



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

**38**

REVISED

OPERATIONS COMMITTEE  
APRIL 16, 2009

**SUBJECT: COMPRESSED NATURAL GAS BUSES FOR CONTRACTED SERVICES**

**ACTION: AWARD CONTRACT FOR CONTRACTED SERVICES BUS  
PROCUREMENT**

**RECOMMENDATION**

- A. Increase life-of-project budget for the purchase of Compressed Natural Gas (CNG) composite buses for the Contracted Bus Services program including project contingency from \$18.6 million to \$24,000,000; and
- B. Authorize the Chief Executive Officer to:
  1. Execute Contract OP31502257 with North American Bus Industries (NABI) to purchase up to 45 32-foot CNG buses in an amount not to exceed \$20,809,651 inclusive of delivery and sales tax, subject to completion of the required Buy America Pre-Award audit and contingent upon funding becoming available, as approved in February 2009 by Board action Item 44, American Recovery and Reinvestment Act (ARRA) programming action; and
  2. Exercise Option No. 1 to Contract OP31502257 with NABI to purchase up to five additional 32-foot CNG buses in an amount not to exceed \$2,308,527 inclusive of delivery and sales tax, bringing the Total Contract Value from \$20,809,651 to \$23,118,178, subject to completion of the required Buy America Pre-Award audit and contingent upon funding becoming available, as approved in February 2009 by Board action of Item 44, American Recovery and Reinvestment Act (ARRA) programming action; and
  3. Exercise Option No. 2 to Contract OP31502257 with NABI to purchase an interior video security system for up to 50 buses in an amount not to exceed \$312,790 bringing the Total Contract Value from \$23,118,178 to \$23,430,968; and
  4. Negotiate and execute modifications for this procurement in an amount not to exceed \$174,032, increasing the Total Contract Value from \$23,430,967 to \$23,605,000.

## **RATIONALE**

This action will authorize the Chief Executive Officer to execute a new contract with North American Bus Industries (NABI) for 50 new 32' CNG buses to cover our scheduled vehicle replacement requirements for Contracted Bus Services. This award is subject to successful completion of a Buy America audit.

Contracted Bus Services operates twenty-two bus lines using 181 buses. Most of these buses were originally procured through the contracts with various service providers and consist of a mixture of small 25-foot buses to regular 40-foot transit buses. The buses being replaced include 33 diesel buses and 17 propane-fueled shuttle buses that were acquired in 2001. These fifty buses have exceeded their useful life based on age of the vehicle and mileage. Continuing to operate these buses has resulted in increased maintenance costs and increased cost per revenue service hour.

The proposed vehicles will be low-floor, CNG-fueled buses with an interior video surveillance system and Advanced Transportation Management System, so that they have the same technological features of directly operated Metro buses. Because of funding limitations, the original bid was issued for up to 45 buses with an option for up to 100 additional buses over a five-year period. Based on the availability of funding through the American Recovery and Reinvestment Act (ARRA), staff is recommending that the Board approve the purchase of 45 buses, exercise an option for five additional buses and for the inclusion of the interior video security system. Because the bids received were higher than original project estimates, staff is requesting an increase in the life of project budget to fund the fifty bus purchases with the available ARRA funding.

Prior contracts for Contracted Bus Services indicated that we would replace certain buses during contract years two and three. However, limited capital funding delayed the purchase of the vehicles. Funding for the vehicle replacement was authorized by the Board in the approval of the FY09 Budget. These buses are required to satisfy these commitments.

## **IMPACTS TO OTHER CONTRACTS**

Staff will undertake a new procurement to provide bus inspection support services for this contract using funding from within the FY10 capital program budget under project number 201054.

## **FINANCIAL IMPACT**

Funding for the buses will be included in the FY10 capital program budget under project number, 201054, Contract Services Bus Buy, cost center #3590, Contract Services. The identified funding is through the American Recovery and Reinvestment Act (ARRA), subject to final award by the Federal Transit Administration. The execution of the contract is contingent upon funding availability. The funding plan is provided as a management guide, however, the Chief Executive Officer retains the authority to substitute funding and modify the cash flow as required to meet project needs.

## **ALTERNATIVES CONSIDERED**

One alternative is to not purchase the buses. This action is not recommended because canceling or deferring this procurement will necessitate extending the life of our oldest vehicles, and it will make it difficult to meet service commitments and regulatory requirements related to the replacement of diesel transit buses. A delay with these bus replacements will also result in increasing maintenance costs and increases to the cost per revenue service hour.

Staff considered purchasing fewer buses. This option is not recommended because the oldest buses still in service are at least two-years beyond their useful life. As a result, maintenance costs would continue to increase thus further increasing the cost per revenue service hour.

## **ATTACHMENTS**

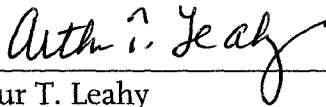
- A. Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B. Bid Tabulation
- C. Funding Plan

Prepared by: Mike Greenwood, Deputy Executive Officer, Operations  
Shannon Anderson, Transportation Contract Services Manager



---

Carolyn Flowers  
Chief Operations Officer



---

Arthur T. Leahy  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**COMPRESSED NATURAL GAS BUSES FOR CONTRACTED SERVICES**

1.	Contract Number: OP31502257		
2.	Recommended Vendor: North American Bus Industries		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$414,538 – per CNG vehicle	Recommended Price: Not to Exceed \$23,605,000 including approved options and sales tax	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Unit Rate		
5.	Procurement Dates:		
	A. Issued: September 18, 2008		
	B. Advertised: September 18, 2008		
	C. Pre-bid Conference: September 29, 2008		
	D. Bids Due: December 22, 2008		
	E. Pre-Qualification Completed: January 13, 2009		
	F. Conflict of Interest Form Submitted to Ethics: March 31, 2009		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed: Not applicable	
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 8	Bids/Proposals Picked up: 24	Bids/Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names:	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u>
	North American Bus Industries	\$ 414,538 per bus	Not applicable
	Creative Bus Sales	\$ 464,786 per bus	Not applicable
	Daimler Bus North America	\$ 464,867 per bus	Not applicable
	B. Evaluation Methodology: Describe Methodology Details that are in Attachment A-1.		
9.	Protest Information:		
	A. Protest Period End Date: April 21, 2009		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Sr. Contract Administrator: Susan M. Dove	Telephone Number: 922-7451	
11.	Project Manager: Shannon Anderson	Telephone Number: 922-2802	

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

**COMPRESSED NATURAL GAS BUSES FOR CONTRACTED SERVICES**

**A. BACKGROUND ON CONTRACTOR**

North American Bus Industries (NABI) was established in 1992. It has manufacturing facilities in Budapest and Kaposvar, Hungary, and Anniston, Alabama. NABI currently produces approximately 1,000 buses per year. Its production capabilities include 30 foot – 60 foot steel frame buses and 30 – 45 ft. composite buses.

NABI has delivered 1,372 low floor CNG buses to us and is producing 260 low floor CNG composite structure buses for Metro. In addition, the company has produced buses for many other major transit agencies. The firm understands our expectations regarding warranty support and required training documentation. NABI has a local support services facility in Ontario, California. In 2006, the company was purchased by Cerberus Capital Management LP, a private investment firm (Cerberus also owns Blue Bird Corporation, another transit bus manufacturer). Subsequently, NABI has also purchased Optima Bus, LLC. The company is well capitalized and there is a low financial risk and performance risk with this company.

**B. PROCUREMENT BACKGROUND**

The Contracted Bus Services fleet consists of a variety of buses some of which have exceeded their life expectancy. In May 2008, the Board approved the bus purchases in the fiscal year 2009 capital program.

On September 18, 2008, an Invitation for Bid (IFB) was issued and advertised for the purchase of up to forty five (45) 30-32 foot low floor CNG transit vehicles. The IFB contained options under which Metro has the right to purchase up to 100 additional vehicles. The IFB also contained options for special diagnostic equipment and for an interior video security camera system. The options will be valid for a period of five years from the date of contract execution.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this bus procurement. The Federal Transit Administration (FTA) requires that each Transit Vehicle Manufacturer (TVM) submit for approval an annual percentage overall goal. The TVM goal is based on the amount of federal funding to be received by the TVM for transit vehicle contracts during the fiscal year. In compliance with 49 CFR Part 26.49, TVMs report directly to FTA, therefore, compliance with the DBE requirements is monitored at the federal level.

### **C. EVALUATION OF BIDS**

On December 21, 2008, bids were received from Creative Bus Sales, Daimler-Chrysler and North American Bus Industries (NABI). The basis for award of the bid is the total low bid for the buses and spare parts. The bid also contained optional training aids and an option for an interior security camera system.

NABI submitted the lowest responsive and responsible bid with a total bid price of \$19,155,380 for 45 buses and the spare parts. The unit price for each bus is \$414,538 not including delivery and sale taxes.

In accordance with Procurement Policies and Procedures, Metro staff conducted a comprehensive technical analysis of the bids to determine if the bids complied with Metro's technical specification. Metro Contracted Transportation Services and Vehicle Technology staff reviewed the bids. Staff determined that each bidder submitted a technically acceptable bid. Metro procurement staff also reviewed the bids to verify compliance with the other IFB specification requirements. During this review, staff found that the bid submitted by NABI was responsive and responsible and the firm has acceptable past performance.

As requested in the pricing forms, NABI submitted a total price of \$197,420 for spare parts for the CNG buses. These costs are comparable to the pricing submitted by the other bidders and to similar spare parts purchased in other bus procurements. NABI also submitted pricing for optional diagnostic tools and for an optional interior security camera system. However, the purchase of the spare parts is not recommended nor is the purchase of diagnostic tools. Staff has determined that the service providers that will be responsible for operating and maintaining these buses can purchase these items. However, staff is recommending the optional interior security system. This system is best installed during the manufacturing process and the pricing for this system is included in the recommended contract amount.

### **D. COST/PRICE ANALYSIS EXPLANATION OF VARIANCES**

The recommended price has been determined to be fair and reasonable based upon a price analysis based on adequate competition.

**BOARD REPORT ATTACHMENT A-2**

**LIST OF SUBCONTRACTORS**

**COMPRESSED NATURAL GAS BUSES FOR CONTRACTED SERVICES**

**Prime Contractor:** North American Bus Industries

Small Business Commitment      Other Subcontractors

Fab Industries

**Total Commitment**      **0%\***

\*In accordance with 49 Code of Federal Regulations (CFR) the Transit Vehicle Manufacturer (TVM) as a condition of being authorized to bid or propose on FTA-assisted transit vehicle procurements, has submitted in its bid certification that it has complied with TVM Disadvantaged Business Enterprise (DBE) program requirements and certifies that it has approved DBE goals on file with the FTA.



Bids Out: 09/18/08 Total 30  
 Bids Opened: 12/22/08 Total 3  
 Advertisement Date(s): 10/06/08  
 Newspaper: 09/17/08 APTA and TransitTalent.com  
 IFB No. OP33202257

				NABI Inc.*		Creative Bus Sales Inc.		Daimler Buses N. America**	
Item No.	Description	Qty	Unit	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
<b>Base Bid</b>									
1	30-32-Foot CNG Vehicles	50	EA	\$414,538.00	\$20,726,900.00	\$464,786.00	\$23,239,300.00	\$464,867.00	\$23,243,350.00
1	Option - Interior Security Camera System	50	EA	\$5,700.00	\$285,000.00	\$4,265.00	\$213,250.00	\$4,361.00	\$218,050.00
	Delivery Charge - CNG	50	EA	\$6,750.00	\$337,500.00	\$150.00	\$7,500.00	\$3,134.00	\$156,700.00
	Sales Tax	50	EA	\$41,631.33	\$2,081,566.50	\$45,747.10	\$2,287,354.88	\$46,055.30	\$2,302,764.75
<b>Total Base Bid</b>					<b>\$23,430,966.50</b>		<b>\$25,747,404.88</b>		<b>\$25,920,864.75</b>

I hereby certify NABI as being the lowest responsive, responsible bidder and recommend the award to them for total price, including sales tax, of

\$ 23,430,966.50

Susan M. Dwe, Contract Administrator  
 Signature

## Bus Purchase CP 201054 (FY10)

Uses of funds	FY09	FY10	FY11	Total
Acquisition		\$2,400,000	\$21,030,968	\$23,430,968
Pro Services		\$100,000	\$100,000	\$200,000
Labor	\$55,000	\$50,000	\$50,000	\$155,000
Travel	\$10,000	\$15,000	\$15,000	\$40,000
Spare Parts				
Contingency		\$50,000	\$124,032	\$174,032
Total	\$65,000	\$2,615,000	\$21,320,000	\$24,000,000

Sources of funds	FY09	FY10	FY11	Total
CMAQ				
Clean Fuel 5309				
PC 40%				
TDA4				
FTA (ARRA) Grant	\$65,000	\$2,615,000	\$21,320,000	\$24,000,000
Total	\$65,000	\$2,615,000	\$21,320,000	\$24,000,000