

RESOLUTION NO. 2011-111

AUTHORIZING CONTRACT NO. 2011-138 WITH ALSTOM TRANSPORTATION, INC., FOR THE FURNISHING OF 400 HRV STEEL WHEELS FOR THE TOKYU FLEET AS SPECIFIED AT A PRICE OF \$338,844.00 (GENERAL FUND, INVENTORY DEPARTMENT BUDGET)

WHEREAS, the Authority requires replacement steel wheels for the heavy rail fleet; and

WHEREAS, the bid of ALSTOM Transportation, Inc., located at 1001 Frontenac Rd., Naperville, Illinois 60563, for the furnishing of 400 HRV Steel Wheels, as specified, was received on December 6, 2011 at a price of \$338,844.00; and

WHEREAS, said bid was the only responsive and responsible bid received in response to the solicitation; and

WHEREAS, the General Manager/Secretary-Treasurer deems the bid of ALSTOM Transportation, Inc., to be a responsive bid from a responsible bidder and recommends acceptance thereof by the Board of Trustees.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the bid of ALSTOM Transportation, Inc., to supply 400 HRV steel wheels, as specified, be and the same is hereby accepted.

Section 2. That the General Manager/Secretary-Treasurer of the Authority be and he is hereby authorized to enter into a contract with ALSTOM Transportation, Inc., for the furnishing of 400 steel wheels for the HRV fleet, as specified.

Section 3. That said contract shall be paid out of the General Fund, Inventory Department budget in the amount of three hundred thirty-eight thousand eight hundred forty-four & 00/100 dollars (\$338,844.00).

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon compliance by the contractor to the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2011-034; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that ALSTOM Transportation, Inc., will attempt to exceed the 0% minimum DBE goal assigned to this procurement.



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION CONTRACT: 400 TOKYU HRV STEEL WHEELS VENDOR: ALSTOM TRANSPORTATION, INC. AMOUNT: \$338,844.00	Resolution No.: 2011-111
	Date: December 15, 2011
	Initiator: Inventory Department
ACTION REQUEST: X Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____	

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for the furnishing of 400 Tokyu HRV steel wheels, as specified.
- 2.0 **DESCRIPTION/JUSTIFICATION:** Steel wheels are a consumable part of the Tokyu HRV fleet. When the wheels are new, they have an outside diameter that measures 28". In service, the wheels develop flat spots. When this occurs, the surface of the wheels must be ground to ensure proper sizing per axle. The maximum a wheel can be ground to is 26" in diameter. Thereafter it must be replaced. This procedure ensures less wear on the gearboxes and other mechanical parts of the fleet and provides a smoother and safer ride for our customers.
- 3.0 **PROCUREMENT BACKGROUND:** The Invitation for Bid was posted on the Procurement web site and advertised in the local newspapers. Five (5) bid packages were downloaded from the web site for the solicitation. One responsive and responsible bid was received on December 6, 2011. A survey of prospective bidders was conducted by the Procurement Department, which indicated one potential bidder was unable to secure the requisite bid guarantee. Another potential bidder was not able to secure pricing from a manufacturer in as timely a manner as would allow a bid to be submitted. The one bid received was as follows:

	<u>Per Wheel</u>	<u>Total Cost</u>
ALSTOM Transportation Inc. 1001 Frontenac Rd. Naperville, Illinois 60563	\$847.11	\$338,844.00


Ohio Revised Code Section 306.43(B) provides that in the case of a single bid being received, the Authority may negotiate the price with the vendor. Negotiations failed to achieve a price reduction from ALSTOM. These wheels will be manufactured in China by MA Steel Corporation. MA Steel does a great deal of work with ALSTOM around the world and consequently ALSTOM states that they are able to take advantage of significant discounts. The price also reflects a decrease in the cost of various grades of steel that has been occurring on the world market during and prior to 2011. The price bid is 42% below what was paid for the same wheels in 2008.

A price analysis has been performed and the bid of ALSTOM Transportation, Inc., has been determined by the Procurement Department to be fair and reasonable to the Authority.

- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of certified DBE firms.

- 5.0 POLICY IMPACT: Does not apply.
- 6.0 ECONOMIC IMPACT: This contract shall be payable from the General Fund, Inventory Department budget, in the amount of three hundred thirty-eight thousand eight hundred forty-four & 00/100 dollars (\$338,844.00). The price is approximately 45% below the estimate for this purchase.
- 7.0 ALTERNATIVES: Reject this offer. Rejection of all bids would delay the procurement of the steel wheels and risk not having wheels available to meet the needs of the Authority in a timely manner. Also, rejection of this bid may impact the safety of our customers, operators, and the service goals of the Authority.
- 8.0 RECOMMENDATION: It is recommended that the bid of ALSTOM Transportation, Inc., be accepted and the resolution passed authorizing the CEO, General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: None.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.



CEO, General Manager/Secretary-Treasurer