



Metro™

**OPERATIONS COMMITTEE
AUGUST 17, 2006**

SUBJECT: TRANSIT BUS ENGINES

ACTION: AWARD A FIRM FIXED PRICE CONTRACT FOR TRANSIT BUS ENGINES

RECOMMENDATION

Authorize the Chief Executive Officer to award a firm fixed price contract under bid number 06-0019 to Cummins Cal Pacific, LLC, the lowest responsive, responsible bidder, for the procurement of 40 Cummins Westport 8.9 liter LGAS PLUS transit bus engines for an amount not-to-exceed \$1,511,343 inclusive of sales tax.

RATIONALE

Metro currently operates approximately 1350 buses powered by Detroit Diesel Corporation (DDC) Series 50 compressed natural gas (CNG) engines. DDC ceased production of this engine in 2005 and has no future plans to build engines for the urban bus market. Since shutting down its engine production line, DDC has experienced difficulty supplying repair parts. Metro has been unable to purchase required quantities of DDC Series 50 CNG engine repair parts due to lack of availability. Frequent failure parts with availability problems include exhaust manifolds, PSV valves, balance shafts, and turbo chargers.

As a result of DDC Series 50 CNG engine reliability and support issues, staff recommends a phased replacement of this engine during the period FY07 through FY11. The engines are to be replaced at original equipment manufacturer recommended intervals. See Attachment C, Bus Engine Replacement Plan by Installed Engine Type.

The recommended replacement engine is the Cummins Westport 8.9 liter LGAS PLUS engine. The Cummins Westport 8.9 liter LGAS PLUS engine is currently installed in the new 60 foot articulated coaches being delivered from North American Bus Industries (NABI). This engine is certified and compliant to Federal Environmental Protection Agency (EPA) urban bus emission levels and California Air Resources Board (CARB) low Nitrogen Oxides.

POLICY IMPLICATIONS

There are no policy implications.

OPTIONS

Detroit Diesel's decision to exit the market for urban transit bus engines has resulted in a steady erosion of the supply chain for DDC Series 50 CNG engine repair parts.

It is not in the public's best interest to continue operating the DDC Series 50 CNG engine in Metro transit buses due to reliability issues.

FINANCIAL IMPACT

Funding of \$1,511,343 for the procurement of 40 Cummins Westport 8.9 liter LGAS PLUS transit bus engines is included in the FY07 Budget in Cost Center 3442, Line Item 50441 Bus Operations, M&S - Parts - Revenue Vehicles. FIS project number 203004. FIS Task number 04.001.

In FY06, zero funds were expended on Cummins Westport 8.9 liter LGAS PLUS transit bus engines.

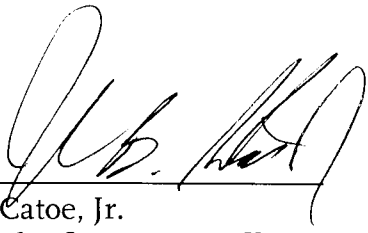
ALTERNATIVES CONSIDERED

The alternative is not to award this master agreement contract and procure the Cummins 8.9 liter LGAS PLUS transit bus 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 8.9 liter LGAS PLUS transit bus engines.

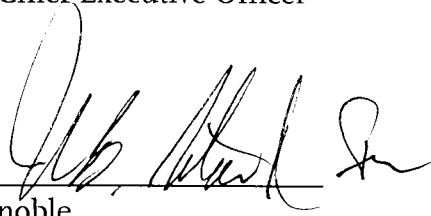
ATTACHMENTS

- A. Procurement Summary
 - A-1 Procurement History
 - A-2 List of Subcontractors
- B. Bid Tabulation
- C. Bus Engine Replacement Plan by Engine Type

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



John B. Catoe, Jr.
Deputy Chief Executive Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

TRANSIT BUS ENGINES

1.	Contract Number: 06-0019		
2.	Recommended Vendor: Cummins Cal Pacific, LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,511,343	Recommended Price: \$1,511,343	
	B. Details of Significant Variances: N/A		
4.	Contract Type: Firm fixed price		
5.	Procurement Dates:		
	A. Issued: 05/10/06		
	B. Advertised: 05/12/06		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: 06/07/06		
	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: 5	Bid/Proposals Picked up: 0	Bid/Proposals Received: 2
8.	Evaluation Information:		
	A. Bidders Names: Cummins Cal Pacific, LLC North American Bus Industries	<u>Bid Amounts:</u> \$1,511,343 \$2,165,000	<u>Best and Final Offer Amount:</u> N/A
	Evaluation Methodology: Lowest responsive, responsible bidder		
9.	Protest Information:		
	A. Protest Period: 08/23/06		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Senior Buyer: Joanne Cummings	Telephone Number: 922-1035	
11.	Project Manager: Milo Victoria	Telephone Number: 922-5042	

**BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY**

TRANSIT BUS ENGINES

A. Background on Contractor

Cummins Cal Pacific, LLC headquarters is located in Irvine, California. The company operates full service branches in Montebello, Ventura, Bloomington, and El Cajon, California. Cummins Cal Pacific is the exclusive Southern California distributor for Cummins Westport Inc., one of the largest manufacturers of engines for the trucking and bus industries. Cummins Westport Inc. is a major engine supplier for NABI, New Flyer, and Neoplan bus manufacturers.

B. Procurement Background

All bidders were determined to be in full compliance with the specification. Therefore, staff recommends award to the lowest responsive, responsible bidder Cummins Cal Pacific, LLC.

The warranty on these Cummins Westport 8.9 liter LGAS PLUS transit bus engines is two years.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this procurement.

C. Evaluation of Proposals

Bidder #1 Cummins Cal Pacific, LLC was the lowest bidder and was found to be in compliance with the terms and conditions of the bid.

Bidder #2 North American Bus Industries was found to be in compliance with the terms and conditions of the bid.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$1,511,343 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest and responsive and responsible bidder.

**ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

TRANSIT BUS ENGINES

PRIME CONTRACTOR – to Cummins Cal Pacific, LLC

Small Business Commitment

Other Subcontractors

N/A

N/A

Total Commitment 0%

ATTACHMENT B

Bids Out: 05/10/06 Total 5
 Bids Opened: 06/07/06 Total 2
 Advertisement Date(s): 05/12/06
 Newspaper: Daily News

		Cummins Cal Pacific, LLC		NABI, Inc.	
Item No.	Description	Quantity	Unit	Unit Price	Total Price
1	Engines Cummins	40	EA	\$34,904.00	\$1,396,160.00
			Sub Total		\$2,000,000.00
			Sales Tax 8.25 %		\$2,000,000.00
			Total Bid Price		\$165,000.00
					\$2,165,000.00

I hereby certify CUMMINS CAL PACIFIC as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of \$ 1,511,343.20

8-2-2006
Date

[Signature]
Signature

ATTACHMENT C

