

Transportation Committee

For the Metropolitan Council meeting of January 23, 2019

Subject: Type II Light Rail Vehicle (LRV) 296 Tires

Proposed Action

That the Metropolitan Council authorize the purchase of 296 Type II LRV tires from Siemens at a cost of \$699,000.

Summary of Committee Discussion/Questions

Metro Transit Material Management Manager Chris Haefner presented this item. A Metro Transit employee, Ron Kammueler, signed up to provide public comment: Kammueler spoke in support of obtaining tires but said that this should never have become an emergency. Kammueler said there is a tracking system so that it is known when tire quantities are low. Kammueler said tires had to be borrowed so they were not the same tires so some of the tire had to be cut away, wasting tire and staff time. Kammueler also brought up work being sent out to outside sources.

Motion by Dorfman, seconded by Munt. Motion carried. CONSENT to Council.

Transportation Committee

Meeting date: January 14, 2019

For the Metropolitan Council meeting of January 23, 2019

Subject: Type II Light Rail Vehicle (LRV) 296 Tires

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3-3 Expenditures

Staff Prepared/Presented: Brian J. Lamb, General Manager, (612-349-7510), Edwin D. Petrie, Director Finance (612-349-7624), Chris Haefner, Manager Material Management, (612-349-5031)

Division/Department: Metro Transit/Finance

Proposed Action

That the Metropolitan Council authorize the purchase of 296 Type II LRV tires from Siemens at a cost of \$699,000.

Background

Throughout 2018, the usage of LRV tires has increased from a monthly average of 8 in 2017 to 14 per month in 2018 with a peak demand of 28 in July 2018.

In December 2018, Material Management forecasted the reorder point (ROP) and minimum order quantity (MOQ) of Type II LRV tires. That forecast considered the increase in usage, a lead time of 24 weeks and requisition to purchase order processing time of ten weeks. Two forecasts were provided. Due to the criticality of the part and long lead time, Material Management took the more generous forecast (double exponential smoothing). This changed ROP/MOQ to ordering 112 tires when the reorder point reaches 136 tires on hand.

When the forecast was run and the ROP/MOQ changed, a requisition of 184 tires was generated to meet the new ROP/MOQ of 136/112 for a total of 296 tires. Under our current ROP/MOQ, when we reach 8.5 months of stock on hand, we will requisition another seven months' worth of inventory.

Rationale

The forecasting program that Metro Transit uses has proven highly successful when items are forecast at an appropriate interval. In the future, requisitions will be approximately 112 tires which based on 2018 usage is 7 months supply. The manufacturer of the tire has informed Procurement that they can only produce 50 tires a month with the product to arrive on a monthly schedule and be paid for in 50 tire increments.

Thrive Lens Analysis

The purchase of LRV tires is essential to the safe operation of light rail service. The tires are durable and have to be replaced due to normal wear and tear. A loss of rail service because we do not have tires for the LRVs impacts equity, prosperity and livability as people are no longer able to get to their jobs, doctors, groceries, etc.

Funding

The funding for this purchase is included in the annual operating budget adopted by the Council for Metro Transit Light Rail Operations.

Known Support / Opposition

There is no known opposition.