

T Transportation Committee
Meeting date: September 24, 2012
Metropolitan Council Meeting: October 10, 2012

ADVISORY INFORMATION

Date: September 18, 2012
Subject: Authorization to Purchase Wheel Tire Center Idler Truck – Light Rail Vehicles
District(s), Member(s): All
Policy/Legal Reference: Council Policy 3-3 Expenditures
Staff Prepared/Presented: Brian J. Lamb, General Manager (612-349-7510)
Edwin D. Petrie, Director, Finance, Metro Transit (612-349-7624)
Steve True, Senior Manager, Financial Reporting (612-349-7701)
Chris Haefner, Manager, Material Management (612-349-5031)
Micky Gutzmann, Director, Council Contracts and Procurement (651-602-1741)
Division/Department: Metro Transit

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to increase the sole source authorization from \$240,000 to \$350,000 with Penn Machine Company for the purchase of Wheel Tire Center Idler Truck Tires and Wheel Tire Motor Drive Truck Tires – for the Hiawatha Light Rail Vehicles (LRVs).

Background

Metro Transit LRVs have tires, which through normal use incur wear and tear that eventually makes them unusable. The Material Management Department is responsible to manage the inventory of repair parts for LRVs and closely monitors and manages these replacement tires.

Metro Transit orders approximately 80 tires at a time because:

- 1) The lead time for the tires is approximately 44 weeks
- 2) The processing time for the purchase could take up to 8 weeks
- 3) Metro Transit consumes approximately 1.69 tires a week
- 4) Small purchase quantities of the tires increase the cost and lead time because the vendor has to retool their production line to build the part.

Hiawatha LRV Maintenance requires repair parts to meet original equipment manufacturer (OEM) specifications. The Metropolitan Council Contracts and Procurement Department has only been able to find one manufacturer (Penn Machine Company) in the United States of America who meets the OEM specifications for this part. As a result, a sole source authorization is required to order these replacement tires.

Metro Transit currently has a sole source authorization of \$240,000 for Penn Machine Company in 2012. In June 2012, Metro Transit purchased 88 Wheel Tire Motor Drive Truck Tires for the LRV's from Penn Machine for a total cost \$166,760. Based on the

Materials Management review of the Wheel Tire Center Idler Truck Tires on hand, it is necessary to place an order for these tires based on the requisition timelines stated above. As a result, Metro Transit is seeking to increase the sole source authorization from \$240,000 to \$350,000 to allow for the sole source purchase of these additional LRV tires.

Rationale

Not purchasing the tires will result in LRV's becoming unsafe and non-operational. Non-operational LRVs will result in the loss of light rail service for the riding public.

Funding

The funding of this procurement is included in the Metro Transit Hiawatha Light Rail Operating Budget.

Known Support / Opposition

There is no known opposition.