



OPERATIONS COMMITTEE  
NOVEMBER 17, 2005

**SUBJECT: COMPRESSED NATURAL GAS (CNG) BUS ENGINES**

**ACTION: AWARD A FIRM FIXED PRICE NON-COMPETITIVE CONTRACT  
FOR CNG BUS ENGINES**

**RECOMMENDATION**

A. The Board finds that there is only a single source of procurement for Cummins L10 CNG engines and repair parts. The purchase is for the sole purpose of augmenting Metro's existing equipment. The Board hereby authorizes the purchase of L10 Cummins CNG engines pursuant to PUC Section 130237.

Requires Two-Thirds Vote

B. Authorize the Chief Executive Officer to:

1. Award a firm fixed price contract to Cummins Cal Pacific, LLC, for the procurement of 35 L10 CNG engines for an amount not to exceed \$1,345,007 inclusive of sales tax.
2. Exercise an option with Cummins Cal Pacific, LLC to purchase up to 105 additional CNG bus engines subject to availability of funding for an amount not to exceed \$3,989,554 inclusive of sales tax.

**RATIONALE**

Metro operates a fleet of 592 Neoplan CNG buses. This fleet includes the 1995 Neoplan 4500 – 4695 (196 buses), 1997 Neoplan 4600-4793 (98 buses) and 1997 & 1998 Neoplan 6300-6600 (298 buses).

The Regional Rebuild Center (RRC) has forecasted 180 Cummins L10 CNG engines to be rebuilt or replaced during FY07 and 137 Cummins L10 CNG engines to be rebuilt or replaced during FY08. These engines are no longer under warranty or will have surpassed the manufacturer's warranty of 2 years/200,000 miles.

The purchase of new and complete engines will allow the engine production plan to stay on schedule and avoid the need to reallocate resources and material from other engine rebuilds. The 105 option engines are being programmed to support additional CNG buses requiring engine replacement during FY08. However, these additional CNG engines are not anticipated to be required, but have been programmed as a contingency plan if more engines fail than are planned for rebuilding.

The existing Cummins L10 CNG rebuilt engine inventory is below Metro's required 10% level for engine rebuilds. The current safety stock level for rebuilt engines is 59. In order to avoid having buses out of service for failed engines, RRC must shift resources and Material Management must purchase the offset of required engines. This procurement will supplement the RRC in-house rebuild program for failed L10 engines.

### **ALTERNATIVES CONSIDERED**

The alternative is not to award this master agreement contract and procure the Cummins L10 CNG engines on an as-needed basis, using the traditional "min/max" replenishment system method. This strategy is not recommended since it does not provide for commitment from the supplier to ensure availability, timely delivery, continued supply and a guaranteed fixed price for the Cummins L10 CNG engines. If the 35 replacement engines are not available to install in the buses when their engines fail, it will cause an interruption in service.

### **FINANCIAL IMPACT**

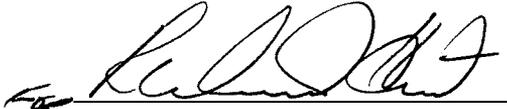
Funding of \$1,345,007 for the procurement of 35 L10 CNG engines is included in the FY06 Budget in Cost Center 3441, Line Item 50441, M&S – Parts – Revenue Vehicles. FIS project number 203003, FIS Task number 04.0001.

Since this is a multiple-year master-agreement contract, the cost center managers and the Deputy Chief Executive Officer will be accountable for budgeting costs for future years. In FY05, no funds were expended on Cummins L10 CNG engines.

### **ATTACHMENTS**

#### **A. Procurement Summary**

Prepared by: Brian J. Collins, Purchase Contract Manager  
Milo Victoria, Deputy Executive Officer Operations



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**COMPRESSED NATURAL GAS (CNG) BUS ENGINES**

1.	Contract Number: TBD		
2.	Recommended Vendor: Cummins Cal Pacific, LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$5,334,560	Recommended Price: \$5,334,560	
	B. Details of Significant Variances: N/A		
4.	Contract Type: Unit fixed price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: N/A		
	E. Pre-Qualification Completed: YES		
	F. Conflict of Interest Form Submitted to Ethics: YES		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No Goal Recommended	Date Small Business Evaluation Completed: N/A	
	B. Small Business Commitment: No Goal Recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bid/Proposals Picked up: N/A	Bid/Proposals Received: N/A
8.	Evaluation Information:		
	A. Bidders Names:  Cummins Cal Pacific, LLC	<u>Bid Amounts:</u>  \$5,334,560	<u>Best and Final Offer Amount:</u>  \$5,334,560
	Evaluation Methodology: Cost Analysis		
9.	Protest Information:		
	A. Protest Period: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Joanne Cummings	Telephone Number: 922-1035	
11.	Project Manager: Milo Victoria	Telephone Number: 922-5042	