

EXHIBIT 5a(i)(2)

Procurement System Review 7-21-2011 Letter from the FTA



U.S. Department
of Transportation
**Federal Transit
Administration**

REGION V
Illinois, Indiana,
Michigan, Minnesota,
Ohio, Wisconsin

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July 21, 2011

Mr. Alex Clifford
Executive Director
Metra
547 West Jackson, Suite 1100
Chicago, IL 60661

Re: Procurement System Review
Final Report

Dear Mr. Clifford:

Thank you for assisting the Federal Transit Administration's (FTA) Procurement System Review (PSR) contractor, Calyptus Consulting Group, in performing their review of the Northeast Illinois Regional Commuter Railroad Corporation (Metra). The purpose of this review was to assess whether Metra's procurement policies and procedures are in compliance with applicable federal standards and principles. The review covered 67 FTA funded procurements.

The Calyptus Consulting Group performed interviews of key personnel and reviews of selected contract and purchase order files. The review found Metra deficient in 24 procurement elements. Enclosed is a copy of the final report. Please review Section V which includes the "Reviewing Contractor Comments". This section states whether Metra's responses to the corrective action plan were acceptable. Please closely review this section and provide a response based on the timeframes identified. If you are unable to meet a deadline, please submit a written request for an extension.

Please note that several findings relate to the following contracts: Terry's Ford, LTK Engineering Services, Nippon Sharyo, and Engineering and Management Specialist, Inc. FTA will conduct a separate assessment of these contracts to determine their eligibility for federal funding. You will receive more details regarding this action under a separate letter.

We greatly appreciate your continued commitment to making public transportation America's mode of choice. Thank you for your personal contribution, cooperation and assistance during this PSR since we realize that the review has involved effort, time, and planning.

If you have any questions regarding this report or the PSR process, please contact Lisa Joiner or me at 312-353-2789.

Sincerely

Dominick J. Gatto, PE
Director, Office of Program Management and Oversight

Enclosure

cc: David Simmons

FEDERAL TRANSIT ADMINISTRATION

Metra

The way to really fly

**FINAL REPORT: NORTHEAST ILLINOIS REGIONAL COMMUTER
RAILROAD CORPORATION (METRA), CHICAGO, IL**

PROCUREMENT SYSTEM REVIEW

SITE VISIT: JANUARY 24-27, 2011

FINAL REPORT DATE: JULY 1, 2011



CALYPTUS
Consulting Group, Inc.

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I. EXECUTIVE SUMMARY

Background

The Federal Transit Administration (FTA) contracted with Calyptus Consulting Group, Inc. (the 'reviewing contractor') to review the procurement system used by the Northeast Illinois Regional Commuter Railroad Corporation (Metra) in the expenditure of grant funds.

Metra's last procurement system review was in 2007; as a Top Thirty grantee, Metra is subject to a review every three years. Metra was selected for a PSR for this reason.

The procurement system review process, as indicated on the FTA's Web site, uses a standardized approach, interview guides, checklists, and reporting framework. This process was applied in its entirety without change for the review of the Metra.

Briefing and Opening Meeting

The reviewing contractor held a teleconference with the members of the FTA oversight team in the Region V office on January 6, 2011 to understand the background for the Procurement System Review (PSR) and to review recent audit reports, any past assessments, and information on the current projects. Several key procurements were identified and added to the contract sample.

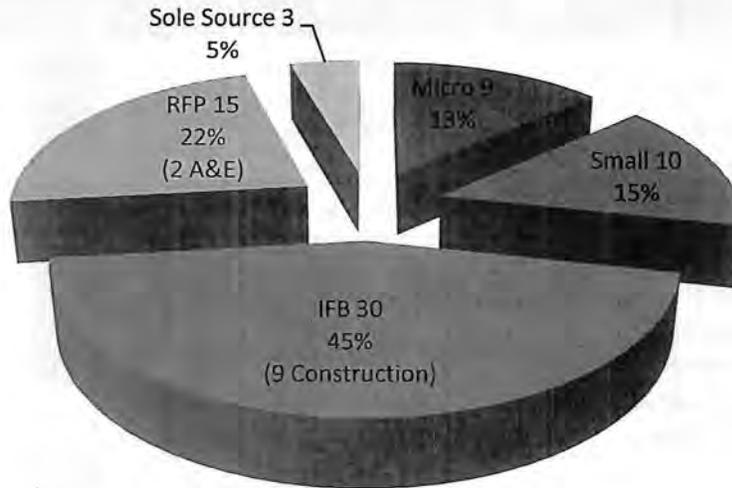
On January 24, 2011, an opening conference was held to explain the process to be used during the review. A list of the individuals attending the opening conference can be found on pages 13 and 14 of this report.

Copies of policies and procedures, organization charts (See Appendix C) and lists of eligible contracts were received prior to the opening conference. Interviews with staff were conducted, including the Executive Director, Chief Financial Officer, Chief Engineering Officer, Deputy Director for Corporate Affairs and Legal, DBE Program Director, Capital Grants Manager Head of Procurement, and Head of Internal Audit. The focus of interviews and discussions included the review of:

- Protest Procedures
- Policies and Procedures
- Standards of Conduct
- Contract Administration
- Efficient and Economic Purchases
- Organization and Personnel
- Status of Purchasing

Procurements Reviewed

Sixty-Seven (67) procurements were selected for review against the requirements of Circular 4220.1F, as indicated by procurement method below:



File Review and Closing Meeting

The file review was completed on January 27, 2011 and the Exit Conference was held on that day to formally present the findings of the review to FTA Regional staff and Metra management.

Results of the Procurement System Review

Metra demonstrated its compliance in a number of key areas required by the Master Agreement and FTA Circular 4220.1F. The grantee was found not deficient in twenty-nine (29) of the elements. Six (6) elements were not applicable or not observed. The grantee was found deficient in twenty-five (25) of the elements. The reviewing contractor also made seventeen (17) suggestions to improve the Metra procurement system.

The overall findings are summarized as follows:

Areas Not Deficient	30
Areas Deficient	24
Areas Not Applicable or Observed	6
Suggestions for Improving the Procurement System	17

Summary of PSR Findings by Element

The summary below illustrates the findings by element, and the proposed corrective action timeframes from the date of the final report:

No.	Element	Basic Requirement 4220.1F	ND	D	NA	Corrective Action Timeframe
1	Written Standards of Conduct	III, 1.a.b.c.	3			
2	Contract Administration System	III, 3.		3		90 Days
3	Written Protest Procedures	VII, 1. a. b.	3			
4	Pre-Qualification System	VI, 1.c.			3	
5	System for Ensuring Most Efficient & Economic Purchase	IV, 1. b. c. e.		3		90 Days
6	Procurement Policies & Procedures	III, 3.a.		3		90 Days
7	Independent Cost Estimates	VI, 6.	45	10		30 Days
8	A&E Geographic Preferences	VI, 2. a. (4) (g)	2	0		
9	Unreasonable Qualification Requirements	VI, 2. a. (4) (a)	51	0		
10	Unnecessary Experience and Excessive Bond	VI, 2. a. (4) (b) (e)	44	0	0	
11	Organizational Conflict of Interest	VI, 2. a. (4) (h)	0	0	44	
12	Arbitrary Action	VI, 2. a. (4) (i)	50	5		30 Days
13	Brand Name Restrictions	VI, 2. a. (3)	1	7	43	30 Days
14	Geographic Preferences	VI, 2. a. (4)	54	0		
15	Contract Period of Performance Limitations	IV, 2.e.(10)	9	1	45	30 Days
16	Written Procurement Selection Procedures	III, 3. a.; VI, 2. e.	32	9		30 Days
17	Solicitation Prequalification Criteria	VI, 1.c.(1)(2)(3)	0	0	41	
18	Award to Responsible Contractors	VI, 8. b.	17	27		30 Days
19	Sound and Complete Agreement	III, 3. b.; III, 3.b.	42	2		30 Days
20	No Splitting [Micro-purchases]	VI, 3. a.	9	0	0	
21	Fair and Reasonable Price Determination	VI, 3. a.	9	0	0	
22	Micro-Purchase Davis Bacon	VI, 3. a.	0	0	9	
23	Price Quotations [Small Purchases]	VI, 3. b.	10	0		
24	Complete Specifications	VI, 2. a.; VI, 3. c.	47	7		30 Days
25	Adequate Competition - Two or Responsible Bidders	VI, 3. c. (b)	38	3		30 Days
26	Firm Fixed Price [Sealed Bid]	VI, 3. c. (1) (c)	29	0		
27	Selection on Price [Sealed Bid]	VI, 3. c. (1) (d)	29	0		
28	Discussion Unnecessary [Sealed Bid]	VI, 3. c. (1) (e)	29	0		
29	Advertise/Publicized	VI, 3. c. (2) (a)	41	0		
30	Adequate Solicitation	VI, 3. c. (2) (b)	41	0		
31	Sufficient Bid Time [Sealed Bid]	VI, 3.c.(2)(d)	29	0		
32	Bid Opening [Sealed Bid]	VI, 3.c.(2)(e)	29	0		
33	Responsiveness [Sealed Bid]	VI, 3.c.(2)(f)	29	0		
34	Lowest Bid [Sealed Bid]	VI, 3.c.(2)(f)	0	0	29	
35	Rejecting Bids [Sealed Bid]	VI, 3.c.(2)(g)	5	0	24	
36	Evaluation [RFP]	3. d. (2) (d)	9	3		30 Days
37	Price and Other Factors [RFP]	3. d. (2) (e)	8	4		30 Days

No.	Element	Basic Requirement 4220.1F	ND	D	NA	Corrective Action Timeframe
38	Sole Source if Other Award is Infeasible	VI, 3. h.	3	0		
39	Cost Analysis Required [Sole Source]	VI, 6. a.	0	3		30 Days
40	Evaluation of Options	VI, 7. b.	1	0	43	
41	Cost or Price Analysis	VI, 6.	6	47		30 Days
42	Written Record of Procurement History	III, 3. d	40	14		30 Days
43	Exercise of Options	V, 7. a. (1) (a) (b)	1	0	43	
44	Out of Scope Changes	VI, 3. h. (3) (c)	0	3	42	30 Days
45	Advance Payments	IV, 2. b. (4) (b) 1, 2	44	0		
46	Progress Payments	IV, 2.b.(5)(c)	10	9	25	30 Days
47	Time and Materials Contracts	VI, 2.c.(2)(b)	3	0	41	
48	Cost Plus Percentage of Cost	VI, 2.c.(2)(a)	41	3		30 Days
49	Liquidated Damages Provisions	IV, 2.b.(6)(b) 1)	11	0	33	
50	Piggybacking	V, 7. a. (2)	0	0	3	
51	Qualifications Exclude Price [A&E]	VI, 3.f.(3)	2	0		
52	Serial Price Negotiations [A&E]	VI, 3.f.(3)	1	1		30 Days
53	Bid Security [Construction over \$100,000]	IV, 2.h.(1)(a)]	8	0	0	
54	Performance Security [Const. over \$100,000]	IV, 2.h.(1)(b)	8	0	0	
55	Payment Security [Construction over \$100,000]	IV, 2.h.(1)(c)	8	0	0	
56	Clauses	IV, 2.	30	23		30 Days
57	Pre-Award Review - Rail	49 C.F.R. 663	1	0	0	
58	Post-Award Review - Rail	49 C.F.R. 663	1	0	0	
59	Pre-Award Review - Bus	49 C.F.R. 663	0	1	0	30 Days
60	Post-Award Review - Bus	49 C.F.R. 663	0	1	0	30 Days

Legend:

ND = Not Deficient

D = Deficient

N/A = Not applicable or
not observed

II. DESCRIPTION OF THE GRANTEE

History

In 1974, the Regional Transportation Authority (RTA) was created by the Illinois General Assembly to coordinate and assist public transportation throughout the six-county metropolitan region and to serve as a conduit for the state and federal subsidies needed to keep the system operational. Due to ongoing financial pressures, the RTA was subsequently reorganized by the Legislature, in 1983, to provide for a service-board approach to the day-to-day operation of bus, rapid transit and commuter rail services system-wide. Under these changes to the RTA Act, the Commuter Rail Service Board emerged as the agency overseeing all commuter rail operations in the six-county area and was charged with a broad range of responsibilities with respect to fare and service levels, budgeting, capital programming, long-range planning and strategic service expansion. The Commuter Rail Service Board introduced the "Metra" name in 1984 as the service mark for the commuter system.

Metra directly operates seven of its lines and contracts with two freight carriers to run four others. Metra's contracted services include the Burlington Northern Santa Fe line to Aurora, as well as the three Union Pacific lines: the UP North Line to Kenosha, Wisconsin; the UP Northwest Line to Harvard, with branch line service to McHenry; and the UP West Line to Elburn that was extended from its former terminus at Geneva in 2006. In the case of Metra's direct operations, the services are actually provided through Metra's operating arm, the Northeast Illinois Regional Commuter Railroad Corporation, or NIRC.

FTA Funding and ARRA Projects

Metra has 52 open FTA grants in the amount of \$2,199,807,879. Metra received two ARRA grants in 2009. The two grants total \$141 million and fund 14 projects, as well as maintenance expenses. The ARRA funded projects as of November 30, 2010 are noted below:

1. Union Pacific Northern Line Bridge Reconstruction
2. Burlington Northern Santa Fe (BSNF) Fiber-Optics and Road Crossings
3. Bridge Rehabilitation – 59th and 60th
4. Bridge Rehabilitation – 75th and 79th
5. Bridge Rehabilitation – 73rd and 76th
6. 35th Street Station
7. Remanufacture of 40 Locomotives
8. Budd Car Alternating Current Conversion
9. Winnetka Station Restoration, Platforms, Shelter, and Elevators
10. Joliet Platforms
11. Lockport Platforms
12. Golf Station Platforms
13. Elburn Station Platforms
14. Pingree Road Station Parking

All operating funds from ARRA grants were used to fund force account work for preventive maintenance. 100% of these funds were expended as of December 31, 2010.

Source of Funds

The source of capital funds for 2010 is shown in the table below:

Source of Funds	Percent of Total Funds
Local	3%
State	9%
Federal Assistance	40%
Other Funds (state bonds)	48%

Procurement System

The Materials Management group is responsible for all procurement activities at Metra. The group is divided into three divisions; procurement, professional services, and materials. The Senior Director for Materials Management oversees the group and reports to the Senior Division Director for General Administration (see Appendix C for an organizational chart). The entire group consists of 18 staff members; several hold the Certified Purchasing Manager (C.P.M.) designation from the Institute for Supply Management (ISM). Staff experience ranges from three (3) to fifteen (15) years.

The thresholds and approval levels for various methods of procurement are noted in the table below:

<i>Threshold</i>	<i>Method of Procurement</i>	<i>Approval Level</i>
Up to \$500	Micro Purchase / no quotes required	Department Heads
\$500 - \$10,000	Small Purchase / 3 quotes required	Department Heads
Over \$10,000	Competitive Process – IFB or RFP	Executive Director

The Board of Directors approves RFPs over \$10,000 and final decisions made using the RFP method of procurement.

The end user department is responsible for preparing the purchase requisition with the specification attached. End users report that they also prepare the solicitation documents in collaboration with Materials Management. Once the purchase order or contract is put in place, the end user department is also responsible for contract administration.

The annual procurement activity for 2010 as reported in the December 2010 monthly report is summarized in the following table:

Activity	Number of Actions 2010 Year to Date
Repair and Return PO	637
Credit Card Purchase	399
Contracts/Purchase Orders Issued under 10K	751
Contracts/Purchase Orders Issued over 10K	136
Single Bid/Formal PO/Price Analysis/Canvass	22
Single Bid/Informal PO/Price Analysis	35
Sole Source/Formal PO/Price Analysis	35
Sole Source/Informal PO/Price Analysis	40
Amendments/Informal & Formal Change of Name Agreements	52
Change Orders – Formal	50
Master Purchase Agreements	4
Release Off Master Purchase Agreement/Formal	26
Release Off of State of Illinois OR GSA	5
Re-bids (Formal)	17
Pre-Bid Conference	4
Addendums	18
Bid Extensions	13
Vendor Maintenance	106
Requisitions Received	1894
Increasing Pricing on BPO with Proper Documentation	14
Breach/Default Letter	1
Negotiating Terms & Conditions	4

DBE Program

The DBE program is included as part of the overall procurement process at Metra. The initial purchase requisition is sent to the DBE office along with the associated DBE goal. Goals are set based on the type of work envisioned and the availability of DBE firms. In cases where no goal is set, the DBE office may still notify potential DBE firms about the solicitation. In addition, Metra will not issue a notice to proceed until the prime contractor has submitted copies of all contracts in place with DBE subcontractors.

The current goal for Metra is 21% based on the last disparity study. A new study is scheduled for 2012 and the goal will be changed at that time. The current minimum project goal is 10% with most goals falling in the 15-25% range. The majority of contracts with goals are for construction and professional services. Sole source procurements and rolling stock procurements do not have goals associated with them. Metra maintains a database of all UCP certified DBE firms on their website. A separate directory is updated and printed monthly including all the firms Metra has certified.

III. SCOPE AND METHODOLOGY

Metra was chosen for a procurement system review primarily because they are a top thirty (30) grantee and their last review was in 2007. For this reason, the FTA wanted to assess the extent of compliance of the current Metra procurement system with Federal requirements. The reviewing contractor was asked to assess the overall procurement system and contract files at Metra regarding compliance with FTA Circular 4220.1F and the Master Agreement. The purpose of the Procurement System Review (PSR) was to evaluate the following:

- Policies and Procedures
- Procurement File Documentation
- Protest Procedures
- Standards of Conduct
- Contract Administration
- Efficient and Economic Purchases
- Buy America Compliance

The following representatives of Metra, FTA, and Calyptus Consulting attended the Entrance Conference held on January 24, 2011.

Reviewing Contractor and FTA:

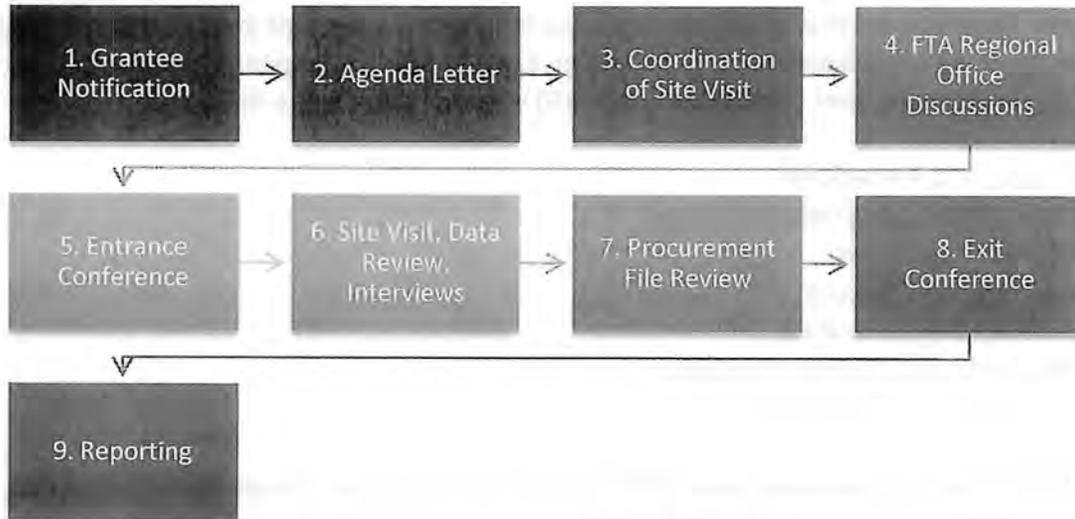
<i>Name</i>	<i>Position/Title</i>	<i>Contact Info</i>
George Harris	President, Calyptus Consulting Group	617-577-0041
Julie Robinowitz	Consultant, Calyptus Consulting Group	617-577-0041
Allison Gianneschi	Analyst, Calyptus Consulting Group	617-577-0041
Melody L. Hopson	FTA Region V	312-886-1611
Deborah Tilley	PMOC for FTA	215-316-8759

Grantee:

<i>Name</i>	<i>Position/Title</i>	<i>Contact Info</i>
Lynnette Ciavanella	Assistant Senior Division Director Capital and Strategic Planning	312-322-8022
Fred Smalarz	Senior Director Materials Management	312-322-6664
Carlos Gamboa	Department Head Professional Services	312-322-6668
David Simmons	Department Head Capital Grants	312-322-6626
Bill Tupper	Acting Executive Director	312-322-6934
Joe Lorenzini	Chief Engineer	312-322-6922
Paul A. Kisielius	Senior Division Director General Administration	312-322-6666
Terry Barnett	Acting General Counsel	312-322-6694
Eric Fernandes	Director Audit	312-322-6711
Tom Less	Chief Financial Officer	312-322-6428
Janice R. Thomas	DBE Director	312-322-6799

The purpose of the entrance conference was to provide information on the sequence of activities for the review, as noted in the following flowchart:

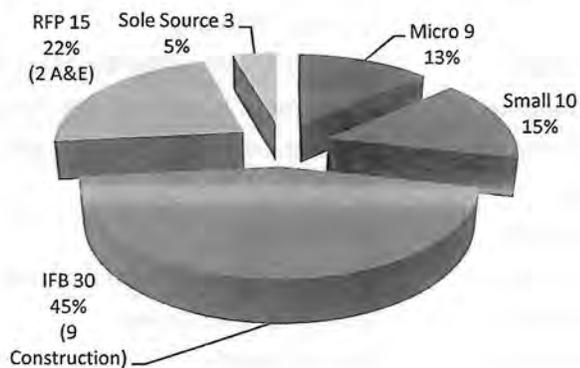
FTA Procurement System Review Process



Using the questionnaires from the FTA’s PSR guide, individual interviews were conducted with executive management, finance, procurement, engineering, legal counsel, DBE program, and internal audit. In addition, information such as organization charts and policies and procedures were collected. The interviews and documentation were used to establish the framework for the file review.

Based on the data received and the assessment of the grantee’s written policies and procedures, the reviewing contractor evaluated the number and types of contracts likely to be examined. Sixty-seven (67) procurements were selected for review, as indicated by procurement method below:

Procurement Type	Number of Files Reviewed
Micro	9
Small	10
IFB 9 Construction	30
RFP 2 A&E	15
Sole Source	3



During the review, the grantee was given the opportunity to provide additional documents for clarification of questions about the contract files. At the conclusion of the procurement system review, the grantee was briefed on the results and was offered the

opportunity to submit any documents for review that might clarify or eliminate areas marked deficient within the following 2 to 4 weeks before the draft final report was released. FTA Region V staff were also briefed prior to the exit conference. An exit conference was held on January 27, 2011 to brief Metra and FTA on the results of the procurement system review. The following individuals attended the exit conference:

Reviewing Contractor and FTA:

<i>Name</i>	<i>Position/Title</i>	<i>Contact Info</i>
George Harris	President, Calyptus Consulting Group	617-577-0041
Julie Robinowitz	Consultant, Calyptus Consulting Group	617-577-0041
Allison Gianneschi	Analyst, Calyptus Consulting Group	617-577-0041
Deborah Tilley	PMOC for FTA	215-316-8759

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Terry Barnett	Acting General Counsel	312-322-6694
Eric Fernandes	Director Audit	312-322-6711
Tom Less	Chief Financial Officer	312-322-6428
Janice R. Thomas	DBE Director	312-322-6799

The overall findings from the review are summarized as follows:

Areas Not Deficient	30
Areas Deficient	24
Areas Not Applicable or Observed	6
Suggestions for Improving the Procurement System	17

The requirements and the detailed information comprising these findings make up the balance of the report. The following sections will cover areas not deficient with FTA and Federal Requirements, findings of deficiency with FTA and Federal Requirements, and suggestions for

improving Metra's procurement system. Metra must provide FTA the status of all corrective actions associated with deficiencies every quarter until the deficient findings have been closed. Metra provided comments and corrective actions pertaining to the twenty-four (24) deficient elements by letter dated March 29, 2011. Portions of the corrective actions included in this letter were included in the appropriate areas of Section V of the report. A full copy of the letter and corrective action matrix is included in Appendix M of the report.

IV. AREAS NOT DEFICIENT OR NOT APPLICABLE WITH FTA AND FEDERAL REQUIREMENTS

1. Written Standards of Conduct

Basic Requirement: Chapter III, Section 1 a. b. c. of FTA Circular 4220.1F requires that grantees maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts. The code should apply to all employees involved in the award and administration of contracts. The requirement reads: "No employee, officer, agent, immediate family member or board member of the grantee shall participate in the selection award, or administration of a contract supported by FTA funds if a conflict of interest, real or apparent, would be involved." The section also addresses potential conflicts, solicitation and acceptance of gifts, penalties and sanctions.

Discussion: Metra's Administrative Procedures contain provisions for Standards of Conduct, including Conflict of Interest, Gifts/Gratuities and Relations. Interviews with Metra staff and a review of available audit findings indicated no issues with adherence to standards of conduct.

3. Written Protest Procedures

Basic Requirement: Chapter VII, Section 1. a. b. of FTA C 4220.1F requires that grantees have written protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding protests to FTA. All protest decisions must be in writing. A protester must exhaust all administrative remedies with the grantee before pursuing a protest with FTA.

Discussion: Metra's procedures contain written protest procedures that are in compliance with FTA requirements. The interview with the Metra procurement staff revealed that there are no current protests in process, although there have been protests over the past two years that have all been resolved.

4. Pre-Qualification System

Basic Requirement: Chapter VI, Section 1. c. of FTA C 4220.1F states that grantees may prequalify people, firms, or products for participation in procurements provided that:

- Lists used in acquiring property and services are current;
- Lists include enough qualified sources to ensure maximum full and open competition;
- The recipient permits potential bidders or proposer to qualify during the solicitation period (from the issuance of the solicitation to its closing date), as set forth in the Common Grant Rule for governmental recipients. Evaluations for prequalification, however, need not be accelerated or truncated. FTA does not require a recipient to hold a particular solicitation open to accommodate a potential bidder or proposer that submits a person, firm, or product for approval before or during that solicitation.

Discussion: Metra does not utilize a pre-qualification system.

8. A & E Geographic Preferences

Basic Requirement: Chapter VI, Section 2.a (4)(g) of FTA Circular 4220.1F states that geographic location may be a selection criterion for A&E services if “an appropriate number of qualified firms are eligible to compete for the contract in view of the nature and size of the project.”

Discussion: The two (2) procurements reviewed indicated no evidence of geographic preferences in the A&E procurements examined.

9. Unreasonable Qualification Requirements

Basic Requirement: Chapter VI, Section 2.a (4)(a) of FTA C 4220.1F indicates that unreasonable requirements placed on firms in order for them to qualify to do business are considered to be restrictive of competition.

Discussion: Of the fifty-one (51) procurements reviewed for this requirement, none were found to be deficient.

10. Unnecessary Experience and Excessive Bonding

Basic Requirement: Chapter VI, Section 2.a (4) (e) of FTA C 4220.1F states that unnecessary experience and excessive bonding requirements are considered to be restrictive of competition.

Discussion: Of the forty-four (44) procurements reviewed for this requirement, none were found to be deficient.

11. Organizational Conflict of Interest

Basic Requirement: Chapter VI, Section 2.a. (4)(h) of FTA C 4220.1F states that an organizational conflict of interest is considered to be restrictive of competition. An organizational conflict of interest exists if:

- because of other activities, relationships, or contracts, a contractor is unable, or potentially unable, to render impartial assistance or advice;
- a contractor's objectivity in performing the contract work is or might be otherwise impaired; or
- a contractor has an unfair competitive advantage.

Discussion: Of the forty-four (44) procurements examined for this requirement, all forty-four (44) were found to be not applicable as there was no evidence of apparent or potential Organizational Conflict of Interest in the procurement process.

14. Geographic Preferences

Basic Requirement: Chapter VI, Section 2.a (4)(g) of FTA C 4220.1F requires that grantees conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference.

Discussion: The review indicated no evidence of geographic preferences in the fifty-four (54) procurements examined.

17. Solicitation Pre-Qualification Criteria

Basic Requirement: Chapter VI, Section 1.c (1)(2)(3) of FTA C 4220.1F requires that:

- Lists of prequalified persons, firms, or products that are used in acquiring goods and services must be current and include enough qualified sources to ensure maximum full and open competition.
- The process shall not preclude potential bidders from qualifying during the solicitation period.

Discussion: Of the forty-one (41) procurements reviewed for this requirement, none were found to be applicable. Metra does not prequalify bidders or offerors as part of its solicitation process.

20. No Splitting [Micro-Purchases]

Basic Requirement: Chapter VI, Section 3.a. (2) (b) of FTA C 4220.1F indicates that micro-purchases are those purchases under \$3,000. Micro-purchases requirements follow these guidelines:

- May be made without obtaining competitive quotations.
- There should be equitable distribution among qualified suppliers and no splitting of procurements to avoid competition.
- Document that the price is fair and reasonable and how this determination was derived.

This requirement ensures that a large dollar requirement is not divided into smaller segments for the sole purpose of avoiding the requirements for competition.

Discussion: Of the nine (9) procurements reviewed for this requirement, none were found to be deficient.

21. Fair and Reasonable Price Determination [Micro-Purchases]

Basic Requirement: Chapter VI, Section 3.a (2) (c) of FTA C 4220.1F indicates that micro-purchases are those purchases under \$3,000. Micro-purchases requirements follow these guidelines:

- May be made without obtaining competitive quotations.
- There should be equitable distribution among qualified suppliers and no splitting of procurements to avoid competition.
- Document that the price is fair and reasonable and how this determination was derived.

Discussion: Of the nine (9) procurements reviewed for this requirement, none were found to be deficient.

22. Micro-Purchase Davis Bacon

Basic Requirement: Chapter VI, Section 3.a (1) of FTA C 4220.1F indicates that Davis-Bacon prevailing wage and hour restrictions apply to construction contracts exceeding \$2,000.

Discussion: Of the nine (9) procurements reviewed for this requirement, none were for construction; therefore, this requirement was not observed.

23. Price Quotations [Small Purchases]

Basic Requirement: Chapter VI, Section 3.b. (2) of FTA C 4220.1F defines small purchase procedures as those relatively simple and informal procurement methods for securing services, supplies, or other property that cost more than \$3,000, but do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. § 403(11) (currently set at \$100,000). It also indicates that price or rate quotations shall be obtained from an adequate number of qualified sources.

Discussion: Of the ten (10) procurements reviewed for this requirement, none were found to be deficient.

26. Firm Fixed Price [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c (1) (c) of FTA C 4220.1F indicates that the procurement must lend itself to a firm fixed price contract and that the selection of the successful bidder can be made principally on the basis of price.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

27. Selection on Price [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c (1) (c) of FTA C 4220.1F indicates that the procurement must lend itself to a firm fixed price contract and that the selection of the successful bidder can be made principally on the basis of price.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

28. Discussion Unnecessary [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c (1) (e) of FTA C 4220.1F indicates that no discussion with bidders is needed.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

29. Advertised/Publicized

Basic Requirement: Chapter VI, Section 3.c. (2) (a) of FTA C 4220.1F requires that the invitation for bids be publicly advertised and that bids be solicited from an adequate number of known suppliers, providing them sufficient time to prepare bids prior to the date set for opening the bids.

Discussion: Forty-one (41) procurements were reviewed for this requirement and none were found to be deficient. Metra documents the advertisement of all solicitations and amendments in the procurement file.

30. Adequate Number of Sources Solicited

Basic Requirement: Chapter VI, Section 3.c (2) (b) of FTA C 4220.1F requires that:

- Proposals are solicited from an adequate number of qualified sources.
- Requests for proposals are publicized.

Discussion: Of the forty-one (41) procurements reviewed for this requirement, none were found deficient.

31. Sufficient Bid Time [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c. (2)(d) of FTA C 4220.1F requires that the invitation for bids are publicly advertised and bids are solicited from an adequate number of known suppliers, providing them sufficient time to prepare bids prior to the date set for opening the bids.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

32. Bid Opening [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c (2) (e) of FTA C 4220.1F requires that all bids be publicly opened at the time and place prescribed in the invitation for bids.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

33. Responsiveness [Sealed Bid]

Basic Requirement:

Chapter VI, Section 3.c (2)(f) of FTA C 4220.1F indicates that a firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement, none were found to be deficient.

34. Lowest Bid [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c. (2) (f) of FTA C 4220.1F indicates that a firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Bidding documents must specify the factors, such as discounts, transportation costs, and life cycle costs that will be considered in determining which bid was lowest. The grantee is thus obliged to review lowest total cost when awarding on low price, if the aspects of this type of evaluation were specified in the solicitation.

Discussion: Twenty-nine (29) procurements were reviewed for this requirement and they were all found to be not applicable as no other financial factors besides price were specified in the solicitation.

35. Rejecting Bids [Sealed Bid]

Basic Requirement: Chapter VI, Section 3.c. (2) (g) of FTA C 4220.1F indicates that any or all bids may be rejected if there is a sound documented business reason. Reasons for possible bid rejection include lack of responsiveness to the solicitation and lack of responsibility of the offeror.

Discussion: Of the twenty-nine (29) procurements reviewed for this requirement all were found to be not applicable. In five (5) procurements, Metra rejected at least one bid and the reason for the rejection was based on a sound business reason and documented in the procurement file.

38. Sole Source If Other Award Is Inadequate

Basic Requirement: Procurements by non-competitive proposal are allowed under Chapter VI, Section 3.i(1)(b) of FTA C 4220.1F only when the contract award is inadequate under other procurement methods and at least one of the five conditions outlined below exists:

1. Item or service is only available from a single source;
2. Public exigency or emergency for the requirement will permit a delay from competitive bidding;
3. FTA authorizes non-competitive negotiations;
4. Competition is deemed inadequate; or
5. An emergency for the requirement did not permit a delay resulting from a competitive solicitation.

Discussion: Of the three (3) procurements reviewed for this requirement, none were found to be deficient.

40. Evaluation of Options

Basic Requirement: Chapter VI, Section 7.b. of FTA C 4220.1F requires that the option quantities or periods contained in the contractor's bid or offer are evaluated in order to determine contract award. When options have not been evaluated as part of the award, the exercise of such options will be considered a sole source procurement.

Discussion: Forty-four (44) procurements were reviewed for this requirement. Forty-three (43) were not applicable as they did not contain option periods. One (1) procurement for the remanufacture of locomotives did contain option years and these options were properly evaluated as part of the original contract award.

43. Exercise of Options

Basic Requirement: Chapter V, Section 7.a (1) (a)(b)(c) 2 of FTA C 4220.1F requires that the exercise of an option is in accordance with the terms and conditions of the option stated in the initial contract awarded.

- An option may not be exercised unless it is determined that the option price is better than prices available at the time the option is exercised.

Discussion: Forty-four (44) procurements were reviewed for this requirement. Forty-three (43) were not applicable as they did not contain option periods. One (1) procurement for the remanufacture of locomotives did contain option years and these options were properly executed as Metra evaluated market pricing.

45. Advance Payments

Basic Requirement: Chapter IV, Section 2.b (5)(b) of FTA C 4220.1F indicates that FTA does not authorize and will not participate in funding payments to a contractor prior to the incurrence of costs by the contractor unless prior written concurrence is obtained from FTA.

Discussion: Of the forty-four (44) procurements reviewed for this requirement, none were found to be deficient. It is the policy of Metra not to use advance payments.

47. Time and Materials Contracts

Basic Requirement: Chapter VI, Section 2.c. (2) (b) of FTA C 4220.1F indicates that Time and Materials Contracts should be used only:

- After a determination that no other type of contract is suitable
- If the contract specifies a ceiling price that the contractor shall not exceed except at its own risk.

Discussion: Of the forty-four (44) procurements reviewed for this requirement, all were found to be not applicable. Three (3) Metra contracts used the time and materials type. In all three (3) cases, Metra properly documented that no other contract type was suitable and included a not-to-exceed amount in the executed contract.

49. Liquidated Damages Provisions

Basic Requirement: Chapter IV, Section 2.b (6) (b) 1 of FTA C 4220.1F indicates that grantee may use liquidated damages if it may reasonably expect to suffer damages and the extent or amount of such damages would be difficult or impossible to determine.

Discussion: Of the forty-four (44) procurements reviewed for this requirement, eleven (11) were found to be not deficient and thirty-three (33) were found to be not applicable. In the eleven (11) contracts that included liquidated damages, Metra specified a rate per day for damages caused by the contractor for delays.

50. Piggybacking

Basic Requirement: Chapter V, Section 7.a. (2) of FTA C 4220.1F defines Piggybacking as an assignment of existing contract rights to purchase supplies, equipment, or services and requires that grantees piggybacking on another agency's contract must ensure that the original contract contained an assignability clause and that the terms and conditions of that contract meet the FTA requirements.

Discussion: Metra did not use piggybacking for any of the FTA funded procurements reviewed so this element was not observable.

51. Qualifications Exclude Price [A & E]

Basic Requirement: Chapter VI, Section 3.f. (3) (b) of FTA C 4220.1F indicates that qualifications-based competitive proposal procedures require that:

- (1) An offeror's qualifications be evaluated
- (2) Price be excluded as an evaluation factor

Discussion: Of the two (2) procurements reviewed for this requirement, none were found to be deficient.

53. Bid Security [Construction over \$100,000]

Basic Requirement: Chapter IV, Section 2.h. (1) (a) of FTA C 4220.1F requires that the Bid Security:

- Equal five (5) percent of the bid price.
- Firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will execute contractual documents as may be required within the time specified

Discussion: Of the eight (8) construction procurements reviewed for this requirement, none were found to be deficient.

54. Performance Security [Construction over \$100,000]

Basic Requirement: Chapter IV, Section 2.h. (1)(b) of FTA C 4220.1F requires that the Performance Security:

- Is executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract
- Amount is equal to 100 percent of the contract price

Discussion: Of the eight (8) construction procurements reviewed for this requirement, none were found to be deficient.

55. Payment Security [Construction over \$100,000]

Basic Requirement: Chapter IV, Section 2.h. (1) (c) of FTA C 4220.1F requires that the Payment Security:

- Assures payment of all persons supplying labor and material.
- Includes required amounts as follows :
 - (1) Fifty percent of the contract price if the contract price is not more than \$1 million;
 - (2) Forty percent of the contract price if the contract price is more than \$1 million but not more than \$5 million; or
 - (3) Two and a half million dollars if the contract price is more than \$5 million.

Discussion: Of the eight (8) construction procurements reviewed for this requirement, none were found to be deficient.

Buy America Requirements: Rail Car/Locomotives

The purchase for the remanufacture of locomotives was reviewed for this requirement and was found to be not deficient in both the pre-award review and post-award audit.

V. FINDINGS OF DEFICIENCY IN FTA AND FEDERAL REQUIREMENTS

2. Contract Administration System

Basic Requirement: Chapter III, Section 3 of FTA C 4220.1F requires that grantees maintain a contract administration system that ensures that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Discussion: Contract administration is not included as part of Metra's policies and procedures; it is only noted in the contract boilerplate terms and conditions. Metra had several key areas of concern related to contract administration. In several cases, the contract type was not clear from the contract documents. Several contracts were noted as cost-plus-fixed-fee; however, no fixed-fee was specified. Instead, these contracts are being administered as though they are time and materials of fixed-price contracts. In addition, Metra does not have a process in place to review final overhead rates on cost type contracts. Metra also had several findings of arbitrary action that were due in part to contract type issues with the contract administration system for ticket vending machines and the design of 22 Union Pacific Northern Line Bridges. In addition, out of scope changes were found during the review.

Metra should consider either replacing their cost-plus-fixed-fee contracts with time and materials contracts or specifying the fixed fee to be paid under the contract. A system for reviewing final overhead rates should also be put into place as part of the evaluation of price when making an award determination.

Best Practices: Timely execution of a definitive contract and up-to-date revisions to the contract are important to ensure control over contractor performance. Prompt and accurate documentation of contract changes is vital to equitable settlement and close-out of the contract. The FTA recommends that contract administration files routinely contain the following documentation:

- Executed contract and notice of award
- Basis of award
- Cost and price analysis
- Board of Director approvals
- History of the procurement
- Approvals or disapprovals of waivers and deviations
- Modifications and changes, including rationale for the change, determinations regarding their scope, and cost/price analysis of any price increases or decreases

Implementing a central contract administration and management function will ensure improved management of contractor performance. Contract types should be clearly stated for all contracts and contracts should be administered in the manner appropriate for the specific type of contract.

Corrective Action: Metra must respond with corrective action within ninety (90) days from the date of the final report. Training in contract administration and validation of the changes must be evidenced and provided to FTA.

Metra Response: Metra believes that a Contract Administration System is in place and that addressing the noted deficiencies within this Element No. 2, as Metra indicates it will do below, will ensure improved management of contractor performance.

Areas that were noted with deficiencies are; the contract type is not clear, there is apparent arbitrary action, and A & E type contracts lack review of overhead rates as part of the evaluation process. These are addressed and a corresponding course of action is provided in the following listed Deficient Elements.

Metra has a process in place to review the overhead rates on "cost plus fixed fee" contracts that require every contractor to submit the latest Illinois Department of Transportation (IDOT) provisionally approved or audited overhead rates. These rates are closely monitored against the Metra approved rates by the user departments to ensure consistency in the application. The contracts that do not have the approved Illinois Department of Transportation or audited rates are reviewed based on risk factors, and appropriate adjustments are made to the final contractor billings.

The implementation of time and material contracts and negotiating the overhead rates in the beginning as recommended by the FTA in this review would eliminate the issue of final overhead rate adjustments in the future. Element No. 19 further addresses Metra's course of action.

Reviewing Contractor's Response: The proposed corrective action and response to the deficiency is not adequate. The management of Cost-Plus-Fixed-Fee indirect rates goes beyond the audit of final rates. Adjustments to provisional billing rates must be done on an annual basis. Metra must provide evidence that it has reviewed provisional billing rates on an annual basis for all cost-plus-fixed-fee contracts, including the resulting differences in invoiced versus paid amounts to FTA within 30 days of the date of the final report.

Metra's contract administration system is not documented in policies and procedures. Copies of revised contract administration procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

5. System for Ensuring Most Efficient and Economic Purchase

Basic Requirement: Chapter IV, Section 1.b.c.e. of FTA C 4220.1F requires that grantee procedures provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Ensuring an economic purchase could include breaking out or combining purchases, or using annual contracts. Also lease versus buy analyses are required for applicable purchases to ensure the most economical approach.

Discussion: While Metra does have a system in place to ensure the most efficient and economic purchase through the use of a requisitioning process, there is a lack of procurement planning evidenced in the procurement files. In several cases, blanket purchase orders were put into place for the full budgeted amount rather than developing a cost build-up based on

anticipated future purchases. In addition, several cost-plus-fixed-fee type contracts did not have the fixed fee component called out in the executed contract.

Metra should base contract prices on an independent cost estimate and anticipated future use rather than approved budgets.

Best Practices: FTA's *Best Practices Manual* states that procurement plans covering several years may be an effective way to facilitate the most cost-effective purchasing management practices. The plans can identify major changes in procurement work load, and can obviate any tendency to rush procurement decisions or activities in ways that result in waste (e.g., through failure to consolidate major procurements) or risk non-compliance (e.g., through inadequate notice and non-competitive awards).

Typically the purchase of supplies will be evaluated annually based on the grantee's foreseeable needs and such factors as economic quantity breaks, warehousing space, shelf life, technology concerns, etc. Upon analysis of annual purchase patterns and quantities, the grantee may perceive that there is an opportunity to increase competition or improve pricing through consolidated purchasing, on-call contracts, piggybacking, or other contracting scenarios.

Corrective Action: Metra must respond with corrective action within ninety (90) days from the date of the final report. Training and validation of the changes must be evidenced and provided to FTA.

Metra's Response: Metra's budgets are developed with planned and analyzed material or service requirements. Metra develops requirements utilizing past, current and anticipated future needs. The reviewed files were blanket purchase orders that were released off Master Purchase Agreements (MPA). The MPA was publicly bid and had a purchase requisition, complete with an independent cost analysis. The blanket purchase orders were then released by project as funding became available.

Going forward, Metra will include in the contract file the evidence/basis for the developed/planned procurement.

Reviewing Contractor's Response: The proposed corrective action and response to the deficiency is not adequate. Contract values should be based on bona-fide expected volumes rather than the budgeted amount. Metra must provide the methodology for linking expected volumes of parts and services to the amount of any contract or modification to FTA within 30 days of the date of the final report. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

6. Procurement Policies and Procedures

Basic Requirement: Chapter III, Section 3.a of FTA C 4220.1F requires that grantees and sub-grantees use their own procurement procedures that reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law, including the requirements and standards identified in 4220.1F.

Discussion: Metra has procurement policies and procedures dedicated to Third Party Contracting Requirements and sets forth procurement procedures that reflect the many of FTA requirements. However, a detailed review of the Manual revealed that the following areas were not addressed:

- ❖ Requirements for the use of Time and Materials type contracts
- ❖ Tag-ons
- ❖ Prohibition on unreasonable requirements as qualifications to bid
- ❖ Prohibition on arbitrary action
- ❖ Prohibition on geographic preference for A&E contracts
- ❖ Requirement for clear and accurate specifications
- ❖ Requirements applicable to micro-purchases
- ❖ Requirements applicable to small purchases
- ❖ Procurement of Design-Bid-Build
- ❖ Procurement of Design-Build
- ❖ Requirement to complete an independent cost estimate
- ❖ Grantee's cost principles
- ❖ Bonding requirements for construction contracts
- ❖ Advance Payments
- ❖ Requirements for progress payments
- ❖ Requirements for liquidated damages
- ❖ Requirement for breach of contract remedies
- ❖ Requirement for termination clauses
- ❖ Federal statutory and regulatory requirements for contracts funded under Federal grants
- ❖ Requirements for revenue contracts

Interviews with staff noted that many of these requirements are included in the solicitation boilerplate and the file review indicated that Metra is complying with FTA requirements in many these areas. Metra should include these areas in their policies

and procedures even where they are covered by boilerplate language elsewhere in the procurement process.

Best Practices: The Grantee's policies and procedures guide users and contracting/purchasing staff in the proper execution of material and service acquisitions. A review of Circular 4220.1F will indicate the areas required to ensure compliance with Federal Regulations.

Corrective Actions: To achieve compliance, Metra must respond within ninety (90) days from the date of the final report and provide a detailed update to the Procurement Manual addressing these areas. Metra must also provide evidence of adequate training and independent audit evidence that procedures are being followed consistently.

Metra's Response: The review indicated that Metra is complying with FTA requirements as is provided in Metra's solicitation boilerplate.

Metra will include the FTA requirements in our policies and procedures. Estimated 90 days to complete.

Reviewing Contractor's Response: The proposed corrective action and response to the deficiency is not adequate. There were many aspects of the FTA procurement requirements that were not documented in policies and procedures, which may result in current and future deficiencies. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 90 days of the date of the final report.

7. Independent Cost Estimates

Basic Requirement: Chapter VI, Section 6 of FTA C 4220.1F requires that: "... in connection with every procurement action ... grantees must make independent estimates before receiving bids or proposals." Establishing a cost estimate in advance of the offer using a method independent from the perspective of offerors ensures a clear basis for analysis of cost or price, and provides essential procurement and financial planning information. Independent cost estimates are made by qualified engineering and functional staff who have first-hand knowledge of the commodity or service being purchased. The cost estimate is developed based on product knowledge, experience, and market status, and is used in performing price and cost analysis.

Discussion: Of the fifty-five (55) procurements reviewed, ten (10) were found to be deficient in this area. While Metra does include an estimate on their requisition, this process was not consistently followed. In addition, back-up documentation for the estimates listed on the requisition was not evident in the procurement files and Metra's policies and procedures do not require independent cost estimates for the sealed bid method of procurement.

Best Practices: Best Practices for obtaining independent cost estimates include:

- Estimates are received from design firm or in-house technical personnel for construction work,
- Published price lists or past pricing with inflation factors are analyzed, and
- Independent third-party staff member (not impacted by final procurement) develops these estimates.
- Use of a standard form, such as the template that appears in Appendix D is recommended.

Corrective Actions: Adherence to the requirement for independent cost estimates must be monitored and enforced consistently. To achieve compliance, Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of training and evidence of independent audit confirming that procedures are being followed consistently.

Metra's Response: As part of Metra's Pre-Award Activity, and listed on Metra's Checklist is, "Receiving an independent Cost Estimate of Contract/Purchase Order Valuation." Metra uses this checklist as part of our contract file administration.

Going forward emphasis will be placed upon the appropriate staff to improve supplying adequate supporting documentation.

Reviewing Contractor's Response: The proposed corrective action and response to the deficiency is not adequate. Evidence of the required independent cost estimate was not present in many of the reviewed procurement files. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

12. Arbitrary Action

Basic Requirement: Chapter VI, Section 2.a (4)(j) of FTA C 4220.1F indicates that any arbitrary action in the procurement process is considered to be restrictive of competition. Arbitrary actions can occur in non-competitive as well as competitive procurements. Proper file documentation can help evaluate whether or not an arbitrary action occurred.

Discussion: This element is deficient based on five (5) procurements completed by Metra as follows:

- In one (1) purchase for a revenue accounting system, the Brooks Act method of procurement was used inappropriately. The original solicitation documents and Best and Final Offer (BAFO) documents stated that cost was an evaluation criteria. After the BAFO was received, the Brooks act method was implemented per the direction of the Executive director and award was made without considering cost.
- In one (1) procurement for QA oversight and general program support the details of the scoring methodology were not documented to support that the awarded contractor did receive the highest score.

- In one (1) procurement for ticket vending machines was documented as being a cost-plus-fixed-fee type contract; however, the price was stated as a firm-fixed-price in the executed contract.
- In one (1) procurement for the design of 22 Union Pacific Northern Line Bridges, there were several no cost time extensions granted. At the end of the project, an increase in the contract dollar value was added to cover these time extensions with no supporting documentation.
- In one (1) A&E procurement for manufacturing engineering in the rehabilitation of 176 bi-level passenger railcars, pricing was requested from all firms despite the use of the Brooks Act method of A&E procurement being specified in the solicitation documents.

Best Practices: Consistency in the procurement process is the best method of obtaining compliance for arbitrary action. In addition, concerns regarding arbitrary action can be eliminated with proper file documentation, such as bid opening records, bid comparison sheets, award decision documentation and negotiation memoranda. The grantee should ensure that the procurement process includes documentation that accurately portrays what occurred and that approvals are made to evidence proper decision-making.

Corrective Actions: Consistent and proper file documentation can help evaluate whether or not an arbitrary action occurred. To achieve compliance, Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: The five (5) procurements that were identified as deficient all received multiple bids or proposals, and the respective contract files did contain information about the process that was used for each solicitation.

Metra will ensure that the procurement process will be consistent and will use proper file documentation to avoid arbitrary action. It will consist of proposal tabulation sheet(s) for RFP's and bid tabulation sheet(s) for IFB's. In addition, all award decision making documentation will consist of scoring sheet(s) and negotiation documentation, if required, for all RFP's and technical evaluation for IFB's. See Element No. 42 for additional detail to contract file content and organization.

Reviewing Contractor's Response: The proposed corrective action and response to the deficiency is not adequate. Any arbitrary finding is a serious one since the underlying documentation is not available to support the award decision or the procurement had fatal flaws in the process. In the case of the QA oversight contract, the deficiency was egregious. There was no support documentation as to the reasons why the awardee was rated so much higher than the other firms. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report. FTA will conduct a separate review of the QA oversight contract to determine whether it is eligible for federal funds.

13. Brand Name Restrictions

Basic Requirement: Chapter VI, Section 2.a (3)(4)(f) of FTA C 4220.1F indicates that specifying only a "brand name" product instead of allowing "an equal" product to be offered without listing its' salient characteristics is considered to be restrictive of competition.

Discussion: Of the fifty-one (51) procurements reviewed, forty-three (43) were found to be not applicable, one (1) was found to be not deficient, and seven (7) were found deficient. The seven (7) procurements deemed deficient included a statement that equals may be offered by suppliers; however, the salient characteristics were not noted.

Best Practice: The goal of the solicitation process is to determine the best buy. By specifying brand names, competition can be limited. Metra should work with requisitioners to determine whether brand names can be deleted from design or performance specifications improving the opportunity for full and open competition. Should the brand name be required, the designation "or equal" will allow potential bidders to propose alternate brand names. Procurement personnel must predetermine those salient physical and functional characteristics of the brand name product in order to compare the proposed alternatives.

Corrective Action: Consistent and proper file documentation can help evaluate whether or not an arbitrary action occurred. To achieve compliance, Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Of the fifty-one (51) procurements reviewed, forty-three (43) were found to be not applicable, one (1) was found to be not deficient, and seven (7) were found deficient. Please note that the FTA/IDOT Addendum for Material Procurements., Page 1, Item No. 3 states: "Approved Equals and Brand Names. Where a feature, component, or item is specified by brand name in the Specifications, the words 'or Approved Equal' are implied. All approvals and request for approvals of proposed Approved Equals must be in writing. Specification by brand name of components or equipment in the Specification shall not relieve Contractor from its responsibility to design and construct the Equipment and perform the work in accordance with the general performance requirements of the Specifications and these General Provisions."

The seven (7) procurements deemed deficient included a statement that equals may be offered by suppliers; however, the salient characteristics were not noted. The Materials Management Department will return purchase requisitions to the requisitioning departments when they do not list the salient characteristics. Following the FTA review this process was immediately implemented and being followed by staff.

Reviewing Contractor's Response: The proposed corrective action is acceptable. However, copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

15. Contract Term Limitation – Rolling Stock

Basic Requirement: Chapter IV, Section 2.e (10) of FTA C 4220.1F requires that grantees do not enter into any contract for rolling stock and replacement parts with a period of performance exceeding five (5) years inclusive of options.

Discussion: Of the fifty-five (55) procurements reviewed for this requirement, forty-five (45) were found to be not applicable, nine (9) were not deficient, and one (1) was found deficient. The contract for manufacturing engineering in the rehabilitation of 176 bi-level passenger railcars was for a six (6) year period of performance. There was no documentation to indicate that FTA had authorized the longer contract period.

Best Practices: Grantees are authorized to procure rolling stock or other supplies and services by a number of methods, including buying on an annual or on an as-needed basis, and also on a multi-year basis. FTA requirements should be incorporated into the procurement process to provide for the need to monitor contracts having the potential for more than a five year period of performance and to ensure that all procurements have closed-ended periods of performance. Grantees should also provide training in this area so that all involved in the purchasing process will be aware of this requirement. Grantees should establish a practice of regularly reviewing contracts for expiration (bid calendars serve as excellent tools for this purpose) and ensure that adequate time exists for re-procurement processes to comply with this requirement.

Corrective Action: All contracts for rolling stock and replacement parts must have a period of performance for placing orders that does not exceed five (5) years inclusive of options. Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: There was a single contract found to be deficient regarding this Element. It was a six (6) year contract for the "Kitting" of material purchased by Metra and delivered to the contractor for design & engineering of each kit, i.e., the contractor designed and engineered each kit for Metra. Metra then competitively bid out all material for the kits needed for the car rehab program(s). Metra estimated the duration for kitting the car rehab material to last six (6) years.

Metra will modify the subject contract to conform within the five (5) year period.

Reviewing Contractor's Response: The Metra corrective action is not adequate. This is not the only element for which this procurement was deficient. The underlying procedure and approval process did not ensure that a contract for rolling stock exceeded 5 years was signed by Metra.

FTA will conduct a separate review of this contract to determine whether it is eligible for federal funds. The misuse of the Brooks Act for this procurement as well as the result of deficiencies in other elements of the PSR was egregious. In addition, proposals were re-evaluated after presentations and this process was not communicated to prospective contractors. Evidence of training must be provided to FTA regarding the requirement to limit the ordering period of rolling stock to a maximum of five years. All of these actions must be completed within 30 days of the date of the final report.

16. Written Procurement Selection Procedures

Basic Requirement: Chapter III, Section 3.a of FTA C 4220.1F requires that grantees have written selection procedures for procurement transactions. As stated in the Circular “all solicitations shall identify all requirements that offerors must fulfill and all other factors to be used in evaluating bids or proposals.” This ensures that procurements are awarded in a fair and equitable manner.

Discussion: Forty-one (41) procurements were reviewed for this requirement. Thirty-two were not deficient and nine (9) were found to be deficient. Metra has a process in which proposals are rescored after presentations are completed; however, that process is not stated in the evaluation process provided in the solicitation documents for the RFP method of procurement. In addition, Metra uses a consensus scoring process rather than having an individual score for each proposal from each member of the evaluation committee resulting in a lack of transparency throughout the evaluation process.

Metra should alter the evaluation process such that each member of the evaluation committee scores each proposal. These scores should then be added together to determine the final score. The evaluation committee may meet to discuss why members scored proposals the way they did; however, documentation of such discussions should be included in the procurement record.

Best Practices: The grantee should establish written selection procedures in every solicitation. Once proposals are received, evaluators should follow these criteria when considering the proposals submitted and document the evaluators’ findings. Documentation for all procurements should be maintained in a central location regardless of award amount. The request for quotation for any small purchase should contain language identifying the basis for award (such as lowest priced responsive offer) and a copy of it should be included in the file.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra’s Response: The deficient files refer to Metra's RFP evaluation process. Metra does have established evaluation processes. As noted in the review, proposals are re-scored after interviews. The review noted that this particular aspect of the process is not made apparent or clear to proposers.

Following the FTA review, staff immediately included in all RFP Evaluation Processes that if interviews are to be conducted, the proposer presentation may be re-scored.

Reviewing Contractor's Response: This corrective action is acceptable, but copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

18. Award to Responsible Contractors

Basic Requirement: Chapter VI, Section 8.b of FTA C 4220.1F requires that grantees make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

Discussion: Of the forty-four (44) procurements reviewed, twenty-seven (27) were found to be deficient and seventeen (17) were found to be not deficient. Metra does have a standard process in place to indicate on the bid tabulation sheet that contractor responsibility and the Federal excluded parties list have been checked. In the twenty-seven (27) procurements found to be deficient, this documentation was not provided on the bid tabulation sheet.

Best Practices: There are many proven methods to determine whether or not a supplier is responsible, including:

- Visiting the supplier's facility;
- Examining prior work performed by the supplier;
- Checking financial and client references;
- Evaluating prior performance reports; and reviewing the Federal debarred/suspended contractor listing.

The consistent usage of a standard form, such as the template provided in Appendix E (Responsibility Determination Form), would ensure that the responsibility determination is performed completely and consistently.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: As noted in the review, Metra does have a standard checklist process in place on the bid tabulation form regarding the prospective contractor's responsibility and the Federal excluded parties list. The review noted deficiencies in informal procurements. Prior to this review all bid tabulation sheets for formal bids (over \$10,000.00) were properly filled out, including debarment.

Following the FTA review and effective immediately, all bid tabulation sheets for formal and informal bids (under \$10,000.00) will be checked and initialed by the buyer for

responsibility and the Federal excluded parties list. This process is in place and being used by the appropriate staff.

Reviewing Contractor's Response: This corrective action is acceptable but copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

19. Sound and Complete Agreement

Basic Requirement: Chapter III, Section 3.b. of FTA C 4220.1F requires that all contracts include provisions to define a sound and complete agreement. It should include proper specifications that allow for "administrative, contractual, or legal remedies . . . and a termination for cause and for convenience" clause.

Discussion: Of the forty-four (44) procurements reviewed, two (2) were found to be deficient. In both cases the contract documents do not clearly indicate the contract type. In one (1) procurement for blanket signal engineering services the contract does not specify whether it is firm-fixed-price or cost-plus-fixed-fee. In another procurement for manufacturing engineering in the rehabilitation of 176 bi-level passenger railcars on a cost-plus-fixed-fee basis, the contract does not include the fixed-fee component of the contract value.

Best Practices: All procurements above the micro-purchase threshold should be definitized by a written contract approved by appropriate legal and procurement personnel. The grantee may use checklists to remind involved personnel of the contract clauses required by the FTA in the Circular and the Master Agreement.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Two (2) contracts were found to be deficient. In both cases the contract documents do not clearly indicate the contract type.

The contract for the blanket Signal Engineering Services is a "not to exceed \$500,000.00" contract. The contract specified "total actual costs and fixed fee." Exhibit 5 in the contract is the Employee Compensation Schedule, listing the hourly rates for the contractor's staff, audited rate of 147.5%, and a profit rate of 10%. The file contains supporting documentation for the cost of task assignments. Metra's standard 4400 Cost Form indicates that the costs match the rates and fees listed on Exhibit 5.

The file for the Material Kitting & Manufacturing Engineering of 176 Bi-Level Passenger Cars contains Exhibit 2, Price Proposal. The Exhibit indicates the fixed fee value will include the labor cost and the Burden Rate is 10% of the fixed labor cost.

As discussed during the review pertaining to A & E blanket type of contracts, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual

negotiation occurred at the time a "task" was assigned, and then estimated hours were included along with the hourly and burden rate.

Following the FTA review, staff immediately incorporated the negotiation process to establish the fixed hourly rates and burden rate prior to any contract approval for all blanket fixed-fee type A & E contracts.

Reviewing Contractor's Response: The corrective action is not adequate. In the deficient contract documents, the cost-plus-fixed-fee type of contract is not denoted and the estimated costs and fixed fee is not included in the contract or revised when tasks or changes are implemented. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report. FTA will conduct a separate review of the Blanket Signal Engineering and the Material Fitting contracts to determine whether these contracts are eligible for federal funds.

24. Clear, Accurate and Complete Specifications

Basic Requirement: Chapter III, Section 3.a.(1)(a)(b)(d) of FTA C 4220.1F requires that grantees have a clear and accurate description of the technical requirements for the material, product, or service to be procured. Complete and accurate specifications are required to ensure that all potential bidders are given equal knowledge on grantee's requirements. Moreover, Section 8.c. (1) also indicates that a clear and adequate description of the product for services must be included in all solicitations.

Discussion: Of the fifty-four (54) procurements reviewed, seven (7) were found to be deficient. The end user develops the specification at Metra and in most cases the specifications meet the FTA requirements. In seven (7) of the procurements the specification either listed only manufacturer part numbers or generic, bulleted, lists of the tasks to be performed. For example, an engineering contract listed tasks such as "provide support" and "assist" with no additional details. Metra should include a detailed description of all requirements in enough detail to allow contractors to propose solutions and increase competition.

Best Practices: The FTA Best Practices Manual suggests that the specifications describe the grantees needs "as completely, clearly, accurately, and unambiguously as possible" in order to prevent the shipment of inadequate goods, and to prevent claims arising from errors. The grantee must ensure that specifications are clearly written and reviewed by enough people to ensure completeness and to insist that all orders and contracts contain clear specifications.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Of the fifty-four procurements reviewed, seven (7) were found to be deficient. Metra's response is partially addressed in Element 13 above, relating to "Brand Name" reference and listing salient characteristics.

The user departments will be tasked with "beefing-up" specifications and staff will hold pre-bid meetings, when appropriate, to address any questions that potential vendors may have. Staff will also continue to return purchase requisitions that are not complete back to the requisitioning department.

Reviewing Contractor's Response: This corrective action is acceptable but copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

25. Adequate Competition- Two or More Competitors

Basic Requirement: Chapter VI, Section 3.i (1)2.a. of FTA C 4220.1F indicates that adequate competition exists when two or more responsible bidders are willing and able to compete effectively for the business.

Discussion: Of forty-one (41) procurements reviewed, three (3) were found to be deficient. A procurement for elevator design and installation services received only one bid; a canvass of other potential firms revealed that several chose not to bid due to minimum qualifications that were included as an amendment to the solicitation. Another procurement for rail grinding services indicated that the previous award was made on the basis of a single bid in the solicitation documents. This may have prevented firms from participating. A procurement for IT system storage and hardware received a single bid due to a brand name being specified in the specifications. Metra does have an effective process in place to canvass suppliers when only one bid is received.

Best Practices: Efforts should be made to re-bid those items where only one supplier had submitted a bid under a specific IFB. In those instances where the judgment is made that there are no reasonable alternate sources, a single source justification must be included in the file describing the reasons for that determination. See the form attached as Appendix G for an example of a Non-Competitive Procurement Justification. Further, the grantee should pre-qualify suppliers so that an ample number of suppliers bid on its requirements. See the form attached as Appendix F to assist in aiding Metra in making decisions when only one bid or proposal is received.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Three (3) files were noted as deficient. In all three solicitations, specifications were very specific and detailed. As was noted in the review, Metra has an effective process in place to canvas suppliers when only one bid is received. Additionally, staff does review the solicitation process and canvas responses to determine if there is adequate competition or that a single source is justified.

Metra concurs, a single source justification will be included in the file at the conclusion of the canvas review, or it will be noted that Metra will re-solicit bids/proposals based upon the canvas results.

Reviewing Contractor's Response: Metra's corrective actions are not adequate. In the noted procurements, there was information included in solicitation documents that affected the number of bids received. The corrective action should address the process to ensure that solicitations do not include this prohibitory language. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

36. Evaluation [RFP]

Basic Requirement: Chapter VI, Section 3.d (2)(b)(d) of FTA C 4220.1F requires that:

- All evaluation factors are identified along with their relative importance.
- Grantees have a method in place for conducting technical evaluations of the proposals received and for selecting awardees.

Discussion: Of the twelve (12) procurements reviewed for this requirement, three (3) were found to be deficient. Metra specified the evaluation factors along with their relative importance in the majority of the solicitations reviewed; however, in two (2) cases, there was no statement that the criteria were listed in order of importance. In one (1) procurement for manufacturing engineering in the rehabilitation of 176 bi-level passenger railcars the evaluation criteria were not followed when making the award. Metra's procedures for conducting solicitations are in line with the FTA requirements. Metra should ensure the consistent application of these procedures.

Best Practices: The chosen method of solicitation must take into account factors other than price alone. Price must always be a factor in establishing the competitive range, unless the work envisioned is Architectural and Engineering services. For construction type procurements where design must occur during the performance period, either a design-build or two-step procurement method should be used. The intention to use a specific method of procurement must be stated in all solicitation documents in order to provide clear expectations from potential contractors.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Metra does have established evaluation processes.

Going forward, the Evaluation Criteria "in order of importance" will be noted starting immediately. This process has already been implemented. The appropriate staffs in Professional Services have already reviewed the procedure.

Reviewing Contractor's Response: Metra's corrective action is not adequate. The corrective action should be focused on ensuring that this does not happen again. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report. As noted previously in this section, FTA will conduct a separate review of this contract to determine whether it is eligible for federal funds.

37. Price and Other Factors [RFP]

Basic Requirement: Chapter VI, Section 3.d (2)(e) of FTA C 4220.1F indicates that:

- Awards made to firm whose proposal is most advantageous to the grantee's program with price and other factors considered
- Grantees may award to the proposer whose proposals offer the greatest business value to the Agency based upon an analysis of a tradeoff of qualitative technical factors and price/cost to derive which proposal represents the "best value." "Best value" language must be in the solicitation.

Discussion: Of the twelve (12) procurements reviewed for this requirement, four (4) were found to be deficient and eight (8) were found to be not deficient. Deficient findings all relate to the improper use of the Brooks Act method of procurement. In some cases Metra used the Brooks Act for services that were not related to A&E, while in other cases the firms were correctly evaluated excluding price but were then given a budgeted amount as the contract award with no record of price negotiations.

Best Practices: The Grantee should ensure that the A&E method of procurement be used only when construction work is anticipated. Decision criteria should be established to identify when a purchase is an A&E construction method or any other professional service. Documentation of the award justification based on price and other factors should clearly identify the key considerations.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Metra uses the Brooks Act method of procurement for A & E and construction management type contracts. The Request for Proposal for these contracts lists the number of contracts that will be awarded and the "not to exceed" amount for each type of contract. The contract award may be for signal design, bridge design, or construction management, etc.

Metra concurs and Element 19 above addresses how future A & E typo contracts will be negotiated prior to contract award for fix-fee contracts.

In Element 37 the Reviewer indicates that Metra used the Brooks Method improperly for the non A & E services that were identified during the review. In these contracts, cost was an element of the evaluation; however, the technical portion was opened, evaluated, and scored first, and then the cost portion was opened and evaluated. Finally, the two portions,

technical and cost, determined the total score for the respective proposer. The reason justifying keeping cost separate was so that the cost portion would not influence the evaluators' analysis of the technical portion of the proposal.

Reviewing Contractor's Response: Metra's response is not adequate. Metra used the incorrect method of procurement, and should create a corrective action that prevents re-occurrence in the future. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report. FTA will conduct a separate review of the contract for the manufacturing and engineering of the 176 bi-level passenger railcars to determine whether this contract is eligible for federal funds.

39. Cost Analysis Required [Sole Source]

Basic Requirement: Chapter VI, Section 6.a of FTA Circular 4220.1F confirms that a cost analysis must be obtained when the offeror submits elements (labor hours, overhead, materials, etc.), when the price competition is inadequate, when there is only a sole source available, or when an order is changed. The recipient is not obligated to obtain a cost analysis where price reasonableness of the proposed contracts can be justified on the basis of a catalog or market price of a commercial product sold in large quantities to the general public, or where law or regulation have established price.

Discussion: Of the three (3) procurements reviewed for this requirement, all three (3) were found to be deficient. The file documentation for the procurement of door closers and anti-freeze devices contained a price analysis but did not have an analysis of profit or fee. A cost breakdown was provided by the supplier in a procurement for the relocation of Demarc but no analysis was conducted. A final procurement for fleet management services utilized GSA pricing which is not allowable when using FTA funds.

Best Practices: The grantee may consider the following Best Practices in cost analysis--

- Verification of cost or pricing data and evaluation of cost elements
- Evaluation of effect of offeror's current practices on future costs
- Comparison of costs proposed with actual or previous cost estimates
- Verification of offeror's costs with Federal cost principles

A standard form, such as the one in Appendix H may be used to document compliance with this requirement.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Of the three (3) procurements reviewed for this requirement, all three (3) were found to be deficient. The purchase order file for door closers and anti-freeze devices did contain a price analysis and Metra's Audit Department cost analysis summary (see

attached Element 39). Metra's Audit Department conducted an independent evaluation of price as the vendor declined to provide costs.

The third purchase order identified for Fleet Maintenance was inadvertently coded incorrectly (input error), which identified it using Federal funds. It is not funded with Federal funds and the funding source has been corrected. See Element No. 38.

It is Metra's practice to perform a cost analysis on all federally funded sole source procurements. The appropriate staff has reviewed the required process to ensure its inclusion in the contract file.

Reviewing Contractor's Response: Metra's response is not adequate as it did not address the deficiency. Metra does not have an adequate process to conduct cost analysis and the corrective action does not address how cost analyses will be improved to be compliant in the future. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

41. Cost or Price Analysis

Basic Requirement: Chapter VI, Section 6.a. of FTA C 4220.1F requires that grantees perform a cost or price analysis in connection with every procurement action, including contract modifications.

Discussion: Fifty-three (53) procurements were reviewed. Six (6) were found to be not deficient, and forty-seven (47) were found deficient. Metra does not have a consistent process in place to complete a cost or price analysis. While several good examples of price analysis were found, the documentation of this analysis was missing in the majority of the files reviewed.

Best Practices: The grantee must ensure that all contract specialists understand the elements of price analysis, and that files reflect the use of such analysis to show a logical determination of price reasonableness. Sources of information that are available to conduct a price analysis include:

- Comparisons with other competitive proposals
- Previous contracts
- Catalog or market prices
- Historical prices and trending
- Independent cost estimates

One method to record this analysis is through use of a preprinted form on which a contracting officer (or other responsible person) can annotate a finding of fair and reasonable pricing and check off the most common reasons why this would be so such as catalog or market prices offered in substantial quantities to the general public, regulated prices (e.g., for many utilities purchases), or comparison with recent prices for similar goods and services.

The grantee should conduct a more thorough analysis of price variances on bids, examining variances from the independent estimate as well as the differences between bids recorded. The form included as Appendix I provides an example of price analysis factors to be considered.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Fifty-three (53) procurements were reviewed. Six (6) were found to be not deficient, and forty-seven (47) were found deficient.

While the review did find some good examples of price analysis, the documentation of this analysis was missing in the majority of the files reviewed.

Metra concurs and will implement the recommendation and modify Metra's bid tabulation document sheet to include a statement, based upon staff's analysis, that the price quoted by the lowest responsive and responsible bidder is fair and reasonable based on competitive bids. Additionally, the price/cost analysis requirement is included in the contract file checklist. The process has been implemented with the appropriate staff.

Reviewing Contractor's Response: The corrective action is adequate but copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

42. Written Record of Procurement History

Basic Requirement: Chapter III, Section 3.d (1) of FTA C 4220.1F requires that grantees maintain records detailing the history of each purchase. At a minimum, the following must be included in the procurement files:

- The rationale for the method of procurement;
- Selection of contract type;
- Reasons for contractor selection or rejection;
- The basis for contract price.

This requirement applies to all procurements except micro-purchases.

Discussion: Of the fifty-four (54) procurements reviewed, fourteen (14) were found to be deficient. In general, there is a lack of file organization at Metra and minimal documentation on procurement planning activities. In the fourteen (14) procurement files found to be deficient, the reviewing contractor was unable to determine the reason for the contractor selection or the basis for the contract price.

Best Practices: The *Best Practices Manual* states "a properly documented procurement file provides an audit trail from the initiation of the requirement to the beginning of the contract." In addition, a well-documented file can be interpreted on its own, without any

assistance or additional information. Other agencies use periodic internal audits of the files and the use of checklists to ensure compliance. The grantee could modify its Purchase Summary to list the required elements of the Circular, such as the solicitation method and contract type (sealed bid- fixed price, competitive proposal- fixed price, competitive proposal- time and materials, or sole source).

The grantee should initiate a method of central tracking of their procurement activity. A policy describing the need for important file documentation to be captured in purchasing files should be established. Training should be provided to all personnel involved in the procurement process to ensure that proper procedures are being followed. In addition, the use of checklists would facilitate this process. The *Best Practices Procurement Manual* recommends the following procurement file documentation where appropriate:

- Purchase request, acquisition planning information and other pre-solicitation documents
- Evidence of availability of funds
- Rationale for the method of procurement (negotiations, formal advertising)
- List of sources solicited
- Independent cost estimate
- State of work/scope of services
- Copies of published notices of proposed contract action
- Copy of the solicitation, all addenda and all amendments
- Liquidated damages determination
- An abstract of each offer or quote
- Contractor's contingent fee representation and other certifications and representations
- Contracting Officer's determination of contractor responsiveness and responsibility
- Cost or pricing data
- Determination that price is fair and reasonable including an analysis of the cost and price data
- Required internal approvals for award
- Notice of award
- Notice to unsuccessful quoters or offerors and record of any debriefing
- Record of any protest
- Bid, Performance, Payment or other bond documents and notices to sureties
- Required insurance documents, if any, and
- Notice to proceed

See Appendix J for examples of file checklists to be made for different contracting methods and change orders.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Of the fifty-four procurements reviewed, fourteen (14) were found

to be deficient. In general, there is a lack of file organization at Metra and minimal documentation on procurement planning activities. In the fourteen (14) procurement files found to be deficient, the reviewer was unable to determine the reason for the contractor selection or the basis for the contract price.

Metra's course of action is as follows:

A "Contract/Purchase Order File Content Check List Form for Contracts/Po's Over \$10,000. 00" is in the file for all contracts solicited and awarded using the IFB or the RFP process. The checklist consists of Date, Initials (Buyer), and Activity of the following:

Pre-Award Activity

1. Requested Independent Cost Estimate of Contract/Purchase Order Valuation
2. Received Independent Cost Estimate of Contract/Purchase Order Valuation
3. Copy of Requisition
4. Invitation for Bids Memorandum with Pre-bid summary
5. Certified Copy of Invitation for Bids
6. Internal Request for Quotation Checklist to Appropriate Using Department
7. Addenda and/or other External Correspondence/Internal Memoranda
8. Applicable Exhibits Included
9. Bid/Proposal Tabulation, Blue Copy of P.O. or Original Contract
10. Received Evaluation Form IFB/RFP Evaluation Loner and Supportive Selection Documentation sent to/from Using Department
11. Internal/External Letters/Memoranda, i.e. DBE Correspondence, Short List, Insurance
12. Protest Notification Forward to Grants Department (If Applicable)
13. Protest Resolution Forward to Grants Department (If Applicable)
14. 4400 Form for A & E/Professional Services Contract
15. Price/Cost Analysis (When Required)

Post Award Activity

1. Performance Labor Material Bond (Construction Only)
2. Notice to Proceed/Vendor Acknowledgment
3. Contracts Completion Form
4. Contract/P.O. Complete/100% Received

The file also has a list of vendors solicited for an IFB or RFP. The requisition is reviewed by Metra's Grants Department to assure that funds are available prior to processing the IFB or RFP solicitation.

Additionally, see the attached instructions for the Organization of Contract File Folders, Operating Files and Purchase Orders (Capital and Operating). This process is in place and being used by the appropriate staff.

Reviewing Contractor's Response: Metra's response is not adequate because it does not address the deficiency. For example, the proposed checklist did not include the required

determination of the procurement method and the contract type in Pre-Award activities. Copies of revised procedures and processes, copies of proposed checklists by procurement method, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

44. Out of Scope Changes

Basic Requirement: Chapter VI, Section 3.i. (1)(b) of FTA C 4220.1F indicates that a contract change that is not within the scope of the original contract is to be considered a sole source procurement. The grantee must justify why an amendment was the only feasible course of action, and must comply with FTA requirements for cost analysis and profit negotiation.

Discussion: The reviewing contractor noted three (3) contract changes in the procurements reviewed that were out of scope and were not treated as sole source procurements. In the installation and service of core routers the contract value was increased from \$120,000 to \$220,000, an increase of 83%. A procurement for ticket vending machines increased the number of machines from 14 to 29; there was no documentation that these increases were evaluated. In the procurement for an ADA station upgrade, the installation of bike racks was added to the scope of work without the proper sole source justification.

- Best Practices: A change order that is not within the scope of the original contract is considered a cardinal change or a sole source procurement by the FTA. Significant case law exists to support the definition(s) of out of scope changes. If the modification is so substantive that it changes the complexion of the deal, it is out of scope. If the modification might have been fairly and reasonably within the contemplation of the parties at the time the contract was signed it may be in scope. Questions to be asked to warn of out of scope changes are:
 - Is the end item or service substantially changed (by an individual modification or as a cumulative effect of several modifications)?
 - How does the change price compare to the contract price? Is it substantial?
 - What resources are required to accomplish the new work? A different set of resources signals an out of scope change.
 - Would the competitive factors be different if the change were proposed as part of the original contract?
 - Would different firms have bid?

See Appendix K for an example of a form to be used to assess each contract change.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: The review noted three (3) contract change orders in procurements that were out of scope and were not treated as sole source procurements.

The change order for the installation and service of core routers consisted of extending the contract completion date by one year at the same pricing, and to increase the value of the contract for the work performed during this period. The fees of the original contract remained the same during the extended period of performance.

Metra concurs and the processing for the additional routers should have been done as a sole source.

In reviewing the ticket vending machine file for the change order, Metra found that the number of machines was increased from 15 to 29, and the file has documentation dated March 26, 2010 from Metra's Audit Department. The documentation states that the "quoted price for the Change Order appears reasonable." The additional 14 vending machines were ordered at the direction of the Executive Director.

Metra concurs and the processing for the additional machines should have been done as a sole source.

The change order for the ADA improvements at the BNSF - Route 59 station upgrade consisted of widening the existing platform, adding additional lighting, sidewalk widening, landscaping, and replacing an existing bike rack that was in place prior to the improvements. The bike rack was removed for the improvements but was damaged in the process and was not salvageable.

Metra concurs and the processing for the bike rack should have been done as a sole source.

Reviewing Contractor's Response: Metra's response is not adequate because it doesn't address the deficiency. There is no process, procedures, rules, or checks and balances proposed to ensure that sole source amendments are properly reviewed. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

46. Progress Payments

Basic Requirement: Chapter IV, Section 2.b. (5) (c) of FTA C 4220.1F indicates that progress payments are allowed if:

- (1) They are only made to the contractor for costs incurred in the performance of the contract.
- (2) Adequate security is obtained (such as taking title, letter of credit or equivalent means)

Discussion: Forty-four (44) procurements were reviewed for this requirement. Twenty-five (25) were not applicable, ten (10) were not deficient, and nine (9) were found deficient. Metra has two different standard clauses for progress payments; in one version of the clause the provision that title will transfer to Metra upon payment is included, in the other version, this language is missing. Metra should ensure that all contracts containing progress payments include the provision that title for the completed work will transfer to Metra upon payment.

Best Practices: The grantee should develop "boilerplate" payment clauses detailing the FTA requirements that are inserted into any contract containing a provision for progress

payments. Such clauses should also be part of any purchase order or contract containing provisions for progress payments in advance of project completion.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: The deficient files were lacking the statement that "title for the completed work will transfer to Metra upon payment." Metra's construction contracts do contain the appropriate language. However, the deficient files lacking the appropriate language were procurements under \$10,000.

Metra concurs and will notify all bidders that Federal statutory and regulatory applicable requirements do apply for federal funded purchases. Additionally, required clauses will be maintained in the respective procurement file. This process will be in place within 30 days.

Reviewing Contractor's Response: Metra's response is not adequate because it didn't fully address the deficiency. All contracts with deficient progress payments should be revised, and the standard language should be included in all current and future solicitations and contracts. Evidence of the contract modifications for all deficient contracts and copies of revised procedures and processes, copy of the revised contract language, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

48. Cost Plus Percentage of Cost

Basic Requirement: Chapter VI, Section 2.c. (2) (a) of FTA C 4220.1F indicates that the cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

Discussions: Of the forty-four (44) procurements reviewed for this requirement, forty-one (41) were not deficient and three (3) were found to be deficient. In two (2) cost-plus-fixed-fee procurements for construction management services, there was a fixed-fee by task order rather than an overall fixed-fee for the contract. Under the cost-plus-percentage-of-cost methodology there is no stated limit to the amount of fee the supplier may be able to receive. The procurement for ticket vending machines was documented as a cost-plus-fixed-fee contract; however, no fixed-fee was noted in the compensation provisions. Metra should include a total fixed-fee for all cost type contracts.

Best Practices: The cost-plus-a-percentage-of-cost type of contract is banned in Federal Acquisition and cannot be used by Grantees.

Corrective Action: Metra should revise all contracts that do not state a fixed-fee and ensure that all contracts include language about the type of contract intended. Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: The Element's Discussion listed on the FTA Procurement System Review states:

"Of the forty-four (44) procurements reviewed for this requirement, forty-one (41) were not deficient and three (3) were found deficient. In two (2) cost-plus-fixed-fee procurements for construction management services, there was a fixed-fee by task order rather than an overall fixed-fee for the contract. Under the cost-plus-percentage-of-cost methodology there is no stated limit of fee the supplier may be able to receive. The procurement for ticket vending machines was documented as a cost-plus-fixed-fee contract; however, no fixed-fee was noted in the compensation provisions. Metra should include a total fixed-fee for all cost type contracts."

Metra does not concur. Metra's 4400 Cost Form 4400 for construction contracts does have a fixed-fee field on the form. However, the contract for the vending machines states: "the prices stipulated on Metro's Form 4400 (or any other cost or price schedule) which is either attached as Exhibit 2 of this Agreement, or is incorporated by reference, as directed by Metra." This contract did not require a Form 4400 since price lists were in Exhibit 2. Exhibit 2 consisted of three price lists:

The first price list is for the vending machines at a unit price of \$1,234.94 each; the second price list is for the Data System Elements at a lot cost of \$64,800.00, and in addition, a total of four lots of various spare parts at a total cost of \$105,070; and the third price list is for various communication, transactional, maintenance and customer support fees at a rate of per transaction or per month fees.

The other two (2) deficient findings pertained to A & E blanket type of contracts, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual negotiation occurred at the time a "task" was assigned, when estimated hours were included along with the hourly and burden rate.

Metra concurs and effective immediately the process has been implemented for negotiating to establish the fixed hourly rates and burden rate done prior to any contract approval for all blanket fixed-fee type A & E contracts.

Reviewing Contractor's Response: Metra's response is not adequate. Metra should amend the construction management contract to include an overall estimated costs and fixed fee. Evidence of this amendment must be provided to FTA as well as the history of all amendments with associated costs and fixed fees. Further, all existing contracts of this type should be revised. A list of these contracts, the history of cost and fixed fee additions, and evidence of contract modifications incorporating this change must be provided to FTA. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

52. Serial Price Negotiations [A&E]

Basic Requirement: Chapter VI, Section 3.f. (3) (d) of FTA C 4220.1F indicates that under the Brooks Act:

- Negotiations be conducted with only the most qualified offeror
- Failing agreement on price, negotiations with the next most qualified offeror be conducted until a contract award can be made to the most qualified offeror whose price is fair and reasonable to the grantee.

Discussion: Two (2) A&E procurements were reviewed for this requirement and one (1) was found to be deficient due to a lack of documentation on negotiations conducted. There was no documentation on how the final blanket purchase order value was arrived at or any evidence of negotiations.

Best Practices: The use of serial negotiations to determine the contract price after the preferred technical choices have been made addresses the cost issue as secondary to the quality issues. The grantee must be careful to specify a realistic level of qualifications required to perform the work and then evaluate against those needs to avoid technical selection of over-qualified firms whose pricing may be difficult to adjust to the grantee's budget. Both procurement and technical staff must be knowledgeable in A&E procurement requirements.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Two (2) A & E procurements were reviewed for this requirement and one (1) was found deficient due to lack of documentation on negotiations conducted. There was no documentation on how the final blanket purchase order value was arrived at or any evidence of negotiations.

This contract was one of 8 awards issued from Request for Proposal No. 87659, and the original scoring documentation is located in the first contract, K30869, and is referred to in the contract file that the review found deficient. However, the value of the contract is noted on the Request for Proposal as a "not to exceed" amount, and in this case, that contract had a set value of \$500,000.00. In addition, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual negotiation occurred at the time a "task" was assigned when estimated hours were included along with the hourly and burden rate.

Metra concurs and effective immediately the process has been implemented for negotiating to establish the fixed hourly rates and burden rate done prior to any contract approval for all blanket fixed-fee typo A & E contracts.

Reviewing Contractor's Response: Metra's response to this deficiency is not adequate because it did not address how this deficiency will be corrected. All of the contracts issued from RFP No. 87659 should be amended. The history of contract costs and fee must be provided to FTA and evidence of contract changes must be provided to FTA. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

56. Clauses

Basic Requirement: Chapter IV, Section 2 and Appendix D of FTA C 4220.1F indicates that:

- A current but not all inclusive and comprehensive list of statutory and regulatory requirements applicable to grantee procurements (such as Davis-Bacon Act, Disadvantaged Business Enterprise, Clean Air, and Buy America) is contained in the FTA Master Agreement.
- Grantees are responsible for evaluating these requirements for relevance and applicability to each procurement.

Discussion: Of the fifty-three (53) procurements reviewed for this requirement, twenty-three (23) were found to be deficient. The standard contract clauses used by Metra for purchases under the small purchase threshold and for professional services do not include the clauses required by FTA.

Best Practices: The Best Practices Procurement Manual discusses which Federal clauses are to be flowed down to sub-contractors and third parties. The flow-down requirements are applicable not only to contracts but to purchase orders as well. See Appendix L, Contract Clauses for an example of a contract clause listing. Purchase order forms that include these requirements should be put in place. Including all required clauses in every file would simplify contract preparation for all federally funded items. Current procedures do not list all the specific flow-down requirements and should be updated to do so, whether in an appendix or in the body of the procedure. Grantees should also provide training to all personnel who are involved in the procurement process (including sub-contractors) to ensure they are familiar with the requirements of the FTA Circular and Master Agreement.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: The 23 deficient files lacking the appropriate FTA Clauses were identified against Metro's procurements under \$10,000.

Metra concurs and will notify all bidders that Federal statutory and regulatory applicable requirements apply for all federally funded purchases. Additionally, required clauses will be maintained in the respective procurement file. This process will be in place within 30 days.

Reviewing Contractor's Response: Metra's response is not adequate because it did not address how the required clauses will be included in contracts for professional services. The corrective action must be revised to include the current and future inclusion of clauses in this type of contract. Copies of revised procedures and processes, evidence of training, and independent audit reports validating the use of compliant procedures must be provided to FTA within 30 days of the date of the final report.

Buy America Requirements

The purchase for the utility trucks and cargo vans was reviewed for this requirement and was found to be deficient in both the pre-award review and post-delivery audit. FTA requires that the Buy America certifications be completed for vehicle procurements exceeding \$100,000 even if they are not commonly regarded as rolling stock.

Corrective Action: Metra must respond within thirty (30) days from the date of the final report and provide detailed procedures, evidence of adequate training and evidence of independent audits confirming that procedures are being followed consistently.

Metra's Response: Metra is aware of Buy America requirements pertaining to Rolling Stock procurements and has completed "pre" and "post" Buy America audits for past rolling stock procurements.

Metra concurs that the procurement of rubber tire cargo vans should have been done in accordance with Buy America requirements. Staff is in the process of reviewing what is required for rubber tire vehicles and then they will perform the appropriate analysis and reviews.

Reviewing Contractor's Response: The requirement for pre-award and post-delivery audits does not apply to the purchase of non-revenue rolling stock; however, non-revenue rolling stock must comply with 49 C.F.R. Part 661. Metra has not provided documentation that the vehicles purchased, in fact, complied with applicable Buy America requirements. Metra must provide that documentation within 30 days of the date of the final report. Failure to provide this documentation may result in the non-participation of FTA in this procurement. Additionally, Metra must provide documentation that all other FTA-funded procurements completed for the years 2007-2011 for non-revenue rolling stock (including contracts P.O. K90086, P.O. K90128, and P.O. K90083) complied with 49 C.F.R. Part 661 within 30 days of the date of the final report. For future non-revenue rolling stock purchases, copies of revised procedures and processes; evidence of training; and independent audit reports validating the use of compliant procedures, must be provided to FTA within 30 days of the date of the final report.

VI. SUGGESTIONS FOR IMPROVING THE PROCUREMENT SYSTEM

The suggestions for improving the system are provided by the reviewing contractor to highlight practices that were observed during the PSR that, if not changed, could result in future deficiencies. These suggestions do not address FTA requirements, but point to under-performing or non-existent elements of the grantee's procurement system. Seventeen (17) improvements were suggested, as specified below:

1. Alter the RFP scoring process such that all evaluation committee members prepare individual scores and submit to procurement to roll-up for discussion. This will ensure transparency in the evaluation process.
2. The Board of Directors should approve all changes to the policy and procedure manual.
3. Improve file organization by implementing file tab checklists for procurement file documentation. This will ensure that all documentation is consistently maintained for each contract file.
4. Implement a process where the Board of Directors approves all contracts over a certain dollar threshold regardless of method of procurement.
5. Reduce allowable acceptance of gifts to a maximum amount of \$25.
6. Improve procurement planning and documentation of planning activity.
7. Include CPFF and T&M contract administration guidelines in policies and procedures.
8. Final overhead rates should be determined within ninety (90) days from the end of each calendar year for all CPFF type contracts.
9. Revise Ordinance 94-1 to reflect current FTA terminology, for example, use of RFP and Sealed Bid rather than Competitive Bidding.
10. Review use of the term "retainer" to avoid misunderstanding of contract type.
11. Maintain a copy of the cost analysis completed by internal audit in the procurement file.
12. Include documentation of responsibility determination and EPLS check in procurement file in addition to the notation on the bid tab.
13. Evaluate the composition of evaluation committees to ensure that there is cross-functional representation.
14. Implement training on FTA requirements for all members of the Materials Management team.
15. When making significant changes to the requirements during the solicitation such as occurred in the procurement for elevator design and installation, Metra should cancel the original solicitation and rebid.
16. Revise the change order authorization form language to read that the change is either "in scope" or "out of scope" only.
17. When a single bid is received, include additional information about the market analysis conducted.

VII. APPENDIX ITEMS

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Appendix A: Deficient Contracts by Element

Solicitation						
Number						
2	Contract Administration System	System-Wide Element				
5	System for Ensuring Most Efficient & Economic Purchase	System-Wide Element				
6	Procurement Policies & Procedures	System-Wide Element				
7	Independent Cost Estimates	Small Purchase	87251	\$7,182.00	Western Remae Inc.	Acrylic Frames
		IFB	03725; MPA P0185	\$580,000, NTE \$2M	Century Contractors	Dump Truck Rental
		IFB	4747	\$200,000.00	Asplundh Tree Expert Co.	On Track Tree Trimming
		IFB	92276	\$100,000.00	Digital Imaging Resources	Printing/Reproduction Services
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	84505	\$250,000; C.O. \$520K or \$770K	Diamond Mgmt and Tech	Revenue Accounting Services
		Sole Source	90819	\$12,811.00	AT&T	Relocation of Demarc
Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services		
12	Arbitrary Action	RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
		RFP	44057	CO #1 for \$119,480	Edwards and Kelsey	Design of 22 Union Pacific-North Line Bridge
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
13	Brand Name Restriction	Small Purchase	99792	\$5,274.00	Dell Marketing	Laptop Computers
		Small Purchase	4249	\$9,997.04	General Cable	Wire
		IFB	72235	\$16,066,800.00	Progress Rail Services	Re-manufacture EMD F40 PH Locomotives; Rebid of Remanufacture of 50 EMD
		IFB	91582	\$312.50 (line item from IFB)	Electrowire	Wire and Cable
		IFB	4747	\$200,000.00	Asplundh Tree Expert Co.	On Track Tree Trimming
		IFB	87991	\$171,338.00	Mainline Info Systems	IBM System Storage and Hardware
		IFB	90412	\$32,099.98	Revere Electric Supply Co.	Temperature Control Kits
15	Contract Period of Performance	RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars

Item	Procurement Method	RF#	Amount	Contractor	Services	
16	Written Procurement Selection Procedures	IFB	90271; MPA P0158	\$70,000, NTE \$2.5M	Century Contractors	Paving
		IFB	03725; MPA P0185	\$580,000, NTE \$2M	Century Contractors	Dump Truck Rental
		RFP	99771	\$120,000.00	AT&T	Cisco Core Routers Installation
		RFP	86671	\$1,574,424.21	Raul v. Bravo and Associates	Inspection Services for Locomotive Remanufacture
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
		RFP	2847	\$3,579,474.48	IBM	Maintenance, Modification, and Warranty Tracking
18	Award to Responsible Contractor	IFB	99635	\$39,174.00	Handi-Hut	Passenger Shelter
		IFB	90653	\$4,958,500.00	Blinderman-Mecco-JV	Winnetka Station Construction
		IFB	90078	\$1,943,502.00	Terry's Ford	Utility Trucks and Cargo Vans
		IFB	90271; MPA P0158	\$70,000, NTE \$2.5M	Century Contractors	Paving
		IFB	90297	\$574,900.00	Chicagoland Paving Contractors	Pringree Rd. Station Parking Lost
		IFB	91582	\$312.50 (line item from IFB)	Electrowire	Wire and Cable
		IFB	98511	\$8,895,891.00	John Burns	Construction of New Commuter Rail Station at 35th Street
		IFB	85927	\$5,698,000.00	FH Paschen, NS Nielson	75th and 79th Bridge Reconstruction
		IFB	2512	\$66,895,000 (base contract)	Walsh Construction	Union Pacific RR/METRA North Line Bridges, Retaining Walls, Ravenswood Station
		IFB	90763, PO139	\$31,500, NTE \$2.5M	Engineered Plastics	Composite Deck Panels
		IFB	4747	\$200,000.00	Asplundh Tree Expert Co.	On Track Tree Trimming
		IFB	90206	\$1,130,011.50	Chicagoland Paving	Elburn Station Parking
		RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System
		RFP	99771	\$120,000.00	AT&T	Cisco Core Routers Installation
		RFP	86671	\$1,574,424.21	Raul v. Bravo and Associates	Inspection Services for Locomotive Remanufacture
		RFP	4690	\$896,733.46	Systems Development Integration	Email Migration Implementation
		RFP	42990	\$2,589,528.26	Smith Engineering Consultants	Metro/Oswego and Other Design and Engineering Services
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending

18	Award to Responsible Contractor (cont.)	RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
		RFP	2847	\$3,579,474.48	IBM	Maintenance, Modification, and Warranty Tracking
		Sole Source	91773	\$329,783.58	Vapor Stone Rail Systems	Door Closures; Anti-Freeze Components
		Sole Source	90819	\$12,811.00	AT&T	Relocation of Demarc
		Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services
19	Sound and Complete Agreement	RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
24	Complete Specification	Small Purchase	99792	\$5,274.00	Dell Marketing	Laptop Computers
		IFB	90078	\$1,943,502.00	Terry's Ford	Utility Trucks and Cargo Vans
		IFB	4747	\$200,000.00	Asplundh Tree Expert Co.	On Track Tree Trimming
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services
25	Adequate Competition	IFB	2465	\$1,372,308.00	Schindler Elevator Corp.	Elevators
		IFB	3282	\$300,000; Proposal \$632,774	Loram Rail Services	Rail Grinding Service
		IFB	87991	\$171,338.00	Mainline Info Systems	IBM System Storage and Hardware
36	Evaluation [RFP]	RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
37	Price and Other Factors [RFP]	RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
38	Sole Source	Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services
39	Cost Analysis Required [Sole Source]	Sole Source	91773	\$329,783.58	Vapor Stone Rail Systems	Door Closures; Anti-Freeze Components
		Sole Source	90819	\$12,811.00	AT&T	Relocation of Demarc
		Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services

41	Cost or Price Analysis	Small Purchase	4583	\$9,177.18	Fasteners Plus Inc.	Misc. Fasteners
		Small Purchase	3674	\$6,335.00	Motion Savers Inc.	Shelving
		Small Purchase	90220	\$4,142.40	WS Hampshire Inc.	Electrical Insulation Molded Glass Mat
		Small Purchase	99792	\$5,274.00	Dell Marketing	Laptop Computers
		Small Purchase	2028	\$2,884.50	Kustom Seating Unlimited	Fiberglass Cloth
		Small Purchase	90831	\$7,696.80	Revere Electric Supply	Ballasts, Lampholders and Co.
		Small Purchase	4249	\$9,997.04	General Cable	Wire
		Small Purchase	98398	\$9,885.00	Standby Power System Consultants	Removal/Installation of Battery Charger Back-up
		Small Purchase	91199	\$2,500.00	GMI LLC	Wire and Cable
		Small Purchase	87251	\$7,182.00	Western Remae Inc.	Acrylic Frames
		IFB	99635	\$39,174.00	Handi-Hut	Passenger Shelter
		IFB	90653	\$4,958,500.00	Blinderman-Mecco-JV	Winnetka Station Construction
		IFB	91082	\$58,312.00	NW General Contractors Inc.	Lockput Station Construction
		IFB	2465	\$1,372,308.00	Schindler Elevator Corp.	Elevators
		IFB	99364	\$1,057,636.00	Westcode Inc.	Alc. And Motor Controls
		IFB	91767	\$1,351,740.00	TTA	Overhaul of Bi-Level Coach Trucks
		IFB	90078	\$1,943,502.00	Terry's Ford	Utility Trucks and Cargo Vans
		IFB	3858	\$25,000.00	Netrix LLC	Network Communications Equipment
		IFB	3282	\$300,000; Proposal \$632,774	Loram Rail Services	Rail Grinding Service
		IFB	90271; MPA P0158	\$70,000, NTE \$2.5M	Century Contractors	Paving
		IFB	03725; MPA P0185	\$580,000, NTE \$2M	Century Contractors	Dump Truck Rental
		IFB	90170	\$95,136.00	North America Video	Ethernet, Rack and Transceiver
		IFB	90297	\$574,900.00	Chicagoland Paving Contractors	Pringree Rd. Station Parking Lost
		IFB	98932	\$500,000.00	Illinois Constructor Corp.	Bridge Repair Services on Retainer Basis
		IFB	91232	\$1,755,805.80	Freyssinct LLC	Elec. Dist. Brs. Repair 59th - 76th
		IFB	98511	\$8,895,891.00	John Burns	Construction of New Commuter Rail Station at 35th Street
		IFB	85927	\$5,698,000.00	FH Paschen, NS Nielson	75th and 79th Bridge Reconstruction
IFB	2512	\$66,895,000 (base contract)	Walsh Construction	Union Pacific RR/METRA North Line Bridges, Retaining Walls, Ravenswood Station		
IFB	90763, PO139	\$31,500, NTE \$2.5M	Engineered Plastics	Composite Deck Panels		

41	Cost or Price Analysis (cont.)	IFB	4747	\$200,000.00	Asplundh Tree Expert Co.	On Track Tree Trimming
		IFB	88004	\$4,324,920.00	Passer American Corp.	Category Inspection and Maintenance
		IFB	91347	\$564,000.00	John Burns Construction	Construction Services at Joliet Station
		IFB	87481	\$26,148.00	Monogram Systems	Retention Toilets
		IFB	92276	\$100,000.00	Digital Imaging Resources	Printing/Reproduction Services
		IFB	90206	\$1,130,011.50	Chicagoland Paving	Elburn Station Parking
		RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System
		RFP	99771	\$120,000.00	AT&T	Cisco Core Routers Installation
		RFP	86671	\$1,574,424.21	Raul v. Bravo and Associates	Inspection Services for Locomotive Remanufacture
		RFP	4690	\$896,733.46	Systems Development Integration	Email Migration Implementation
		RFP	42990	\$2,589,528.26	Smith Engineering Consultants	Metro/Oswego and Other Design and Engineering Services
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	84505	\$250,000; C.O. \$520K or \$770K	Diamond Mgmt and Tech	Revenue Accounting Services
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
42	Written Record of Procurement History	Small Purchase	4249	\$9,997.04	General Cable	Wire
		Small Purchase	98398	\$9,885.00	Standby Power System Consultants	Removal/Installation of Battery Charger Back-up
		IFB	91767	\$1,351,740.00	TTA	Overhaul of Bi-Level Coach Trucks
		IFB	3282	\$300,000; Proposal \$632,774	Loram Rail Services	Rail Grinding Service
		IFB	90271; MPA P0158	\$70,000, NTE \$2.5M	Century Contractors	Paving
		IFB	03725; MPA P0185	\$580,000, NTE \$2M	Century Contractors	Dump Truck Rental
		IFB	98932	\$500,000.00	Illinois Constructor Corp.	Bridge Repair Services on Retainer Basis
		RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services

42	Written Record of Procurement History (cont.)	RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
		Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services
44	Out of Scope Changes	IFB	84763	\$276,000.00	John Burns Construction	ADA Station Upgrade
		RFP	99771	\$120,000.00	AT&T	Cisco Core Routers Installation
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
46	Progress Payments	IFB	90653	\$4,958,500.00	Blinderman-Mecco-JV	Winnetka Station Construction
		IFB	91082	\$58,312.00	NW General Contractors Inc.	Lockport Station Construction
		IFB	2465	\$1,372,308.00	Schindler Elevator Corp.	Elevators
		IFB	90297	\$574,900.00	Chicagoland Paving Contractors	Pringree Rd. Station Parking Lost
		IFB	98932	\$500,000.00	Illinois Constructor Corp.	Bridge Repair Services on Retainer Basis
		IFB	98511	\$8,895,891.00	John Burns	Construction of New Commuter Rail Station at 35th Street
		IFB	2512	\$66,895,000 (base contract)	Walsh Construction	Union Pacific RR/METRA North Line Bridges, Retaining Walls, Ravenswood Station
		IFB	91347	\$564,000.00	John Burns Construction	Construction Services at Joliet Station
		IFB	90206	\$1,130,011.50	Chicagoland Paving	Elburn Station Parking
48	Cost Plus Percentage of Cost	RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
52	Serial Price Negotiation [A&E]	RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
56	Clauses	Small Purchase	4583	\$9,177.18	Fasteners Plus Inc.	Misc. Fasteners
		Small Purchase	3674	\$6,335.00	Motion Savers Inc.	Shelving
		Small Purchase	90220	\$4,142.40	WS Hampshire Inc.	Electrical Insulation Molded Glass Mat
		Small Purchase	99792	\$5,274.00	Dell Marketing	Laptop Computers
		Small Purchase	2028	\$2,884.50	Kustom Seating Unlimited	Fiberglass Cloth
		Small Purchase	90831	\$7,696.80	Revere Electric Supply	Ballasts, Lampholders and Co.
		Small Purchase	4249	\$9,997.04	General Cable	Wire
		Small Purchase	98398	\$9,885.00	Standby Power System Consultants	Removal/Installation of Battery Charger Back-up
		Small Purchase	91199	\$2,500.00	GMI LLC	Wire and Cable
		Small Purchase	87251	\$7,182.00	Western Remae Inc.	Acrylic Frames
		IFB	91582	\$312.50 (line item from IFB)	Electrowire	Wire and Cable
		RFP	99686	\$10,094,220.00	AST Corp.	Revenue Accounting System

56	Clauses (cont.)	RFP	99771	\$120,000.00	AT&T	Cisco Core Routers Installation
		RFP	4690	\$896,733.46	Systems Development Integration	Email Migration Implementation
		RFP	42990	\$2,589,528.26	Smith Engineering Consultants	Metro/Oswego and Other Design and Engineering Services
		RFP	86876	\$2,128,331.00	Engineering and Mgmt Specialists Inc.	QA Oversight and General Program Support
		RFP	91048	\$2,500,000.00	AECOM	Construction Management Services
		RFP	90657	Not Noted	GFI Genfare	Ticket Vending
		RFP	91049	\$8,400,000.00	V3 Companies of Illinois Ltd	Blanket Agreement
		RFP	91240	\$750,000.00	LTK Engineering Services	Blanket Signal Engineering Services
		RFP	90926	\$5,995,673.00	Nippon Sharyo	MFG Engineering in Rehab of 176 Bi-level Passenger Railcars
		Sole Source	90819	\$12,811.00	AT&T	Relocation of Demarc
		Sole Source	2912	\$46,585.00	Mercury Associates Inc.	Fleet Mgmt Consulting Services
	Buy America Pre and Post Award	IFB	90078	\$1,943,502.00	Terry's Ford	Utility Trucks and Cargo Vans

Appendix B: Deficiencies by Contract

Small Purchase

91199 GMI LLC, Wire and Cable, \$2,500.00

- Clauses
- Cost or Price Analysis

2028 Kustom Seating Unlimited, Fiberglass Cloth, \$2,884.50

- Clauses
- Cost or Price Analysis

90220 WS Hampshire Inc., Electrical Insulation Molded Glass Mat, \$4,142.40

- Clauses
- Cost or Price Analysis

99792 Dell Marketing, Laptop Computers, \$5,274.00

- Brand Name Restriction
- Clauses
- Complete Specification
- Cost or Price Analysis

3674 Motion Savers Inc., Shelving, \$6335.00

- Clauses
- Cost or Price Analysis

8725 I Western Remae Inc., Acrylic Frames, \$7182.00

- Clauses
- Cost or Price Analysis
- Independent Cost Estimate

9083 I Revere Electric Supply, Ballasts, Lamp Holders, and Co., \$7,969.80

- Clauses
- Cost or Price Analysis

4583 Fasteners Plus Inc., Misc. Fasteners, \$9,177.18

- Clauses
- Cost or Price Analysis

98398 Standby Power System Consultants, Removal/Installation of Battery Charger Back-Up, \$9885.00

- Clauses
- Cost or Price Analysis
- Written Record of Procurement History

4249 General Cable, Wire, \$9,997.04

- Brand Name Restriction
- Clauses
- Cost or Price Analysis
- Written Record of Procurement History

IFB

91582 Electrowire, Wire and Cable, \$312.50 (Line item from IFB)

- Award to Responsible Contractor
- Brand Name Restriction
- Clauses

3858 Netrix LLC, Network Communications Equipment, \$25,000.00

- Cost or Price Analysis

87481 Monogram Systems, Retention Toilets, \$26,148.00

- Cost or Price Analysis

90412 Revere Electric Supply Co., Temperature Control Kits, \$32,099.98

- Brand Name Restriction

99635 Handi-Hut, Passenger Shelter, \$39,174.00

- Award to Responsible Contractor
- Cost or Price Analysis

91082 NW General Contractors Inc., Lockput Station Construction, \$58,312.00

- Cost or Price Analysis
- Progress Payments

90170 North America Video, Ethernet Rack and Transceiver, \$95,136.00

- Cost or Price Analysis

- 92276 Digital Imaging Resources, Printing/Reproduction Services, \$100,000.00
- Cost or Price Analysis
 - Independent Cost Estimate
- 87991 Mainline Info Systems, IBM System Storage and Hardware, \$171,338.00
- Adequate Competition
 - Brand Name Restriction
- 4747 Asplundh Tree Expert Co., On Track Tree Trimming, \$200,000.00
- Award to Responsible Contractor
 - Brand Name Restriction
 - Complete Specification
 - Cost or Price Analysis
 - Independent Cost Estimate
- 84763 John Burns Construction, ADA Station Upgrade, \$276,000.00
- Out of Scope Change
- 3282 Loram Rail Services, Rail Grinding Service, \$300,000 (proposal \$632,774)
- Adequate Competition
 - Cost or Price Analysis
 - Written Record of Procurement History
- 98932 Illinois Constructor Corp., Bridge Repair Services on Retainer Basis, \$500,000.00
- Cost or Price Analysis
 - Progress Payments
 - Written Record of Procurement History
- 91347 John Burns Construction, Construction Services at Joliet Station, \$564,000.00
- Cost or Price Analysis
 - Progress Payments
- 90297 Chicagoland Paving Contractors, Pringree Rd. Station Parking Lot, \$574,900.00
- Award to Responsible Contractor
 - Cost or Price Analysis
 - Progress Payments
- 99364 Westcode Inc., Alc. And Motor Controls, \$1,057,636.00
- Cost or Price Analysis

90206 Chicagoland Paving, Elburn Station Parking, \$1,130,011.50

- Award to Responsible Contractor
- Cost or Price Analysis
- Progress Payments

91767 TTA, Overhaul of Bi-Level Coach Trucks, \$1,351,740.00

- Cost or Price Analysis
- Written Record of Procurement History

2465 Schindler Elevator Corp., Elevators, \$1,372,308.00

- Adequate Competition
- Cost or Price Analysis
- Progress Payments

91232 Freyssinct LLC, Elec. Dist. Brs. Repair 59th – 76th, \$1,755,805.80

- Cost or Price Analysis

90078 Terry's Ford, Utility Trucks and Cargo Vans, \$1,943,502.00

- Award to Responsible Contractor
- Buy America Pre and Post Award Certifications
- Complete Specification
- Cost or Price Analysis

3725 (MPA PO 185) Century Contractors, Dump Truck Rental, NTE \$2,000,000.00 (\$580,000.00)

- Cost or Price Analysis
- Independent Cost Estimate
- Written Procurement Selection Procedures
- Written Record of Procurement History

90763 (PO 139) Engineered Plastics, Composite Deck Panels, NTE \$2,500,000.00 (\$31,500)

- Award to Responsible Contractor
- Cost or Price Analysis

90271 (MPA PO 158) Century Contractors, Paving, NTE \$2,500,000.00 (\$70,000.00)

- Award to Responsible Contractor
- Cost or Price Analysis
- Written Procurement Selection Procedures
- Written Record of Procurement History

88004 Passer American Corp., Category Inspection and Maintenance, \$4,324,920.00

- Cost or Price Analysis

90653 Blindermann-Mecco JV, Winnetka Station Construction, \$4,958,500.00

- Award to Responsible Contractor
- Cost or Price Analysis
- Progress Payments

85927 FH Paschen, NS Nielson, 75th and 79th Bridge Reconstruction, \$5,698,000.00

- Award to Responsible Contractor
- Cost or Price Analysis

98511 John Burns Construction, Construction of New Commuter Rail Station at 35th Street, \$8,895,891.00

- Award to Responsible Contractor
- Cost or Price Analysis
- Progress Payments

72235 Progress Rail Services, Remanufacture EMD F40PH Locomotives; Rebid of Remanufacture of 50 EMD, \$16,066,800.00

- Brand Name Restriction

2512 Walsh Construction, Union Pacific RR/METRA North Line Bridges, Retaining Walls, Ravenswood Station, \$66,895,000.00 (base contract)

- Award to Responsible Contractor
- Cost or Price Analysis
- Progress Payments

RFP

44057 Edwards and Kelcey, Design of 22 Union Pacific-North Line Bridges, \$119,480 (CO#1)

- Arbitrary Action

99771 AT&T, Cisco Core Routers Installation, \$120,000.00

- Award to Responsible Contractor
- Clauses
- Cost or Price Analysis
- Out of Scope Changes
- Written Procurement Selection Procedures

84505 Diamond Mgmt and Tech, Revenue Accounting Services, \$250,000 (base); \$520,000 or \$770,000 (change orders)

- Cost or Price Analysis
- Independent Cost Estimates

91240 LTK Engineering Services, Blanket Signal Engineering Services, \$750,000.00

- Award to Responsible Contractor
- Clauses
- Independent Cost Estimate
- Price and Other Factors [RFP]
- Serial Price Negotiation [A&E]
- Sound and Complete Agreement
- Written Procurement Selection Procedures
- Written Record of Procurement History

4690 Systems Development Integration, Email Migration Implementation, \$896,733.46

- Award to Responsible Contractor
- Clauses
- Cost or Price Analysis

86671 Raul V. Bravo and Associates, Inspection Services for Locomotive Remanufacture, \$1,574,424.21

- Award to Responsible Contractor
- Cost or Price Analysis
- Written Procurement Selection Procedures

86876 Engineering and Mgmt Specialists Inc., QA Oversight and General Program Support, \$2,128,331.00

- Arbitrary Action
- Award to Responsible Contractor
- Clauses
- Complete Specification
- Cost or Price Analysis
- Evaluation [RFP]
- Written Procurement Selection Procedures

91048 AECOM, Construction Management Services, \$2,500,000.00

- Award to Responsible Contractor
- Clauses
- Complete Specification

- Cost or Price Analysis
- Cost Plus Percentage of Cost
- Independent Cost Estimate
- Price and Other Factors [RFP]
- Written Record of Procurement History

42990 Smith Engineering Consultants, Metro/Oswego and Other Design and Engineering Services, \$2,589,528.26

- Award to Responsible Contractor
- Clauses
- Cost or Price Analysis

2847 IBM, Maintenance, Modification, and Warranty Tracking, \$3,579,474.48

- Award to Responsible Contractor
- Written Procurement Selection Procedures

90926 Nippon Sharyo, MFG Engineering in Rehab of 176 Bi-Level Passenger Railcars, \$5,995,673.00

- Arbitrary Action
- Award to Responsible Contractor
- Clauses
- Contract Period of Performance
- Cost or Price Analysis
- Evaluation [RFP]
- Sound and Complete Agreement
- Written Procurement Selection Procedures
- Written Record of Procurement History

91049 V3 Companies of Illinois Ltd, Blanket Agreement, \$8,400,000.00

- Award to Responsible Contractor
- Clauses
- Complete Specification
- Cost or Price Analysis
- Cost Plus Percentage of Cost
- Evaluation [RFP]
- Independent Cost Estimate
- Price and Other Factors [RFP]
- Written Procurement Selection Procedures
- Written Record of Procurement History

99686 AST Corp., Revenue Accounting System, \$10,094,220.00

- Arbitrary Action
- Award to Responsible Contractor
- Clauses
- Cost or Price Analysis
- Price and Other Factors [RFP]
- Written Record of Procurement History

90657 GFI Genfare, Ticket Vending, Award Amount Not Noted

- Arbitrary Action
- Award to Responsible Contractor
- Clauses
- Cost or Price Analysis
- Cost Plus Percentage of Cost
- Out of Scope Change
- Written Record of Procurement History

Sole Source

90819 AT&T, Relocation of Demarc, \$12,811.00

- Award to Responsible Contractor
- Clauses
- Cost Analysis Required [Sole Source]
- Independent Cost Estimate

2912 Mercury Associates Inc., Fleet Mgmt Consulting Services, \$46,585.00

- Award to Responsible Contractor
- Clauses
- Complete Specification
- Cost Analysis Required [Sole Source]
- Independent Cost Estimate
- Sole Source if Other Award is Infeasible
- Written Record of Procurement History

91773 Vapor Stone Rail Systems, Door Closures; Anti-Freeze Components, \$329,783.58

- Award to Responsible Contractor
- Cost Analysis Required [Sole Source]

Appendix D: Pre-Bid Independent Cost Estimate

Contract Type:

Date of Estimate:

Description of Goods / Service:

Method of Obtaining the Estimate:

I have obtained the following estimate from....

- Published Price List / Past pricing (date) _____
- Engineering or technical estimate
- Independent Third Party estimate
- Other (specify) _____

Cost Estimate Details:

Through the method stated above it has been determined that the total cost of the goods/services is expected to be: \$ _____. Details are shown below.

Cost of Standard Items

Product	Cost (\$/ea)	Cost (\$/ea)	Notes / Data Source
	Delivered	No Freight	
A			

US Dollars

Cost of Services, Repairs, or Non-Standard Items

Item / Task:							
Materials	Other Direct Costs	Labor (rate, hours)	Labor Class	Allocated overhead	SG&A	Profit	Total
B							

Signature of Preparer:

The preceding cost estimate was obtained or prepared by:

[For complex items or tasks, attach detailed spreadsheet(s) explaining rationale.]

Appendix E: Responsibility Determination Form

Bid/RFP No: _____

Supplier: _____

Date: _____

For each of the areas described below, check that the appropriate research has been accomplished and provide a short description of the research and the results.

	Acceptable	Comment
1. Appropriate financial, equipment, facility, and personnel	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____ _____ _____ _____
2. Ability to meet the delivery schedule	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____ _____ _____ _____
3. Satisfactory period of performance	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____ _____ _____ _____
4. Satisfactory record of integrity, not on declined or suspended listings	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____ _____ _____ _____
5. Receipt of all necessary data from supplier	<input type="checkbox"/> Yes <input type="checkbox"/> No	_____ _____ _____ _____

Appendix F: Single Source Analysis

(Complete this form when Metra receives only one bid in response to an IFB or RFP)

<p>Solicitation: _____</p> <p>Product/Service to be Procured: _____</p> <p>Bid or Proposal Due Date: _____</p> <p>Number of Solicitations Requested: _____</p> <p>Number of Bids Received: _____</p> <p>Reasons for Lack of Competition (based on Supplier Contracts)</p> <p>Lack competency</p> <p>Lack available resources</p> <p>Poor timing</p> <p>Short response due date</p> <p>Other: _____</p>	<p>Action to Plan:</p> <p><input type="checkbox"/> Award Contract Basis: _____ _____</p> <p><input type="checkbox"/> Extend Deadline (modify solicitation): New Due Date: _____</p> <p>Reprocure:</p> <p>New Solicitation Due to be Completed: _____</p> <p>Projected Due Date: _____</p> <p>Signed: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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Appendix G: Non-Competitive Procurement Justification

Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and at least one of the following circumstances applies:

Check one:

_____ The item is available only from a single source (sole source justification is attached).

_____ The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation (documented emergency condition is attached).

_____ FTA authorizes noncompetitive negotiations (letter of authorization is attached).

_____ After solicitation of a number of sources, competition is determined inadequate (record of source contacts is attached).

_____ The item is an associated capital maintenance item as defined in 49 U.S.C. §5307(a)(1) that is procured directly from the original manufacturer or supplier of the time to be replaced (price certification attached).

Comments:

_____ Independent Estimate and Cost Analysis are attached.

Purchasing Agent

Senior Manager

Date

Date

Appendix H: Cost Analysis Form

COST ANALYSIS SUMMARY (For New Contracts Including Letter Contracts) <small>(See Instructions below)</small>	
SOLICITATION #	SUPPLIES AND/OR SERVICES TO BE FURNISHED
PREPARER'S NAME, DEPARTMENT, TITLE, PHONE	
DIVISION(S) AND LOCATION(S) WHERE WORK IS TO BE PERFORMED	APPROVAL SIGNATURE

DETAIL DESCRIPTION OF COST ELEMENTS						
1. DIRECT MATERIAL A. PURCHASED PARTS B. SUBCONTRACTED ITEMS C. OTHER - (1) RAW MATERIAL (2) STANDARD COMMERCIAL ITEMS <div style="text-align: right;"><i>TOTAL DIRECT MATERIAL</i></div>						
	Vendor A Proposal	Vendor B Proposal	Independent Estimate	Analysis		
2. MATERIAL OVERHEAD <small>(RATE % x \$ BASE *)</small>						
3. DIRECT LABOR	ESTIMATED HOURS	RATE/HOUR	Vendor A (\$)	Vendor B (\$)	Independent Estimate	Variance
<i>TOTAL DIRECT LABOR</i>						
4. LABOR OVERHEAD			Vendor A (\$)	Vendor B (\$)	Independent Estimate	Variance
<small>OH Rate</small>						
<small>X BASE (labor total above)</small>						
<i>TOTAL LABOR OVERHEAD</i>						
5. OTHER DIRECT COSTS			Vendor A (\$)	Vendor B (\$)	Independent Estimate	Variance
A. SPECIAL TOOLING/EQUIPMENT						
<i>TOTAL SPECIAL TOOLING/EQUIPMENT</i>						
B. TRAVEL						
<small>(1) TRANSPORTATION</small>						
<small>(2) PER DIEM OR SUBSISTENCE</small>						
<i>TOTAL TRAVEL</i>						

5. OTHER DIRECT COSTS

- A. Special Tooling/Equipment. Analyze price and necessity of specific equipment and unit prices.
- B. Travel. Analyze each trip proposed and the persons (or disciplines) designated to make each trip. Compare and check costs.
- C. Individual Consultant Services. Analyze the proposed contemplated consulting. Compare to independent estimate of the amount of services estimated to be required and match the consultants' quoted daily or hourly rate to known benchmarks.
- D. Other Costs. Review all other direct charge costs not otherwise included in the categories described above (e.g., services of specialized trades, computer services, preservation, packaging and packing, leasing of equipment and provide bases for pricing. Scan for duplication or omissions.

6. GENERAL AND ADMINISTRATIVE EXPENSE

See notes on labor overhead above and check whether the base has been approved by a Government audit agency for use in proposals.

7. ROYALTIES

If more than \$250, analyze the following information for each separate royalty or license fee; name and address of licensor; date of license agreement; patent numbers, patent application serial numbers, or other basis on which the royalty is payable; brief description (including any part of model numbers or each contract item or component on which the royalty is payable); percentage or dollar rate of royalty per unit; unit price of contract item; number of units; and total dollar amount of royalties.

8. SUBTOTAL ESTIMATED COST

Compare the total of all direct and indirect costs excluding Cost of Money and Fee or Profit. Note reasons for differences.

9. CONTRACT FACILITIES CAPITAL AND COST OF MONEY

Analyze the offerors' supporting calculations and compare to known standards.

10. SUBTOTAL ESTIMATED COST

This is the total of all proposed costs excluding Fee or Profit. Determine the competitive range. Question outliers.

11. FEE OR PROFIT

Review the total of all proposed Fees or Profit. Remember that the FTA prohibits cost plus percentage of cost contracting, and caps A&E profits at 10%.

12. TOTAL ESTIMATED COST AND FEE OR PROFIT

Analyze the range of total estimated costs including Fee or Profit, and explain variance to independent estimate. Identify areas for negotiation or areas to be challenged. Explain your conclusions regarding fair and reasonable pricing.

13. DISCOUNTS

Review basis for Discounts and range between offers.

ATTACH NARRATIVE COST ANALYSIS MEMO ADDRESSING ITEMS AS INSTRUCTED ABOVE.

Appendix I: Price Analysis

PO / Contract: _____

The evidence compiled by a price analysis includes:

- Developing and examining data from multiple sources whenever possible that prove or strongly suggest the proposed price is fair.
- Determining when multiple data consistently indicate that a given price represents a good value for the money.
- Documenting data sufficiently to convince a third party that the analyst’s conclusions are valid.

DATE: _____ PREPARED BY: _____

The pricing quoted on the attached sheet(s) is deemed to be fair and reasonable based on the following type of analysis:

____ Comparison with competing suppliers’ prices or catalog pricing for the same item. (Complete comparison matrix and attach supporting quotes or catalog pages.)

____ Comparison of proposed pricing with in-house estimate for the same item. (Attach signed in-house estimate and explain factors influencing any differences found. Complete summary matrix.)

____ Comparison of proposed pricing with historical pricing from previous purchases of the same item, coupled with market data such as Producer Price Index or Inflation Rate over the corresponding time period. (Attach data and historical price record).

____ Analysis of price components against current published standards, such as labor rates, dollars per pound etc. to justify the price reasonableness of the whole. (Attach analysis to support conclusions drawn.)

SUMMARY MATRIX

Item	Proposed Pricing	Average Market Price	Competitor A	Competitor B	In-House Estimate	Other

Attachments:

Appendix J: Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section A - SOLICITATION DOCUMENTS		
Tab No.	Document(s)	Audited By
1	Purchase Request	
2	Specifications & DBE Goals	
3	Requirement Justification	
4	Independent Cost Estimate	
5	Bidder's List	
6	Justification of Procurement Method	
7	Copy of IFB	
8	Proof of Publication	
9	IFB Attachments/Modifications	
10	Pre-Bid Minutes & List of Attendees	
11	Correspondence with Bidders	
12	Protests Prior to Bid Opening	
13	Interoffice Correspondence	
14	Review for Responsiveness	

1. Contract No. _____
2. Contract Administrator _____
3. Date _____

Appendix J (continued)

Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section B - AWARD DOCUMENTS		
Tab No.	Document(s)	Audited By
1	Rationale for Method of Procurement Copy of Each Bid	
2	Late Bids – Bid Errors	
3	Bid Analysis/Tabulation Sheet	
4	Technical Evaluation and Pre-Award Survey	
5	Affirmative Action Evaluation/DBE Plan	
6	Bidder Responsibility Determination	
7	Price Analysis	
8	Record of Negotiation for Single Bid (If Applicable)	
9	Justification of Contract Type	
10	Award Recommendation Memo	
11	Board Resolution	
12	Notice of Award	
13	Notice to Unsuccessful Bidders (Bond, Check Returns)	
14	FTA Approval	
15	Legal Review of Contract Documents	
16	Contract Document (Drawings not required)	
17	Bond & Certificates of Insurance	
18	Notice to Proceed	
19	Purchase Order (IF applicable)	

Appendix J (continued)

Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section C – CONTRACT ADMINISTRATION DOCUMENTS		
Tab No.	Document(s)	Audited By
1	Post Award Conference	
2	Status Reports	
3	Change Notices/Modifications/Change Orders	
4	Site Visit Reports	
5	Progress Meeting Minutes	
6	Quality Assurance Records	
7	Termination/Stop Work Notices or Resolution Plan	
8	Invoices and Check Requests	
9	Records of Payment	
10	Advance or Progress Payments	
11	Notice of Substantial Acceptance	
12	Punch List Discrepancies	
13	Notice of Final Acceptance	
14	Notice of Claims	
15	Release of Claims/Bonds	
16	Assignments	
17	Notice of Final Payment	
18	Audit Reports	
19	Liquidated Damages	
20	Close Out Documentation	

Appendix J (continued)

Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section A - SOLICITATION DOCUMENTS		
Tab No.	Document(s)	Audited By
1	Purchase Request Rationale for Method of Procurement	
2	Specifications/Statement of Work	
3	Justification for Procurement	
4	Cost Estimate	
5	Set Aside Decision/DBE Goal	
6	Justification of Procurement Method	
7	List of Prospective Proposers	
8	Proof of Publication	
9	Copy of RFP	
10	Addenda	
11	Pre-Proposal Minutes & List of Attendees	
12	Correspondence with Bidders	
13	Interoffice Correspondence	
14	Review for Responsiveness	

Contract No. _____ Contract Administrator _____

Date _____

Appendix J (continued)

Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section B - AWARD DOCUMENTS		
Tab No.	Document(s)	Audited By
1	Copy of Each Proposal	
2	Proposal Tabulation Sheet	
3	Evaluation Team Notification	
4	Evaluation Sheet/Matrix	
5	Pre-Award Survey	
6	Determination of Competitive Zone	
7	Invitation for Oral Interviews	
8	Notice of Rejection	
9	Minutes of Discussions	
10	Correspondence with Proposers	
11	Cost or Price Analysis	
12	Justification for Contract Type	
13	Negotiation Memorandum	
14	Copy of Each Best and Final Offer	
15	Award Recommendation Memo	
16	Board Resolution	
17	Legal Review of Contract Documents	
18	Notice of Award	
19	Notice to Unsuccessful Proposers	
20	Procurement Summary	
21	Determination and Findings	
22	Bonds	
23	Certificates of Insurance	
24	Contract Document (Drawings not required)	
25	Notice to Proceed	
26	Purchase Order	

Appendix J (continued)

Contract/Purchase Order File Index

INSTRUCTIONS: Applicable items should be entered in chronological order by tab number. Documents maintained in the file will be numbered and filed consecutively in each section with the highest number on top. When an item is not applicable, it will be designated with "NA" in the Tab column.

Section C – CONTRACT ADMINISTRATION DOCUMENTS		
Tab No.	Document(s)	Audited by
1	Post Award Conference	
2	Quality Assurance Records	
3	Change Notices/Modifications/Change Orders	
4	Periodic Status Reports	
5	Contractor Evaluation Form	
6	Site Visit Reports	
7	Termination/Stop Work Notices or Resolution Plan	
8	Invoices and Check Requests	
9	Records of Payment and Receipts	
10	Advance or Progress Payments Documents	
11	Notice of Substantial Acceptance	
12	Punch List Discrepancies	
13	Notice of Final Acceptance	
14	Notice of Claims	
15	Release of Claims/Bonds	
16	Assignments	
17	Notice of Final Payment	
18	Audit Reports	
19	Liquidated Damages	
20	Close Out Documentation	

Appendix K: Change Order Review Checklist

Date	_____			
Contract Number	_____			
Contractor	_____			
Contract Title	_____			
Reviewer	_____			
New Contract Total	_____			
Change Order Number	_____			
Dollar Value Increase	_____			
Length of Time Extension Granted	_____			
New Performance Period End Date	_____			
Change Order Checklist	Category			Comment
	ND	D	N/A	
1. In-House Estimate Prepared				
2. Project Manager Approval				
3. AWO Scope Meeting Held				
3a. Scope of Change Adequate for Bidding				
4. Contractor Proposal Includes Impact Costs, Price				
5. Cost Analysis Conducted				
5a. If Price > 10% of ICE, Evidence of MTA President Approval				
6. Negotiation Memorandum				
7. Written Record of Change				
7a. Signed Change Order in File				
8. Evidence of Board Approval Prior Initiation of Changed Work				
9. Notice to Proceed in file				
10. Work Authorized within Contract Scope				
11. No Evidence of Arbitrary Action				
Other Comment				

Appendix L: Contract Clauses

APPLICABILITY OF THIRD PARTY CONTRACT PROVISIONS

(excluding micro-purchases, except Davis-Bacon requirements apply to contracts exceeding \$2,000)

PROVISION	Professional Services/A&E	Operations/ Management	Rolling Stock Purchases	Construction	Materials & Supplies
No Federal Government Obligations to Third Parties (by Use of a Disclaimer)	All	All	All	All	All
False Statements or Claims Civil and Criminal Fraud	All	All	All	All	All
Access to Third Party Contract Records	All	All	All	All	All
Changes to Federal Requirements	All	All	All	All	All
Termination	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.	>\$10,000 if 49 CFR Part 18 applies.
Civil Rights (Title VI, EEO, ADA)	>\$10,000	>\$10,000	>\$10,000	>\$10,000	>\$10,000
Disadvantaged Business Enterprises (DBEs)	All	All	All	All	All
Incorporation of FTA Terms	All	All	All	All	All
Debarment and Suspension	>\$25,000	>\$25,000	>\$25,000	>\$25,000	>\$25,000
Buy America			>\$100,000	>\$100,000	>\$100,000
Resolution of Disputes, Breaches, or Other Litigation	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Lobbying	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Air	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Clean Water	>\$100,000	>\$100,000	>\$100,000	>\$100,000	>\$100,000
Cargo Preference			For property transported by ocean vessel.	For property transported by ocean vessel.	For property transported by ocean vessel.
Fly America	For foreign air transport or travel.	For foreign air transport or travel.	For foreign air transport or travel.	For foreign air transport or travel.	For foreign air transport or travel.

PROVISION	Professional Services/A&E	Operations/ Management	Rolling Stock Purchases	Construction	Materials & Supplies
Davis-Bacon Act				>\$2,000 (including ferry vessels)	
Contract Work Hours and Safety Standards Act		>\$100,000 (except transportation services)	>\$100,000	>\$100,000 (including ferry vessels)	
Copeland Anti-Kickback Act Section 1 Section 2				All All exceeding \$2,000 (including ferry vessels)	
Bonding				\$100,000	
Seismic Safety	A&E for New Buildings & Additions			New Buildings	
Transit Employee Protective Arrangements		Transit Operations			
Charter Service Operations		All			
School Bus Operations		All			
Drug Use and Testing		Transit Operations			
Alcohol Misuse and Testing		Transit Operations			
Patent Rights	Research & Development				
Rights in Data and Copyright Requirements	Research & Development				
Energy Conservation	All	All	All	All	All
Recycled Products		Contracts for items designated by EPA, when procuring \$10,000 or more per year		Contracts for items designated by EPA, when procuring \$10,000 or more per year	Contracts for items designated by EPA, when procuring \$10,000 or more per year
Conformance with ITS National Architecture	ITS Projects	ITS Projects	ITS Projects	ITS Projects	ITS Projects
ADA Access	A&E	All	All	All	All
Notification of Federal Participation for States	Limited to States	Limited to States	Limited to States	Limited to States	Limited to States

Appendix M: Metra's Response



547 W. Jackson Blvd. Chicago, Illinois 60661 Telephone: (312) 322-6900 TTY: 1-312-322-6774

March 29, 2011

Mr. Dominick J. Gatto P.E.
Director, Office of Program Management and Oversight
Federal Transit Administration
Region V
200 West Adams Street, Suite 320
Chicago, Illinois 60606

Re: FY 2011 Procurement System Review
Draft Report

Dear Mr. Gatto:

The attached memorandum from Mr. Fred Smalarz, Senior Director for Materials Management provides Metra's response to the FY 2011 Procurement System Review Draft Report. We specifically focused our comments on the reviewed elements found to be deficient. While our examination of specific reviewed contracts and processes did not always produce perfect agreement with the review's findings, we generally cannot disagree with the best practice-based improvements offered as corrective actions.

The attached memo outlines our corrective action plan and timeframe for implementing each improvement. Our response indicates what specific improvements are needed in each element area and estimates how long it should take to implement those improvements. Certain changes can occur immediately while others may take up to 90 days. Also attached is documentation of contract file organization improvements that have recently been implemented, and copies of sole source evaluations related to Element 39. Finally, the memo states Metra's commitment to improving our overall Procurement process through staff training and providing ongoing oversight of Procurement processes to ensure that the implemented improvements are being adopted.

Sincerely,

David F. Simmons
Department Head
Capital Grants

Attachs.

cc: P. Kisielius F. Smalarz L. Ciavarella E. Fernandes

Metra is the registered service mark for the Northeast Illinois Regional Commuter Railroad Corporation

Memorandum

Date: March 24, 2011

To: Dave Simmons, Department Head
Capital Grants

From: F.E. Smalarz, C.P.M., Senior Director 
Materials Management

Subject: Procurement System Review
Draft Report Response - Revised

Metra embraces the opportunity and is committed to altering and implementing actions to improve and strengthen our procurement process. Staff is also committed to educating and upgrading the working knowledge of the Procurement staff and instituting oversight that provides feedback to the continuing process for improvement. Additionally, we are committed to providing comprehensive training to Procurement staff and to providing ongoing review of the procurement process as part of Metra's internal audit plans. Besides "hands-on" training, Metra will seek additional sources of training for staff through the Institute for Supply Management and courses provided by the National Transit Institute that are FTA sponsored.

Metra has reviewed the "Draft Report" of the Procurement System Review, and we present the following comments for each outstanding element. Additionally, for each respective element, we indicate whether Metra has already acted upon the recommendation or the length of time it will require to be implemented. If there is no time period indicated the action will be implemented within 30 days from the date of this letter.

Element 2 – Contract Administration System

Metra believes that a Contract Administration System is in place and that addressing the noted deficiencies within this Element No. 2, as Metra indicates it will do below, will ensure improved management of contractor performance.

Areas that were noted with deficiencies are; the contract type is not clear, there is apparent arbitrary action, and A & E type contracts lack review of overhead rates as

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part of the evaluation process. These are addressed and a corresponding course of action is provided in the following listed Deficient Elements.

Metra has a process in place to review the overhead rates on "cost plus fixed fee" contracts that require every contractor to submit the latest Illinois Department of Transportation (IDOT) provisionally approved or audited overhead rates. These rates are closely monitored against the Metra approved rates by the user departments to ensure consistency in the application. The contracts that do not have the approved Illinois Department of Transportation or audited rates are reviewed based on risk factors, and appropriate adjustments are made to the final contractor billings.

The implementation of time and material contracts and negotiating the overhead rates in the beginning as recommended by the FTA in this review would eliminate the issue of final overhead rate adjustments in the future. Element No. 19 further addresses Metra's course of action.

Element 5 – System for Ensuring Most Efficient and Economic Purchase

Metra's budgets are developed with planned and analyzed material or service requirements. Metra develops requirements utilizing past, current and anticipated future needs. The reviewed files were blanket purchase orders that were released off Master Purchase Agreements (MPA). The MPA was publicly bid and had a purchase requisition, complete with an independent cost analysis. The blanket purchase orders were then released by project as funding became available.

Going forward, Metra will include in the contract file the evidence/basis for the developed/planned procurement.

Element 6 – Procurement Policies and Procedures

The review indicated that Metra is complying with FTA requirements as is provided in Metra's solicitation boilerplate.

Metra will include the FTA requirements in our policies and procedures. Estimated 90 days to complete.

Element 7 – Independent Cost Estimates

As part of Metra's Pre-Award Activity, and listed on Metra's Checklist is, "Receiving an Independent Cost Estimate of Contract/Purchase Order Valuation." Metra uses this checklist as part of our contract file administration.

Going forward emphasis will be placed upon the appropriate staff to improve supplying adequate supporting documentation.

Element 12 – Arbitrary Action

The five (5) procurements that were identified as deficient all received multiple bids or proposals, and the respective contract files did contain information about the process that was used for each solicitation.

Metra will ensure that the procurement process will be consistent and will use proper file documentation to avoid arbitrary action. It will consist of proposal tabulation sheet(s) for RFP's and bid tabulation sheet(s) for IFB's. In addition, all award decision making documentation will consist of scoring sheet(s) and negotiation documentation, if required, for all RFP's and technical evaluation for IFB's. See Element No. 42 for additional detail to contract file content and organization.

Element 13 – Brand Name Restrictions

Of the fifty-one (51) procurements reviewed, forty-three (43) were found to be not applicable, one (1) was found to be not deficient, and seven (7) were found deficient. Please note that the FTA/IDOT Addendum for Material Procurements., Page 1, Item No. 3 states: "Approved Equals and Brand Names. Where a feature, component, or item is specified by brand name in the Specifications, the words 'or Approved Equal' are implied. All approvals and request for approvals of proposed Approved Equals must be in writing. Specification by brand name of components or equipment in the Specification shall not relieve Contractor from its responsibility to design and construct the Equipment and perform the work in accordance with the general performance requirements of the Specifications and these General Provisions."

The seven (7) procurements deemed deficient included a statement that equals may be offered by suppliers; however, the salient characteristics were not noted. The Materials Management Department will return purchase requisitions to the requisitioning departments when they do not list the salient characteristics. Following the FTA review this process was immediately implemented and being followed by staff.

Element 15- Contract Term Limitations – Rolling Stock

There was a single contract found to be deficient regarding this Element. It was a six (6) year contract for the "Kitting" of material purchased by Metra and delivered to the contractor for design & engineering of each kit, i.e., the contractor designed and engineered each kit for Metra. Metra then competitively bid out all material for the kits needed for the car rehab program(s). Metra estimated the duration for kitting the

car rehab material to last six (6) years.

Metra will modify the subject contract to conform within the five (5) year period.

Element 16- Written Procurement Selection Procedures

The deficient files refer to Metra's RFP evaluation process. Metra does have established evaluation processes. As noted in the review, proposals are re-scored after interviews. The review noted that this particular aspect of the process is not made apparent or clear to proposers.

Following the FTA review, staff immediately included in all RFP Evaluation Processes that if interviews are to be conducted, the proposer presentation may be re-scored.

Element 18 – Award to Responsible Contractors

As noted in the review, Metra does have a standard checklist process in place on the bid tabulation form regarding the prospective contractor's responsibility and the Federal excluded parties list. The review noted deficiencies in informal procurements. Prior to this review all bid tabulation sheets for formal bids (over \$10,000.00) were properly filled out, including debarment.

Following the FTA review and effective immediately, all bid tabulation sheets for formal and informal bids (under \$10,000.00) will be checked and initialed by the buyer for responsibility and the Federal excluded parties list. This process is in place and being used by the appropriate staff.

Element 19 – Sound and Complete Agreement

Two (2) contracts were found to be deficient. In both cases the contract documents do not clearly indicate the contract type.

The contract for the blanket Signal Engineering Services is a "not to exceed \$500,000.00" contract. The contract specified "total actual costs and fixed fee." Exhibit 5 in the contract is the Employee Compensation Schedule, listing the hourly rates for the contractor's staff, audited rate of 147.5%, and a profit rate of 10%. The file contains supporting documentation for the cost of task assignments. Metra's standard 4400 Cost Form indicates that the costs match the rates and fees listed on Exhibit 5.

The file for the Material Kitting & Manufacturing Engineering of 176 Bi-Level Passenger Cars contains Exhibit 2, Price Proposal. The Exhibit indicates the fixed fee value will include the labor cost and the Burden Rate is 10% of the fixed labor

cost.

As discussed during the review pertaining to A & E blanket type of contracts, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual negotiation occurred at the time a "task" was assigned, and then estimated hours were included along with the hourly and burden rate.

Following the FTA review, staff immediately incorporated the negotiation process to establish the fixed hourly rates and burden rate prior to any contract approval for all blanket fixed-fee type A & E contracts.

Element 24 – Clear, Accurate and Complete Specifications

Of the fifty-four procurements reviewed, seven (7) were found to be deficient. Metra's response is partially addressed in Element 13 above, relating to "Brand Name" reference and listing salient characteristics.

The user departments will be tasked with "beefing-up" specifications and staff will hold pre-bid meetings, when appropriate, to address any questions that potential vendors may have. Staff will also continue to return purchase requisitions that are not complete back to the requisitioning department.

Element 25 – Adequate Competition – Two or More Competitors

Three (3) files were noted as deficient. In all three solicitations, specifications were very specific and detailed. As was noted in the review, Metra has an effective process in place to canvas suppliers when only one bid is received. Additionally, staff does review the solicitation process and canvas responses to determine if there is adequate competition or that a single source is justified.

Metra concurs, a single source justification will be included in the file at the conclusion of the canvas review, or it will be noted that Metra will re-solicit bids/proposals based upon the canvas results.

Element 36 – Evaluation (RFP)

Metra does have established evaluation processes.

Going forward, the Evaluation Criteria "in order of importance" will be noted starting immediately. This process has already been implemented. The appropriate staffs in Professional Services have already reviewed the procedure.

Element 37 – Price and Other Factors (RFP)

Metra uses the Brooks Act method of procurement for A & E and construction management type contracts. The Request for Proposal for these contracts lists the number of contracts that will be awarded and the "not to exceed" amount for each type of contract. The contract award may be for signal design, bridge design, or construction management, etc.

Metra concurs and Element 19 above addresses how future A & E type contracts will be negotiated prior to contract award for fix-fee contracts.

In Element 37 the Reviewer indicates that Metra used the Brooks Method improperly for the non A & E services that were identified during the review. In these contracts, cost was an element of the evaluation; however, the technical portion was opened, evaluated, and scored first, and then the cost portion was opened and evaluated. Finally, the two portions, technical and cost, determined the total score for the respective proposer. The reason justifying keeping cost separate was so that the cost portion would not influence the evaluators' analysis of the technical portion of the proposal.

Element 38 – Sole Source If Other Award is Inadequate

There was a single contract found to be deficient. At the review it was noted that the contract was inadvertently entered with the wrong general ledger account code and should not have been funded with federal funds.

Metra concurs and the funding source has been corrected and federal funds are not being used. Since no Federal funds were involved, Metra requests that the deficiency be eliminated from the FTA report.

Element 39 – Cost Analysis Required (Sole Source)

Of the three (3) procurements reviewed for this requirement, all three (3) were found to be deficient. The purchase order file for door closers and anti-freeze devices did contain a price analysis and Metra's Audit Department cost analysis summary (see attached Element 39). Metra's Audit Department conducted an independent evaluation of price as the vendor declined to provide costs.

The third purchase order identified for Fleet Maintenance was inadvertently coded incorrectly (input error), which identified it using Federal funds. It is not funded with Federal funds and the funding source has been corrected. *See Element No. 38.*

It is Metra's practice to perform a cost analysis on all federally funded sole source procurements. The appropriate staff has reviewed the required process to ensure

its inclusion in the contract file.

Element 41 – Cost or Price Analysis

Fifty-three (53) procurements were reviewed. Six (6) were found to be not deficient, and forty-seven (47) were found deficient.

While the review did find some good examples of price analysis, the documentation of this analysis was missing in the majority of the files reviewed.

Metra concurs and will implement the recommendation and modify Metra's bid tabulation document sheet to include a statement, based upon staff's analysis, that the price quoted by the lowest responsive and responsible bidder is fair and reasonable based on competitive bids. Additionally, the price/cost analysis requirement is included in the contract file checklist. The process has been implemented with the appropriate staff.

Element 42 – Written Record of Procurement History

Of the fifty-four procurements reviewed, fourteen (14) were found to be deficient. In general, there is a lack of file organization at METRA and minimal documentation on procurement planning activities. In the fourteen (14) procurement files found to be deficient, the reviewer was unable to determine the reason for the contractor selection or the basis for the contract price.

Metra's course of action is as follows:

A "Contract/Purchase Order File Content Check List Form for Contracts/Po's Over \$10,000.00" is in the file for all contracts solicited and awarded using the IFB or the RFP process. The checklist consists of Date, Initials (Buyer), and Activity of the following:

Pre-Award Activity

1. Requested Independent Cost Estimate of Contract/Purchase Order Valuation
2. Received Independent Cost Estimate of Contract/Purchase Order Valuation
3. Copy of Requisition
4. Invitation for Bids Memorandum with Pre-bid summary
5. Certified Copy of Invitation for Bids
6. Internal Request for Quotation Checklist to Appropriate Using Department
7. Addenda and/or other External Correspondence/Internal Memoranda
8. Applicable Exhibits Included
9. Bid/Proposal Tabulation, Blue Copy of P.O. or Original Contract

10. Received Evaluation Form IFB/RFP Evaluation Letter and Supportive Selection Documentation sent to/from Using Department
11. Internal/External Letters/Memoranda, i.e. DBE Correspondence, Short List, Insurance
12. Protest Notification Forward to Grants Department (If Applicable)
13. Protest Resolution Forward to Grants Department (If Applicable)
14. 4400 Form for A & E/Professional Services Contracts
15. Price/Cost Analysis (When Required)

Post Award Activity

1. Performance Labor Material Bond (Construction Only)
2. Notice to Proceed/Vendor Acknowledgment
3. Contracts Completion Form
4. Contract/P.O. Complete/100% Received

The file also has a list of vendors solicited for an IFB or RFP. The requisition is reviewed by Metra's Grants Department to assure that funds are available prior to processing the IFB or RFP solicitation.

Additionally, see the attached instructions for the Organization of Contract File Folders, Operating Files and Purchase Orders (Capital and Operating). This process is in place and being used by the appropriate staff.

Element 44 – Out of Scope Changes

The review noted three (3) contract change orders in procurements that were out of scope and were not treated as sole source procurements.

The change order for the installation and service of core routers consisted of extending the contract completion date by one year at the same pricing, and to increase the value of the contract for the work performed during this period. The fees of the original contract remained the same during the extended period of performance.

Metra concurs and the processing for the additional routers should have been done as a sole source.

In reviewing the ticket vending machine file for the change order, Metra found that the number of machines was increased from 15 to 29, and the file has documentation dated March 26, 2010 from Metra's Audit Department. The documentation states that the "quoted price for the Change Order appears reasonable." The additional 14 vending machines were ordered at the direction of the Executive Director.

Metra concurs and the processing for the additional machines should have been done as a sole source.

The change order for the ADA improvements at the BNSF – Route 59 station upgrade consisted of widening the existing platform, adding additional lighting, sidewalk widening, landscaping, and replacing an existing bike rack that was in place prior to the improvements. The bike rack was removed for the improvements but was damaged in the process and was not salvageable.

Metra concurs and the processing for the bike rack should have been done as a sole source.

Element 46 - Progress Payments

The deficient files were lacking the statement that "title for the completed work will transfer to Metra upon payment." Metra's construction contracts do contain the appropriate language. However, the deficient files lacking the appropriate language were procurements under \$10,000.

Metra concurs will notify all bidders that Federal statutory and regulatory applicable requirements do apply for federal funded purchases. Additionally, required clauses will be maintained in the respective procurement file. This process will be in place within 30 days.

Element 48 – Cost Plus Percentage of Cost

The Element's Discussion listed on the FTA Procurement System Review states:

"Of the forty-four (44) procurements reviewed for this requirement, forty-one (41) were not deficient and three (3) were found deficient. In two (2) cost-plus-fixed-fee procurements for construction management services, there was a fixed-fee by task order rather than an overall fixed-fee for the contract. Under the cost-plus-

percentage-of-cost methodology there is no stated limit of fee the supplier may be able to receive. The procurement for ticket vending machines was documented as a cost-plus-fixed-fee contract; however, no fixed-fee was noted in the compensation provisions. METRA should include a total fixed-fee for all cost type contracts."

Metra does not concur. Metra's 4400 Cost Form 4400 for construction contracts does have a fixed-fee field on the form. However, the contract for the vending machines states: "the prices stipulated on Metra's Form 4400 (or any other cost or price schedule) which is either attached as Exhibit 2 of this Agreement, or is incorporated by reference, as directed by Metra." This contract did not require a Form 4400 since price lists were in Exhibit 2. Exhibit 2 consisted of three price lists:

the first price list is for the vending machines at a unit price of \$1,234.94 each; the second price list is for the Data System Elements at a lot cost of \$64,800.00, and in addition, a total of four lots of various spare parts at a total cost of \$105,070; and the third price list is for various communication, transactional, maintenance and customer support fees at a rate of per transaction or per month fees.

The other two (2) deficient findings pertained to A & E blanket type of contracts, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual negotiation occurred at the time a "task" was assigned, when estimated hours were included along with the hourly and burden rate.

Metra concurs and effective immediately the process has been implemented for negotiating to establish the fixed hourly rates and burden rate done prior to any contract approval for all blanket fixed-fee type A & E contracts.

Element 52 – Serial Price Negotiations (A & E)

Two (2) A & E procurements were reviewed for this requirement and one (1) was found deficient due to lack of documentation on negotiations conducted. There was no documentation on how the final blanket purchase order value was arrived at or any evidences of negotiations.

This contract was one of 8 awards issued from Request for Proposal No. 87659, and the original scoring documentation is located in the first contract, K30869, and is referred to in the contract file that the review found deficient. However, the value of the contract is noted on the Request for Proposal as a "not to exceed" amount, and in this case, that contract had a set value of \$500,000.00. In addition, Metra did not negotiate the fixed hourly or burden rates prior to contract approval. The actual negotiation occurred at the time a "task" was assigned when estimated hours were included along with the hourly and burden rate.

Metra concurs and effective immediately the process has been implemented for negotiating to establish the fixed hourly rates and burden rate done prior to any contract approval for all blanket fixed-fee type A & E contracts.

Element 56 – Clauses

The 23 deficient files lacking the appropriate FTA Clauses were identified against Metra's procurements under \$10,000.

Metra concurs and will notify all bidders that Federal statutory and regulatory applicable requirements apply for all federally funded purchases. Additionally, required clauses will be maintained in the respective procurement file. This process will be in place within 30 days.

Other Matters – Buy America Requirements

Metra is aware of Buy America requirements pertaining to Rolling Stock procurements and has completed "pre" and "post" Buy America audits for past rolling stock procurements.

Metra concurs that the procurement of rubber tire cargo vans should have been done in accordance with Buy America requirements. Staff is in the process of reviewing what is required for rubber tire vehicles and then they will perform the appropriate analysis and reviews.

Element 39



Memorandum

To: Carolyn Capranica, Department Head
Procurement

From: Eric Fernandes, Director *EF*
Audit

Subject: Sole Source PO 91173 totaling \$329,783.58 for
Door Closers & Anti-Freeze System Components
Vapor Stone Rail Systems – IFB/RFP R10716

November 17, 2009

As requested on 11/6/09, Audit has reviewed PO K91173, the Sole Source Bid for (14) fourteen door kits from Vapor Stone Rail Systems to be used in a Pullman commuter coach rehabilitation project at the KYD Shop. Based on cost information provided by the vendor on 11/12/09, the quoted price appears reasonable.

Our scope included an analysis of the cost of the (8) eight parts involved. We relied upon Mechanical for the scope of the work and the quantities necessary to complete the work.

Please call me if you have any questions or need additional information.

EF/dh

cc: F. Smalarz
P. Kisielius
R. Soukup

Memorandum

November 6, 2009

To: File

From: Carolyn J. Capranica, C.P.M. *WJ*
Department Head, Procurement

Subject: Purchase Order No. K91773
Vapor Stone Rail Systems
Door Closers and Anti-Freeze Systems
Price Analysis

The following is a price analysis for the subject purchase order.

Price Analysis Vapor Stone Rail Systems					
Line Item	Vapor Part No.	Description	Previous Unit Price	Current Unit Price	% +/-
1	59146581-10	Operator, Door Assembly – L.H.	\$3,951.51	\$3,951.51	0%
2	59146580-10	Operator, Door Assembly – R.H.	\$8,951.51	\$3,951.51	0%
3	5922761700	Light Assy, Door Closing Display	\$117.70	\$117.70	0%
4	58440331-04	Cover, Switch Assy.	\$438.70	\$438.70	0%
6	16210004-18	Thermostat, B1-Metal FH Close 30 DGF	\$162.64	\$162.64	0%

The above price analysis compares prices on the subject purchase order to previous Purchase Order Nos. B90862 dated 8/18/09 and K90554 dated 8/18/09. Since there is no increase from the previous purchase orders Procurement finds the prices quoted to be fair and reasonable.

Attachment: B90862 Price List
K90554

Distribution: P. O, File
Vendor File

h:\VaporStoneRailSystemsPriceAnalysisK91773

Metra is the registered service mark for the Northeast Illinois Regional Commuter Railroad Corporation.



Memorandum

March 14, 2011

TO: DISTRIBUTION
FROM: Carolyn J. Capranica, Department Head ^W
Procurement
SUBJECT: Organization of Green File Folders, Operating
Files and Purchase Orders (Capital and Operating)

Attached for your use are guidelines that should be followed for file folders and blue folders.

1. Organization of File Folders for:
 - A. All Formal Capital Purchase Orders Over \$10,000.00
(Capital and Operating)
2. Organization of Blue Folders for:
 - A. All Formal Purchase Orders Over \$10,000.00

Please remember that it is your responsibility to organize your file folders according to the guidelines.

If you have any questions, please feel free to comment.

DISTRIBUTION:

P. Kisielius
F. Smalarz
C. Gamboa
L. Lee
K. Noble
U. Damian
D. Johnson
J. Zellers

!OrganizationFileFolders

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PART I - RIGHT SIDE OF FOLDER

ORGANIZATION OF GREEN FILE FOLDERS

FOR

ALL FORMAL CAPITAL PURCHASE ORDERS OVER \$10,000.00

Part I - For Pre Award Documents

Part II - For Post Award Documents

Part I - Pre Award
(from bottom to top)

Part I - Pre Award
(from bottom to top)

LEFT

RIGHT

All Pre Award correspondence in chronological order (earliest on bottom to latest on top).

1. Buyers Worksheet.
2. Summary of Metra Procurement Pre-Bid/Memo to Management Coordinator.
3. Distribution Approval Memos.
4. Request for Bids from vendors.
5. No Offer Bid Sheets.
6. Cost Estimates from Materials.

1. Copy of Purchase Requisition.
2. Invitation for Bids Speed Memo.
3. Certified Copy of Invitation for Bids.
4. Request for Quotation Checklist with Bidders List.
5. Blank Copy of Request for Quotation with all Exhibits.
6. Addendums (earliest on bottom to latest on Top).
7. Bids Received.
8. Bid Tabulation Sheet.

PART II - LEFT SIDE OF FOLDER

Part II - Post Award
(from bottom to top)

Part II - Post Award
(from bottom to top)

LEFT

All Post Award correspondence in chronological order (earliest on bottom to latest on top).

1. Technical Evaluation/Non-Responsive form to and from user department.
2. Letter to and from Vendors.
3. Memos/Canvass relating to cost/price Analysis for single bid/sole source (if applicable).
4. Purchase Order/Contract Check List/Closeout List.

RIGHT

1. Documents from the Blue Folder.
 - a. Bidders List
 - b. Copy of Purchase Requisition.
 - c. Certified Copy of Request for Proposal/Quotation.
 - d. Correspondence in chronological order (earliest on bottom to latest on top).
 - e. Completed Routing Slip from front of blue folder mounted on 8½" x 11" sheet.
 - f. Summary of Procurement Form
2. Completely Executed Purchase Order (blue copy) with all Exhibits.
3. Acknowledgement Copy of Purchase Order.

ADDITIONAL INSTRUCTIONS

1. Label and Identify Projects in Green Folders according to April 28, 2009 memorandum and examples attached.
2. All documents will be punched at the top.
DO NOT put documents in the folder upside down.

ORGANIZATION
OF
FORMAL OPERATING PURCHASE ORDERS OVER \$10,000.00

Operating purchase orders will not use a green folder. They will be bound with Acco fasteners in the following order from bottom to top: Pre-Award/Post-Award

Pre-Award (from bottom to top)

All pre-award correspondence in chronological order (earliest on bottom to latest on top).

1. Copy Purchase Requisition
2. Cost Estimate
3. Buyers Worksheet
4. Blank copy of Request for Quotation with all Exhibits
5. Summary of Metra Procurement Pre-Bid/with memo to Management Coordinator
6. Distribution Approval Memos
7. Invitation for Bids (Speed) Memo
8. Certified Copy of Invitation for Bids
9. Request for Quotation Checklist with Bidders List
10. Addendums (earliest on bottom to latest on top)
11. No Bid Offer Sheets
12. Bids Received - Strip and dispose all unnecessary documents retaining only those that have been signed, notarized, etc., by bidder.
13. Bid Tabulation Sheet

Post-Award (from bottom to top)

All post award correspondence in chronological order (earliest on bottom to latest on top).

1. Technical Evaluation to and from User Department
2. Letters to and from Vendor
3. Purchase Order/Contract Checklist/Close Out
4. Documents from the Blue Folder:
 - a. Bidders List
 - b. Copy of Purchase Requisition
 - c. Certified Copy of Invitation for Bids
 - d. Correspondence in chronological order (earliest on bottom to latest on top).
 - e. Completed Routing Slip from front of Blue Folder mounted on 8-1/2" x 11" sheet
 - f. Summary of Procurement Form
5. Completely Executed Purchase Orders (blue copy) with all Exhibits
6. Xerox Copy of Purchase Order

ORGANIZATION OF BLUE FOLDERS

FOR

PURCHASE ORDERS

LEFT SIDE
(from bottom to top)

Correspondence in chronological order
(earliest on bottom to latest on top).

1. Copy of Certified Invitation for Bids.
2. Recommendation for Award Memo from the Using Department (if applicable).
3. Memo relating to a price/cost analysis for a single bid and sole source (if applicable).
4. Summary of Procurement Form (always on the top).

RIGHT SIDE
(from bottom to top)

1. Bidders List.
2. Original of Purchase Requisition.
3. Purchase Order with all the Exhibits.



Memorandum

Date: April 28, 2009
To: Distribution
From: F.E. Smalarz, C.P.M. *[Signature]*
Senior Director, Materials Management
Subject: Labeling & Identifying Projects in Green Folders

Attached are four (4) examples of how we want to see the green folders labeled. This description, in addition to the Contract/Purchase Order/MPA Number, will aid auditors and others looking for files.

Effective immediately, please label all green folders currently in your possession, all future green folders and any green folders pulled from the file shelves for reference.

If you have any questions, please come and see me.

Thank you.

Attachments

DISTRIBUTION
Department Heads
Contracting Agents
Senior Buyers
Buyers
P.A. Kisielius

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EX. 1
P. 11F2
(PRIOR TO AWARD)

P.A. SYSTEM PARTS

RFP
OR
IFB # 96268
RFP/
IFB - 5/8/04 } DATED ADVERTISED.
OPEN. - 5/27/04
- DUE

PROJECT No. AZ3403-51423004
CRD-122.

FRONT

P.A. SYSTEM PARTS

1. 22
2017
(Date of audit)



Ex. 1
P. 2 of 2

P.A. SYSTEM PARTS

2017-2018
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024
2024-2025
2025-2026
2026-2027
2027-2028
2028-2029
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2097-2098
2098-2099
2099-2100

BACK



EX. 2
P. 1112

K 43392, 6/16/04
GFI GENFARE
P.A. SYSTEM PARTS

RFP or
IFB # 96268
RFP/
IFB - 5/8/04
OPEN - 5/27/04
DUE

PROJECT No. AZ 3403 - 51423004
CRD - 122.

FRONT





EX. 2
P. 2 OF 2

[Faint, illegible handwritten notes]

[Faint, illegible handwritten notes]

[Faint, illegible handwritten notes]

BACK

K 4 3 3 9 | GPI CENTRE
P.A. SYS. PARTS

EX. 3
P. 1 OF 2

K 55338, 8/3/05

TRIANGLE ENGINEERED PRODUCTS
OVERHAUL TBH CYLINDER LINERS.

RFP/
IFB # 15491

5/5

DUE: 5:00 P.M., C.S.T.
APRIL 6, 2005.

PROJECT No. CW3907-51423004
MET-125.

FRONT

TRIANGLE
OVAL TBH LINER



EX. 3

P. 2 OF 2

[Faint, illegible handwritten text]

BARK





EX. 4
P. 1002

K 54702

ELECTRIC MOTOR CORP.

OVERHAUL HIGHLINE CAR
MOTOR ALTERNATORS.

IFB # 15451 — REBID

IFB - ~~10/19/04~~ 12/11/04
OPEN - ~~10/19/04~~ 01/06/05

PROJECT No. CK3806-51422004
IL-90-X474/MET-062.

11/11/04
HOLD
FOR REVISION
SPEC.
[Signature]

FRONT



EX: 4
P. 2002

[Faint, illegible handwritten notes]

[Faint, illegible handwritten notes]

[Faint, illegible handwritten notes]

BACK

5 4 7 0 ELECTRIC MTR. CORP.
OVERHL. MA'S