



SFMTA

VENDOR MANAGED INVENTORY (VMI) PROGRAM

Building on Progress

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Before VMI Program - 2012

- Depleted Rail Inventory
 - Suffered high stock-out rate
- Delayed Parts
 - Caused repair delays, vehicle reliability issues, service delays
 - Required separate competitive bid process per part
 - Dealt with obsolete parts and foreign vendors
- Overstocked Parts
 - Expended funds on overstock not needed



Pilot VMI Program (2013-2018) - Successes

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



Pilot VMI Program Results

- Increased Car Availability 20%
- Improved Car Reliability by 42%
- Increased Parts Consumption rate by 50%
- Decreased Inventory Levels by 28%
- Reduced Stock Out Rate to 3.54% and below industry standard of 5%
- 35 Light Rail Vehicle parts have been reverse engineered

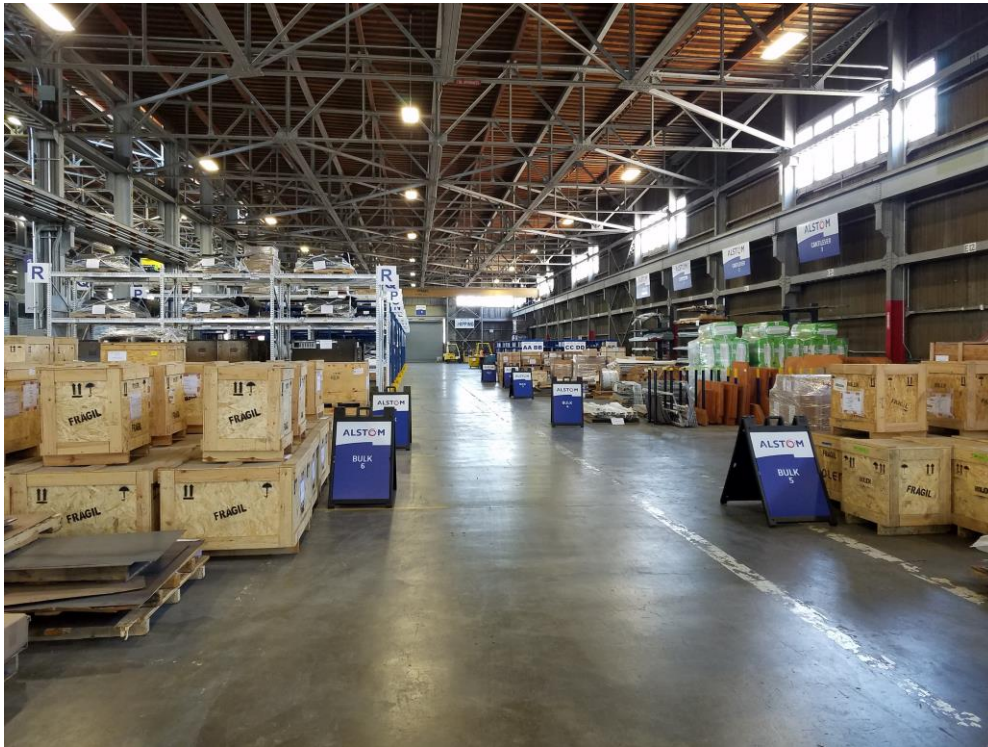


Other Advantages of a VMI Program:

- VMI gives vendors more control so they can accurately forecast demand
- Reduce inventory costs
- Visibility of stock levels helps to better identify priorities
- Save staff time in researching for hard-to-find parts
- Gain industry knowledge for new and modern technology equipment
- Streamline parts procurement process resulted in receiving parts faster for vehicle maintenance
- Reduce real estate needs, save storage space

Real Estate Saving: Vendor provides storage space

ALSTOM –MARE ISLAND –
STOREROOM

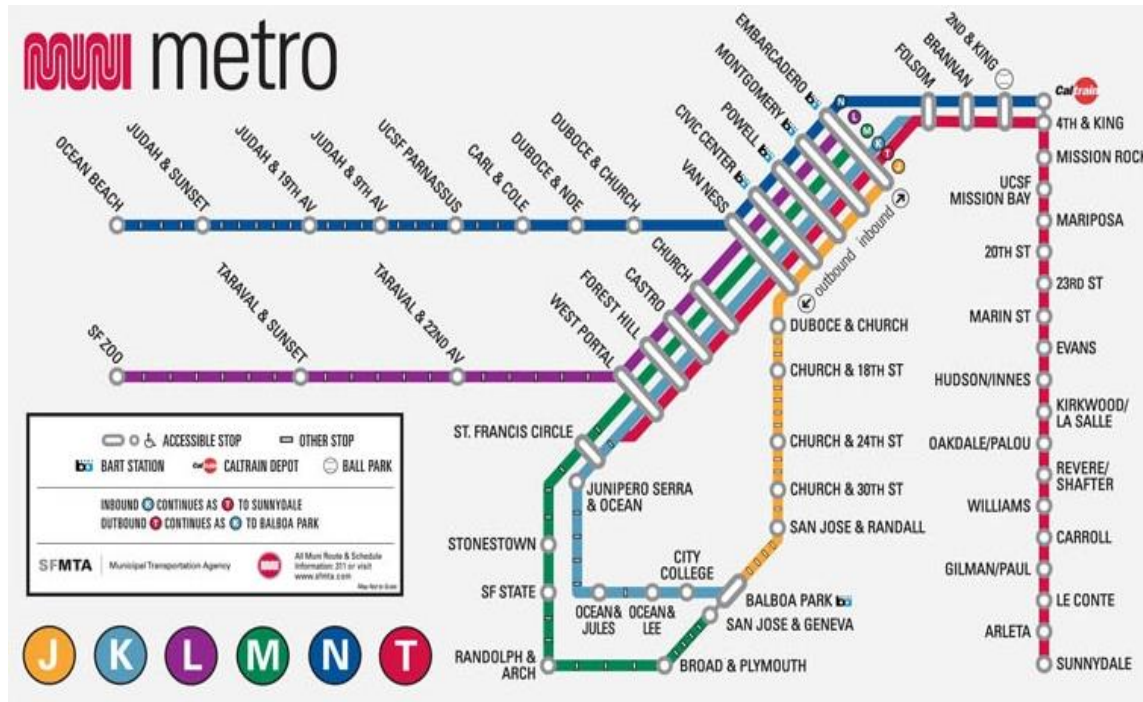


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Next Steps

- Requests for MTAB approval
- Recommend Board of Supervisors approval



Other Part Contracts Underway

- **New Flyer bus parts:**
 - Conducted a Request for Proposals for New Flyer & Orion bus parts.
 - Awarding 5 separate contracts to each of the proposers based on low bid price.
 - Developing an automated process to request parts from suppliers and allowing for delivery to occur on a bi-weekly basis.
 - Anticipating contracts to be in place within 60 days.



Other Part Contracts Underway

Parts Contracts for New LRV4 is being considered

