



## Board Report

File #: 2023-0736, File Type: Contract

Agenda Number: 18.

### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 15, 2024

**SUBJECT: PURCHASE OF ELECTRIC VEHICLE (EV) CROSSOVERS**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed price contract under IFB No. DR113478 with Elite Auto Network, the lowest responsive and responsible bidder for 21 Toyota bZ4X Electric Vehicles (EV) Crossovers for a total of \$1,305,792.28 inclusive of sales tax, subject to the resolution of any properly submitted protest(s), if any.

#### **ISSUE**

This procurement is to replace 21 Metro owned and operated gasoline and gasoline hybrid Sport Utility Vehicles (SUV's) and sedans with 21 EV Crossovers. SUV's and sedans identified for replacement have exceeded the policy requirement of 6 years and/or 150,000 miles of service or were previously placed out of service and scrapped due to major collision damage.

Metro is committed to promoting and using zero-emissions vehicles across the system, including in our non-revenue fleet. Transitioning from gasoline and gasoline hybrid SUV's and sedans to EV Crossovers will align the department with the company goal and reduce Metro's carbon footprint.

#### **BACKGROUND**

Non-revenue vehicles are required by various departments to support maintenance, transportation, and construction programs. Several non-revenue vehicles have exceeded the minimum required service requirements and are in need of replacement, including twenty-one older and higher mileage SUV's and sedans. Two vehicles need replacement because of major collision damage and nineteen vehicles need replacement due to the normal wear and tear of 12 - 16 years in service with an average of 167,000 miles. In the last few years, these SUV's and sedans have experienced reduced reliability and have required significant and frequent repairs to keep them in service. These vehicles have now surpassed their useful life and were determined unreliable with excessive mechanical failures, costly/frequent repairs, and high levels of service unavailability. The current condition of these vehicles renders them no longer cost effective to maintain and replacements are now required.

The Toyota bZ4X Electric Vehicles being procured have several clear advantages over gasoline and

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gasoline hybrid vehicles in terms of environmental impact, cost of ownership, performance, and technological innovation.

## **DISCUSSION**

The award of this firm fixed price contract with Elite Auto Network will allow the replacement of twenty-one SUV's and sedans. Various departments throughout the agency rely on these SUV's and sedans, including bus and rail divisions, Wayside systems, Maintenance of Way Engineering, Risk Management, Operations Planning, and Public Relations. The new SUVs will be used for operator relief, maintenance support, construction project management, and to support various administrative functions. The EV configuration of these vehicles ensures Metro operates zero tailpipe emission Battery Electric Vehicles to continue with Metro's efforts of utilizing environmentally friendly equipment. The new Toyota bZ4X Electric Vehicles provide several benefits to Metro, including:

### *Environmental Impact*

Metro is committed to promoting and using zero-emissions vehicles across the system, including in our non-revenue fleet. The transition to zero emission, non-revenue vehicles benefits customers, employees, and the communities where Metro vehicles operate with the elimination of harmful emissions in these environments. In alignment with the recent Board approval of the EV Parking Strategic Plan, Metro is committed to transitioning the non-revenue fleet to zero-emission vehicles.

### *Cost of Ownership*

While having a more expensive purchase cost upfront, the high cost of fuel for gasoline vehicles and reduced maintenance for new vehicles will result in a cost reduction for maintaining the EV Crossovers as compared to gasoline and gasoline hybrid vehicles.

### *Safety*

THE EV Crossovers are equipped with numerous technologically advanced safety features, including dynamic braking, emergency airbags, and antilock braking, making them safer to operate compared to the older gasoline and gasoline hybrid vehicles.

### *Charging Availability*

Agencywide charging logistics for all Metro electric vehicles are addressed in Metro's EV Parking Strategic Plan 2023-2028. With the planned expansion of available charging stations, non-revenue can increase the number of electric vehicles.

## **DETERMINATION OF SAFETY IMPACT**

Safe operation of the non-revenue vehicle fleet is paramount to the safety of the Metro employees that operate them. Excessive age and mileage lead to wear of the major systems of the vehicle, such as drive train, steering, suspension, and engine, resulting in potentially significant repair costs. Replacement of electric vehicle crossovers will minimize vehicle related safety issues.

## **FINANCIAL IMPACT**

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The recommended award is \$1,305,792.28. This budget is contained within the Life of Project of Capital Project 208610 - FY23 Non-Revenue Equipment Replacement. The budget for this procurement is in Cost Center 3790, Maintenance Administration, Account 53106, Acquisition of Service Vehicles.

### Impact to Budget

The current source of funds for this action are from Transportation Development Act funding. These funds are eligible for use on Capital and Operating projects. Allocating these funds to this effort maximizes project funding use given approved provisions and guidelines.

### EQUITY PLATFORM

This action will provide support equipment (EV Crossovers) that will ensure efficient and timely rail and bus service to many underserved communities in Los Angeles County and ensure continued reliable transportation services. The EV Crossovers procured will be assigned to various departments throughout Metro; however, the EV Crossovers will provide support to Rail and Bus Operating Divisions located throughout Los Angeles County, including Downtown Los Angeles, El Monte, Long Beach, and Sun Valley. The adoption of the Toyota bZ4X Electric Vehicles aligns with environmental justice principles, addressing pollution disparities in communities disproportionately affected by traditional vehicles.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) goal for this solicitation.

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

The contract for EV Crossovers supports Strategic Goal 2.3: Metro will support a customer-centric culture where exceptional experiences are created at every opportunity for both internal and external customers. The EV Crossover vehicles are required for support of bus, rail, administration, engineering, risk management and support departments focused on providing clean, safe, and reliable transportation services for Metro customers.

### ALTERNATIVES CONSIDERED

The alternative to operating the current vehicles was considered for the nineteen SUV's still in service, but retaining these vehicles for use by Metro employees is not recommended. Diminished reliability, high maintenance costs, frequent repairs and higher emissions have rendered these SUV and sedans a poor alternative for continued operation.

Not purchasing the recommended EV Crossovers will significantly reduce the ability of Metro staff to support the Rail and Bus Operations that effectively provide world-class transportation for all, since the older SUV and sedans that are currently in use are more prone to breakdowns, which could cause delays in the response to incidents and major emergencies.

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Other EV Crossovers were considered, but the BZ4X was the only vehicle in this class with the storage capacity, seating capacity, and range to fulfill the needs of replacing gasoline and gasoline hybrid SUVs.

### **NEXT STEPS**

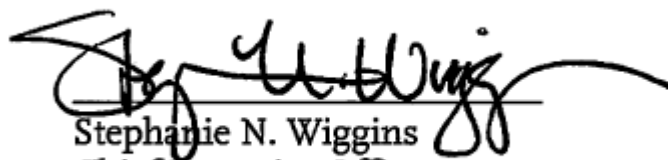
Following the execution of the contract, the vendor will place an order for the vehicles and commence delivery upon receipt from the manufacturer. Delivery of all twenty-one vehicles is scheduled before the close of the calendar year 2024.

### **ATTACHMENTS**

Attachment A - Procurement Summary  
Attachment B - DEOD Summary

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Stephanie N. Wiggins  
Chief Executive Officer

**PROCUREMENT SUMMARY**  
**EV CROSSOVER VEHICLES**  
**CONTRACT NO. DR113478000**

1.	<b>Contract Number: DR113478000</b>	
2.	<b>Recommended Vendor: Elite Auto Network</b>	
3.	<b>Type of Procurement: IFB</b>	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued: 9/6/23</b>	
	<b>B. Advertised/Publicized: 8/31/23</b>	
	<b>C. Pre-Bid Conference: 9/13/23</b>	
	<b>D. Bids Due: 11/6/23</b>	
	<b>E. Pre-Qualification Completed: 1/9/24</b>	
	<b>F. Conflict of Interest Form Submitted to Ethics: 11/22/23</b>	
	<b>G. Protest Period End Date: 2/16/24</b>	
5.	<b>Solicitations Picked up/Downloaded: 6</b>	<b>Bids Received: 1</b>
6.	<b>Contract Administrator: Lorretta Norris</b>	<b>Telephone Number: (213) 922-2632</b>
7.	<b>Project Manager: Joe Guzman</b>	<b>Telephone Number: (562) 658-0232</b>

**A. Procurement Background**

This Board Action is to approve Contract No. DR113478000 to Elite Auto Network for the purchase of twenty-one (21) 2023 Toyota BZ4X Crossovers to replace vehicles in support of Metro's Bus and Rail operations, and its commitment to promote a cleaner and sustainable transportation system. Board approval of contract award is subject to resolution of any properly submitted protest(s), if any.

The Invitation for Bid (IFB) was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price. SBE and DVBE goals were not recommended due to the lack of subcontracting opportunities.

One (1) amendment was issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on October 2, 2023, updated the Critical Dates.

A single bid was received on November 6, 2023, 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.

The recommended firm, Elite Auto Network, the single responsive and responsible bidder, was found to be in full compliance in meeting the bid and technical requirements of the IFB.

## **C. Market Survey**

Six (6) firms downloaded the solicitation and based on staff's findings, one submitted a bid, one is a commercial truck dealer, one leases vehicles, one is a new and used truck dealer, one is an auto parts store, and one is a bid management company. The market survey revealed that the decisions not to propose were based on individual business considerations. The automotive industry is still recovering from the pandemic with ongoing supply chain and logistics issues. Most are not willing to commit to long-term, fixed price contracts due to these concerns.

## **D. Price Reasonableness**

The recommended price is the result of an open competitive bid process in a competitive environment. The bidder prepared its bid with 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 23% 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 since the last procurement of electric vehicles 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. These issues all contribute to the price variance in addition to general supply chain issues and labor cost escalations.

<b>Bidder's Name</b>	<b>Total Bid Amount</b>	<b>Metro ICE</b>
Elite Auto Network	\$1,305,792.28	\$1,008,000

## **E. Background on Recommended Contractor**

The recommended firm, Elite Auto Network, is a dealer/broker located in Beverly Hills, California, has been in business over 35 years and provides full circle fleet management, including vehicle upfitting, mobile and drive away services, and fleet electrification. Elite Auto Network has performed satisfactorily on previous Metro contracts since 2017.

No. 1.0.10  
Revised 10/11/16

DEOD SUMMARY

EV CROSSOVER VEHICLES / CONTRACT NO. DR113478000

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) goal for this solicitation due to lack of subcontracting opportunities. Elite Auto Network, an SBE prime, listed three (3) major firms as non-SBE subcontractors to perform on this contract.

**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.