



Metro

Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

31

**OPERATIONS COMMITTEE
SEPTEMBER 18, 2008**

SUBJECT: COMPRESSED NATURAL GAS (CNG) BUS ENGINES

ACTION: AWARD CONTRACT FOR CNG BUS ENGINES

RECOMMENDATION

A. The Board finds that there is only a single source of procurement for Cummins L10 Compressed Natural Gas (CNG) engines and repair parts and purchase is for the sole purpose of replacing our existing equipment already in use. The Board hereby authorizes the purchase of Cummins L10 CNG engines pursuant to Public Utilities Code 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 140 L10 CNG engines for an amount not to exceed \$5,433,068 inclusive of sales tax.
2. Exercise an option with Cummins Cal Pacific, LLC to purchase up to 60 additional CNG bus engines subject to availability of funding for an amount not to exceed \$2,356,061, inclusive of sales tax.

ISSUE

We operate a fleet of 575 Neoplan CNG buses with Cummins L10 engines including the 1996 Neoplan 4600-4793 and 1997 Neoplan 6300-6600 series buses. Engine replacements will be required as the existing engines reach the end of their useful life and the buses are not eligible or close to eligible for retirement.

The Metro Support Services Center (MSSC) has forecasted 60 Cummins L10 CNG engines to be replaced during FY09 and 80 Cummins L10 CNG engines to be replaced during FY10. These engines are no longer under warranty or will have surpassed the manufacturer's warranty of two years or 200,000 miles.

The purchase of new and complete engines will allow the engine replacement plan to stay on schedule.

The 60 option engines are being programmed to support additional CNG buses requiring engine replacement during FY10 and FY11. However, these additional CNG engines are not anticipated to be required, but have been programmed as a contingency plan in the event more engines fail than are planned for replacement.

POLICY IMPLICATIONS

There are no policy implications. It is in our best interest to purchase and stock the replacement engines in order to prevent an interruption in service.

OPTIONS

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 140 replacement engines are not available to install in the buses when their engines fail, it will cause an interruption in service.

FINANCIAL IMPACT

The funding of \$2,328,458 for these engines is included in the FY09 budget in cost center 3441, Central Maintenance, under project 20316, CMS Engine Replace and line item 50441, M&S - Parts - Revenue Vehicles.

Since this is a multiple-year master-agreement contract, the cost center manager and the Chief Operations Officer will be accountable for budgeting costs for future years. In FY08, no funds were expended on Cummins L10 CNG engines.

BACKGROUND

Historically, the MSSC has established a pool of spare engines to facilitate the replacement program in support of the operating fleet. According to our Production Control processes, the engine core bank must contain, at a minimum, 5% of the total number of buses in the fleet that need the same engine. Currently, we have 15 L10 CNG engines in stock.

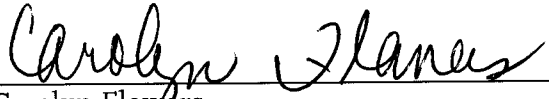
NEXT STEPS

Replacement of engines on the Neoplan bus fleet will continue in accordance with Operations Support Services engine replacement program.

ATTACHMENTS

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors

Prepared by: John Roberts, Deputy Executive Officer, Operations
Richard Bachman, Contract Administration Manager



Carolyn Flowers
Chief Operations Officer



Roger Snoble
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

COMPRESSED NATURAL GAS (CNG) BUS ENGINES

1.	Contract Number: 09-0002		
2.	Recommended Vendor: Cummins Cal Pacific, LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$7,789,129	Recommended Price: \$7,789,129	
	B. Details of Significant Variances: N/A		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: N/A		
	B. Advertised: N/A		
	C. Pre-bid Conference: N/A		
	D. Bids 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: N/A – No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: N/A	Bids/Proposals Picked up: N/A	Bids/Proposals Received: N/A
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u> Cummins Cal Pacific, LLC	<u>Bid/Proposal Amount:</u> \$7,789,129 NTE	<u>Best and Final Offer Amount:</u> N/A
	C. Evaluation Methodology: Sole Source Procurement. Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: N/A		
	B. Protest Receipt Date: N/A		
	C. Disposition of Protest Date: N/A		
10.	Contract Administrator: Otto Ojong	Telephone Number: 213-922-1454	
11.	Project Manager: John Petres	Telephone Number: 213-922-5743	

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

COMPRESSED NATURAL GAS (CNG) BUS ENGINES

A. Background on Contractor

Cummins Cal Pacific (CCP) is based in Montebello, California, and has been in business since 1991. CCP is the exclusive distributor for Cummins, Inc. in Southern California. CCP provides certified repairs on Cummins engines and genuine parts for the select Cummins network of dealers in Southern California. CCP also provides natural gas fueled heavy duty engines to many of the original equipment manufacturers in the transit industry including North American Bus Industries. CCP has provided compressed natural gas (CNG) bus engines to other government agencies including Orange County Transportation Authority, San Diego Metropolitan Transit System and North County Transit District. In the past, CCP has provided satisfactory service to us.

B. Procurement Background

Procurement staff performed an analysis in accordance with our Procurement Policy Manual covering a non-competitive procurement. Staff determined that pursuant to Section 11.5 B.2, Procurement Policy Manual, it is in our best interest to meet our requirements through procurement of the specific supplies, and that the proposed contractor is the only source for the specific supply.

The Diversity & Economic Opportunity Department (DEOD) did not recommend a DALP goal for this procurement. Based on industry practice, the Prime (CCP) is expected to complete the entire scope with its own workforce. However, pursuant to the DBE Program, if CCP utilizes the services of subcontractors, they are encouraged to afford maximum opportunities to DBE firms in available subcontracting and supply services areas throughout the life of the contract.

C. Evaluation of Proposals

The proposal submitted by Cummins Cal Pacific was found to be responsive in accordance to our Procurement Policy Manual.

D. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon a price analysis conducted by staff. The price analysis compared the price offered by CCP to the historical pricing which was determined to be reasonable by a cost analysis performed by Management Audit Services on a previous procurement for L10 engines.

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

COMPRESSED NATURAL GAS (CNG) BUS ENGINES

PRIME CONTRACTOR

Cummins Cal Pacific, LLC

Small Business Commitment

0%

Other Subcontractors

None

Total Commitment: 0%

