



## Board Report

File #: 2022-0456, File Type: Contract

Agenda Number: 34.

### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE

SEPTEMBER 15, 2022

**SUBJECT: ENGINE PISTON KITS**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two-year, Indefinite Delivery / Indefinite Quantity (IDIQ) Contract No. MA85347000 to Cummins, Inc. the responsive and responsible bidder for Engine Piston Kits. The contract's one-year base amount is \$581,774 inclusive of sales tax, and the one-year option amount is \$596,330, inclusive of sales tax, for a total contract amount of \$1,178,104, subject to resolution of protest(s), if any.

#### **ISSUE**

This procurement is for Engine Piston Kits used by the bus maintenance department for the repair of the Cummins Compressed Natural Gas (CNG) engines in Metro buses. The pistons are an essential component of the engine's combustion cycle, producing the energy required to propel the bus down the street. The pistons are required for the engine to operate and perform effectively. The bus operating divisions and Central Maintenance Shops use the piston kits to perform repairs to the engines. It is imperative to always have an inventory of piston kits on hand to service our bus fleet.

Award of this contract will ensure the operating divisions have adequate inventory to repair and maintain the buses according to Metro maintenance standards and are necessary to ensure service continuity and avoid any interruption to Metro operations.

#### **BACKGROUND**

The engine piston kit is the main component for the operation of the CNG engines used in Metro buses. The piston compresses an air/fuel mixture in the engine to complete the combustion process used to create energy. The energy is then transferred to the drive system and provides the propulsion for the bus to travel down the road. Pistons can fail due to the advanced mileage and heavy-duty service the Metro bus fleet provides. A failed piston will take the bus out of service due to poor performance or visible exhaust emissions. The proper functioning of the pistons ensures that the CNG engine remains operational, which is essential to ensuring the performance, reliability, and safety of the Metro bus fleet.

## **DISCUSSION**

The engine piston kit is a critical component of CNG engines, and replacement of piston kits is required to ensure a proper functioning engine. The availability of the engine piston kit in inventory is crucial to ensure the reliability of the bus fleet to provide a high level of service to Metro's customers. The availability of the engine piston kits in inventory reduces bus downtime and keeps buses in revenue service.

The contract to be awarded is a "requirements type" agreement in which Metro commits to order only from the awardee, up to the specified quantity for a specific duration of time. However, there is no obligation or commitment to order any specific quantity of the engine piston kits that may currently be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The engine piston kits will be purchased and maintained in inventory and managed by Material Management. As engine piston kits are issued, the appropriate budget project numbers and accounts will be charged.

## **DETERMINATION OF SAFETY IMPACT**

The award of this contract will ensure that all operating divisions have adequate inventory to maintain the bus fleet according to Metro Maintenance standards. This action will prevent deferred maintenance and ensure bus availability for revenue service.

## **FINANCIAL IMPACT**

The funding of \$581,774 for this product is included in the FY23 budget in various bus operating cost centers, under project 306002 - Operations Maintenance, under line item 50441 - M/S Parts - Revenue Vehicle.

Since this is a one-year contract with a one-year option, the cost center managers and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years.

### **Impact to Budget**

The current funding sources for this action are Federal, State, and Local, including sales tax and fares. These sources are eligible for Bus Operating or Capital projects. Using these funding sources maximizes the project funding allocations allowed by approved provisions and guidelines.

## **EQUITY PLATFORM**

All Metro buses currently in our fleet that operate on CNG are equipped with the Cummins Compressed Natural Gas engines, and the award of this contract of piston kits ensures the bus fleet that serves most regions in Los Angeles County, including many underserved communities, can provide vital transportation services to neighborhoods where disparities within the region can exist between residents' access to jobs, housing, education, health, and safety. Bus transportation provides an important lifeline for the residents in underserved communities, and the Metro bus maintenance programs ensure the proper State of Good Repair of the bus fleet to provide

transportation for these underserved communities.

The Diversity and Economic Opportunity Department (DEOD) established a two percent (2%) DBE goal and verified the commitment by the successful bidder for this procurement.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The engine piston kit supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. Procuring engine piston kits for inventory will help ensure the bus fleet's reliability and enable our customers to arrive at their destinations on schedule and without interruption.

### **ALTERNATIVES CONSIDERED**

The alternative is to not award the contract and procure the engine piston kits on an as-needed basis, using the traditional "min/max" replenishment method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure availability, timely delivery, continued supply, and a guaranteed fixed price for the parts.

### **NEXT STEPS**

Upon approval by the Board, staff will execute Contract No. MA85347000 for the procurement of engine piston kits with Cummins Inc. at the one-year base amount of \$581,774 inclusive of sales tax, and the one-year option amount of \$596,330, inclusive of sales tax, for a total contract amount of \$1,178,104.

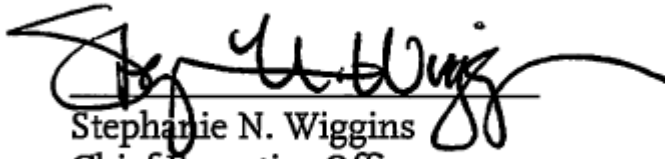
### **ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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Stephanie N. Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

## ENGINE PISTON KITS/MA85347000

1.	<b>Contract Number:</b> MA85347000	
2.	<b>Recommended Vendor:</b> Cummins Inc., 1939 Deere Avenue, Irvine, CA 92606	
3.	<b>Type of Procurement (check one):</b> <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.	<b>Procurement Dates :</b>	
	<b>A. Issued:</b> 2/07/22	
	<b>B. Advertised/Publicized:</b> 2/08/22	
	<b>C. Pre-proposal/Pre-Bid Conference:</b> N/A	
	<b>D. Proposals/Bids Due:</b> 3/15/22	
	<b>E. Pre-Qualification Completed:</b> 5/29/22	
	<b>F. Conflict of Interest Form Submitted to Ethics:</b> 3/15/22	
	<b>G. Protest Period End Date:</b> 8/22/22	
5.	<b>Solicitations Picked up/Downloaded:</b> 4	<b>Bids/Proposals Received:</b> 2
6.	<b>Contract Administrator:</b> Tanya Allen	<b>Telephone Number:</b> (213) 922-1018
7.	<b>Project Manager:</b> Harold Torres	<b>Telephone Number:</b> (213) 922-5714

**A. Procurement Background**

This Board Action is to approve Contract No. MA85347000 for the procurement of Engine Piston Kits. Board approval of this contract award is subject to resolution of any properly submitted protest.

An Invitation for Bid (IFB) No. MA85347 was issued in accordance with Metro's Acquisition Policy and the contract type is Indefinite Delivery, Indefinite Quantity (IDIQ).

No amendments were issued during the solicitation phase of this IFB.

A total of two (2) bids were received on March 15, 2022.

## **B. Evaluation of Bids**

This procurement was conducted in accordance and complies with Metro's Acquisition Policy for a competitive sealed bid. The two bids received are listed below in alphabetical order:

1. Cummins Inc.
2. The Aftermarket Parts Company LLC

Two firms were determined to be 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 the Independent Cost Estimate (ICE), adequate price competition, and fact-finding. Metro's ICE was based on a historical unit price that turned out to be significantly lower than the bid unit price due to Cummins offering Metro discounted pricing on the previous contract. Due to the variation in the ICE and the bid price, Cummins was requested to provide additional supporting documentation that substantiated the increase in price and confirmed that the new price being quoted was fair and reasonable. The supporting documentation Cummins provided Metro included recent invoices from other transit agencies demonstrating that the bid unit price provided to Metro was consistent with the pricing provided to other transit agencies similar to Metro.

<b>Low Bidder Name</b>	<b>Bid Amount</b>	<b>Metro ICE</b>
Cummins Inc.	\$1,178,103.93	\$584,852.00
The Aftermarket Parts Company, LLC	\$1,493,520.87	

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

The recommended firm, Cummins Inc. (Cummins) is located in Irvine, CA has been in business for One hundred and two (102) 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

ENGINE PISTON KITS/MA85347000

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) established a 2% Disadvantaged Business Enterprise (DBE) goal for this Indefinite Delivery / Indefinite Quantity (IDIQ) procurement. Cummins, Inc. met the goal by making a 2% DBE commitment.

<b>Small Business Goal</b>	<b>2% DBE</b>	<b>Small Business Commitment</b>	<b>2% DBE</b>
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	<b>DBE Subcontractors</b>	<b>Ethnicity</b>	<b>% Committed</b>
1.	Say Cargo Express	Hispanic American	2%
<b>Total Commitment</b>			<b>2%</b>

**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. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.