



## Board Report

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### OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 16, 2023

**SUBJECT: PURCHASE OF THREE CNG ARMORED VAULT TRUCKS**

**ACTION: APPROVE CONTRACT AWARD**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a firm fixed price contract DR827453000 to Los Angeles Truck Centers, LLC, the lowest responsive and responsible bidder for three (3) CNG Armored Vault Trucks for a firm fixed price of \$1,211,139.67, inclusive of sales tax and fees, subject to resolution of any properly submitted protest(s), if any.

#### **ISSUE**

This procurement is for replacement of three Metro owned and operated diesel powered armored vault trucks with new compressed natural gas (CNG) vault trucks. The diesel trucks being replaced support Revenue Collection and require replacement with alternative fuel vehicles in compliance with the South Coast Air Quality Management District's (SCAQMD) Rule 1196. The trucks will support bus fare revenue collection at the ten Bus Operating Divisions.

#### **BACKGROUND**

Metro's Revenue Collection department currently operates a fleet of three diesel powered armored vault trucks. These armored vault trucks transport mobile safes between the Central Cash Counting Office and ten Bus Operating Divisions. The mobile safes contain bus fares collected from fareboxes installed on the bus fleet.

The three existing armored vault trucks are expected to exceed 100,000 miles each at the time of replacement. Replacement of the armored vault trucks will ensure the reliability of the revenue collection equipment and will ensure compliance with SCAQMD's Rule 1196 which requires that all public fleet operators with 15 or more heavy duty vehicles acquire alternative fuel heavy-duty vehicles when procuring or leasing vehicles to reduce air toxic and criteria pollutant emissions.

#### **DISCUSSION**

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The award of this firm fixed price contract with Los Angeles Truck Centers, LLC, will allow the replacement of three Metro owned and operated diesel armored vault trucks with three CNG powered armored vault trucks. These armored vault trucks transport mobile safes between the Central Cash Counting Office and ten Bus Operating Divisions. The trucks are deployed from Metro's Location 29, Cash Counting Facility, and maintained at Metro's Division 2, Bus Maintenance Operations. The trucks are required to support revenue collection throughout the Metro system. The three new trucks will replace trucks that are expected to exceed 100,000 miles at the time of replacement.

The new CNG armored vault trucks will replace diesel trucks that do not meet current SCAQMD emission standards. The procurement of the new armored vault trucks that are powered by compressed natural gas (CNG) is in alignment with the AQMD Rule 1196, which requires Metro to purchase alternate fuel vehicles to replace heavy-duty diesel-powered vehicles. The CNG armored vault truck emissions control systems are far superior to the trucks being replaced, which results in emission of significantly less Reactive Organic Gas (ROG) and Particulate Matter (PM) than the diesel armored vault trucks.

The availability of vault truck with a CNG propulsion system is very limited due to the low sales volume for this type of equipment. Procurement postings were issued three times for vault trucks with CNG propulsion systems. Metro did not receive any bids for the first two procurement postings, but received one bid for the third procurement posting.

### **DETERMINATION OF SAFETY IMPACT**

Metro's current armored vault trucks have higher emission levels and outdated support systems when compared to current heavy-duty trucks. The purchase of new trucks will provide Metro with state-of-the-art armored vault trucks that maximize operator safety, fuel efficiency, and provides significant emission reductions.

### **FINANCIAL IMPACT**

A total of \$1,211,139.67 is required for the procurement of the three armored vault trucks. Budget for the procurement is included in Capital Project 208608 - FY22 AQMD 1196 Rule Non-Revenue Vehicles. The Life of Project (LOP) budget is \$9,400,000, so the procurement is within the project budget.

Since this is a multi-year contract, the Project Manager will be responsible for budgeting resources in future Fiscal Years.

#### **Impact to Budget**

Current funding allocated for this purchase is TDA Article 4. Allocating these funds maximizes the best project funding allocation use given approved provisions and guidelines.

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## **EQUITY PLATFORM**

The three armored vault trucks procured will be assigned to Metro's Revenue Collection Department located at Metro's Location 29; however, the trucks will provide support to Bus Operating Divisions located throughout Los Angeles County, including Downtown Los Angeles, El Monte, Long Beach, and Sun Valley. These trucks will traverse several Equity Focus Communities (EFCs) when servicing the ten Bus Operating Divisions. Delays in the procurement of the new trucks may result in higher emissions levels for EFCs and other environmental justice communities.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a SBE or DVBE participation goal for this procurement due to limited suppliers and only one bid submitted for the armored vault trucks.

## **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The recommendation supports Metro Strategic Plan Goal 5) Provide responsive, accountable, and trustworthy governance within the Metro organization. New armored vault trucks will minimize vehicle maintenance needs, improve safety, and lower emissions by purchasing and deploying CNG trucks with the latest emission control devices on the market. With this, Metro is exercising good public policy judgment and sound fiscal stewardship.

## **ALTERNATIVES CONSIDERED**

Staff considered leasing equipment and/or contracting out revenue collection services. These alternatives are not recommended as this work has historically been performed by Transportation Communications/IAM Union (TCU) contract personnel. Contracting out this service would conflict with current Metro/TCU/IAM Collective Bargaining Agreement. Additionally, staff calculated that the cost of external contracted truck services for one truck would equal or exceed the full purchase price of one armored vault truck in the first five years of operation.

Staff reviewed the potential for procurement of vault trucks with a zero emission electric drive system, but determined that the electric drive vault trucks are not feasible at this time, since manufacturers of the vault trucks are not producing this type of vehicle with an electric drive train due to low sales volume for this type of equipment. The engineering and development cost for a prototype electric drive train on these specialty vehicles would be very expensive and would result in significant delays in delivery of the vault trucks. In addition, the vault trucks are deployed out of Division 2, and that division is one of the later divisions planned for installation of the electric vehicle charging infrastructure due to construction restrictions related to the historical designation of the maintenance facility.

The alternative of retaining the existing armored vault truck fleet for primary revenue collection services is not recommended, since the armored vault trucks are expected to exceed 100,000 miles at the time of replacement and SCAQMD's Rule 1196 requires Metro to purchase alternative fuel vehicles to replace these heavy-duty diesel-powered vehicles.

Not purchasing the recommended trucks will significantly reduce the ability of the Metro Revenue Collection Department to support Bus Operations that effectively provide world-class transportation

throughout Los Angeles County.

### **NEXT STEPS**

After execution of the procurement contract, the vendor will provide Metro with a production schedule, begin the manufacturing process, and provide milestones that includes the anticipated delivery of the armored vault trucks within about eighteen months after award of the contract.

### **ATTACHMENTS**

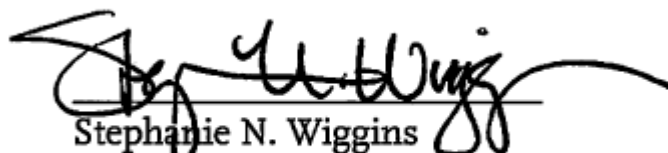
Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Daniel Ramirez, Superintendent, Bus Maintenance, (213) 922-5797  
James Pachan, Senior Executive Officer, Bus Maintenance (213) 922-5804  
Debra Avila, Deputy Chief Vendor/Contract Management (213) 418-3051

Reviewed by:

Conan Cheung, Chief Operations Officer (213) 418-3034



Stephanie N. Wiggins  
Chief Executive Officer

## PROCUREMENT SUMMARY

### CNG ARMORED VAULT TRUCKS

1.	Contract Number: DR827453000	
2.	Recommended Vendor(s): Los Angeles Truck Centers, LLC	
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: 7/18/2022	
	B. Advertised/Publicized: 7/14/22, 7/15/22	
	C. Pre-Bid Conference: 7/26/22	
	D. Bids Due: 10/26/22	
	E. Pre-Qualification Completed: 1/13/23	
	F. Conflict of Interest Form Submitted to Ethics: 12/16/22	
	G. Protest Period End Date: 2/17/23	
5.	Solicitations Picked up/Downloaded: 5	Bids Received: 1
6.	Contract Administrator: Lorretta Norris	Telephone Number: (213) 922-2632
7.	Project Manager: Adam Robertson	Telephone Number: (562) 658-0231

#### A. Procurement Background

This Board Action is to approve Contract No. DR827453000 to procure three (3) CNG Armored Vault Trucks, to support Metro's Bus Operations. Contract award is subject to resolution of any properly submitted protest.

The IFB was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price.

Six (6) amendments were issued during the solicitation phase of this IFB:

- Amendment No. 1, issued on August 9, 2022, to update Critical Dates;
- Amendment No. 2, issued on August 11, 2022, to update Critical Dates;
- Amendment No. 3, issued on August 26, 2022, to provide date for site visit;
- Amendment No. 4, issued on September 23, 2022, to update Technical Specification;
- Amendment No. 5 issued on September 26, 2022, to update Technical Specification and;
- Amendment No. 6 issued on October 4, 2022, to update Technical Specification.

A single bid was received on October 26, 2022, and deemed responsive.

**B. Evaluation of Bids**

This procurement was conducted in accordance and complies with Metro’s Acquisition Policy for a competitive sealed bid. A single bid was received and deemed responsive and responsible to the IFB requirements.

The recommended firm, Los Angeles Truck Centers, LLC, the single responsive and responsible bidder, was found to be in full compliance in meeting the bid and technical requirements of the IFB.

**Market Survey**

Metro received a single bid and staff conducted a market survey of other firms to determine the reasons for the lack of formal bid responses to this IFB.

Five (5) firms downloaded the solicitation and based on staff’s communication with the plan holders, one submitted a bid, one was a refuse and recycling truck manufacturer, one was a dealership, and two were not vendors or manufacturers.

**C. Price Reasonableness**

The recommended bid price from Los Angeles Truck Centers, LLC is the result of an open competitive bid process in a competitive environment. The bidder prepared its bid in the expectation of adequate price competition. Both Metro and the bidder anticipated there would be more than one acceptable bid submitted. Overall, the total bid price has been determined to be fair and reasonable based upon market conditions and selection of the single responsive and responsible bidder.

The single bid received was recommended for award even though the bid was higher than the independent cost estimate. The price variance is reflective of the Market Survey conducted and the current global market conditions which have been heavily impacted by the COVID-19 pandemic.

The market price of steel has fluctuated to almost double of what it was since the last procurement of heavy-duty trucks were purchased. A worldwide semiconductor supply shortage has stalled production within the automotive industry and drastically delayed the delivery timeline of vehicles. In addition, the global logistics landscape of moving goods is heavily burdened by a shortage of manpower combined with an increased cost of fuel driving up the freight cost for these units.

<b>Bidder’s Name</b>	<b>Total Bid Amount</b>	<b>Metro ICE</b>
Los Angeles Truck Centers, LLC	\$1,211,139.67	\$993,000

**D. Background on Recommended Contractor**

The recommended firm, Los Angeles Truck Centers LLC., is a subsidiary of Velocity Vehicle Group which is headquartered in Whittier, California and has over 20 years of experience providing medium- to heavy-duty trucks, alternative fuel trucks, CARB compliant trucks, and truck engines and parts throughout California (Long Beach, San Diego, Las Vegas, Ontario, Fontana, Carson, Hesperia, Sacramento, and Caruthers) and Nevada. Los Angeles Truck Centers LLC was previously awarded a Metro Contract in May 2020 and performed satisfactorily.

**DEOD SUMMARY**

**PURCHASE OF THREE CNG ARMORED VAULT TRUCKS / DR82745-3**

**A. Small Business Participation**

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this solicitation due to the lack of subcontracting opportunities. It is expected that Los Angeles Truck Centers, LLC will perform the services of the contract with its own workforce.

**B. Living Wage / 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.