PROPOSAL: That the Board of Commissioners authorizes staff to enter into sole or single source procurement contracts for the purchase of materials from approved vendors set forth in Exhibit A to support PATCO’s critical operations.

Amount: See Attached Exhibit A

Period: Calendar Year 2013

PURPOSE: With the aging infrastructure, PATCO is requesting approval of sole source justification for replacement parts from original equipment manufacturers (OEMs). Staff has recognized an opportunity to improve procurement efficiencies, streamline work processes and reduce approval redundancies through an annual sole source justification of components and parts critical to PATCO’s operation. The items to be procured are indexed in the Exhibit A attachment. Based on a thorough review of these items, PATCO procurement has determined that there is only one provider for these particular parts and that they have negotiated the best possible pricing for these items. This approach is consistent with the Lean Government initiatives and philosophies to improve the effectiveness and efficiency of PATCO procurement functions and increase transparency.

BACKGROUND: Currently, with the aging infrastructure utilized at PATCO, much of the equipment being maintained and serviced comes from sole or single source vendors. These sole or single source vendors generally have proprietary control over the manufacture of parts, components for PATCO equipment. PATCO’s equipment is capital intensive, long-lived and if properly maintained, can operate safely for decades. However, particular rail rolling stock and equipment are manufactured by a relatively small number of industrial producers, often using proprietary designs to meet the particular performance requirements and physical environment of transit systems and railroads. In general, most parts and equipment are not mass-produced, but manufactured to order or are only available from the
original equipment manufacturer (OEM), or a successor company with proprietary rights to the original design. These OEM parts or components are needed to repair and maintain rolling stock and other equipment specifically designed by the OEM manufacturer, where available technical data does not assure that a part or component supplied by another vendor will adequately perform the same function it replaces.

Attached Exhibit A is the limited list of sole/single source vendors and the product list that can be ordered from each vendor at a not to exceed cost.

While Board approval is being requested to allow for sole/single source procurement on the attached list for purchases over one hundred thousand dollars ($100,000), there have been additional procedural checks and balances incorporated into the process. For these purchases, documentation shall be prepared by PATCO purchasing outlining the item being purchased, the cost of the purchase, and the total payment to be made by PATCO for goods provided. This document shall be reviewed and approved by PATCO General Manager and the Chief Financial Officer.

All items purchased on a sole or single source basis are subject to a cost analysis to ensure the reasonableness of the prices quoted. In order to ensure efficient and continuous provisioning of PATCO’s maintenance operation, we are seeking the Board’s authorization. This process follows similar sole/single source processes of like agencies, such as SEPTA and NJ Transit.

**SUMMARY:**

- **Amount:** See Attached Exhibit A
- **Source of Funds:** PATCO Operating and Capital Budgets
- **Period:** Calendar Year 2013
- **Master Plan Status:** N/A
- **Other Fund Sources:** N/A
- **Duration of Contract:** N/A
- **Other Parties:** N/A
RESOLUTION

RESOLVED: That the Board of Commissioners authorizes staff to enter into sole or single source procurement for the limited purpose of acquiring those specific items outlined in Exhibit A to support PATCO’s aging infrastructure and OEM needs and be it further

RESOLVED: That the Chair, Vice Chair and the President must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the PATCO, after review and approval by Office of General Counsel. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and President and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of PATCO. If both the Chair and Vice Chair are absent or unavailable, and any agreement or agreements need to be executed during their absence, then the President may execute on behalf of PATCO.

SUMMARY:

- Amount: See Attached Exhibit A
- Source of Funds: PATCO Operating and Capital Budgets
- Period: Calendar Year 2013
- Master Plan Status: N/A
- Other Fund Sources: N/A
- Duration of Contract: N/A
- Other Parties: N/A

JDR
PATCO
## EXHIBIT A
### SOLE/SINGLE SOURCE VENDORS FOR PATCO - CY2013

<table>
<thead>
<tr>
<th>VENDOR NAME</th>
<th>PART TYPE</th>
<th>NOT TO EXCEED COST</th>
</tr>
</thead>
</table>
| Cubic Transportation Systems | Cubic Transportation Systems is the current vendor of PATCO’s Automated Fare Collection System. The fare collection gates and vending machines were manufactured by Cubic with the majority of the parts unique to these types of devices. Since the TVM and gate parts are modular and in-house staff performs limited bench repairs, the modules are sent to Cubic for repair. The repair price is dependent on the severity of the issue and submitted to PATCO for approval before repairs commence. Some of the major components submitted for repair are:  
• Motor Gear Assembly (fare gate)  
• Tri-Reader 2 (fare gate & Ticket Vending Machine)  
• Single Board Computer (mother board for gate and vending machine)  
• Coin Acceptor (vending machine)  
• Bill Handling Unit (vending machine)  
• Ticket Transport (fare gate)  
At times, if the parts are found to be non-repairable, a replacement part will be ordered from Cubic for stock. | $110,000 |
| UKM Transit Products       | UKM manufactures a number of transit car gearbox components, including the quill, which is the hollow component that allows the bull gear to attach to the train axle. These OEM components were originally furnished by GE Transit Systems Business Division. UKM reverse engineered these components and they have proven satisfactory in service. | $125,000 |
| Jamaica Bearings Inc       | Jamaica Bearings is the regional distributor for Timken Bearings. Timken was the OEM supplier for journal (wheel) bearings and many of the larger bearings used in the gearbox and traction motors. A significant portion of these bearings are unique designs or have special characteristics such as tighter tolerances than standard. | $200,000 |
| ITT Enidine Inc            | ITT Enidine provides shock absorbers and related hardware for the maintenance of PATCO Transit Cars. ITT Enidine or its predecessor companies are the Original Equipment Manufacturer (OEM); since the transit cars were new, only ITT Enidine has supplied these parts. These shock absorbers are designed to fit a specific bolt pattern on the bolster. We do not know of any other | $225,000 |
supplier of this type of rotary hydraulic shock absorber. These shock absorbers are used to damp motion in the truck and bolster, and they are critical safety components.

| WABTEC Global Services | WABTEC Corp. recently purchased the transit spare parts operation of the General Electric Company and assigned the name WABTEC Global to the division. This division supplies PATCO with propulsion, ATO, and a portion of other control systems for the transit cars. Since our cars’ propulsion system was produced in relatively small numbers, there are no other sources for much of this OEM material. The fact that much of this equipment incorporates safety features has also limited the entry of new suppliers for this OEM material. | $240,000 |

| WABTEC | WABTEC is the OEM supplier for all of the friction and blended braking equipment on the PATCO transit cars. As is common in the transit industry, there is no interchangeability among manufacturers of brake equipment. As the OEM, WABTEC supplies all the rebuilt kits for valves, air brake cylinders and compressors. PATCO does the rebuilding in its shop. Due to the limited market for this material and the potential safety liabilities, there are no alternate producers of these OEM components. | $275,000 |