

**Board Report**

File #: 2022-0864, **File Type:** Contract**Agenda Number:** 31.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
APRIL 20, 2023****SUBJECT: SPARK PLUG KITS****ACTION: AWARD CONTRACT FOR SPARK PLUG KITS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two-year, Indefinite Delivery / Indefinite Quantity (IDIQ) Contract No. MA95488000 to Cummins, Inc., the lowest responsive and responsible bidder for Spark Plug Kits. The Contract one-year base amount is \$1,256,414 inclusive of sales tax, and the one-year option amount is \$1,294,487, inclusive of sales tax, for a total contract amount of \$2,550,901, subject to resolution of protest(s), if any.

ISSUE

This procurement is for Spark Plug Kits used by the bus maintenance department for repair of the Cummins Compressed Natural Gas (CNG) engines in Metro buses. The spark plugs are an essential component for the combustion cycle within the engine, which produces the energy required to propel the bus down the street. The spark plugs are required for the engine to operate and perform effectively. The bus operating divisions and Central Maintenance Shops use the spark plugs kits to perform repairs and preventative maintenance to the engines. It is imperative to always have an inventory of spark plug kits on hand to service the 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 is necessary to ensure service continuity and avoid any interruption to Metro operations.

BACKGROUND

Spark plug kits are a main component for the operation of the CNG engines used in Metro buses. The spark plugs ignite 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. Spark plugs can fail due to the advanced mileage and heavy-duty service provided by the Metro bus fleet. A failed spark plug will result in the bus being taken out of service due to poor performance or visible exhaust emissions. The proper functioning of the spark plugs ensures that the CNG engine remains operational, which is essential to ensuring the performance, reliability, and safety of the Metro bus fleet.

DISCUSSION

The spark plug is a main component of CNG engines, and replacement spark plug kits are required to ensure a properly functioning engine. The availability of the spark plug 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 spark plug kits in inventory reduces bus down time 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, but there is no obligation or commitment to order any specific quantity of the spark plug kits that may currently be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required.

The Independent Cost Estimate (ICE) created for this procurement was based on the historical unit price of spark plug kits. The bid amount of \$2,550,901 was significantly higher than the ICE due to increased material costs, raw material shortages, high gas prices, and increased freight charges.

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

DETERMINATION OF SAFETY IMPACT

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 \$1,256,414 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 source of funds for this action include Federal 5307, Proposition C, Measure R/M, and Transportation Development Act. These sources are eligible for Bus Operating or Capital projects.

EQUITY PLATFORM

The benefits of this action are to ensure the bus fleet that serves most regions in Los Angeles

County. Bus transportation provides an important lifeline for the LA County residents, especially those in equity focused and underserved communities. Spark plugs are required for all buses in the fleet that operate on Compressed Natural Gas (CNG). The Metro bus maintenance programs ensure the proper State of Good Repair of the bus fleet to provide transportation for them.

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

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The spark plug kit supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The procurement of spark plug kits for inventory will help to ensure the reliability of the bus fleet 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 spark plugs 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 the 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. MA95488000 for the procurement of spark plug kits with Cummins Inc. at the one-year base amount of \$1,256,414 inclusive of sales tax, and the one-year option amount of \$1,294,487, inclusive of sales tax, for a total contract amount of \$2,550,901.

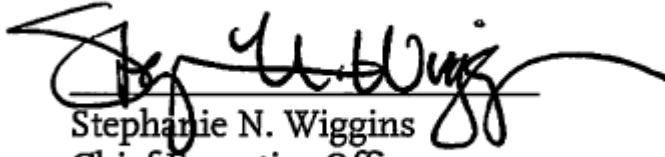
ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

Prepared by: Harold Torres, Sr. Director Central Maintenance (213) 922-5714
Tanya Allen, Procurement Planning Administrator (213) 922-1018
James Pachan, Sr. Executive Officer (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

SPARK PLUG KITS/MA95488000

| | | |
|----|---|--|
| 1. | Contract Number: MA95488000 | |
| 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: 10/28/22 | |
| | B. Advertised/Publicized: 11/07/22 | |
| | C. Pre-proposal/Pre-Bid Conference: N/A | |
| | D. Proposals/Bids Due: 11/30/22 | |
| | E. Pre-Qualification Completed: 12/7/22 | |
| | F. Conflict of Interest Form Submitted to Ethics: 12/20/22 | |
| | G. Protest Period End Date: 4/24/23 | |
| 5. | Solicitations Picked up/Downloaded: 9 | Bids/Proposals Received: 2 |
| 6. | Contract Administrator: Tanya Allen | Telephone Number: (213) 922-1018 |
| 7. | Project Manager: Harold Torres | Telephone Number: (213) 922-5714 |

A. Procurement Background

This Board Action is to approve Contract No. MA95488000 for the procurement of Spark Plug Kits. Board approval of this contract award is subject to resolution of any properly submitted protest.

An Invitation for Bid (IFB) No. MA95488 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 November 30, 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 adequate price competition and selection of the lowest responsive and responsible bidder. Metro's ICE was based on a historical unit price that turned out to be significantly lower than the bid unit price. Cummins' higher offer was a result of rising material costs, raw material shortages, higher gas prices, and increased freight charges.

| Low Bidder Name | Bid Amount | Metro ICE |
|------------------------------------|-------------------|------------------|
| Cummins Inc. | \$2,550,901.50 | \$1,644,125.00 |
| The Aftermarket Parts Company, LLC | \$3,984,573.60 | |

D. Background on Recommended Contractor

The recommended firm, Cummins Inc. (Cummins) located in Irvine, CA has been in business for 102 years. Cummins has provided similar products for Metro and other agencies including Long Beach Transit, and Santa Monica Big Blue Bus and numerous other transit properties. Cummins has provided satisfactory service and product to Metro on previous purchases.

DEOD SUMMARY

SPARK PLUG KITS / MA9548800

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) 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% |
| Total Commitment | | | 2% |

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.