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**ITEM ID:** 2020-534-0

**TRANSMITTAL DATE:** November 5, 2021

**MEETING DATE:** November 12, 2021

**TO:** Board of Directors

**FROM:** Darren Kettle, Chief Executive Officer

**SUBJECT:** Contract No. EP205R-22 - Rotem Rail Cars HVAC Overhaul and Rebuild - Recommendation to Award - RAM Industrial Services, LLC

### Issue

The Authority's Hyundai-Rotem (Rotem) passenger rail car fleet is in need of overhaul and rebuild work for the Heating, Ventilating, and Air Conditioning (HVAC) units in order to ensure uninterrupted service and a safe and comfortable environment for Metrolink passengers.

### Recommendation

It is recommended that the Board authorize the Chief Executive Officer (CEO) to award Contract No. EP205R-22 to RAM Industrial Services, LLC (RAM), to perform rail car HVAC overhaul services, for a total not-to-exceed contract funding authorization of \$13,272,576 for the base order quantity of 40 HVAC units (\$2,005,482), and option quantities of up to 242 HVAC units (\$11,267,094). Options will be exercised at the discretion of the Authority's CEO subject to budget availability. The award is subject to resolution of any timely filed protests.

### Strategic Commitment

This report aligns with the following Strategic Business Plan Commitment of:

- **Safety is Foundational:** We will stay on the leading edge by deploying new technologies and processes to enhance the safety and security of our riders, our fellow employees, and the communities we serve. The HVAC overhaul services to be performed under this contract will ensure a safe and comfortable rail car environment for

Metrolink passengers.

## **Background**

The Heating, Ventilating, and Air Conditioning system is one of the most important factors to ensure our passenger's comfort when riding Metrolink trains. Accordingly, the continuous reliability and quality of the HVAC system is essential. Therefore, any proposed changes or designs to the HVAC system must meet the highest quality standards.

A total of 137 Rotem passenger railcars were delivered to Metrolink with the current HVAC design, and served Metrolink system since 2010. Unfortunately, as currently designed, the HVAC system has experienced a high failure rate that has impacted riders' comfort. In the past two years alone, there were 317 defects recorded due to HVAC system malfunctions while in revenue service which caused great discomfort to passengers especially during excessive summer temperatures. In the same reference period, a total of 101 Rotem railcars were removed from revenue service waiting repair of the HVAC units by a third-party vendor, or replacement of Original Equipment Manufacturer (OEM) sub-components that have a long lead-time. Occasionally passengers had to evacuate the Rotem railcars because of smoke originating from a failed fan motor inside the HVAC unit. The HVAC system's low quality has adversely affected the comfort of passenger service as well as the availability of the railcars.

In early 2019, the Authority's Equipment department staff examined the failures through a root-cause analysis study, and determined that the majority of the failures were due to:

- Components that need to be overhauled as recommended by the OEM manual, and;
- Systemic defects in the design and short lifecycle of multiple major OEM subcomponents.

The capital budget for the Rotem HVAC overhaul and rebuild program has been available since June 2019. To improve the reliability and quality of the Rotem HVAC system and provide the best comfort to the passengers, Authority staff prepared a scope of work to overhaul the aged components and rebuild specific major subcomponents to address the systemic defects in the HVAC system's design.

## **Discussion**

On January 24, 2020 the Board authorized the following evaluation criteria for this procurement:

- Past Experience, Qualification of Proposer - 10%
- Contractor Capability – Rebuild, overhaul and software development - 25%
- Quality and Reliability – Quality assurance, engineering, configuration management and testing - 20%
- Deliverables – Documents, software programs and special tools - 10%
- Warranty and Post-Warranty - 5%
- Cost - 30%

On November 9, 2020, the Authority issued a Request for Proposals (RFP) for the Rotem Rail

Cars HVAC Overhaul and Rebuild project. All four proposals received were found non-responsive as they did not meet the procurement's Disadvantaged Business Enterprise (DBE) requirements. As such, in February 2021, the procurement was cancelled.

On April 22, 2021, the Authority issued a new RFP for the project, which included additional DBE program guidance provided to prospective proposers. The solicitation was posted on the Authority's online procurement portal and notifications were sent to 884 registered firms. The Authority also advertised the RFP in publications in the five-member agency counties and in diversity newspapers. Thirty-seven firms downloaded the solicitation and four proposals were received on June 10, 2021, of which two were found non-responsive as they did not meet the DBE requirements. Two proposals were deemed responsive:

- RAM Industrial Services, LLC
- Locomotive Climate Solutions LLC

A Technical Evaluation Committee reviewed the responsive technical proposals and scored them based on the technical evaluation criteria. A minimum technical score of 49 points was required, per the RFP provisions, for a proposal to be further considered in the evaluation process. RAM's proposals met the minimum technical score. Price score was calculated based on the advertised formulaic calculation.

The Authority held five rounds of negotiations with RAM which resulted in a final total cost (base and option) of \$13,272,576. The final total cost is approximately \$402,000 below the Independent Cost Estimate (ICE) prepared by the Authority's Subject Matter Expert (SME) consultant for this project. The Authority's consultant conducted a cost analysis, which found the final total cost to be fair and reasonable. The below table shows the final amounts comparison for Base and Option:

|   |                 |
|---|-----------------|
| ICE   | \$13,674,456.51 |
| Initial Proposed Price                      | \$16,645,556.00 |
| Final Negotiated Price                      | \$13,272,576.00 |
| Difference Between ICE and Negotiated Price | (\$401,880.51)  |
| % Difference                                | -3%             |

#### Disadvantaged Business Enterprise (DBE) Requirements

A DBE contract goal of three percent was established for this U.S. Department of Transportation (DOT) assisted contract. RAM committed to meet the DBE goal.

#### **Budget Impact**

The amount for which contract authority is requested is included in the Adopted Capital Program Budget for FY2021-22 (\$2,005,782). Funding for subsequent years will be requested through the annual budget or an equivalent process. There is no financial commitment with respect to subsequent years and work will be authorized only if funding is approved.

## **Alternatives Considered**

The Board may reject this recommendation and direct staff to issue a new procurement. However, this is not recommended as it would delay the much needed overhaul and rebuild of the Rotem rail car HVAC units, essential to Metrolink passengers' comfort.

## **Next Steps**

Upon Board approval of the award, staff will execute a contract with RAM and issue a Notice to Proceed (NTP).

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Approved by:                      Alexander Barber, Interim Chief Financial Officer