



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

37

**OPERATIONS COMMITTEE
APRIL 16, 2009**

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 8.9 ISLG natural gas engines and purchase is for the sole purpose of duplicating our existing equipment already in use. The Board hereby authorizes the purchase of Cummins 8.9 ISLG natural gas engines pursuant to Public Utilities Code section 130237.

Requires Two-Thirds Vote

B. Authorize the Chief Executive Officer to award a firm fixed price contract to Cummins Cal Pacific, LLC, for the procurement of 188 Cummins 8.9 ISLG natural gas engines for an amount not to exceed \$7,495,708 inclusive of sales tax.

ISSUE

Metro Support Services Center (MSSC) staff has identified a requirement to purchase up to 318 natural gas fueled heavy-duty engines to replace currently installed Detroit Diesel Series 50 engines during the period FY09 through FY11. The Detroit Diesel Series 50 engines are no longer available as new or supported by the manufacturer with new sub-components. The Cummins' 8.9 liter ISLG engines covered under this procurement will be installed in the following 40' coach types: Our New Flyer Low Floor 5300 series and our NABI Low Floor 7000 series. This Cummins 8.9 liter ISLG engine is certified for 2007 – 2009 and compliant to Federal Environmental Protection Agency (EPA) urban bus emission levels and California Air Resources Board (CARB) low Nitrogen Oxides for year 2010.

Currently, the Cummins 8.9 liter ISLG engine is the only fully compliant CNG engine available to meet Federal Environmental Protection Agency (EPA) urban bus emission levels and California Air Resources Board (CARB) low Nitrogen Oxides for year 2010 that can be used as a viable replacement for the buses with a Detroit Diesel Series 50 engine according to CARB 2010 emission standards. As a result, over the last six months staff has been designing, fabricating and purchasing parts for a conversion kit to be able to support the Detroit Diesel Series 50 engine replacement with the Cummins 8.9 ISLG 280 engine in the

5300 and 7000 bus series. Because of the significant amount of time, labor and funds that have been expended in purchasing and developing the conversion kits needed to install the replacement engine in the two series of buses, it is not viable or cost effective to use a different engine that would require additional development and resources.

The Cummins 8.9 liter ISLG natural gas fueled heavy-duty engines are warranted to be free from defects in design and materials for two-years/unlimited mileage with full parts and labor on all warrantable failures.

The engine replacement schedule is projected as follows:

FY09	FY10
25	163

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 8.9 liter ISLG natural gas 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 ISLG natural gas engines. If the replacement engines are not available to install in the buses when their engines fail, it will cause an interruption in service.

A second alternative is to issue an IFB for an alternate engine. However, this alternative is not recommended for the 5300 and 7000 series buses because of the extensive investment that has already been made to design, configure and install the Cummins 8.9 liter ISLG natural gas fueled heavy-duty engine within these buses and the fact that the Cummins 8.9 liter ISLG natural gas engines are the only viable replacements that currently meet CARB 2010 emission standards. Also, there would be a significant delay in the engine replacement program because of the engine pre-certification testing and approval process of other potential bidders, as well as procurement of all the components that are needed to support an engine replacement package.

FINANCIAL IMPACT

The funding of \$875,000 for these engines is included in the FY09 budget and in the proposed FY10 budget in cost center 3441, Central Maintenance, under project 203016, CMS Engine Replace and line item 50441, M&S - Parts - Revenue Vehicles. The source of funds for the FY10 engine program will be Federal 5307 grant funds and local match. Since this is a multi-year contract, the cost center managers and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years.

In FY08, \$9,770,048 was expended on Cummins 8.9 ISL G natural gas 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 total number of buses in the fleet that need the same engine. Currently, we have 139 8.9 ISL G natural gas engines in stock which are being installed in buses at an average of 20- 25 engines a month.

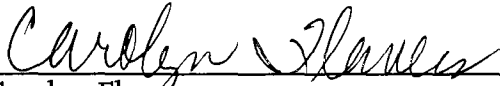
NEXT STEPS

Replacement of engines on the New Flyer and NABI bus fleet will continue in accordance with Operations Support Services engine replacement program.

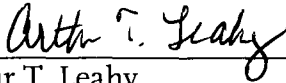
ATTACHMENTS

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

Prepared by: John Roberts, Deputy Executive Officer, Operations
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Carolyn Flowers
Chief Operations Officer



Arthur T. Leahy
Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

COMPRESSED NATURAL GAS (CNG) BUS ENGINES

1.	Contract Number: 09-0028		
2.	Recommended Vendor: Cummins Cal Pacific, LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$7,495,708	Recommended Price: \$7,495,708	
	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: N/A		
	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> \$7,495,708	<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. It was determined that pursuant to Section 11.5 B.2, Procurement Policy Manual, it is in our best interest to meet its 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 on a previous procurement for 8.9 ISL G 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%

