

**Metro****OPERATIONS COMMITTEE
JANUARY 18, 2007****SUBJECT: SPARK PLUGS****ACTION: AWARD A FIRM FIXED PRICE CONTRACT TO BRENCO OPERATING-TEXAS, LP****RECOMMENDATION**

Authorize the Chief Executive Officer to award a 24-month, firm fixed price contract under Bid Number 07-0003 to Brenco Operating – Texas, LP, the lowest responsive, responsible bidder, for the procurement of 56,400 Champion spark plugs for an amount not to exceed \$1,087,471 inclusive of sales tax.

RATIONALE

A spark plug creates the spark in the combustion chamber of an engine, igniting the fuel and air mixture which allows the engine to run. Metro currently operates 594 buses powered by Cummins L10 compressed natural gas (CNG) engines and 1426 buses powered by Detroit Diesel Corporation (DDC) Series 50 CNG engines. These buses cannot operate without spark plugs. It is estimated that 28,200 spark plugs are replaced annually by maintenance staff.

The spark plugs procured under item number one on the bid tabulation will be installed in the Cummins L10 CNG engine. Items number two and three will be installed in the DDC Series 50 CNG engines. These two engines require different types of spark plugs to operate.

Spark plugs will be purchased and maintained in inventory and managed by Material Management. The Service Sector operating divisions maintain spark plugs in their stock rooms based on their individual consumption requirements. As the spark plugs are issued, the appropriate Sector's budget project numbers and accounts are charged.

FINANCIAL IMPACT

Funding of \$226,556 for the procurement of spark plugs is included in the FY07 Budget in cost center numbers 3601, 3802, 3805, 3818, 3508, 3515, 3503, 3609, 3706, 3707, and 3710, Parts Revenue Vehicles under project numbers 303008, 304008, 301008, 302008, 305008.

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

In FY06, \$443,994 was expended on spark plug applications.

ALTERNATIVES CONSIDERED

The alternative is to not award this contract and instead procure spark plugs on an as-needed basis, using the traditional “min/max” replenishment system method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply or a guaranteed fixed price for spark plugs.

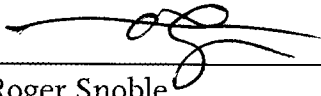
ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B Bid Tabulation

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



For Carolyn Flowers
Interim Chief Operating Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

SPARK PLUGS

1.	Contract Number: 07-0003		
2.	Recommended Vendor: Brenco Operating – Texas, LP		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$1,087,471	Recommended Price: \$1,087,471	
	B. Details of Significant Variances: N/A		
4.	Contract Type: Firm fixed price		
5.	Procurement Dates:		
	A. Issued: 09/29/06		
	B. Advertised: 10/03/06		
	C. Pre-bid/proposal Conference: N/A		
	D. Bids/Proposals Due: 11/08/06		
	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: 18	Bid/Proposals Picked up: 5	Bid/Proposals Received: 5
8.	Evaluation Information:		
	<u>A. Bidders Names:</u> Brenco Operating – Texas, LP Cummins Cal Pacific, LLC Muncie Transit Supply Valley Power Systems Vehicle Maintenance Systems	<u>Bid Amounts:</u> \$1,087,470.84 \$297,341.10 (non-responsive) \$1,085,964.00 (non-responsive) \$820,123.65 (bid two items) \$946,334.49 (non-responsive)	<u>Best and Final Offer Amount:</u> N/A
	Evaluation Methodology: Lowest responsive, responsible bidder		
9.	Protest Information:		
	A. Protest Period: 01/24/07		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Buyer: Frank Clarke	Telephone Number: 922-1067	
11.	Project Manager: Milo Victoria	Telephone Number: 922-5042	

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

SPARK PLUGS

A. Background on Contractor

Brenco Operating – Texas, LP and its sister company, Brenco Operating, Inc. are the largest suppliers of Champion industrial spark plugs to the Compressed Natural Gas bus engine market in the United States. Since becoming involved in this market sector in 2003, Brenco Operating has introduced competition into a market previously dominated by the two original equipment manufacturer suppliers, Detroit Diesel Corporation and Cummins.

B. Procurement Background

Brenco Operating – Texas, LP is the lowest responsive, responsible bidder for all three spark plugs. See detailed explanation in Section C below.

Spark plugs are warranted to be free from defects in design, material, and meet the engine manufacturer's recommended spark plug change interval or the manufacturer's standard warranty, whichever is greater.

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

C. Evaluation of Proposals

The technical specifications required samples of the spark plugs to be provided with the bids. The stock number was to be identified in addition to the Champion spark plug number to verify the proper spark plug was being bid.

Five bids were received. Brenco Operating – Texas, LP was determined to be the lowest responsive and responsible bidder for items one, two, and three.

Bids received from Cummins Cal Pacific and Muncie did not provide any spark plug samples for review and therefore were determined to be non responsive.

Valley Power Systems was determined to be responsive on items one and two but did not submit the lowest price for these items. Valley Power Systems did not bid on item three.

Vehicle Maintenance Systems submitted sample spark plugs for items one and two; however, they were not packaged in accordance with the specifications. The stock number is only found on the packaging and not on the spark plug. Only the Champion number was provided and that is not sufficient to determine the proper spark plugs.

Therefore, it could not be determined if they were the proper stock number. Vehicle Maintenance Systems was determined to be non responsive.

D. Cost/Price Analysis Explanation of Variances

The recommended bid price of \$1,087,471 has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

SPARK PLUGS

PRIME CONTRACTOR- Brenco Operating – Texas, LP

Small Business Commitment- N/A

Other Subcontractors- N/A

Total Commitment- 0%

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY BID TABULATION
Bid No: 070003 Spark Plugs

Bids Out: 09/29/06 Total 18
 Bids Opened: 11/08/06 Total 5
 Advertisement Date(s): 10/03/06
 Newspaper: Daily News

Item No.	Description	Qty	Unit	Vehicle Maintenance Program			Muncie			Brenco Operating - Texas, LP			Valley Power Systems, Inc.			Cummins Cal Pacific, LLC		
				Brand	Unit Price	Total Price	Brand	Unit Price	Total Price	Brand	Unit Price	Total Price	Brand	Unit Price	Total Price	Brand	Unit Price	Total Price
1	Cummins 4089085 Or Champion RC78PYP Stock Number 1208 DDC23528982 Or	16,800	ea	Champion	\$13.51	\$226,968.00	Champion	\$15.40	\$258,720.00	Champion	\$16.19	\$271,992.00		No Bid	\$0.00	Cummins	\$16.35	\$274,680.00
2	Champion RC78PYP15 Stock Number 243 DDC23535174 Or	32,400	ea	Champion	\$13.49	\$437,076.00	Champion	\$15.40	\$498,960.00	Champion	\$13.42	\$434,808.00	DDC	\$13.51	\$437,724.00		No Bid	\$0.00
3	Champion RC78WYP11 Stock Number 1221	7,200	ea	Champion	\$29.19	\$210,168.00	Champion	\$34.10	\$245,520.00	Champion	\$41.36	\$297,792.00	DDC	\$44.43	\$319,896.00		No Bid	\$0.00
				Sub Total			\$1,003,200.00			\$1,004,592.00			\$757,620.00			\$274,680.00		
				Sales Tax 8.25%			\$82,764.00			\$82,878.84			\$62,503.65			\$22,661.10		
				Total Bid Price			\$1,085,964.00			\$1,087,470.84			\$820,123.65			\$297,341.10		

I hereby certify BRENCO OPERATING as being the lowest responsive, responsible bidder and recommend the award to them for total price, excluding sales tax, of \$ 1,087,470.84

12-18-2006
Date

By [Signature]
Signature