# Board Report

**File #:** 2020-0843, **File Type:** Contract **Agenda Number:** 19.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE**
**FEBRUARY 18, 2021**

**SUBJECT: EXHAUST GAS RECIRCULATION COOLER KITS**

**ACTION: AWARD CONTRACT**

## RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two-year, indefinite delivery/indefinite quantity Contract No. MA71916-2000 to Cummins Inc., the lowest responsive and responsible bidder for Exhaust Gas Recirculation (EGR) Cooler Kits. The Contract one-year base amount is for $549,195 inclusive of sales tax, and the one-year option amount is $562,929, inclusive of sales tax, for a total contract amount of $1,112,124 subject to resolution of protest(s), if any.

## ISSUE

This procurement is for the acquisition of EGR cooler kits which are required for maintaining the safe and reliable operation of the bus fleet. Award of this contract will ensure that Metro's Bus Maintenance has adequate inventory to repair and maintain buses according to Metro maintenance standards.

## BACKGROUND

Metro's current bus fleet is primarily powered by Cummins natural gas engines that are equipped with exhaust gas recirculation systems to route exhaust gas back into the engine combustion chamber to control exhaust emissions. Exhaust gas recirculation systems are a critical component of the engine emissions control systems. Exhaust gas recirculation system problems can significantly impact engine emissions levels and performance. The EGR cooler kits contain the components to repair the exhaust gas recirculation systems. The EGR cooler kits are installed at bus operating divisions in response to engine performance problems.

## DISCUSSION

The EGR system is responsible for re-circulating metered exhaust gases back into the combustion chamber, which lowers the combustion chamber temperature by introducing inert gas. Nitric Oxide (NOx) emissions are formed when engine chamber temperatures rise above 2500°F and maintaining the engine combustion chamber at more controlled temperatures reduces NOx emissions. The EGR cooler circulates engine coolant through the EGR system as a heat exchange medium and cools the exhaust gas before being recirculated into the engine intake manifold to reduce combustion chamber

temperature. The EGR cooler kits specified in this procurement are either Original Equipment Manufacturer (OEM) approved or have been tested and qualified by Metro to ensure satisfactory performance for all buses operating in transit service.

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 to order all of the EGR cooler kits 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 purchased EGR cooler kits are installed by Metro Mechanics.

EGR cooler kits will be purchased and maintained in inventory and managed by Material Management. As EGR cooler kits are issued, the appropriate budget project numbers and accounts will be charged.

## DETERMINATION OF SAFETY IMPACT

Award of contract will result in a positive impact on safety by ensuring bus operating divisions have an adequate inventory of parts to maintain the bus fleet according to engine manufacturer and Metro Maintenance standards. Ensuring an adequate supply of critical parts ensures the performance and reliability of the bus fleet which will have a beneficial impact on system safety.

## FINANCIAL IMPACT

The funding of $549,195 for these products is included in the FY21 budget under multiple bus operating cost centers in project 306002 Operations Maintenance under Line 50441, Parts - Revenue Vehicle.

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

Impact to Budget

The current source of funds for this action are federal, state, and local sales tax including fares. Allocation of these funds to this effort maximizes their intended use given approved funding guidelines and provisions.

## IMPLEMENTATION OF STRATEGIC PLAN GOALS

The procurement of EGR cooler kits for the Cummins natural gas engines supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The installation of EGR cooler kits 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 EGR cooler kits 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 EGR cooler kits 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

**ATTACHMENT A**

# PROCUREMENT SUMMARY

## PURCHASE OF EGR COOLER KITS

## CONTRACT NO. MA71916-2000

| | | |
|---|---|---|
| **1.** | **Contract Number**: MA71916-2000 | |
| **2.** | **Recommended Vendor**:<br>Cummins Inc., 1939 Deere Avenue, Irvine, CA 92606 | |
| **3.** | **Type of Procurement (check one):** ☒ **IFB** ☐ **RFP** ☐ **RFP–A&E**<br>☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order** | |
| **4.** | **Procurement Dates**: | |
| | **A. Issued**: 10/21/20 | |
| | **B. Advertised/Publicized**: 9/18/20 | |
| | **C. Pre-proposal/Pre-Bid Conference**: N/A | |
| | **D. Proposals/Bids Due**: 11/17/20 | |
| | **E. Pre-Qualification Completed: 11/23/20** | |
| | **F. Conflict of Interest Form Submitted to Ethics**: 11/18/20 | |
| | **G. Protest Period End Date: 1/22/21** | |
| **5.** | **Solicitations Picked up/Downloaded**: 10 | **Bids/Proposals Received**: 5 |
| **6.** | **Contract Administrator**:<br>**Tanya Allen** | **Telephone Number**:<br>**213/922-1018** |
| **7.** | **Project Manager**:<br>**Alex DiNuzzo** | **Telephone Number**:<br>**213/922-5860** |

## A. Procurement Background

This Board Action is to approve Contract No. MA71916-2000 for the procurement of EGR Cooler Kits. Board approval of contract awards are subject to resolution of any properly submitted protest.

An Invitation for Bid (IFB) No. MA71916-2 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 five (5) bids were received on November 17, 2020:

1. Cummins Inc.
2. Muncie Transit Supply
3. Diesel Exhaust & Emission LLC
4. The Aftermarket Parts Co.
5. DLR Distributors, Inc.

## B. Evaluation of Bids

This procurement was conducted in accordance and complies with LACMTA's Acquisition Policy for a competitive sealed bid. There were five bids that were deemed responsive and responsible to the IFB requirements

The recommended firm, Cummins Inc., the lowest responsive and responsible bidder was found to be in full compliance in meeting the bid and technical 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, Independent Cost Estimate (ICE), historical purchases and selection of the lowest responsive and responsible bidder.

| Bidder's Name | Total Bid Amount | Metro ICE |
|---|---|---|
| Cummins Inc. | $1,112,123.61 | $998,612.00 |
| Muncie Transit Supply. | $1,140,774.39 | |
| Diesel Exhaust & Emission LLC | $1,252,200.38 | |
| The Aftermarket Parts Co. LLC | $1,265,562.68 | |
| DLR Distributors, Inc. | $1,306,542.39 | |

## D. Background on Recommended Contractor

The recommended firm, Cummins Inc. (Cummins) is located in Irvine, CA has been in business for one hundred (100) years. Cummins has provided similar products to Metro and other agencies including Orange County Transit Authority, San Diego Metropolitan Transit System, and Santa Monica Big Blue Bus and numerous other transit agencies. Cummins has provided satisfactory service and products to Metro on previous purchases.

## DEOD SUMMARY

## PURCHASE OF EGR COOLER KITS/CONTRACT NO. MA71916-2000

### A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 2% Disadvantaged Business Enterprise (DBE) goal for this indefinite delivery/indefinite quantity (ID/IQ) solicitation. Cummins, Inc. made a 2% DBE commitment.

| Small Business Goal | 2% DBE | Small Business Commitment | 2% DBE |
|---|---|---|---|

| | DBE Subcontractors | Ethnicity | % Committed |
|---|---|---|---|
| 1. | Say Cargo Express | Hispanic American | 2% |
| | | **Total Commitment** | **2%** |

### B. Living 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. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of $2.5 million.