



## Board Report

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File #:2015-1316, File Type:Contract

Agenda Number:

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### SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE JANUARY 21, 2016

**SUBJECT: COMPRESSED NATURAL GAS FUEL CYLINDERS**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

Award a Not-to-Exceed Contract under Bid No. IFB MA17204 to Worthington Cylinder, the lowest responsive and responsible bidder, for the emergency procurement for Indefinite Delivery, Indefinite Quantity for Compressed Natural Gas (CNG) fuel (cylinder) tanks for an amount not-to-exceed \$1,462,181.00 inclusive of sales tax.

#### **ISSUE**

In 1998, Metro initiated an Accelerated Bus Replacement program for its transit bus fleet. Between 1999 and 2002, over 1,200 40' CNG buses were purchased. All of these buses used "15 year" CNG cylinders that cannot be used after they reach their 15 year expiration limits. CNG cylinders are tested and date stamped for a given lifespan. Federal regulations do not permit the use of CNG cylinders past their expiration dates, and there is no known process to recertify or otherwise extend the life of CNG cylinders.

#### **DISCUSSION**

Metro has been replacing an average of 200 buses annually and continues to receive new buses under the current contract with New Flyer. Funding has been identified for 150 additional buses; however there is still a shortfall of buses. Purchasing cylinders for a replacement program is necessary to minimize the impact on bus service.

The best candidate bus fleets for CNG fuel cylinder replacement are 2000-01 New Flyer 5300 Series buses with repowered engines (170 buses). The New Flyer buses have expiring CNG cylinders and are currently being removed from service this year. The CNG cylinders being purchased are designed to fit in this particular type of bus.

#### **DETERMINATION OF SAFETY IMPACT**

Award of contract will result in a positive impact on safety. Replacing the CNG cylinders on the bus will help ensure the safe and compliant operation of the vehicle.

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**FINANCIAL IMPACT**

The funding of \$1,462,181.00 for these fuel cylinders is included in the FY16 budget in cost center 3366, under project 306002, Operations Maintenance and line item 50441, Parts- Revenue Vehicle.

Impact to Budget

The source of funds for this procurement will come from Federal, State and local funding sources that are eligible for Bus and Rail Operating or Capital Projects. These funding sources will maximize the use of funds for these activities.

**ALTERNATIVES CONSIDERED**

The alternative is not to award this master agreement contract and procure CNG cylinders on an as-needed basis, using the traditional "min/max" replenishment system method. The "min/max" replenishment system method calculates minimum and maximum inventory levels. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply and guaranteed fixed price CNG cylinders.

Unless additional funding is identified to procure new buses, there are no alternative options available other than replacing CNG cylinders on Metro buses with expiring cylinders. Not pursuing this strategy will impact the quantity of buses available for revenue service and would necessitate service reductions.

**NEXT STEPS**

Upon receipt of the new CNG cylinders, 5300 series buses will be brought to the Central Maintenance Shops for fuel cylinders removal and installation of new cylinders.

**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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## PROCUREMENT SUMMARY

## CNG FUEL (CYLINDER) TANKS/IFB NO. MA17204

1.	<b>Contract Number:</b> IFB no. MA17204	
2.	<b>Recommended Vendor(s):</b> Worthington Cylinder	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates:</b>	
	A. Issued: 9/23/15	
	B. Advertised/Publicized: 9/23/15	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: 10/8/15	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form Submitted to Ethics: 11/30/15	
	G. Protest Period End Date: : 01/27/16	
5.	<b>Solicitations Picked up/Downloaded:</b> 6	<b>Bids/Proposals Received:</b> 3
6.	<b>Contract Administrator:</b> Tanya Allen	<b>Telephone Number:</b> 213/922-1018
7.	<b>Project Manager:</b> John Roberts	<b>Telephone Number:</b> 213/922-5060

**A. Procurement Background**

This Board Action is to approve a Contract under IFB no. MA17204 issued in support of replacement campaign of CNG fuel (cylinder) tanks.

IFB no. MA17204 was issued in accordance with Metro's Acquisition Policy and the contract type is a Not-to-Exceed, Indefinite Delivery, Indefinite Quantity (IDIQ).

Two amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on October 1, 2015 clarified potential bidder's questions;
- Amendment No. 2, issued on October 2, 2015 clarified potential bidder's questions.

A total of three bids were received on October 8, 2015.

**B. Evaluation of Bids**

The firm recommended for award, Worthington Cylinder, was found to be in full compliance with the bid requirements.

<b>No.</b>	<b>Bidder Name</b>	<b>Bid Amount</b>
1.	Worthington Cylinder	\$1,462,181
2.	Hexagon Lincoln	\$1,741,275
3.	New Flyer	\$2,640,177

**C. Price Analysis**

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

<b>Low Bidder Name</b>	<b>Bid Amount</b>	<b>Metro ICE</b>
Worthington Cylinder	\$1,462,181	\$3,465,000

**D. Background on Recommended Contractor**

The recommended firm, Worthington Cylinder, located in Pomona, CA, has been in business for 60 years and is a leader in the field of manufacturing of CNG cylinder assemblies, aircraft, space craft, rail cars, and natural gas vehicles. Worthington Cylinder has provided similar products to other transit agencies including New York Metro, Sacramento Transit, Riverside Transit, MARTA, Cleveland Transit and other agencies that operate CNG buses. To date, Worthington Cylinder has provided satisfactory service and products to Metro on previous purchases.

DEOD SUMMARY

COMPRESSED NATURAL GAS FUEL CYLINDERS/MA17204

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal because of the lack of available DBE distributors. According to Operations and Contract Administration, Tank Assembly is an item specified as Original Equipment Manufacturer (OEM), which designates the particular part or sub-assembly used by the manufacturer to assemble the final end product. The replacement parts can only be provided by an approved distributor or the original manufacturer of the OEM part.

**B. Living/Prevailing 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**

The Project Labor Agreement/Construction Careers Policy is not applicable to this contract.