

**Board Report**

File #:2016-0003, **File Type:**ContractAgenda Number:30

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
APRIL 14, 2016****SUBJECT: BLUE LINE WHEEL TRUING MACHINE OVERHAUL****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed-price Contract No. MA4829600, a single source procurement, to Hegenscheidt-MFD Corporation (USA) to **perform a midlife overhaul of the Blue Line Wheel Truing Machine** for \$1,385,769.

ISSUE

This procurement is for the services of the Original Equipment Manufacturer (OEM), Hegenscheidt-MFD Corporation (USA) (HMFD), to perform a midlife overhaul of the existing Wheel True Machine located at Division 11, the Blue Line Maintenance Facility. The existing machine, model 106T, was installed and went into operation in 1999. Time, usage, and parts obsolescence requires that the 15-year overhaul be performed on the wheel truing machine to bring it up to full functionality and increase the useful life of the machine by 15 more years.

DISCUSSION

The Blue Line Wheel Truing Machine is vital to the safe operation of the fleet as it is used to maintain the Vehicle Manufacturer's recommended tolerances for profiles and wheel diameters. Not maintaining these tolerances can increase the risk of wheel hunting, derailments, poor ride quality, and premature equipment failure.

A consultant, CH2MHILL, evaluated the current condition of the truing machine and the need to either overhaul or totally replace it. The findings were that significant costs can be avoided by not purchasing a new wheel truing machine. A comparable machine has an estimated cost of \$3,000,000, including civil engineering that will be required for installation of the new machine.

Single Source Justification

The significance of this single source procurement is to ensure continued safe operational availability and reliability of the wheel truing function for Blue Line cars. There are a few manufacturers of wheel truing machines. Hegenscheidt wheel truing machines utilize proprietary software that is fully

integrated into the wheel truing process. The machine is custom fit into its "pit" location at Division 11. Significant efficiencies will be realized by utilizing the OEM instead of another vendor, as it will eliminate the need to reverse engineer new software to the machine. Thus, it was determined by Metro's engineering team, cost estimating department and CH2MHILL that it is critical the OEM perform the overhaul.

The existing control system software will be replaced with Hegenscheidt's new, current technology controls that are also used in the wheel truing machines currently in use at other Metro facilities. Utilizing similar control systems at multiple Metro facilities will allow for unified training and increased efficiency as specialists will have the ability to operate multiple wheel truing machines.

DETERMINATION OF SAFETY IMPACT

Award of the Contract to procure the wheel truing machine overhaul services will improve the efficiency and accuracy of wheel cutting to meet the Vehicle Manufacturer's recommended tolerances for profiles and wheel diameters. Maintaining the Vehicle Manufacturer's recommended tolerances is vital to the continued safe operation of the vehicles as doing so reduces the risk of wheel hunting, derailments, poor ride quality, and premature equipment failure.

FINANCIAL IMPACT

Funding of \$1,385,769 is included in cost center 3941 under project 206040 for the Blue Line Wheel True Machine. Since this is a multi-year contract, the cost center manager, project managers, and Executive Director, Maintenance will ensure that the balance of funds is budgeted in future years.

Impact to Budget

The source of funding for this contract will come from Prop A 35% which are eligible for bus and rail Operating and Capital Projects. This funding source will maximize the use of funds for these activities.

ALTERNATIVES CONSIDERED

One alternative is to not award this Contract and continue using existing equipment with poor reliability, parts obsolescence, and poor wheel cutting performance. This will result in extended wheel rework and increase vehicle downtime.

A second alternative is a total replacement of the existing machine with a new one at a cost of approximately \$3,000,000, inclusive of civil engineering work.

NEXT STEPS

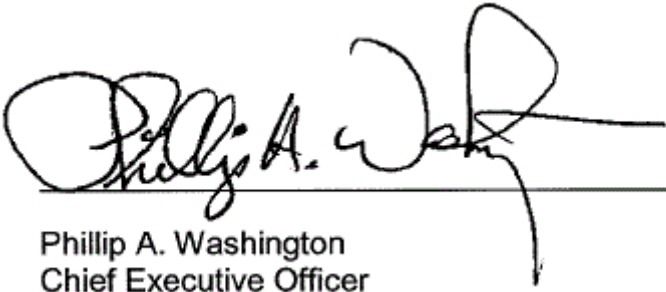
After Board approval, staff will execute the Contract award and Notice to Proceed (NTP) to the contractor, Hegenscheidt-MFD Corporation to start working on this project.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

BLUE LINE WHEEL TRUING MACHINE OVERHAUL/MA4829600

1.	Contract Number: MA4829600	
2.	Recommended Vendor: Hegenscheidt-MFD Corporation	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input checked="" type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: November 2, 2015	
	B. Advertised/Publicized: N/A	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: December 7, 2015	
	E. Pre-Qualification Completed: December 11, 2015	
	F. Conflict of Interest Form Submitted to Ethics: January 22, 2016	
	G. Protest Period End Date: N/A	
5.	Solicitations Picked up/Downloaded: 1	Bids/Proposals Received: 1
6.	Contract Administrator: Jean Davis	Telephone Number: 213 922-1041
7.	Project Manager: Nizar Madanat	Telephone Number: 213 617-6281

A. Procurement Background

This Board Action is to approve single source Contract No. MA4829600 in support of an overhaul of the Hegenscheidt Model 106T wheel truing machine installed at Metro's Blue Line. The existing Metro wheel truing machine was furnished by Hegenscheidt who is the original equipment manufacturer (OEM). It was determined by Metro's engineering and operations team that to ensure full operational capability of the truing machine that the machine should be overhauled by the OEM. The awardee is the OEM.

The RFP for a single source was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price.

B. Evaluation of Proposal

This is a single-source procurement. Metro's technical staff conducted technical fact-finding meetings and a technical evaluation of the technical proposal. The technical evaluation consisted of reviews of the proposer's proposed labor hours, proposed assigned technical personnel and labor categories, proposed material items and spares, and the proposed overhaul schedule. The proposal was found to be technically acceptable.

Qualification Summary of the Firm:

Hegenscheidt-MFD Corporation is an international, mid-sized manufacturer of specialist machine tools. Hegenscheidt is the OEM of Metro’s current wheel truing machine. The company is part of the Niles Simmons Hegenscheidt Group (NSH), which combines more than 175 years of experience on machine tool construction in Germany and the US. Among other services, the company manufactures and sells single machines and turnkey production systems to railway companies and to the automotive industry. Hegenscheidt-MFD and Simmons Machine Tool Corporation merged operations to perform as a single company. Overhaul and support for earlier machines are provided by Hegenscheidt-MFD while new sales are provided by Simmons.

C. Cost Analysis

The recommended contractor’s price proposal was evaluated in compliance with Metro’s Acquisition Policies and Procedures. Staff conducted a cost analysis of the price proposal. Based on our cost analysis, technical analysis, fact-finding, clarifications, and negotiations with the proposer, the final agreed to price of \$1,385,769 is considered fair and reasonable. Metro will recognize an appreciable savings of approximately \$240,000 from the initial proposed price.

	Proposer Name	Proposal Amount	Metro ICE	Negotiated Amount
1.	Hegenscheidt-MFD	\$1,630,327.46	\$1,400,000	\$1,385,769.00

D. Background on Recommended Contractor

Hegenscheidt-MFD Corporation, located in Sterling Heights, MI, has been in business for over 40 years. Hegenscheidt-MFD is among the global market leaders in above-floor and underfloor wheel set lathes for the re-profiling of wheel sets. Hegenscheidt-MFD also provides wheel set presses, diagnostic systems for wheel sets, and re-railing systems for rail vehicles.

DEOD SUMMARY

BLUE LINE WHEEL TRUING MACHINE OVERHAUL/MA4829600

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a participation goal for this single-source procurement based on the lack of subcontracting opportunities. According to the Project Manager, the software used in the proposed Computer Numerical Control is proprietary and it is in the best interest of Metro to utilize the Original Equipment Manufacturer to perform the required overhaul services with its own workforces.

B. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this contract.