ITEM NO. PATCO-16-027

SUBJECT: Sole/Single Source Vendors for Replacement Parts for PATCO – CY 2017

COMMITTEE: Operations & Maintenance

COMMITTEE MEETING DATE: October 11, 2016

BOARD ACTION DATE: October 19, 2016

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 2017

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, subject to approval of 2017 Operating and Capital Budgets.

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.

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. Items are generally put into inventory and when issued are charged to operations or to an approved capital budget line item. 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:**

<table>
<thead>
<tr>
<th>Amount</th>
<th>See Attached Exhibit A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Funds:</td>
<td>General Fund/2013 Revenue Bonds</td>
</tr>
<tr>
<td>Operating Budget:</td>
<td>PATCO Operating Budget</td>
</tr>
<tr>
<td>Capital Project:</td>
<td>Multiple Projects</td>
</tr>
<tr>
<td>Period:</td>
<td>Calendar Year 2017</td>
</tr>
<tr>
<td>Master Plan Status:</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Fund Sources:</td>
<td>N/A</td>
</tr>
<tr>
<td>Duration of Contract:</td>
<td>N/A</td>
</tr>
<tr>
<td>Other Parties:</td>
<td>N/A</td>
</tr>
</tbody>
</table>
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 PATCO. 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 if it is necessary to execute the said document(s) while they are absent or unavailable, then the President may execute such documents on behalf of PATCO.

**SUMMARY:**

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### EXHIBIT A

**SOLE/SINGLE SOURCE VENDORS FOR PATCO - CY2017**

<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/integrator of PATCO’s Automated Fare Collection System. The fare collection gates and ticket vending machines (TVMs) and ticket office terminals were manufactured by Cubic with the majority of the parts unique to these types of devices. The TVM and gate parts are modular and in-house staff performs limited bench repairs. Most modules are sent to Cubic (the manufacturer) 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 Contactless Card Reader (all devices)  
- Single Board Computer (mother board for gate and TVM)  
- Coin Acceptor (TVM)  
- Bill Handling Unit (TVM)  
- Ticket Transport (fare gate)  
If a part cannot be repaired, a replacement part must then be ordered from Cubic. | $225,000 |
| ITT Enidine Inc.     | Rotary hydraulic dampers are used on the transit car trucks; the dampers in use now are largely original equipment, furnished with the cars when new. It has become evident that the dampers are worn out and do not provide the damping required by the original truck design. Accordingly, we have made replacement of the dampers part of the truck overhaul to coincide with the overhaul of the cars. Enidine manufactures the damper used on PATCO trucks and is the successor to the original manufacturer, Houdaille. Enidine is the only manufacturer of a damper that is interchangeable in form and fit. | $200,000 |
| Jamaica Bearings     | Jamaica Bearings is the sole regional distributor for Timken Bearings. Timken is the manufacturer of the transit car journal (axle) bearings as well as a number of other critical bearings, such as are used in the gearboxes. The journal bearings utilize a unique housing designed for use with the Timken bearing. Timken was specified by the gearbox OEM for the high speed and intermediate bearings in the | $200,000 |
traction gearbox and the ball bearing in the traction motors.

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>WABTEC Global Services</td>
<td>WABTEC Global Services is the successor to General Electric Transit Systems Business Division, the OEM of the cars' propulsion, ATO, propulsion control, motor and gearbox parts. The propulsion, ATO and other control systems were made in small numbers, so there are no other sources for this material. Included are ATO relays, propulsion control relays, power contactors and parts for them, cam controller cams, cam followers and contact tips, sensors, transducers, motor-to-gearbox resilient mounts, couplings and motor filter housings.</td>
<td>$250,000</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. Due to limited market for this material and the potential safety liabilities, there are no alternate producers of these components. WABTEC supplies all the rebuild kits for air brake valves, cylinders and compressors. PATCO does the rebuilding in its shop.</td>
<td>$300,000</td>
</tr>
</tbody>
</table>
MEMORANDUM: PURCHASES GREATER THAN $25,000

PORT AUTHORITY TRANSIT CORPORATION

TO: John Rink, GM-PATCO
    James White, Chief Financial Officer
    John T. Hanson, CEO-DRPA/President-PATCO

FROM: Kathleen Imperatore, Division Director/Project Manager: Fare Collection Operations

SUBJECT: SOLE SOURCE APPROVAL - Cubic Transportation Systems

PURCHASE REQUISTION: Various

DATE: Friday, September 09, 2016

Background:
Cubic Transportation Systems is the current vendor/integrator for PATCO’s Automated Fare Collection System. The fare collection gates, vending machines and ticket office terminals were manufactured by Cubic with the majority of parts unique to the devices.

Justification for Proprietary/ Sole Source:
The vending machine and gates are made up of modular components. In-house staff perform limited repairs on the devices. Most modules are sent to Cubic (the manufacturer) for repair. The repair price is dependent on the severity of the issue and submitted to PATCO for approval before the repairs commence. Some of the major components/modules submitted for repair: gate Motor Gear Assembly; Tri-Reader contactless card reader; Single Board Computers; Coin Acceptors, Bill Handling Unit and gate Ticket Transport modules. At times, if the part is found to be non-repairable, a replacement part will be ordered.

Cost:
$225,000-2017

Kathleen Imperatore, Division Director

John Rink, GM-PATCO

James White, CFO

John T. Hanson, CEO-DRPA/President-PATCO
MEMORANDUM: PURCHASES GREATER THAN $25,000

PORT AUTHORITY TRANSIT CORPORATION

TO: John Risk, GM-PATCO
    James White, Chief Financial Officer
    John T. Hanson, CEO-DRPA/President-PATCO

FROM: Robert Traver, Division Director/Project Manager: Equipment

SUBJECT: SOLE SOURCE APPROVAL - ITT Enidine

PURCHASE REQUISITION:

DATE: Wednesday, September 21, 2016

Background:

Rotary Hydraulic dampers are used on the Transit Car Trucks; the dampers in use now are largely original equipment, furnished with the cars when new. It has become evident that the dampers are worn out and do not provide the damping required by the original truck design. Accordingly, we have made replacement of the dampers part of the truck overhaul to coincide with the overhaul of the cars.

Justification for Proprietary/Sole Source:

Enidine manufactures the damper used on our trucks, they are the successor to the original manufacturer, Houdaille. They are the only manufacturer of a damper that is interchangeable in form, fit, and function.

Cost:

$200,000

Robert Traver, Equipment Division Director
John Risk, GM-PATCO
James White, CFO
John T. Hanson, CEO-DRPA/President-PATCO
MEMORANDUM

PURCHASES GREATER THAN $25,000

PORT AUTHORITY TRANSIT CORPORATION

TO: John Rink, GM-PATCO
James White, Chief Financial Officer
John T. Hanson, CEO-DRPA/ President-PATCO

FROM: Robert Traver, Division Director/Project Manager: Equipment

SUBJECT: SOLE SOURCE APPROVAL - Jamaica Bearings

PURCHASE REQUISITION:

DATE: Wednesday, September 21, 2016

Background:

Jamaica Bearings is the sole regional distributor for Timken Bearings. Timken is the manufacturer of the Transit car journal (axle) bearings as well as a number of other critical bearings, such as are used in the gearboxes.

Justification for Proprietary/Sole Source:

The journal bearings utilize a unique housing designed for use with the Timken bearing. Timken was specified by the gearbox OEM for the high speed and intermediate bearings in the traction gearbox and the ball bearing in the traction motor.

Cost:

$200,000

Robert Traver, Equipment Division Director

John Rink, GM-PATCO

James White, CFO

John T. Hanson, CEO-DRPA/ President-PATCO
MEMORANDUM: PURCHASES GREATER THAN $25,000
PORT AUTHORITY TRANSIT CORPORATION

TO: John Rink, GM-PATCO
    James White, Chief Financial Officer
    John T. Hanson, CEO-DRPA/President-PATCO

FROM: Robert Traver, Division Director/Project Manager: Equipment

SUBJECT: SOLE SOURCE APPROVAL - Wabtec Global Services

PURCHASE REQUISITION:

DATE: Wednesday, September 21, 2016

Background:

WABTEC Global Services is the successor to General Electric Transit Systems Business Division the OEM of the cars’ propulsion. ATO, propulsion control, motor and gearbox parts.

Justification for Proprietary/Sole Source:

The propulsion, ATO and other control systems were made in small numbers, so there are no other sources for of this material. Included are ATO relays, propulsion control relays, power contactors and parts for them, cam controller cams, cam followers and contact tips, sensors, transducers, motor-to-gearbox resilient mounts, couplings and motor filter housings.

Cost:

$250,000

Robert Traver, Equipment Division Director
John Rink, GM-PATCO
James White, CFO
John T. Hanson, CEO-DRPA/President-PATCO
MEMORANDUM PURCHASES GREATER THAN $25,000

PORT AUTHORITY TRANSIT CORPORATION

TO: John Rink, GM-PATCO
James White, Chief Financial Officer
John T. Hanson, CEO-DRPA/ President-PATCO

FROM: Robert Traver, Division Director/Project Manager: Equipment

SUBJECT: SOLE SOURCE APPROVAL - Wabtec

PURCHASE REQUISITION: [(Route Number Unreadable)]

DATE: Wednesday, September 21, 2016

Background:

WABTEC is the OEM supplier for all of the friction and blended braking equipment on the PATCO transit cars. PATCO purchases rebuild kits for air brake valves, cylinders and air compressors.

Justification for Proprietary/Sole Source:

There is no interchangeability of brake parts among manufacturers of brake equipment. Due to the limited market for this material and the potential safety liabilities, there are no alternate producers of these components.

Cost:

$300,000

[Signatures]

Robert Traver, Equipment Division Director
John Rink, GM-PATCO
James White, CFO
John T. Hanson, CEO-DRPA/ President-PATCO