IFB solicitation. The firm recommended for award, Harsco Rail, submitted a compliant bid that was the lowest, responsive, responsible submittal. Loram Maintenance of Way also was acceptable and approved by prequalification, but had a higher price than Harsco Rail. During the evaluation process of the two bids received, Loram notified Metro of an error in their bid calculations and provided an unsolicited revised bid price

incorporating the correction. With or without the correction, Loram's bid price remained higher than Harsco Rail's bid. Contract award is recommended to the lowest responsive, responsible bidder, Harsco Rail.

**C. Cost/Price Analysis**

The recommended price of \$3,509,800 has been determined to be fair and reasonable based upon the independent cost estimate of \$4,100,000, adequate price competition, and selection of the lowest responsive responsible bidder.

	<b>Bidder/Proposer Name</b>	<b>Proposal Amount</b>
1.	Loram Maintenance of Way, Inc.	\$4,010,655.00
2.	Harsco Rail	\$3,509,800.00

**D. Background on Recommended Contractor**

The recommended firm, Harsco Rail located in West Columbia, South Carolina has been in business for over 100 years, is one of the largest railroad maintenance equipment company in the western hemisphere and a single international source for over 130 types and models of railway track construction and maintenance machines, road/rail vehicles, and contract services.

**E. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 5% Small Business Enterprise (SBE) goal for trucking opportunities in this solicitation. Harsco Rail did not make an SBE commitment. Meeting the SBE goal is neither a condition of award nor an issue of responsiveness.

**F. All Subcontractors Included with Recommended Contractor's Proposal**

	<b>Subcontractor</b>	<b>Services Provided</b>
1.	None	N/A