



ITEM ID: 2024-344-0

TRANSMITTAL DATE: December 6, 2024

MEETING DATE: December 13, 2024

TO: Board of Directors

FROM: Arnold Hackett, Chief Financial Officer

SUBJECT: Single Source Contract with Knorr Brake Corporation (Knorr) for the procurement of Air Brake Components and Overhaul Services needed to perform Preventive Maintenance on the Arrow DMU Fleet

Issue

The Authority's Materials Management Department is seeking approval to negotiate a single source contract with Knorr Brake Corporation to allow for the purchasing and overhaul services of brake calipers, manifolds, and other air brake components needed to perform preventive maintenance as required by the FRA on the air brake system of our DMU fleet.

Recommendation

It is recommended that the Board authorize the Chief Executive Officer (CEO) to negotiate a Single Source Contract with Knorr Brake Corporation for the purchase of new Air Brake Components and Overhaul Services for a two-year term and an estimated not-to-exceed authority of \$1,500,000.

Strategic Commitment

The report aligns with the Strategic Business Plan commitment of:

- **Customers Are Our Business:** We respect and value our customers, putting them at the heart of all we do, and work hard to attract and retain new customers by understanding their needs and finding new and innovative ways to delight them. This single source contract allows Metrolink the ability to purchase the required components and to maintain enough components in inventory to ensure that DMUs are available for continued service on the Arrow Line.

Background

In August 2024 after a temporary Arrow service suspension due to the air brake maintenance of all three DMUs being out of Federal compliance, it was determined that for the required maintenance to be performed in a timely manner, the Authority had to procure enough components to complete three air brake kits. After all of the components were identified, it was determined that Knorr is the Original Equipment Manufacturer (OEM) for most of the required components. Staff requested a quote from Knorr for enough components to complete three kits and for their services to overhaul the components being replaced. Knorr provided the overhaul proposal on October 10, and the final quote for new components on November 13.

Knorr quoted \$903,642 for the purchase of the new components, and \$398,901 for the overhaul of the components currently installed in the DMUs, for a total of \$1,302,543.

Discussion

Knorr Brake Corporation is the OEM of the parts and materials needed to keep the air brake system of the DMUs in compliance. While available from other sources, such as the manufacturer of the DMUs, going directly to the OEM removes an additional 38% mark-up added by other third-party distributors, thus necessitating the single source procurement.

The approval of this Single Source Procurement method will allow the Material Management department to negotiate a multi-year agreement. Any subsequent award will reduce the possibility of having multiple DMU units out of service for long periods of time while waiting for components to be overhauled. Ordering and management of these items will be transferred to supplier Stadler once the mobilization to take on the maintenance of the Arrow fleet is complete in March of 2025. However, due to the long lead time, the Authority will place an order so that parts can be delivered on time.

Budget Impact

The amount for which contract authority is requested is included in the proposed FY26 Arrow operating budget.

Next Steps

Upon approval of this request, staff will reach out to Knorr to negotiate pricing for a two-year agreement for new components and overhaul services. The resulting award will be brought before the Board of Directors for approval.

Prepared by: Eduardo Tovar, Manager II, Inventory Control

Approved by: Arnold Hackett, Chief Financial Officer