

**Board Report**

File #: 2017-0399, **File Type:** Contract**Agenda Number:** 45

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
JULY 20, 2017****SUBJECT: NEAR ZERO NATURAL GAS FUELED ENGINES****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a three year, indefinite delivery/indefinite quantity Contract No. MA39865000 for Near Zero Emission Natural Gas Fueled Heavy Duty Engines to Cummins Pacific, LLC for a not-to-exceed amount of \$8,160,523, inclusive of sales tax, for the base year; a not-to-exceed amount of \$11,296,774, inclusive of sales tax, for the first one year option; and a not-to-exceed amount of \$7,064,518, inclusive of sales tax, for the second one year option, for a total Contract amount of \$26,521,815.

ISSUE

The Cummins ISL G 280 horse power (hp) engines, currently installed in our NABI 45-foot series composite buses, will be replaced with new "Near zero" emission engines that will operate here on Renewable Compressed Natural Gas (RCNG). The Central Maintenance Facility (CMF) engine replacement program is coordinated with Metro's strategic plans for transitioning to Zero Emission Buses. This procurement is required to ensure the current engine replacement program continues without delays and with no impact on revenue service.

DISCUSSION

CMF staff has identified a requirement to purchase up to 395 natural gas fueled heavy duty engines to replace currently installed Cummins ISL G 280 hp engines during the period FY18 through FY20. The Cummins ISL G Near Zero Emission engines delivered under this procurement will be installed as part of the engine replacement program.

The ISL G Near Zero natural gas engine reduces NOx by 90 percent and greenhouse gases by nine percent compared to the standard ISL-G CNG-powered engine. Currently, the Cummins the ISL G Near Zero Emission is the only CNG mid-range engine to receive emissions certifications from the Federal Environmental Protection Agency (EPA) and California Air Resources Board (CARB) for meeting the 0.02 g/bhp-hr optional Near Zero NOx emissions standard. These engines are designed to be operated on either pipeline CNG or bio-gas/RCNG.

The Cummins ISL G Near Zero fueled heavy-duty engines are warranted to be free from defects in design and materials for two-years with unlimited mileage with full parts and labor on all warrantable failures.

DETERMINATION OF SAFETY IMPACT

The award of this Contract will result in a positive impact on safety. Installation of these new engines will ensure that buses are maintained in accordance with Metro Maintenance standards and improve on-road performance and reliability, with beneficial impact on system safety.

FINANCIAL IMPACT

The total contract value is not-to-exceed \$26,521,815. The funding of \$8,160,523 for these engines is included in the FY18 budget in cost center 3366, under project 203036, Bus Midlife Program and line item 50441, Parts- Revenue Vehicle. Since this is a multi-year Contract, the project manager, cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years, including any options exercised.

A grant for \$1.875 million was awarded to Metro by the Mobile Source Air Pollution Reduction Committee (MSRC) to offset the cost of installation of the Near Zero engine in 125 buses.

Impact to Budget

The source of funds for this procurement will come from Federal formula funds, State MSRC and local Proposition C 40%. These sources are eligible for Bus Operating or Capital projects. Use of these funding sources maximizes established funding provisions and guidelines.

ALTERNATIVES CONSIDERED

The alternative is not to award this master agreement Contract and procure natural gas fueled heavy-duty engines on an as-needed basis, using the traditional "min/max" replenishment system method. The "min/max" replenishment system method calculates minimum and maximum inventory levels. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply and a guaranteed fixed price for natural gas fueled heavy-duty engines.

NEXT STEPS

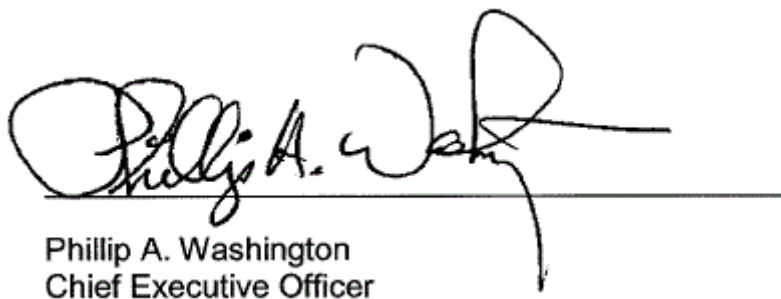
Refurbishment of the NABI bus fleet will continue in accordance with Operations Support Services bus mid-life program and engine replacement program. The engine replacement program utilizing the engines is scheduled to be completed by the end of the second quarter, FY20.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

NEAR-ZERO NATURAL GAS FUELED ENGINES/MA39865000

1.	Contract Number: MA39865000	
2.	Recommended Vendor: Cummins Pacific, LLC	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> FB <input type="checkbox"/> RFP <input type="checkbox"/> RFP.A&E Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 3/17/17	
	B. Advertised/Publicized: 3/17/17	
	C. Pre-Bid Conference: 3/24/17	
	D. Bids Due: 4/17/17	
	E. Pre-Qualification Completed: 4/26/17	
	F. Conflict of Interest Form Submitted to Ethics: 4/21/17	
	G. Protest Period End Date: 6/26/17	
5.	Solicitations Picked Up/Downloaded: 3	Bids Received: 1
6.	Contract Administrator: Edmund Gonzales	Telephone Number: 213/418-3073
7.	Project Manager: Amy Romero	Telephone Number: 213/922-5709

A. Procurement Background

This Board Action is to approve Contract No. MA39865000 in support of Metro's Natural Gas Fueled Bus Fleet to procure Near-Zero Emissions Bus Engines for bus maintenance and operations.

The IFB was issued in accordance with Metro's Acquisition Policy and the contract type is an Unit Firm Fixed Price Indefinite Delivery/Indefinite Quantity (ID/IQ).

One amendment was issued during the solicitation phase of the IFB:

- Amendment No. 1, issued on April 7, 2017, changed a fuel requirement of the IFB technical specification.

A total of one bid was received on April 17, 2017.

A market survey was conducted shortly thereafter inquiring as to why members on the Planholder's list elected not to participate in the solicitation. Information was collected for the other two Planholder's. One Planholder downloads and redistributes solicitations as their business model and does not respond to solicitations. The other Planholder did not respond, however, their website list the company as a provider of software systems.

B. Evaluation of Bids

This procurement was conducted in accordance, and complies with LACMTA's Acquisition Policy for a competitive sealed bid. The firm recommended for award, Cummins Pacific, LLC, was found to be in full compliance with the bid and technical requirements.

Bidder Name	Bid Amount
Cummins Pacific LLC	\$26,521,814.70

C. Price Analysis

The recommended total price has been deemed fair and reasonable based on Metro's staff conducting an open competition and market research. Staff obtained recent engine pricing data from Orange County Transportation Authority and Santa Monica Municipal Bus Lines and found the total bid price was comparable based on market research data. Although Metro only received one bid, the procurement was an open competition that included formal advertising, a pre-bid conference, and reach out to qualified engine manufacturers.

Bidder Name	Bid Amount	Metro ICE
Cummins Pacific LLC	\$26,521,814.70	\$28,254,000.00

D. Background on Recommended Contractor:

Cummins Pacific LLC, located in Irvine, CA, has been in business for 25 years, is a leader in the field of manufacturing engines and is an aftermarket distributor of bus parts. Cummins Pacific has provided similar products to other transit agencies including Orange County Transportation Authority (OCTA), Santa Monica Municipal Bus Lines (Big Blue Bus), San Diego Metropolitan Transit System, Torrance Transit, and other agencies. To date, Cummins Pacific, LLC has provided satisfactory products and services to Metro on previous purchases.

DEOD SUMMARY

NEAR ZERO NATURAL GAS FUELED ENGINES / MA39865000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) goal for this solicitation due to lack of subcontracting opportunities. Metro's Project Manager confirmed that Cummins Pacific, LLC manufactures engines in-house. Cummins Pacific, LLC did not make an SBE commitment.

B. Living/Prevailing Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.