

Transportation Committee

Meeting date: January 28, 2019

For the Metropolitan Council meeting of February 13, 2019

Subject: Ratification of Emergency Declaration to Increase Txbase Purchase Order 242447

District(s), Member(s): ALL

Policy/Legal Reference: Council Policy 3-3 Expenditures

Staff Prepared/Presented: Wes Kooistra, 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 ratify the Justification for and Declaration of Emergency to increase purchase order 242447 from Siemens so that Metro Transit can purchase 248 Light Rail Vehicle (LRV) tires instead of 64.

Background

Metro Transit last purchased tires for the Type II LRV in August 2014 which included a seven-week lead time and a time from requisition to purchase order of ten weeks.

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 tires in July 2018. The reorder point (ROP)/ minimum order quantity (MOQ) was triggered on August 6. The time from requisition to purchase order has increased from ten weeks to fifteen weeks with the lead time from the supplier increased from 8 weeks to 24 weeks.

The Metropolitan Council Procurement Department has been able to negotiate partial delivery of tires in the months of January, March and May of 2019 and an additional quantity of 120 tires March 1, 2018 to continue Metro Transit Light Rail Vehicles in revenue service.

In December 2018, Material Management forecasted the ROP/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. The new ROP/MOQ forecast calls for ordering 112 tires when the reorder point reaches 136 tires on hand.

Rationale

Without purchasing these 184 tires under the emergency declaration, Metro Transit would have been required to take an LRV out of service every week for May, June and July 2019. This would impact the Metro Transit Light Rail Service as almost 20% of the Type II LRV fleet will become non-operational.

Thrive Lens Analysis

The loss of 20% of the Type II LRV fleet impacts all the Thrive indicators. A loss of rail service of this magnitude would impact equity, prosperity and livability as people are no longer able to get to their jobs, doctor appointments, 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.