



Administration Committee

Action Item III-A

October 13, 2016

**Approval of One-Year Extension of Parts
Bridging Program (PMP) and Update on Parts
Procurement Program**

Washington Metropolitan Area Transit Authority

Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201782

Resolution:
☒ Yes ☐ No

TITLE:

Extend Policy for Procurement of Parts

PRESENTATION SUMMARY:

The presentation will review current status and seek an extension of the Parts Bridging Program (PBP), established by Board Resolution 2015-59, to restore spare parts availability, develop competition among vendors, and achieve eligibility for federal reimbursement. This action extends the enrollment period for the program established in Section 901 from the currently established deadline of December 31, 2016 to December 31, 2017.

PURPOSE:

Staff is seeking board approval to extend the enrollment period for the PBP established in Section 901 from the currently established deadline of December 31, 2016 to December 31, 2017.

DESCRIPTION:

Key Highlights:

- The availability of bus and rail revenue service vehicles is critical to maintain safe operation, on-time service, and minimize crowding within the transit system.
- Board Resolution 2015-59 granted relief from the Washington Metropolitan Area Transit Authority's (WMATA) procurement policy to assist with restoring spare parts availability, developing competition among vendors, and achieving eligibility for federal reimbursement.
- This action extends the PBP that sets forth temporary measures, effective through June 30, 2023.

Background and History:

In the 2015 Annual Vital Signs Report, the Office of Performance (CPO) noted its findings that the high non-availability rates of revenue service vehicles were

attributable in part to inventory part shortages throughout the warehouse system. This shortage of inventory parts was having an adverse effect on safety and on-time service within the transit system.

The existing procurement methods used by Metro could not correct this deficiency. Section 73 of the WMATA Compact and Board Resolutions 2011-30 and 2014-19 required full and open competitive procurement methods. For reimbursement under FTA grants, Circular 4220.1F Chapter 1.5.n, full and open competition means “all responsible sources are permitted to compete.” The reliable source must also comply with FTA’s Transit Safety and Oversight goal to achieve the highest practical level of safety and security for all modes of transit, as set forth under MAP-21. A Pilot Program should be instituted to restore the volume of spare parts; ensure full and open competition; and maximize the use of Federal reimbursement for those parts necessary to support the availability of revenue vehicles in service.

Provisions of PBP

The PBP, effective through June 30, 2023, was established to restore the volume of spare parts available to perform revenue vehicle maintenance while ensuring competition among vendors to meet spare parts requirements with efficiency, high quality, and price reasonableness. The goal of the Program is to purchase needed parts to address an unusual and compelling urgency to restock parts; however, where appropriate (i.e. more than one approved source/vendor) limited competition shall be employed to purchase the part.

The Chief Procurement Officer may enroll a part and associated vendor(s) in the Program for any of the following justifications:

- (a) Safety-Critical. Chief Operating Officer (COO) has determined the part is critical to maintaining the safety of the passenger system and identified a single vendor or limited vendor(s) as an approved source for the part.
- (b) Proprietary. COO has determined that only the original equipment manufacturer (OEM) part meets the essential criteria necessary to maintain overall system integrity.
- (c) Qualified. COO has determined that this part meets the essential criteria in terms of form, fit or function necessary to maintain overall system integrity.
- (d) Warranty. Program office has determined only one source will maintain continuation of warranty coverage necessary for this part (or component of which the part is a sub-component or replacement part).
- (e) Interoperability. Program office has determined that WMATA has overlapping requirements that are dependent upon continued use and availability of this part from one vendor to the exclusion of other parts and vendors.
- (f) Combination. Program office has determined that this source provides enhanced value to WMATA through a synergy of convenience and efficiency that offers overall best value when this part is acquired as a group or set included with other parts (e.g. overhaul “kits”).

When any part, component, or sub-component is determined and found to be

eligible for enrollment into the Program based upon any of the justification and approval (J&A) conditions of paragraph 904 above Procurement and Program Office shall take action to:

- (a) Restock. Immediately enter into a contract with approved vendors to restore parts availability of this item above minimum stock requirements, including reorder quantities as necessary, for a period not to exceed two years.
- (b) Resource. Utilizing strategic sourcing methods, the requirement will be advertised for fair and open competition for a multiple award indefinite delivery indefinite quantity (IDIQ) contract eligible for federal grant reimbursement.
- (c) Resolve. Offeror/part combinations will be conditionally entered upon a Qualified Parts List (QPL) subject to verification by third-party labs, demonstrated success with other transit properties, or WMATA-approved testing and certification procedures, as determined appropriate by COO.

It is the objective of this Program that within two years of enrollment in the Program, any specific part, component or sub-component will emerge on WMATA's QPL as either eligible for Federal reimbursement or documentation will be available to request a waiver from FTA of those federal requirements which prevent entering into a compliant contract eligible for reimbursement. Any policy or procedure deviations must therefore be in accordance with Federal Transit Administration (FTA) enabling legislation, 49 U.S.C. § 5325(a) requiring FTA grant recipients to conduct all procurements financed under 49 U.S.C. Chapter 53 in a manner that provides full and open competition (including Buy America compliance); FTA Master Agreement Requirements; FTA Circulars 4220.1F and 5010.1; and the OMB "Super Circular" 2 C.F.R. 200.

The Chief Procurement Officer shall report to the Board of Directors, in accordance with other quarterly reporting metrics, the number of parts line items enrolled in the program, which of the six (904 a through f) justifications were sought, and the progress toward completion and final resolution under 906 above.

Discussion:

The availability of bus and rail revenue service vehicles is critical to maintain safe operation, on-time service, and minimize crowding within the transit system. Board Resolution 2014-19 interpreted as treating all funding as Federal funding. The Rule imposed heightened standards on parts procurement, which can impact ability to acquire parts quickly and maintain car availability. Board Resolution 2015-59 passed to temporarily relax restrictions on Procurement for parts meeting certain criteria. The purpose was to allow WMATA to restore volume of spare parts to meet service and availability requirements. The window to enroll parts in the Program ends on December 31, 2016. Barring further action, all WMATA parts procurements after that date must meet Federal funding standards. However, a decision is needed from Board for how to treat non-Federal funding moving forward.

Staff is proposing to extend the timeline for PBP. This allows for continued flexibility in parts procurement and assumes procurement productivity and execution will improve to deliver results. The extension also benefits parts availability and railcar availability. In the long term, it is critical that WMATA program offices sustain and improve adequate planning and execution of procurements to ensure that FTA-eligible parts are available when needed.

FUNDING IMPACT:

Define current or potential funding impact, including source of reimbursable funds.	
Project Manager:	William Walters
Project Department/Office:	ICC/PRMT

TIMELINE:

Previous Actions	The Office of Performance (CPO) issued a report to the Board of Directors of its findings that the high non-availability rates of revenue service vehicles are attributable in part to inventory part shortages throughout the warehouse system. This shortage of inventory parts is having an adverse effect on safety and on-time service within the transit system. A Pilot Program was instituted to restore the volume of spare parts. These temporary measures will be effective through December 31, 2016.
Anticipated actions after presentation	Board approval of the proposed resolution to extend the enrollment period for the program established in Section 900 from the currently established deadline of December 31, 2016, to a date not later than December 31, 2017.

RECOMMENDATION:

Approve the proposed resolution to extend the Program to restore spare parts availability, develop competition among vendors, and achieve eligibility for federal reimbursement.



Washington Metropolitan Area Transit Authority

Parts Bridging Program (PBP) Extension

Administration Committee
October 13, 2016



Purpose

Seek Board approval to extend the Parts Bridging Program (PBP) enrollment period to December 31, 2017 to:

- Continue to restore spare parts availability, develop competition and achieve Federal reimbursement eligibility
- Reduce procurement cycle times for spot buys
- Allow the temporary use of non-Federal funds to purchase parts
- Acquire parts, on a limited basis, that are urgently needed



Key Events

Timeline Description

March 2014	<ul style="list-style-type: none">▪ FTA review identified necessary corrections in Metro's commitment to full and open competition for Federal funding
April 2014	<ul style="list-style-type: none">▪ Resolution imposed Federal standards on all Metro money, regardless of funding source▪ Passed in direct response to results of FTA report
Oct 2015	<ul style="list-style-type: none">▪ CPRO highlighted parts inventory to be key driver of low railcar availability▪ Evidence suggested railcar availability had been falling below target since November 2014
Dec 2015	<ul style="list-style-type: none">▪ Board Resolution 2015-59 temporarily relaxed restrictions▪ Purpose was to allow Metro to restore volume of spare parts
Dec 2016	<ul style="list-style-type: none">▪ All parts must be enrolled in PBP by this time
Dec 2017	<ul style="list-style-type: none">▪ PBP expires▪ Barring further action, all Metro parts procurement must meet Federal funding standards

FTA FMO Draft report is released

Board passes Resolution 2014-19

CPRO railcar availability memo

Board passes PBP

PBP enrollment deadline

PBP expires



Current Status and Impact

Current situation

- Board Resolution 2014-19 interpreted as treating all funding as Federal funding
- Board Resolution – “PBP” – put in place to allow for certain exceptions
- Window to enroll parts in PBP ends on December 31, 2016

Impact

- Rules imposed can impact ability to acquire parts quickly and maintain car availability
- Provides relief to Procurement in acquisition of critical parts
- Decision is needed from Board for how to treat non-Federal funding moving forward



Several Key Requirements

Program standards

- Allows Metro to temporarily purchase parts using non-Federal funds and procurement rules until December 2017
- Addresses parts that are urgently needed, and should be deployed on limited basis where applicable

Parts eligibility

- Parts can be enrolled by CPRO using one of 6 permitted justifications: Safety-Critical, Proprietary, Qualified, Warranty, Interoperability, or Combination

Reporting requirement

- Metro required to provide quarterly report on items including:
 - Dollar value of parts purchased under program
 - Percentage of total purchases for quarter in program

Sunset provision

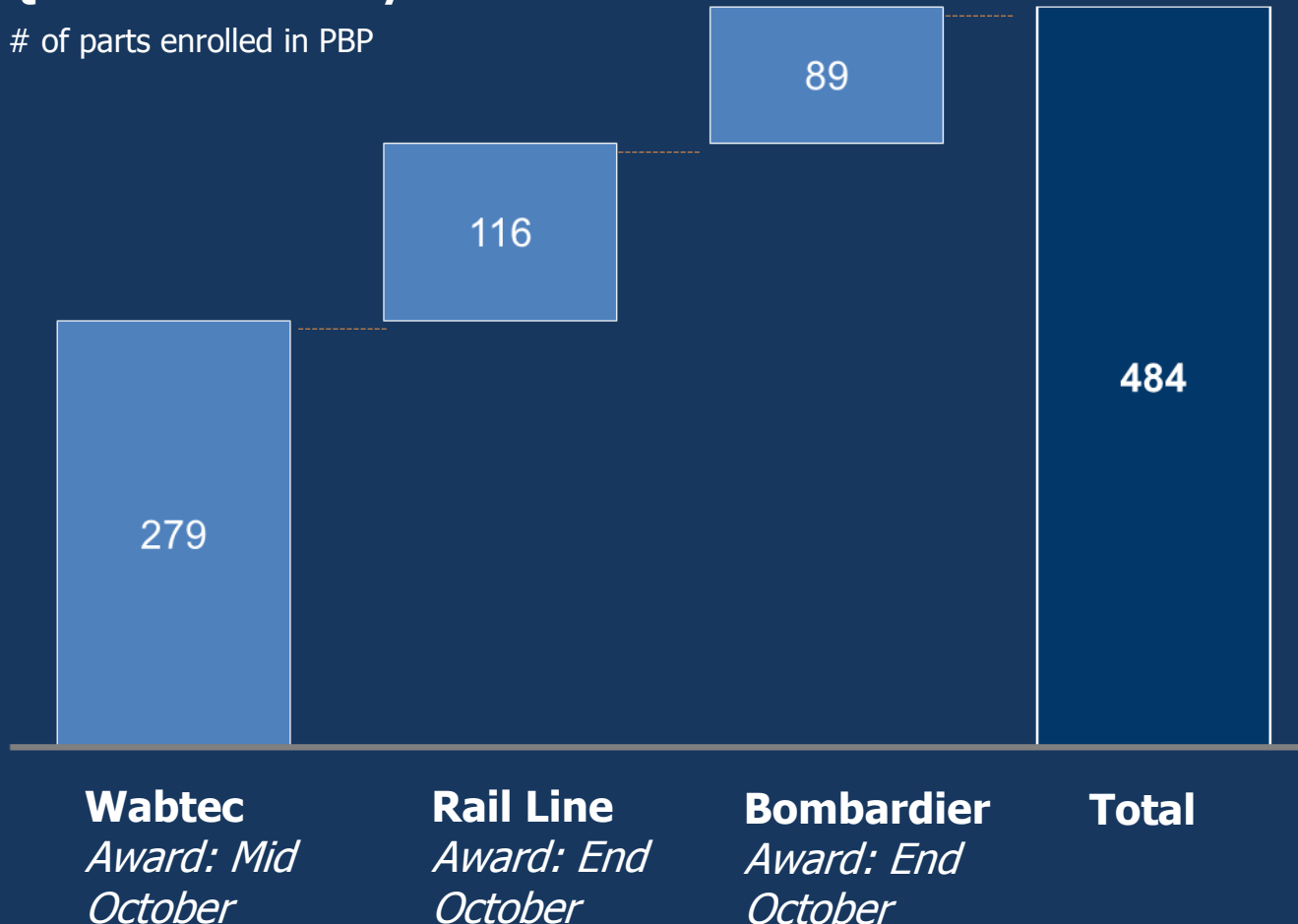
- All parts in PBP must be enrolled by December 2016
- Competition process for these parts must meet Federal funding regulations by end of 2017, including: Fair and Open Competition, Buy America requirements



Leveraging the PBP

Q1 FY17 PBP activity

of parts enrolled in PBP



- PRMT will acquire **484** parts through the program in Q2 of FY2017
- Part of a plan to utilize the PBP to increase the number of parts on long-term contracts



Recommended Option

**Option:
Extend
timeline for
PBP
(BR 2015-59)**

Rationale

- Allows for continued flexibility in parts procurement
- Assumes procurement productivity and execution will improve to deliver results
- Benefits parts availability and railcar availability

Risks

- Stopgap measure; long-term decision eventually needed
- Likely requires future bridge resolution
- Does not provide flexibility of restriction removal

Future goal is to achieve the greatest flexibility by ultimately requesting removal of the 2014 Board Resolution requiring the use of Federal funds to purchase parts

SUBJECT: EXTEND THE PARTS BRIDGING PROGRAM TO RESTORE SPARE PARTS AVAILABILITY, DEVELOP COMPETITION AMONG VENDORS, AND ACHIEVE ELIGIBILITY FOR FEDERAL REIMBURSEMENT

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Board Resolution 2015-59 authorized a Parts Bridging Program (the Program) as Section 900 of the WMATA Procurement Policy, for the enrollment of parts through December 31, 2016 (the Enrollment Period) and the use of contracts for enrolled parts through June 30, 2020; and

WHEREAS, Board Resolution 2015-59 granted relief from the Washington Metropolitan Area Transit Authority's (WMATA) procurement policy to, among other things, allow for the Program to restore spare parts availability, develop competition among vendors, and achieve eligibility for federal reimbursement; and

WHEREAS, Changes in staffing has delayed the implementation of the Program; and

WHEREAS, Data collected to date indicate that the June 30, 2020 sunset date for initial contracts under the Program is insufficient to meet WMATA's needs; and

WHEREAS, The underlying conditions justifying the Program continue such that Staff recommends a one-year extension of the Enrollment Period; and

WHEREAS, The initial findings of the Program are such that Staff recommends extension for initial contracts through June 30, 2023; now, therefore be it

RESOLVED, That the Enrollment Period for the Program is extended until December 31, 2017; and be it further

RESOLVED, That the term of any initial contract entered into pursuant to the Program may continue through June 30, 2023; and be it further

RESOLVED, That Section 901 of the Procurement Policy is revised by deleting the reference to December 31, 2017 and replacing it with June 30, 2023, the reference to DGMO is changed to the Chief Operating Officer, and all other terms of Section 900 are affirmed; and be it finally

RESOLVED, That this Resolution shall be effective 30 days after adoption in accordance with § 8(b) of the WMATA Compact.

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
General Counsel

WMATA File Structure No.:
17.9.1 Procurement Procedures Manual

PROPOSED

ATTACHMENT A

SECTION 900 – PARTS BRIDGING PROGRAM

- 901. General Purpose.** The Parts Bridging Program sets forth temporary measures, effective through June 30, 2020, necessary to correct deficiencies arising from existing conditions that cannot be adequately addressed through normal procurement methods.
- 902. Responsibility.** The Chief Procurement Officer (CPRO) shall determine, on an exception basis, those spare parts that will be included within the Program and the duration of non-federal contract that will be required within the Program such that any part purchased under this Program will have a defined end date for return to normal procurement methods may resume.
- 903. Waiver of Procurement Requirements.** Where the CPRO has approved a justification and approval for enrollment of a part and a vendor(s) in this Program, and OMBS has identified non-federal funds sufficient to finance the proposed contract term, all procedural requirements established in this procurement policy shall be inapplicable to the initial purchase of that part from the approved vendor. In no case may an initial purchase exceed a two-year term. In no case may a part be enrolled in this Program more than one time.
- 904. Enrollment of Parts.** The CPRO may enroll a part and associated vendor(s) in the Program for any of the following justifications:
- (a) **Safety-Critical.** The Deputy General Manager, Operations (DGMO) has determined the part is critical to maintaining the safety of the passenger system and identified a single vendor or limited vendor(s) as an approved source for the part.
 - (b) **Proprietary.** DGMO has determined that only the original equipment manufacturer (OEM) part meets the essential criteria necessary to maintain overall system integrity.
 - (c) **Qualified.** DGMO has determined that this part meets the essential criteria in terms of form, fit or function necessary to maintain overall system integrity.
 - (d) **Warranty.** Program office has determined only one source will maintain continuation of warranty coverage necessary for this part (or component of which the part is a sub-component or replacement part).
 - (e) **Interoperability.** Program office has determined that WMATA has overlapping requirements that are dependent upon continued use and availability of this part from one vendor to the exclusion of other parts and vendors.

- (f) **Combination.** Program office has determined that this source provides enhanced value to WMATA through a synergy of convenience and efficiency that offers overall best value when this part is acquired as a group or set included with other parts (e.g. overhaul "kits").

905. Competition. The goal of the Program is to purchase needed parts without regard to procurement policies, it being the Board's determination that this program is intended to address an unusual and compelling urgency to restock parts; however, where appropriate (i.e. more than one approved source/vendor) limited competition shall be employed to purchase the part.

906. Procedures. When any part, component, or sub-component is determined and found to be eligible for enrollment into the Program based upon any of the justification and approval (J&A) conditions of paragraph 904 above Procurement and Program shall take action to:

- (a) **Restock.** Immediately enter into a contract with approved vendors to restore parts availability of this item above minimum stock requirements, including reorder quantities as necessary, for a period not to exceed two years.
- (b) **Resource.** Utilizing strategic sourcing methods, the requirement will be advertised for fair and open competition for a multiple award indefinite delivery indefinite quantity (IDIQ) contract eligible for federal grant reimbursement.
- (c) **Resolve.** Offeror/part combinations will be conditionally entered upon a Qualified Parts List (QPL) subject to verification by third-party labs, demonstrated success with other transit properties, or WMATA-approved testing and certification procedures, as determined appropriate by DGMO.

907. Policy Deviations.

- (a) It is the objective of this Program that within two years of enrollment in the Program, any specific part, component or sub-component will emerge on WMATA's QPL as either eligible for Federal reimbursement or documentation will be available to request a waiver from the Federal Transit Administration (FTA) of those federal requirements which prevent entering into a compliant contract eligible for reimbursement.
- (b) Any policy or procedure deviations must therefore be in accordance with FTA enabling legislation, 49 U.S.C. § 5325(a) requiring FTA grant recipients to conduct all procurements financed under 49 U.S.C. Chapter 53 in a manner that provides full and open competition (including Buy America compliance); FTA Master Agreement

Requirements; FTA Circulars 4220.1F and 5010.1; and the OMB "Super Circular" 2 C.F.R. 200.

908. Reports. The CPRO shall report to the Board of Directors, in accordance with other quarterly reporting metrics, the number of parts line items enrolled in the program, which of the six (904 a through f) justifications were sought, and the progress toward completion and final resolution under 906 above.