



Board Report

File #: 2024-0354, File Type: Contract

Agenda Number: 34.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JULY 18, 2024

SUBJECT: TURBOCHARGERS

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two-year, Indefinite Delivery / Indefinite Quantity (IDIQ) Contract No. MA103954-2000 to Cummins Inc., the lowest responsive and responsible bidder to supply Turbocharger Assemblies in the not-to-exceed (NTE) amount of \$1,624,966.51, inclusive of sales tax, and subject to the resolution of any properly submitted protest(s), if any.

ISSUE

Turbochargers are a major component of a bus engine, and the engine will not run without a properly functioning turbocharger. The stop-and-go service environment and high annual mileage accumulation on the bus fleet cause turbocharger failure, which requires replacement to ensure that the fleet remains in a State of Good Repair. Metro must maintain an adequate stock of turbochargers in inventory to ensure timely replacement of failed components, ensure the reliability of the bus fleet, and provide high-quality service to customers.

BACKGROUND

This procurement is for the acquisition of turbochargers required for maintaining the safe and reliable operation of the natural gas engines installed in most of Metro's bus fleet. Metro's current bus fleet is primarily powered by Cummins natural gas engines that are equipped with turbochargers to meet performance and emissions requirements. The turbochargers are a critical part of the engine operation. Turbocharger problems can significantly impact engine performance. Turbochargers are replaced at the Central Maintenance Shops and bus operating divisions in response to performance problems or engine failures. The award of this contract will ensure that Bus Maintenance has an adequate inventory to repair and maintain buses according to Metro maintenance standards.

DISCUSSION

The turbocharger is a component that compresses air entering the engine to provide extra power and burn a mixture of fuel in the engine cylinders more efficiently. The turbochargers specified under this procurement are either Original Equipment Manufacturer (OEM) approved or have been tested and qualified by Metro to ensure satisfactory performance for all buses in service.

The contract to be awarded is a “requirements type” agreement in which we commit to ordering only from the awardee up to the specified quantity for a specific duration of time. However, there is no obligation or commitment to order any or all of the turbochargers that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required.

Turbochargers will be purchased, maintained in inventory, and managed by Material Management. The appropriate budget project numbers and accounts will be charged as turbochargers are issued. Metro Mechanics will install the purchased turbochargers.

DETERMINATION OF SAFETY IMPACT

The award of the contract will positively impact 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 \$799,450 for this product is included in the FY25 budget under multiple bus operating cost centers in project 306002 Operations Maintenance under Line item 50441, Parts - Revenue Vehicle.

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

Impact to Budget

The current source of funds for this action includes Federal 5307, Proposition C, Measures R/M, STA, and the Transportation Development Act. These funding sources are eligible for bus and rail operations.

EQUITY PLATFORM

This action will ensure that the bus fleet that serves most regions in Los Angeles County, including many Equity Focus Communities (EFCs), is able to provide vital transportation services. Bus transportation provides an important lifeline for the residents of EFCs, and the Metro bus maintenance programs ensure the proper State of Good Repair of the bus fleet to provide transportation for these communities.

The Diversity and Economic Opportunity Department (DEOD) established an overall two percent (2%) DBE goal for this procurement. Cummins met the goal by making an overall 2% DBE commitment.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The procurement of turbochargers 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 turbochargers will maintain the reliability of the bus fleet and ensure that our riders 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 not to award the contract and procure the bus turbochargers as needed, using the traditional “min/max” replenishment method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply, and a guaranteed fixed price for the parts.

NEXT STEPS

Metro’s turbocharger requirements will be fulfilled under the contract's provisions.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

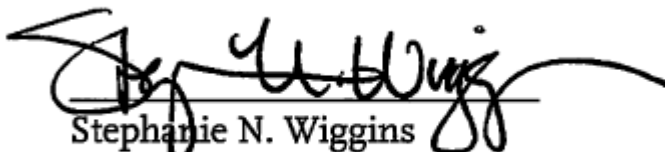
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Reviewed by: Conan Cheung, Chief Operations Officer (213) 418-3034



Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

TURBOCHARGER ASSEMBLIES / MA103954-2000

1.	Contract Number: MA103954-2000	
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: 2/12/24	
	B. Advertised/Publicized: 2/22/24	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 3/22/24	
	E. Pre-Qualification Completed: 5/8/24	
	F. Conflict of Interest Form Submitted to Ethics: 3/28/24	
	G. Protest Period End Date: 7/24/24	
5.	Solicitations Picked up/Downloaded: 7	Bids/Proposals Received: 2
6.	Contract Administrator: Tanya Allen	Telephone Number: (213) 922-1018
7.	Project Manager: Harold Torres	Telephone Number: (213) 922-5714

A. Procurement Background

This Board Action is to approve Contract No. MA103954-2000 for the procurement of Turbocharger Assemblies. Board approval of this contract award is subject to the resolution of any properly submitted protest(s), if any.

An Invitation for Bid (IFB) No. MA103954-2000 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.

A total of two (2) bids were received on March 22, 2024.

B. Evaluation of Bids

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

1. Cummins Inc.
2. Diesel Exhaust & Emissions

The apparent low bidder Diesel Exhaust & Emissions was deemed non-responsive because they offered an alternate product and did not follow the solicitation's approved equal process requirements. Bidder #1, Cummins, Inc. was determined to be responsive and responsible, and in full compliance with the bid and technical requirements of the IFB.

C. Price Analysis

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. Metro 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 responsive and responsible bidder.

The recommended bid price of \$1,624,966.51 is 11% higher than the Independent Cost Estimate (ICE) of \$1,463,772.00. The variance was due to Cummins' material cost fluctuations including increases in the cost of steel, on-going supply chain constraints and anticipation of future cost increases by 9% over the two-year fixed price contract period of performance.

Bidder Name	Bid Amount	Metro ICE
Cummins Inc.	\$1,624,966.51	\$1,463,772.00

D. Background on Recommended Contractor

The recommended firm, Cummins Inc. (Cummins) is located in Irvine, CA and has been in business for 105 years. Cummins has provided similar products for Metro and other agencies including Santa Monica Big Blue Bus and numerous other transit agencies. Cummins has provided satisfactory service and products to Metro on previous purchases.

DEOD SUMMARY

TURBOCHARGER ASSEMBLIES / MA103954-2000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established an overall 2% Disadvantaged Business Enterprise (DBE) goal for this Indefinite Delivery / Indefinite Quantity (IDIQ) solicitation. Cummins Inc. made an overall 2% DBE commitment.

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

B. Local Small Business Enterprise (LSBE) Preference

The LSBE preference is not applicable to federally funded procurements. Federal law (49 CFR § 661.21) prohibits the use of local procurement preferences on FTA-funded projects.

C. Living Wage / Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this contract.

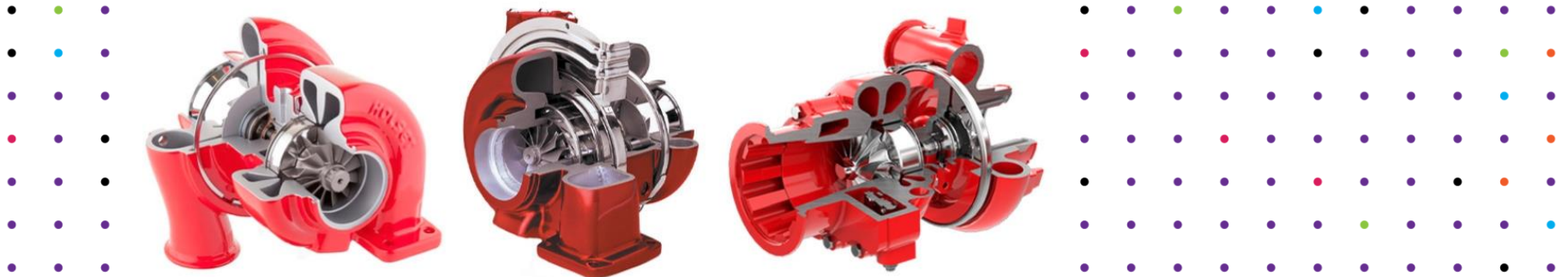
D. Prevailing Wage Applicability

Prevailing Wage is not applicable to this contract.

E. 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.

Turbochargers



Turbochargers

BUS MAINTENANCE

RECOMMENDATION

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Turbochargers

DISCUSSION

- Bus fleet is primarily powered by Cummins natural gas engines equipped with turbochargers
- Turbochargers used for efficient combustion of fuel to meet engine performance and emissions requirements

BIDS RECEIVED - Two vendors submitted bid proposals

AWARDEE - Cummins, Inc.

DIVERSITY AND ECONOMIC OPPORTUNITY DEPARTMENT (DEOD)

- Two percent (2%) DBE goal and verified commitment from successful bidder

