



Board Report

File #: 2018-0484, File Type: Contract

Agenda Number: 18.

OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE SEPTEMBER 20, 2018

SUBJECT: BUS ENGINE CYLINDER HEAD ASSEMBLIES

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two year, Indefinite Delivery, Indefinite Quantity Contract No. MA49128000 to Cummins Inc., for bus engine cylinder head assemblies. The Contract first year base amount is \$834,968, inclusive of sales tax, and the second year Contract amount is \$855,843, inclusive of sales tax, for a total contract value of \$1,690,811.

ISSUE

This procurement is for the acquisition of new bus engine cylinder head assemblies which are required for maintaining the safe and reliable operation of the bus fleet. Award of this Contract will ensure that Bus Maintenance has adequate inventory to repair and maintain buses according to Metro maintenance standards.

BACKGROUND

The component usage reports from Material Management revealed that approximately 250 engine cylinder head assemblies were issued to Bus Maintenance to support replacement of these components during engine rebuild programs or for replacement of cylinder heads that crack, warp, or sustain other damage during normal operation. The engine cylinder head assemblies are installed by Metro Mechanics at the Central Maintenance Shops and at all bus operating divisions. Buses cannot operate without properly functioning engine cylinder head assemblies.

DISCUSSION

A cylinder head assembly is a precisely engineered block of metal that sits on top of the engine and houses many of the engine's moving parts, including the intake and exhaust valves, valve springs and lifters, and the spark plugs. Cylinder heads that crack, warp, or sustain other damage need to be replaced. The cylinder head assemblies support over 90% of our bus fleet which have Cummins 8.9 ISLG and L9N Near-Zero engines installed.

The contract to be awarded is a “requirements type” agreement in which Metro commits to order only from the awardee, up to the specified quantity for a specific duration of time, but there is no obligation or commitment for Metro to order all of the cylinder heads that may be currently anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) goal for this solicitation due to the lack of subcontracting opportunities. The purchased engine cylinder head assemblies are installed by Metro Mechanics.

Bus engine cylinder head assemblies will be purchased and maintained in inventory and managed by Material Management. As cylinder head assemblies are issued, the appropriate budget project numbers and accounts will be charged.

DETERMINATION OF SAFETY IMPACT

Award of contract will ensure that all operating divisions and the Central Maintenance Facility have an adequate inventory to maintain the equipment according to Metro Maintenance standards.

FINANCIAL IMPACT

The funding of \$834,968 for these cylinder head assemblies is included in the FY19 budget under account 50441, Parts - Revenue Vehicle in multiple bus operating division cost centers in project 306002 and in the Central Maintenance cost center 3366 in project 203025 Bus Engine Replacement Project.

Since this is a multi-year contract, the cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years including any option exercised.

Impact to Budget

The current source of funds for this action will come from Federal and local funds including sales tax and fares that are eligible for Bus and Rail Operating and Capital Projects. These funding sources maximize allowable fund use given approved funding provisions and guidelines.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this recommendation supports the following Metro Strategic Plan Goal: Deliver outstanding trip experiences for all users of the transportation system. This project will help maintain safety and reliability standards in an effort to provide a world-class transportation system that enhances quality of life for all who live, work, and play within LA County.

ALTERNATIVES CONSIDERED

The alternative is to not award the Contract and procure cylinder head assemblies on the open market on an as-needed basis. This approach is not recommended since it does not provide a commitment from the supplier to ensure availability and price stability.

NEXT STEPS

Metro's requirements for bus engine cylinder head assemblies will be fulfilled under the provisions of the Contract.


ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

BUS ENGINE CYLINDER HEAD ASSEMBLIES/MA49128000

1.	Contract Number: MA49128000	
2.	Recommended Vendor: Cummins Inc.	
3.	Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 5/1/18	
	B. Advertised/Publicized: 5/1/18	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 5/30/18	
	E. Pre-Qualification Completed: 6/30/18	
	F. Conflict of Interest Form Submitted to Ethics: 6/30/18	
	G. Protest Period End Date: :	
5.	Solicitations Picked up/Downloaded: 1	Bids/Proposals Received: 1
6.	Contract Administrator: Tanya Allen	Telephone Number: 213/922-1018
7.	Project Manager: Alex DiNuzzo	Telephone Number: 213/922-5860

A. Procurement Background

This Board Action is to approve Contract No. MA49128000 issued for the procurement of Bus Engine Cylinder Head Assemblies. IFB No. MA49128 was issued in accordance with Metro’s Acquisition Policy and the contract type is Indefinite Delivery, Indefinite Quantity (IDIQ).

No amendments were issued during the solicitation phase of this IFB:

One bid was received on May 30, 2018.

B. Evaluation of Bids

This procurement was conducted in accordance, and complies with Metro’s Acquisition Policy for a single bid with Cummins, Inc.

Cummins, Inc. was determined to be responsive and responsible to the IFB requirements, and in full compliance with the technical requirements.

Market Survey

Metro received a single bid and staff conducted a market survey to determine the reasons for the lack of formal bid responses to this IFB. One supplier indicated that it could only supply remanufactured parts which Metro cannot accept for this requirement. Two other suppliers indicated they were unable to submit a competitive price. Staff determined that there were no restrictive elements associated with the IFB requirements and the single bidder provided an offer under a competitive environment.

C. Price Analysis

The recommended bid amount of \$1,690,811 is the result of an open competitive bid process in a competitive environment. The bidder prepared its bid with an expectation of adequate price competition. Both Metro and the supplier anticipated there would be more than one acceptable bid submitted. The formal bid received reflects this anticipated competition.

The bid price has been determined to be fair and reasonable based upon a price analysis conducted by staff and the determination that an environment of adequate competition existed at the time of bid. The price analysis compared Cummins' price offered to the historical pricing on previous purchases and other pricing information from Cummins. Overall, the total bid price has been deemed fair and reasonable.

Line Item No.	Low Bidder Name	Bid Amount for Line 1	Metro ICE
1.	Cummins Inc.	\$1,690,811	\$1,711,000

D. Background on Recommended Contractor

The recommended firm, Cummins Inc., is located in Irvine, CA and has been in business for 26 years. Cummins, Inc. has provided similar products for other agencies including Orange County Transportation Authority, San Diego Metropolitan Transit System, and Santa Monica's Big Blue Bus. Cummins has provided satisfactory service and products to Metro on previous purchases.

DEOD SUMMARY

BUS ENGINE CYLINDER HEAD ASSEMBLIES/MA49128000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to lack of subcontracting opportunities. Cummins, Inc. is an Original Equipment Manufacturer (OEM) of the Cylinder Head Assembly Engine part that is shipped directly to Metro.

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 wages are not applicable to this Contract.

D. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.