

**Washington Metropolitan Area Transportation Authority
Board Action/Information Summary**

<input checked="" type="checkbox"/> Action <input type="checkbox"/> Information	MEAD Number: 99775	Resolution: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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PURPOSE

To request Board approval to initiate and award multiple contracts for common Maintenance, Repair and Operations parts with a one year base period and two one-year options. The estimated total cost during the contract period is \$20,100,000.

DESCRIPTION

This requirement provides for the procurement of Maintenance, Repair and Operations parts to support routine preventative maintenance and repair of railcars, buses and facilities throughout the Authority. Maintenance, Repair and Operations items are common use, small dollar-value parts such as fasteners; hardware items; and electronic components such as diodes, capacitors and switches that are used on a daily basis to perform preventive maintenance and general repairs.

Presently, these parts are purchased primarily through individual purchase orders. This method of procurement is administratively more costly and poses a greater risk of parts being out of stock through non-delivery, inadequate order quantities or changes in material lead times. In addition, the Authority's purchasing power is not leveraged with suppliers of these parts, nor does it take advantage of innovations in material distribution such as Just-in-Time and drop shipment deliveries.

Establishing multiple contracts with suppliers for these parts gives the Authority the opportunity to reduce WMATA's inventory of parts and, in some cases, eliminate certain categories completely. Maintenance, Repair and Operations items can be procured like office supplies through suppliers that maintain extensive inventories that can be delivered the next day.

FUNDING IMPACT

Budget:	Operating Budget, Fiscal Years 2008 - 2010
Office:	Maintenance Departments
Budget Line Item:	Materials and Supplies

Budget Information:	FY08	FY09	FY10
Budget Amount:	\$20,100,000	Note	Note
This Action:	\$6,500,000	\$6,700,000	\$6,900,000
Prior Obligations:	0	0	0
Subtotal:	\$6,500,000		
Remaining Budget:	\$13,600,000		

The estimated cost of the base period is \$6,500,000 and, if the option years are exercised, the total cost is \$20,100,000. Funds are available in the Inventory Stock Account. Since this item is expensed against Operations Support/Maintenance Materials and Supplies Accounts as the parts are drawn from inventory, there is no immediate impact on the operating budget. Further, in order to conserve cash, orders will only be placed when inventory replenishment is necessary to maintain service requirements.

NOTE: Funding for FY09-10 is subject to Board approval of budget for those years and the availability of funds.

RECOMMENDATION

Recommend Board approval to initiate and award multiple contracts for common Maintenance, Repair and Operations parts with a one-year base period and two one-year options and approval to exercise the option years based on Board approval of future years' budgets and funds availability.