



Board Report

File #: 2020-0472, File Type: Contract

Agenda Number: 17.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE SEPTEMBER 17, 2020

SUBJECT: SPARK PLUGS

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a two-year, indefinite delivery/indefinite quantity Contract No. MA69672000 to Cummins Incorporated, the lowest responsive and responsible bidder for spark plugs for Metro's bus engines. The Contract one-year base amount is \$909,973 inclusive of sales tax, and the one-year option amount is \$939,154, inclusive of sales tax, for a total contract amount of \$1,849,127, subject to resolution of protest(s), if any.

ISSUE

This procurement is for the acquisition of spark plugs which are required to maintain the safe and reliable operation of the Cummins natural gas engines in the current bus fleet. Award of this contract will ensure that Bus Maintenance has adequate inventory to repair and maintain the buses according to Metro maintenance standards.

BACKGROUND

Natural gas vehicle engines use an ignition system, including spark plugs and coils, to ignite a fuel/oxygen mixture. The spark plugs in the ignition system are a critical part of the engine operation. Ignition problems can significantly impact engine performance. Engine manufacturers identify specific mileage intervals for spark plug replacement to avoid performance problems and unnecessary engine failures that could result in increased maintenance costs.

DISCUSSION

Spark plugs are an electrical ignition device that fits into the cylinder head of a natural gas engine and ignites the air-fuel mixture needed for combustion to power the engine. In accordance with manufacturer's recommendations, spark plugs are required to be changed at pre-determined intervals based on mileage. Replacement of the spark plugs are essential for the proper maintenance of Metro's bus fleet and ensures that bus engines run efficiently, and as designed. The spark plugs are required for installation on the entire natural gas bus fleet which have Cummins 8.9 ISLG and

L9N Near-Zero engines installed.

The contract to be awarded is a “requirements type” agreement in which Metro commits to order spark plugs up to the specified quantity for a specific duration of time, but there is no obligation or commitment for Metro to order all of the spark plugs that may be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The Diversity and Economic Opportunity Department (DEOD) recommended a two percent (2%) DBE goal for this solicitation.

Spark Plugs will be purchased, maintained in inventory and managed by Material Management. As spark plugs are issued, the appropriate budget project numbers and accounts will be charged.

DETERMINATION OF SAFETY IMPACT

Award of contract will result in a positive impact on safety by ensuring bus operating divisions have an adequate inventory of parts to maintain the bus fleet according to engine manufacturer preventive maintenance requirements and Metro Maintenance standards. Ensuring an adequate supply of critical parts ensures the performance and reliability of the bus fleet which will have a beneficial impact on system safety.

FINANCIAL IMPACT

Subject to Board approval of the FY21 budget, funding of \$909,973 for these parts is included under multiple bus operating cost centers in project 306002 Operations Maintenance under line 50441, Parts - Revenue Vehicle.

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 including any option exercised.

Impact to Budget

The current sources of funds for this project are Federal, State and Local sources including fares. Using these funding sources maximizes the allowable project funding designations given approved provisions and guidelines.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The procurement of spark plugs for the Cummins natural gas engines supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The installation of spark plugs at recommended mileages will maintain the reliability of the bus fleet and ensure that our customers are able to arrive at their destinations without interruption and in accordance with the scheduled service intervals for Metro bus operations.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and procure spark plugs on the open market on an as-needed basis. This approach is not recommended since it does not provide a commitment from the supplier to ensure availability and price stability.

NEXT STEPS

Metro's requirements for spark plugs will be fulfilled under the provisions of the contract.

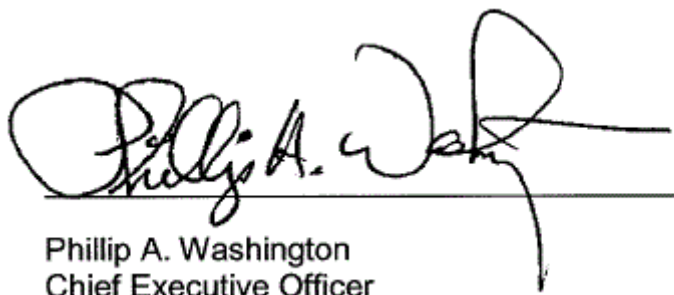
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared By: James D. Pachan, Superintendent of Maintenance, (213) 922-5804

Reviewed by: Debra Avila, Chief Vendor/Contract Management (213) 418-3051
James T. Gallagher, Chief Operations Officer (213) 418-3108



Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY
PURCHASE OF SPARK PLUGS CUMMINS
CONTRACT NO. MA69672000

| | | |
|----|---|--|
| 1. | Contract Number: MA69672000 | |
| 2. | Recommended Vendor: Cummins Inc., 1939 Deere Avenue, Irvine, CA 92606 | |
| 3. | Type of Procurement (check one): <input checked="" type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order | |
| 4. | Procurement Dates: | |
| | A. Issued: 5/18/20 | |
| | B. Advertised/Publicized: 5/18/20 | |
| | C. Pre-proposal/Pre-Bid Conference: N/A | |
| | D. Proposals/Bids Due: 6/18/20 | |
| | E. Pre-Qualification Completed: 6/30/20 | |
| | F. Conflict of Interest Form Submitted to Ethics: 6/25/20 | |
| | G. Protest Period End Date: : 9/25/20 | |
| 5. | Solicitations Picked up/Downloaded: 16 | Bids/Proposals Received: 2 |
| 6. | Contract Administrator: Tanya Allen | Telephone Number: 213/922-1018 |
| 7. | Project Manager: Alex DiNuzzo | Telephone Number: 213/922-5860 |

A. Procurement Background

This Board Action is to approve Contract No. MA69672000 for the procurement of Cummins Spark Plugs. Board approval of contract awards are subject to resolution of any properly submitted protest.

An Invitation for Bid (IFB) No. MA69672 was issued in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery, Indefinite Quantity (IDIQ).

No amendment was issued during the solicitation phase of this IFB.

A total of two bids were received on June 18, 2020.

1. Cummins Inc.
2. CBM USA Inc.

B. Evaluation of Bids

This procurement was conducted in accordance and complies with LACMTA's Acquisition Policy for a competitive sealed bid. There were two bids that were deemed responsive and responsible to the IFB requirements

The recommended firm, Cummins Inc., the lowest responsive and responsible bidder was found to be in full compliance in meeting the bid and technical requirements of the IFB.

C. Price Analysis

The recommended bid price from Cummins Inc. has been determined to be fair and reasonable based upon adequate price competition and selection of the lowest responsive and responsible bidder.

| Low Bidder Name | Bid Amount | Metro ICE |
|-----------------|----------------|-------------|
| Cummins Inc. | \$1,849,126.50 | \$2,225,932 |
| CBM USA, Inc. | \$1,904,678.50 | |

D. Background on Recommended Contractor

The recommended firm, Cummins Inc. (Cummins) is located in Irvine, CA has been in business for one hundred (100) years. Cummins has provided similar products for Metro and other agencies including Orange County Transit Authority, San Diego Metropolitan Transit System, and Santa Monica Big Blue Bus and numerous other transit proprietries that are available upon request. Cummins has provided satisfactory service and product to Metro on previous purchases.

DEOD SUMMARY

SPARK PLUGS / MA69672000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 2% Disadvantaged Business Enterprise (DBE) goal for this solicitation. Cummins Inc. made a 2% DBE commitment.

| | | | |
|----------------------------|---------------|----------------------------------|---------------|
| Small Business Goal | 2% DBE | Small Business Commitment | 2% DBE |
|----------------------------|---------------|----------------------------------|---------------|

| | DBE Subcontractors | Ethnicity | % Committed |
|-------------------------|---------------------------|-------------------|--------------------|
| 1. | Say Cargo Express | Hispanic American | 2.00% |
| Total Commitment | | | 2.00% |

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. Project Labor Agreement/Construction Careers Policy is applicable only to construction contracts that have a construction contract value in excess of \$2.5 million.