



## Board Report

File #: 2021-0756, File Type: Contract

Agenda Number: 17.

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### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 17, 2022

**SUBJECT: PURCHASE OF NINE (9) 35 TON TOW TRUCKS**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed price contract under IFB No. DR81105 with Baatz Enterprises Inc. DBA Tow Industries, the lowest responsive and responsible bidder for nine (9) 35-ton tow trucks for a firm fixed price of \$3,948,479.62 inclusive of sales tax.

#### **ISSUE**

This procurement is for the replacement of nine (9) Metro owned and operated 35-ton tow trucks currently operating in support of Bus Maintenance Operations that have exceeded the Metro vehicle replacement policy of 12 years and/or 150,000 miles. The 35-ton tow trucks will support bus towing requirements of the revenue fleet in the Metro bus revenue service area within Los Angeles County.

The purchase of these nine tow trucks will provide Metro Bus Maintenance Operations Bus Divisions with the necessary equipment for the consistent, timely, and effective support and maintenance of Metro revenue bus fleet for the next 12-15 years.

#### **BACKGROUND**

Metro currently operates a fleet of thirteen (13) tow trucks. Each Maintenance Division is assigned and operates at least one (1) tow truck to support its respective fleet. This fleet of tow trucks is used to support in-service bus failures that are required to be towed back to the Maintenance Divisions for repair. Bus divisions normally operate over 200 buses that require timely on-street support for repair and tow as necessary. This support is critical for the retrieval and repair of the bus fleet for timely return to revenue service.

Of this fleet of thirteen existing tow trucks owned by Metro, nine trucks are being replaced that have exceeded 12 years of age and/or exceeded 150,000 miles of service. In addition, these nine trucks have been determined unreliable with excessive mechanical failures, costly repairs, and parts are becoming difficult to locate due to the age of the vehicles.

#### **DISCUSSION**

The award of this firm fixed price contract with Baatz Enterprises Inc. DBA Tow Industries will replace nine Metro-owned and operated 35-ton tow trucks. These trucks are used for tow and recovery operations at Metro's ten bus operating divisions and for training and central tow operations at Metro's Central Maintenance Facility. These trucks are required to support the bus operations throughout the Metro system, including over 2,200 buses. The nine new tow trucks will replace trucks that have been in operation for approximately 18 years, since 2003. These trucks have experienced reduced reliability in the last few years and have now surpassed their useful life and require replacement.

Three of the nine new tow trucks will be powered by compressed natural gas (CNG) and six powered by diesel fuel. The purchase of three CNG tow trucks aligns with the AQMD Rule 1196, requiring Metro to purchase alternate fuel vehicles to replace heavy-duty diesel-powered vehicles. AQMD Rule 1196 allows purchase of the six (6) new diesel tow trucks to support the retrieval and towing of the 60' Articulated CNG and Electric bus fleets due to the excessive weight of the buses and the towing capability the diesel-powered tow trucks provide. These tow trucks will be distributed to Bus Operating Divisions that operate 60' articulated or electric buses. The CNG tow trucks will be assigned to the bus Divisions that operate standard 40' CNG buses due to the CNG tow trucks having insufficient torque to tow 60' Articulated or electric buses.

To understand the impacts of emissions to the service areas of divisions receiving required diesel Tow Trucks, a comparable analysis from both CNG and diesel trucks was conducted. It was determined that the new diesel tow truck emissions systems are far superior to the tow trucks being replaced. The new diesel tow trucks emit the same levels of Reactive Organic Gas (ROG) and Particulate Matter (PM) emissions as the new CNG trucks. The new CNG tow trucks' Nitrogen Oxide (NOx) emissions are slightly lower; however, the new diesel tow truck NOx levels are 86% lower than the current diesel tow trucks.

### **DETERMINATION OF SAFETY IMPACT**

LA Metro's current tow truck fleet is antiquated, with systems and equipment that is outdated in the heavy-duty truck industry. The purchase of new tow trucks will provide Metro with current state-of-the-art tow trucks that maximize tow truck operator safety.

### **FINANCIAL IMPACT**

A total of \$3,948,479.62 is needed for this action. Budget is contained in Capital Project 208608 - FY22 AQMD 1196 Rule Non-Revenue Vehicles. The Life of Project (LOP) budget is \$9,400,000.00, which is within the project budget.

Since this is a multi-year contract, the Project Manager will be responsible for budgeting resources in future Fiscal Years.

### **Impact to Budget**

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Funding comes from State and Local sources including TDA4 that are eligible for State of Good Repair (SGR) projects. Allocating these funds to this effort maximizes project funding use given approved provisions and guidelines.

### **EQUITY PLATFORM**

This action will provide support equipment (tow trucks) that will ensure the bus fleet that serves most regions in Los Angeles County and is a vital life line for many underserved communities can provide reliable transportation services. The nine (9) tow trucks procured will be assigned to Bus Operating Divisions located throughout Los Angeles County, including Downtown Los Angeles, El Monte, Long Beach, and Sun Valley. These tow trucks will be assigned to Bus Operating Divisions in Metro's Equity Focus Communities (EFCs) and per our analysis, delays in the procurement of the new tow trucks will result in higher emissions levels for EFCs.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a SBE or DVBE participation goal for this procurement due to limited suppliers and only one bid submitted for the 35-ton tow trucks.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports Metro Strategic Plan Goal 5) Provide responsive, accountable, and trustworthy governance within the Metro organization. New Tow Trucks will minimize vehicle maintenance needs, improve safety, and lower emissions by purchasing and deploying CNG and diesel-powered trucks with the latest emission control devices on the market. With this, Metro is exercising good public policy judgment and sound fiscal stewardship.

### **ALTERNATIVES CONSIDERED**

Staff considered leasing equipment and/or contracting out tow services. These alternatives are not recommended as this work has historically been performed by Amalgamated Transit Union (ATU) contract personnel. Contracting out this service would conflict with the current LA Metro/ATU Collective Bargaining Agreement. Additionally, staff calculated that the cost of external contracted towing services for one tow truck would equal or exceed the full purchase price of one tow truck in the first five years of operation.

The alternative of retaining the existing tow truck fleet for primary tow services is not recommended. Diminished reliability, high maintenance costs and frequent repairs over the past several years has rendered the use of the existing tow truck fleet a poor alternative for continued operation.

Not purchasing the recommended tow trucks will significantly reduce the ability of the Metro Bus Operations and Maintenance Departments to effectively provide world-class transportation for all.

### **NEXT STEPS**

Following the authorization and execution of the contract, the vendor will begin the manufacturing

process and provide Metro with a production schedule to identify milestones consistent with the scheduled delivery of the equipment 16 to 22 months after award of the contract.

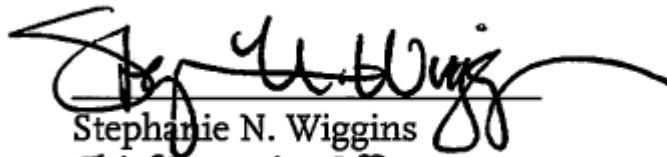
**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Adam Robertson, Sr Director Non-Revenue, (562) 658-0231

Reviewed by: Debra Avila, Deputy Chief Vendor/Contract Management (213) 418-3051  
Conan Cheung, Acting Chief Operations Officer, Bus (213) 418-3034



Stephanie N. Wiggins  
Chief Executive Officer



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
metro.net

**ATTACHMENT A**

**PROCUREMENT SUMMARY**

**35-TON TOW TRUCKS, COMPRESSED NATURAL GAS AND DIESEL FUEL**

1.	Contract Number: DR81105000	
2.	Recommended Vendor(s): Baatz Enterprises Inc. dba Tow Industries	
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: 10/1/2021	
	B. Advertised/Publicized: 10/1/21, 10/7/21	
	C. Pre-Bid Conference: 10/12/21	
	D. Bids Due: 11/3/21	
	E. Pre-Qualification Completed: 11/9/21	
	F. Conflict of Interest Form Submitted to Ethics: 11/4/21	
	G. Protest Period End Date: (15 Calendar Days after Notification of Intent to Award) 2/18/22	
5.	Solicitations Picked up/Downloaded: 13	Bids Received: 1
6.	Contract Administrator: Loretta Norris	Telephone Number: (213) 922-2632
7.	Project Manager: Adam Robertson	Telephone Number: (562) 658-0231

**A. Procurement Background**

This Board Action is to approve Contract No. DR81105000 to procure nine 35-Ton Tow Trucks, including three (3) CNG and six (6) diesel fuel, to support Metro’s Bus Operations. Contract award is subject to resolution of any properly submitted protest.

The IFB was issued in accordance with Metro’s Acquisition Policy and the contract type is a Firm Fixed Price.

Three (3) amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on October 5, 2021, to provide pre-bid conference call-in telephone number and conference ID number;
- Amendment No. 2, issued on October 12, 2021, to update Metro’s Insurance Requirements;
- Amendment No. 3, issued on October 21, 2021, to update Technical Specifications.

A single bid was received on November 3, 2021 and deemed responsive.

## **B. Evaluation of Bids**

This procurement was conducted in accordance and complies with Metro's Acquisition Policy for a competitive sealed bid. A single bid was received and deemed responsive and responsible to the IFB requirements.

The recommended firm, Baatz Enterprises Inc. dba Tow Industries, the single responsive and responsible bidder, was found to be in full compliance in meeting the bid and technical requirements of the IFB.

### **Market Survey**

Metro received a single bid and staff conducted a market survey of other firms to determine the reasons for the lack of formal bid responses to this IFB.

13 firms downloaded the solicitation and based on staff's communication with the firms one submitted a bid, one advised pricing was unavailable until the first quarter of 2022, two were subcontractors who indicated the current market was negatively impacted by increased cost of materials and shortage of parts, one did not respond to the market survey, two were bid management companies, four were not vendors or manufacturers, one did not download the solicitation timely to submit a bid, and one downloaded the solicitation to review only.

## **C. Price Reasonableness**

The recommended bid price from Baatz Enterprises Inc. dba Tow Industries is the result of an open competitive bid process in a competitive environment. The bidder prepared its bid in the expectation of adequate price competition. Both Metro and the bidder anticipated there would be more than one acceptable bid submitted. Overall, the total bid price has been determined to be fair and reasonable based upon market conditions and selection of the single responsive and responsible bidder.

The single bid received was recommended for award even though the bid was higher than the independent cost estimate. The price variance is reflective of the Market Survey conducted and the current global market conditions which have been heavily impacted by the COVID-19 pandemic.

The market price of steel has fluctuated to almost double of what it was when the last batch of tow-trucks were purchased. A worldwide semiconductor supply shortage has stalled production within the automotive industry and drastically delayed the delivery timeline of vehicles. In addition, the global logistics landscape of moving goods is heavily burdened by a shortage of manpower combined with an increased cost of fuel driving up the freight cost for these units

<b>Bidder's Name</b>	<b>Total Bid Amount</b>	<b>Metro ICE</b>
Baatz Enterprises Inc. dba Tow Industries	\$3,922,757.26	\$3,453,000.00

**D. Background on Recommended Contractor**

The recommended firm, Baatz Enterprises Inc. dba Tow Industries, is headquartered in West Covina, California and has over 20 years of experience in providing recovery trucks and towing equipment, including tow trucks, wreckers, car carriers and wheel lifters. Tow Industries was previously awarded a Metro Contract in July 2019 and performed satisfactorily.

**DEOD SUMMARY****PURCHASE OF NINE (9) 35 TON TOW TRUCKS / DR81105****A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a goal for this solicitation. This procurement is for the purchase of three (3) 35-Ton CNG Tow Trucks and six (6) 35-Ton Tow Trucks for the replacement of vehicles in the current fleet that support Metro bus operations. Baatz Enterprises Inc. DBA Tow Industries did not make a commitment.

**B. Living Wage / 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.