



SFMTA
Municipal
Transportation
Agency

*File # 140829
Reserved in Committee 7/27/16
f.w.*

Building on Progress

Budget and Finance Sub-Committee
Board of Supervisors

July 27, 2016



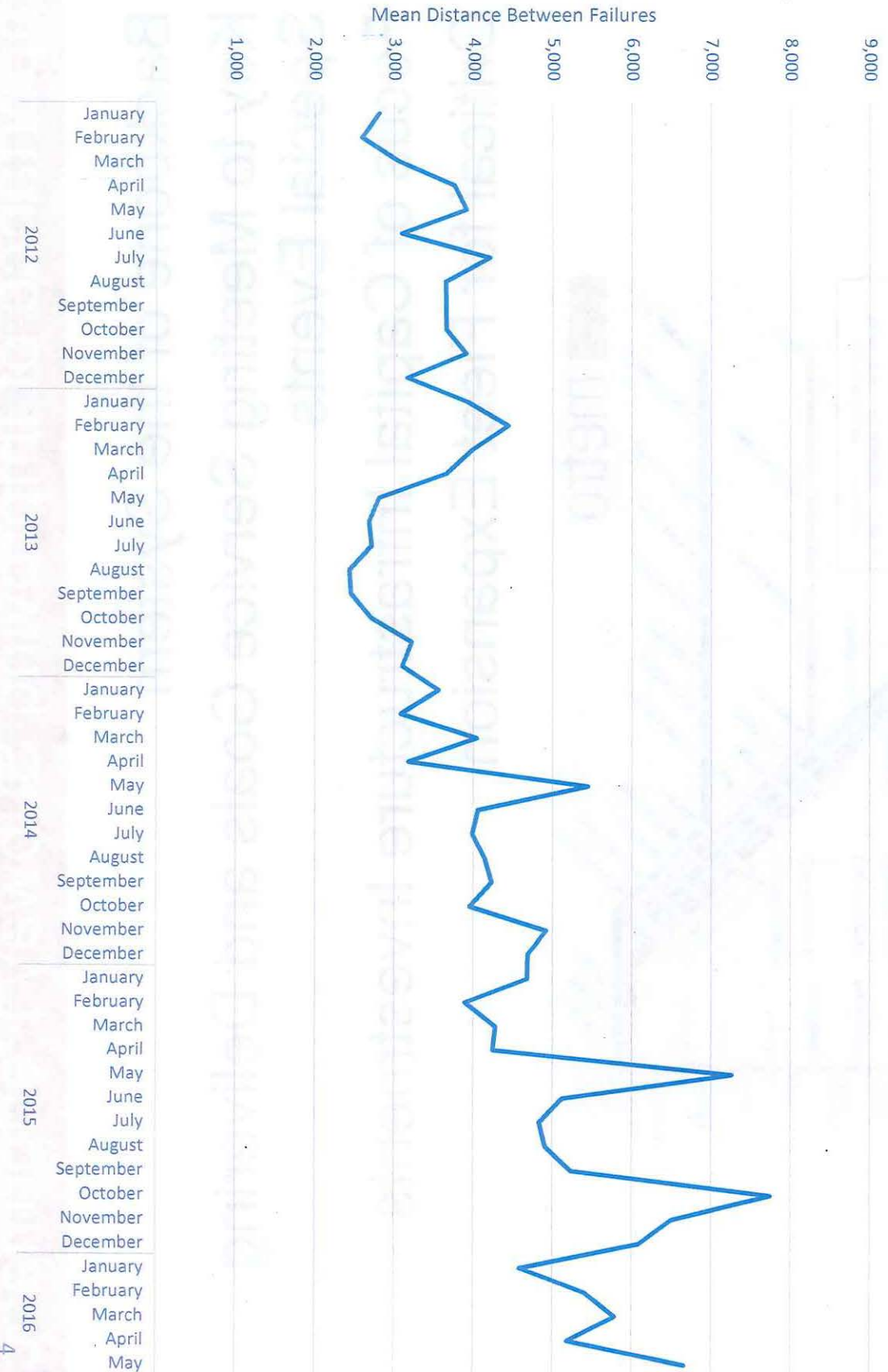
Importance of Improving Subway Performance

- Backbone of the System
- Key to Meeting Service Goals and Delivering Special Events
- Focus of Capital Infrastructure Investments
- Critical for Fleet Expansion



Mean Distance Between Failures Improving

Light Rail Mean Distance Between Failures, 2012 to present



Reasons for Improvement

- Strengthening maintenance practices and increasing preventative inspections
- Targeting failing systems for attention
- Stabilizing rail car availability
- Increasing parts availability and reducing stock-outs

What is VMI?

- Vendor Managed Inventory (VMI) is an innovative system leading to better customer service
 - Identifies most critical and most used parts
 - Enables restocking while reducing processing and delivery time
 - Leverages expertise of manufacturers



Before VMI Program

- Depleted Rail Parts Inventory
 - Suffered high stock-out rate
- Delayed Parts
 - Led to delayed repairs, vehicle reliability issues, and service delays
 - Required separate competitive bid process per part
 - Complicated by obsolete parts and foreign vendors
- Overstocked Parts
 - Expended funds on overstock not needed



2013 VMI Pilot – A Success!

- Improved parts availability through automated replenishment, better forecasting, and performance guidelines
- Enabled on-time preventative maintenance
- Increased vehicle reliability
- Supported service increases
- Provided cost savings and predictable spending





Parts Consumption Increasing

PARTS CONSUMPTION FOR RAIL DIVISIONS (2011 - 2015)



Stock-out Rate Decreasing

**STOCK OUT RATE FOR RAIL-VMI only
(2011-2016)**



Alternatives Considered

- Explored issuing a new Request for Proposals (RFP) for a new VMI program
 - Surveyed other transit agencies and service providers
 - Unavailability of Breda parts limits other potential suppliers
- Prior to expiration of this contract, staff will evaluate the need for continued VMI and consider issuing a new RFP, if necessary

Proposed Contract Extension Changes

- Move to Incentive Structure
 - Reduce stock-out rate below current 2.5%
 - Industry standard: 5%
 - Source cost savings on non-VMI parts
- Other Changes
 - Increase contract Amount / Term
 - Enhance engineering & IT Support



Next Steps

- Exercise option to extend contract until August 31, 2018
- Increase total contract amount from \$39,158,000 to \$80,698,000
- Recommend Board of Supervisors approval

