SUMMARY STATEMENT


COMMITTEE:  Operations & Maintenance

COMMITTEE MEETING DATE:  August 6, 2014

BOARD ACTION DATE:  August 20, 2014

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 Transit Car Truck Overhaul Program for CY 2014.

Amount:  See Attached Exhibit A

Period:  Calendar Year 2014

PURPOSE:  With the aging infrastructure, PATCO is requesting approval of sole source justification for parts from original equipment manufacturers (OEMs) for the overhaul of the transit car trucks. 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.

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.

The 2014 Capital Budget includes funds for the overhaul of transit car trucks. The overhaul is an annual project to rebuild the car trucks, including new elastomeric and wear components, new wheel sets using refurbished axles and bearings, rebuilt gearboxes and new wheels, rebuilt air brake actuators, and refurbished air supply piping. All labor to rebuild the trucks will be performed by PATCO employees.

PATCO had solicited bids for those components needed for the transit car truck overhaul program that can be purchased through a competitive purchase process. The Board approved those purchases as follows:

Axles PATCO-14-024
Gear Units PATCO-14-015
Wheels PATCO-12-003

However, for those parts not available through competitive bidding, Exhibit A is attached showing 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 will be 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.
<table>
<thead>
<tr>
<th>SUMMARY:</th>
<th>Amount</th>
<th>See Attached Exhibit A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Funds:</td>
<td>2013 Revenue Bonds</td>
<td></td>
</tr>
<tr>
<td>Period:</td>
<td>Calendar Year 2014</td>
<td></td>
</tr>
<tr>
<td>Capital Project #:</td>
<td>PD1404</td>
<td></td>
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<tr>
<td>Master Plan Status:</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Other Fund Sources:</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Duration of Contract:</td>
<td>N/A</td>
<td></td>
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<tr>
<td>Other Parties:</td>
<td>N/A</td>
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</tbody>
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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 Transit Car Truck Overhaul Program; 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: 2013 Revenue Bonds
Period: Calendar Year 2014
Capital Project #: PD1404
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: N/A
Other Parties: N/A
## EXHIBIT A
SOLE/SINGLE SOURCE VENDORS FOR TRANSIT CAR TRUCK OVERHAUL PROGRAM FOR PATCO - CY2014

<table>
<thead>
<tr>
<th>VENDOR NAME</th>
<th>PART TYPE</th>
<th>NOT TO EXCEED COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>WABTEC Global Services</td>
<td>WABTEC Global Services is the successor to General Electric Transit and has become the OEM for our truck electrical components, mechanical couplings and suspension products. Due to the limited market of this material, the lack of detailed drawings and the potential safety liabilities, at this time there are no alternate sources for these parts.</td>
<td>$150,000</td>
</tr>
<tr>
<td>WABTEC</td>
<td>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; there are no alternate producers of these components. WABTEC supplies all the braking components.</td>
<td>$350,000</td>
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