

Honorable Mayor and Members
Of the City Council
City Hall
Torrance, California

Council Meeting Of
May 15, 2007

Members of the Council:

SUBJECT: Transit – Contract Service Agreements with S & J Chevrolet and Valley Power Systems, Inc. to repair Bus Engines and Transmissions

Expenditure: \$110,000 over two years (for both contracts)

RECOMMENDATION:

The Transit Director recommends that Council approve and authorize the Mayor to execute and the City Clerk to attest to the attached two-year contract service agreements with the following vendors to repair and rebuild the Allison Transmissions and Detroit Diesel engines of Torrance Transit Buses:

1. S & J Chevrolet for \$70,000 (annual cost not to exceed \$35,000); and
2. Valley Power Systems, Inc. for \$40,000 (annual cost not to exceed \$20,000).

FUNDING: Funding is available in the Transit Department's FY2007-2009 Federal Capital Grant budget (CA90-Y394).

BACKGROUND:

The drivetrains of Torrance's buses contain heavy-duty Allison transmissions. These transmissions required specialized tools and training to repair and overhaul. While City mechanics currently perform maintenance and certain transmission repairs, they neither possess the tools nor the in-depth training to complete a full overhaul. Consequently, staff contracts for this work.

S & J Chevrolet is an authorized warranty station for the repair and overhaul of Allison transmissions. The annual contract cost is an estimation of the number of buses that will require transmission overhaul upon reaching the mileage threshold in each year of the two-year agreement.

Since 1999, the Transit Department has contracted with Valley Power Systems, Inc. (formerly Valley Detroit Diesel Allison) for repairs and rebuilds of the Detroit Diesel engines and Allison Transmissions on Transit buses. Valley Power Systems, Inc. (VPS) is an authorized warranty station for the repair and overhaul of both engines and transmissions. The annual contract cost is an estimation of the number of buses that will require transmission repairs in each year of the two-year agreement.

ANALYSIS:

S & J Chevrolet performs the majority of transmission overhauls. The Transit Department contracts with VPS in the event S & J Chevrolet's workload prevents them from providing immediate service. While City mechanics do perform engine overhauls as time and staffing schedules permit, the repair of Allison transmissions requires specialized training and tools.

Also, recent changes in emission standards have made engine overhauls substantially more expensive.

As written, the two year agreements with S & J Chevrolet and VPS guarantee a set labor rate and set rates on parts for the life of the contracts. Current repair costs under these agreements will not increase for the life of the FY2007-2009 budget.

Respectfully submitted,



Kim Turner
Torrance Transit Director

CONCUR:



LeRoy J. Jackson
City Manager

Attachments: (All attachments are Limited Distribution).

- A. Contract Service Agreement with S & J Chevrolet in the amount of \$70,000 (from July 1, 2007 to June 30, 2009)
- B. Contract Service Agreement with Valley Power Systems, Inc. in the amount of \$40,000 (from July 1, 2007 to June 30, 2009).