

**Board Report**

File #: 2018-0723, **File Type:** Contract**Agenda Number:** 21.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JANUARY 17, 2019****SUBJECT: THREE-WAY MUFFLER CATALYSTS****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two year, Indefinite Delivery, Indefinite Quantity Contract No. MA56400000 to Cummins Incorporated, the lowest responsive and responsible bidder for Three-Way Muffler Catalysts. The award is for a Base year not-to-exceed of \$607,663 inclusive of sales tax, and a one year Option for a not-to-exceed amount of \$622,855, inclusive of sales tax for a total not-to-exceed contract value of \$1,230,518, subject to resolution of protest(s), if any.

ISSUE

This procurement is for the acquisition of new three-way muffler catalysts, which are required for maintaining a safe and reliable bus fleet operation. 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 on an annual basis approximately 125 three-way muffler catalysts were issued to Bus Maintenance to replace failed components and to support replacement during engine rebuild programs. The three-way muffler catalysts are installed by Metro Mechanics at the Central Maintenance Shops and at all bus operating divisions. Buses cannot operate without properly functioning three-way muffler catalysts.

DISCUSSION

A three-way muffler catalyst is a simple, passive device that reduces exhaust noise and three harmful emissions from the buses: hydrocarbons (HC), carbon monoxide (CO) and nitrogen oxide (NOx). Problems with the three-way muffler catalyst can quickly lead to engine performance issues. The three-way muffler catalysts support over 90% of our bus fleet which have Cummins 8.9 ISLG engines and Cummins 8.9 ISLG Near-Zero engines.

The contract to be awarded is a “requirements type” agreement in which we commit 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 us to order any or all of the three-way muffler catalyts that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The Diversity and Economic Opportunity Department (DEOD) recommended a two percent (2%) DBE goal for this solicitation. The recommended contractor has proposed to meet or exceed the established goal. The purchased three-way muffler catalyts are installed by Metro Mechanics.

Three-way muffler catalyts will be purchased and maintained in inventory and managed by Material Management. As three-way muffler catalyts 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

Funding in the amount of \$607,663 for these three-way muffler catalyts is included in the FY19 budget under account 50441, Parts - Revenue Vehicle in multiple bus operating cost centers under project 306002 Operations Maintenance, and in the Central Maintenance cost center 3366 under 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.

Impact to Budget

The source of funds will come from Federal and local TDA 4 funds that are eligible for Bus capital projects. Use of these funding sources maximizes established funding provisions and guidelines.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The procurement of three-way muffler catalyts supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The new three-way muffler catalyts will maintain the reliability of the bus fleet and ensure that our customers are able to arrive at their destinations without interruption and in accordance with the scheduled service intervals for Metro bus operations.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and procure three-way muffler catalyts 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 three-way muffler catalysts will be fulfilled under the provisions of the contract.

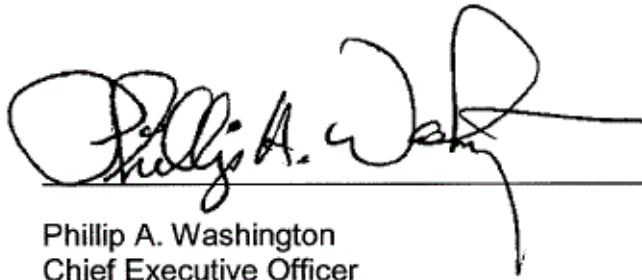
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared By: James D. Pachan, Superintendent of Maintenance, (213) 922-5804

Reviewed by: Debra Avila, Chief Vendor/Contract Management Officer (213) 922-6383
James T. Gallagher, Chief Operations Officer (213) 418-3108



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

PURCHASE OF THREE-WAY MUFFLER CATALYSTS/MA56400000

1.	Contract Number: MA56400000	
2.	Recommended Vendor: Cummins Inc. 1939 Deere Avenue, Irvine, CA 92606	
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: 9/03/18	
	B. Advertised/Publicized: 9/06/18	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 10/10/18	
	E. Pre-Qualification Completed: 10/12/18	
	F. Conflict of Interest Form Submitted to Ethics: 10/11/18	
	G. Protest Period End Date: : 1/25/19	
5.	Solicitations Picked up/Downloaded: 5	Bids/Proposals Received: 2
6.	Contract Administrator: Juelene Close	Telephone Number: 213/922-1066
7.	Project Manager: James Pachan	Telephone Number: 213/922-5804

A. Procurement Background

This Board Action is to approve Contract No. MA56400000 issued for the procurement of Three-Way Muffler Catalysts. Board approval of contract award is subject to resolution of any properly submitted protest.

IFB No. MA456400 was issued in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery, Indefinite Quantity (IDIQ).

No amendment was issued during the solicitation phase of this IFB:

A total of two bids were received on October 10, 2018.

B. Evaluation of Bids

This procurement was conducted in accordance, and complies with LACMTA's Acquisition Policy for a competitive sealed bid. The two bids are listed below in alphabetical order:

1. Cummins, Inc.
2. The Aftermarket Parts Company, LLC (New Flyer Parts)

All bids received were determined to be responsive and responsible, and in full compliance with the requirements of the IFB.

C. Price Analysis

The recommended bid price from Cummins Inc. has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

Bidder Name	Bid Amount	Metro ICE
Cummins Inc.	\$1,230,519	\$1,139,728
The Aftermarket parts Company, LLC (New Flyer Parts)	\$1,600,178	

D. Background on Recommended Contractor

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

DEOD SUMMARY

PURCHASE OF THREE-WAY MUFFLER CATALYSTS/MA56400000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 2% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Cummins LLC met the goal by making a 2% DBE commitment.

Small Business Goal	2% DBE	Small Business Commitment	2% DBE
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	DBE Subcontractors	Ethnicity	% Committed
1.	Say Cargo Express	Hispanic American	2.00%
Total Commitment			2.00%

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

The Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) 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.