



## Board Report

File #: 2017-0466, File Type: Contract

Agenda Number: 44

### SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE JULY 20, 2017

**SUBJECT: SIXTY FIVE 60' ARTICULATED CNG TRANSIT  
BUS CONTRACT**

**ACTION: AWARD CONTRACT FOR REPLACEMENT OF 60' TRANSIT BUSES**

#### **RECOMMENDATION**

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to negotiate and award a firm fixed-price Contract no. OP28367-003, Group B, to New Flyer of America (St. Cloud, MN), for the manufacture and delivery of sixty five 60' CNG transit buses, in a not to exceed amount of \$64,428,454, for the base contract, inclusive of taxes and delivery, exclusive of contract options.
- B. AUTHORIZING the Chief Executive Officer to negotiate and award an additional not to exceed amount of \$3,260,156 for spare parts, optional vehicle features, and training aids for a total combined contract amount not to exceed of \$67,688,610.
- C. ESTABLISHING a life-of-project budget of \$72,200,000, for the sixty five 60' CNG buses under Capital Project no. 201076.

#### **ISSUE**

Between FY18-FY22, Metro is scheduled to retire and replace two-hundred sixty (260) 60' buses that will reach the end of their useful life. This action authorizes the award of a base contract for sixty five 60' replacement CNG buses to New Flyer.

#### **DISCUSSION**

In April 2016, Metro's Board of Directors authorized staff to initiate RFP OP28367 for the procurement of up to 1,000 CNG or Zero Emission Transit Buses. RFP OP28367, issued in July 2016, consists of four groups, one separately evaluated procurement of each vehicle type:

- Group A, 40' CNG buses (base order of 295, awarded June 2017, pending successful resolution of protest)
- Group B, 60' CNG buses (base order of 65, award targeted for July 2017),

- Group C, 40' ZE buses (base order of 60, award targeted for July 2017),
- Group D, 60' ZE buses (base order of 35, award targeted for July 2017).

**This recommended Board action pertains solely to Group B, 60' CNG buses.**

This bus procurement is part of Metro's bus fleet replacement plans for FY18 - 22. During this period, Metro will be replacing 60' buses that were purchased between 2004 and 2008 that have reached the end of their service life.

Separately, staff will be presenting to the Board award recommendations for groups C & D of this solicitation.

**Procurement Process**

For this contract procurement, Metro used a "Best Value" competitive negotiation process which considered factors such as:

- Broadest possible range of competing products and materials available
- Fitness for purpose
- Manufacturer's warranty
- Performance and Reliability
- Life Cycle Costs
- Delivery Schedules
- Support logistics
- Scoring incentive for local (CA) job creationcontent

Metro provided an additional scoring incentive for proposers who committed to local job creation. The Local Employment Program (LEP) is a FTA approved pilot for Metro's Rolling Stock procurement. The LEP allows for geographical preferences to be applied as part of the evaluation scoring. The voluntary program provides proposers with incentive points for creating new jobs in California. The recommended awardee, New Flyer, has proposed to create \$3.1 million in wages and benefits for an additional 17 new FTEs.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this rolling stock procurement. Transit Vehicle Manufacturers (TVM), as a condition of authorization to bid or propose on FTA-assisted transit vehicle procurements, must certify that it has an FTA approved DBE overall goal methodology in compliance with 49 Code of Federal Regulations (CFR) Part 26.49(a)(1). New Flyer of America is currently on FTA's list of eligible TVMs, and is certified at a 4.10% DBE goal level. In compliance with 49 CFR Part 26.49, TVMs report direct to FTA.

**DETERMINATION OF SAFETY IMPACT**

There will be anticipated safety improvements for operating these new CNG buses in Metro's bus fleet. These buses will incorporate the latest safety features and designs, including improved ADA amenities and boarding ramps. New buses will provide a safer, cleaner operating environment for Metro's passengers and employees.

### **FINANCIAL IMPACT**

Total LOP funding of \$72,200,000 will be included in Cost Center 3320 - Vehicle Technology, in project 201073 For FY18, there is \$533,658 programmed to cover expenses for purchasing these buses. Since, this is a multi-year contract, the Cost Center Manager will be responsible for ensuring that future year funding is programmed.

In addition to the direct contract award, \$3,260,155 in funding has been included in the contract award recommendation amount to cover costs for spare parts, training aids, optional equipment, including upgraded passenger counters, stop request buttons and USB passenger charging ports.

#### **Impact to Budget**

The current source of funds for this action is Prop C 40% Bonds, which are eligible for this project. This funding source is currently sufficient to award the contract base of this recommendation. Staff is pursuing additional State and Local funding sources such as Cap and Trade and similar sources as they become available.

### **ALTERNATIVES CONSIDERED**

Staff considered purchasing exclusively 60' Zero Emission Buses (ZEB's). This is not recommended at this time as a service-proven ZEB program has not been identified that can effectively cover the broad scope of Metro's operational needs without impacting service and operations. Due to vehicle charging requirements and range limitations, battery electric ZEB's are not currently capable of replacing CNG buses on a 1:1 basis. Additionally, significant electrification work would be required to build up the charging infrastructure for Metro's operating lines and facilities to support daily operations of an electric bus fleet.

Staff considered recommending replacement of all 260 60' CNG buses that are scheduled for replacement between 2018-2022. This is not recommended because funding is not available to fully replace all of these buses in 2018-2019. Additionally, staff wants to develop operational experience with ZEB buses to help determine if there will be viable ZEB alternatives to CNG buses after 2020.

Staff also considered replacing CNG fuel tanks on buses that are slated for retirement to extend their service life. This is not recommended as operating CNG buses that are past the end of their useful life will result in degraded quality of service, reduced fleet reliability, and increased operating and maintenance costs. The costs to return retirement eligible CNG buses back to "Service Ready" condition is significant, often \$150-\$200,000 per bus.

### **NEXT STEPS**

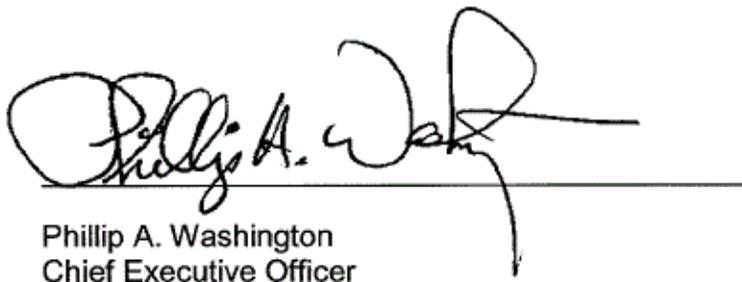
Upon Board approval, staff will finalize negotiations and execute the contract with New Flyer, and issue a Notice to Proceed.

**ATTACHMENTS**

- Attachment A - Procurement Summary
- Attachment B - DEOD Summary
- Attachment C - Funding and Expenditure Plan

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Phillip A. Washington  
Chief Executive Officer

**PROCUREMENT SUMMARY  
SIXTY FIVE 60' ARTICULATED CNG TRANSIT BUS / OP28367-003 (Group B)**

1.	<b>Contract Number:</b> OP28367-003	
2.	<b>Recommended Vendor:</b> New Flyer of America, Inc.	
3.	<b>Type of Procurement (check one):</b> <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	<b>Procurement Dates:</b>	
	<b>A. Issued:</b> 07/29/16	
	<b>B. Advertised/Publicized:</b> 08/04/16; 08/08/16; 08/12/16; 08/15/16	
	<b>C. Pre-Proposal Conference:</b> 08/30/16	
	<b>D. Proposals Due:</b> 05/19/17	
	<b>E. Pre-Qualification Completed:</b> 06/05/17	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 07/14/17	
	<b>G. Protest Period End Date:</b> 07/28/17	
5.	<b>Solicitations Picked up/Downloaded:</b> 63	<b>Bids/Proposals Received:</b> 1
6.	<b>Contract Administrator:</b> Elizabeth Hernandez	<b>Telephone Number:</b> (213) 922-7334
7.	<b>Project Manager:</b> John Drayton	<b>Telephone Number:</b> (213) 617-6285

**A. Procurement Background**

This Board Action is to approve Contract No. OP28367-003 issued in support of Metro’s bus fleet replacement plan to procure new buses for replacement of 60’ CNG buses that will reach the end of their useful life. Group B – 60’ CNG bus buy base order consists of 65 buses, and option orders of up to 335 additional buses for a total of 400 Sixty Foot CNG buses. Board approval of contract awards are subject to resolution of any properly submitted protest.

The RFP was issued in accordance with Metro’s Acquisition Policy and the contract type is a firm fixed unit price.

Twenty seven (27) amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on 08.03.16, updated the required certifications;
- Amendment No. 2, issued on 08.08.16, provided revised Pre-Proposal Conference date and venue;
- Amendment No. 3, issued on 08.11.16, updated due dates for requests for approved equals and clarifications;
- Amendment No. 4, issued on 08.26.16, edited the submittal forms and Technical Specifications;
- Amendment No. 5, issued on 09.07.16, extended the proposal and clarifications requests due dates, edited submittal forms and technical specifications, and established a project data repository for plan holder access to RFP documents;

- Amendment No. 6, issued on 09.16.16, extended the proposal and clarifications requests due dates, edited submittal forms and technical specifications, and scheduled on site bus inspections for proposers;
- Amendment No. 7, issued on 09.30.16, edited pricing forms, technical specifications, and commercial terms and conditions;
- Amendment No. 8, issued on 10.14.16, edited pricing and clarification request forms, technical specifications, and commercial terms and conditions;
- Amendment No. 9, issued on 11.02.16, edited pricing forms, technical specifications, and commercial terms and conditions;
- Amendment No. 10, issued on 11.07.16, edited pricing forms, technical specifications, and commercial terms and conditions;
- Amendment No. 11, issued on 11.10.16, extended the due dates for Groups A and B, 40' and 60' CNG proposals, and edited commercial terms and conditions;
- Amendment No. 12, issued on 11.22.16, edited pricing and submittal forms.
- Amendment No. 13, issued on 12.12.16, extended the due dates for Groups C and D 40' and 60' zero emission bus proposals;
- Amendment No. 14, issued on 01.12.17, edited commercial terms and conditions for Group A;
- Amendment No. 15, issued on 01.13.17, extended the due dates for Groups C and D, 40' and 60' zero emission bus proposals;
- Amendment No. 16, issued on 01.26.17, extended the due dates for Groups C and D, 40' and 60' zero emission bus proposals;
- Amendment No. 17, issued on 01.31.17, edited pricing forms and technical specifications for Groups C and D, 40' and 60' zero emission bus proposals;
- Amendment No. 18, issued on 02.06.17, edited pricing forms for Groups C and D, 40' and 60' zero emission bus proposals;
- Amendment No. 19, issued on 02.10.17, solicited best and final offers (BAFO) from Group A proposers;
- Amendment No. 20, issued on 02.24.17, edited documents for Group A;
- Amendment No. 21, issued on 02.28.17, edited documents for Group A;
- Amendment No. 22, issued on 03.30.17, solicited best and final offers (BAFO) from Group A proposers;
- Amendment No. 23, issued on 05.05.17, solicited BAFO from Group D proposers;
- Amendment No. 24, issued on 05.05.17, edited documents for Group B proposers;
- Amendment No. 25, issued on 05.09.17, solicited conforming offer for Group B proposers;
- Amendment No. 26, issued on 05.10.17, edited documents for BAFO from Group D proposers;
- Amendment No. 27, issued on 05.11.17, extended the due date for Group B proposals;

A pre-proposal conference was held on August 30, 2016. On-site bus inspections were scheduled on October 4, 5 and 6, 2016. One proposal was received on November 28, 2016.

Questions received throughout the solicitation process and Metro's responses to those questions were made accessible to the RFP plan holders by posting them on Metro's project data repository. Nine sets of Questions and Answers were issued for a total of 754 questions and answers uploaded to the repository from August 12, 2016 to December 30, 2016. Proposers for Group A and Group B, 40' and 60' CNG buses requested, and Metro granted, several extensions changing the proposal due date from the initial date of September 30, 2016 to November 28, 2016.

The technical evaluation of the single proposal was completed on May 4, 2017, and included review of the written proposal, clarification requests and responses, and conference call discussions. This level of technical evaluation was necessary to assess and determine the proposers' compliance with the technical specifications at an acceptable price.

## **B. Evaluation of Proposals**

In the absence of competition, the proposal was evaluated for technical compliance to Metro's requirements. A technical evaluation of the proposal was conducted by the Project Manager who utilized the Proposal Evaluation Team (PET) members as technical advisors, to determine technical acceptance. The RFP evaluation criteria were used as the basis for this technical evaluation in the areas of Technical Compliance, Project Management Experience, and Experience and Past Performance.

The Local Employment Program (LEP) is a FTA approved pilot for Metro's Rolling Stock procurements. The LEP allows for geographical preferences to be applied as part of Metro's evaluation scoring. For this Group B, the single proposer elected to participate in the voluntary LEP.

The initial proposal required clarifications resulting from the technical evaluation. Through discussions, satisfactory responses were obtained and a conformed specification and commercial terms were developed. On May 9, 2017, a conforming offer was requested, and on May 19, 2017, the offer was received. The Project Manager conducted a final technical evaluation and confirmed that the proposal met all technical requirements.

### **Qualifications Summary of the Firm:**

#### **New Flyer of America, Inc. (NFA)**

NFA is a North Dakota corporation organized in October 1989 and is a wholly owned subsidiary of Transit Holdings, a holding company that owns New Flyer of America, Inc. and New Flyer Industries Canada ULC.

NFA proposed to build LACMTA bus orders in its St. Cloud, Minnesota and Ontario, California facilities. The St. Cloud plant is a production and finishing facility. The Ontario, California facility houses production, service and aftermarket parts.

NFA has delivered 60' CNG buses to transit agencies such as Orange County Transportation Authority (OCTA), New York MTA, and Omnitrans.

**C. Cost/Price Analysis**

A cost analysis is currently underway utilizing an audit completed by Metro’s MASD on June 30, 2017. The audit findings are being used as the basis for negotiations to arrive at a fair and reasonable price. In addition to the audit performed by MASD, Metro’s negotiation with the proposed Contractor will factor in a Technical Evaluation performed by Metro’s project management team and Metro’s Independent Cost estimate (ICE). The recommended Contractor’s proposed price of \$408,580,279 will be used as the not-to-exceed cap for these negotiations. The final negotiated Contract for Base and Option vehicles will be based on Firm Fixed Unit Rate prices. The Optional Vehicle Features will also be based on Firm Fixed Prices for total Base Buy and Option Buy quantities.

<b>Proposer Name</b>	<b>Proposal Amount</b>	<b>Base Buy (65)</b>	<b>Option Buy (335)</b>	<b>Optional Features for Base and Options Buys</b>	<b>Negotiated or NTE amount</b>
Metro ICE*		\$58,582,745	\$301,926,455		Not Applicable
NFA	\$408,580,279	\$64,428,454	\$331,132,073	\$13,019,752**	TBD

\*Note: Metro’s estimated per unit cost of the vehicle is based upon a bus configuration that did not include the design requirement for electronically driven accessories. Metro is the first transit agency to require electronically driven accessories in a CNG bus configuration. \*\*The recommended value for the Base Optional Features is \$3,260,156.

**Local Employment Program**

NFA has elected to participate in Metro’s voluntary Local Employment Program (LEP). In the absence of competition, this participation did not result in distribution of any incentive points to NFA based on their proposed wages, benefits, and training of new employees hired in California. The table below describes the commitment level for NFA for new local jobs. This value is currently under negotiations.

<b>Proposers:</b>	<b>NFA</b>
Total Local Employment, Facility and Training Investment	\$3,100,668

#### **D. Background on Recommended Contractor**

The recommended firm, New Flyer of America Inc. (NFA), is a corporation organized in North Dakota, and is a wholly owned subsidiary of Transit Holdings. NFA is the US operating company in the New Flyer group of companies, and manufactures and sells New Flyer transit buses to U.S. customers.

NFA proposes to support the Metro project with new and existing workforce in production, manufacturing, engineering, quality assurance and warranty services from its locations in Winnipeg, Canada, St. Cloud, Minnesota and Ontario, California. NFA will build Metro buses from the St. Cloud and Ontario facilities. The 380,000 square foot St. Cloud facility opened in 1999 and has two production lines for full production and finishing processes. The 100,000 square foot service center Ontario facility will include a production team for finishing and delivery of the buses, field service support for warranty and retrofit activities, and a team for aftermarket parts and materials. NFA recently completed delivery of the 900 40' CNG bus buy to Metro.

NFA's proposed a dedicated Customer Project Manager and primary point of contact for this project who previously worked with Metro staff for the 900 bus buy. NFA's proposed project team has combined extensive years of experience in the transit/bus industry for engineering, manufacturing, quality control, production, testing, systems integration, and field/warranty support delivering buses to major transit agencies such as Boston, New York, Washington, D.C. and Dallas.

DEOD SUMMARY

SIXTY FIVE 60' ARTICULATED CNG TRANSIT BUS CONTRACT / OP28367-003  
(Group B)

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this rolling stock procurement. Transit Vehicle Manufacturers (TVMs), as a condition of authorization to bid or propose on FTA-assisted transit vehicle procurements, must certify that they have an FTA approved DBE overall goal methodology in compliance with 49 Code of Federal Regulations (CFR) Part 26.49(a)(1). New Flyer of America submitted an FY17 TVM Certification with their proposal, and is currently on FTA's list of eligible TVMs. In compliance with 49 CFR Part 26.49, TVMs report directly to FTA.

**B. Living Wage and Service Contract Worker Retention Policy Applicability**

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

**C. Prevailing Wage Applicability**

Prevailing wage is not applicable to this Contract.

**D. Project Labor Agreement/Construction Careers Policy**

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.

**Funding and Expenditure Plan  
Sixty Five 60' CNG Transit Buses (Part B)**

In Thousands	FY18	FY19	FY20	Total LOP	% of Total
<b>Uses of Funds</b>					
Vehicles	\$1,060,438	\$59,126,265	\$4,241,751	\$64,428,454	89.2%
Spare parts, optional features, training aids	\$0	\$3,260,156	\$0	\$3,260,156	4.5%
Labor	\$500,000	\$761,390	\$250,000	\$1,511,390	2.1%
Travel/Administration	\$150,000	\$250,000	\$100,000	\$500,000	0.7%
Contingency	\$0	\$0	\$2,500,000	\$2,500,000	3.5%
<b>Total Project Costs</b>	<b>\$1,710,438</b>	<b>\$63,397,811</b>	<b>\$7,091,751</b>	<b>\$72,200,000</b>	<b>100.0%</b>

In Thousands	FY18	FY19	FY20	Total LOP	% of Total
<b>Sources of Funds</b>				\$ -	
PC40 Bonds	\$ 1,710,438	\$ 63,397,811	\$ 7,091,751	\$ 72,200,000	100.0%
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
<b>Total Project Funding</b>	<b>\$ 1,710,438</b>	<b>\$ 63,397,811</b>	<b>\$ 7,091,751</b>	<b>\$ 72,200,000</b>	<b>100.0%</b>

Current source of funds for this action is PC40 Bonds, which are eligible for this project.  
 The funding sources under this project are currently sufficient to award the contract base of this recommendation.  
 Staff is pursuing additional State and Local funding sources such as Cap and Trade and Similar sources as they become available