

**Board Report**

File #: 2024-0960, **File Type:** Contract**Agenda Number:** 23.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
NOVEMBER 21, 2024****SUBJECT: REPLACEMENT OF NON-REVENUE VEHICLES THROUGH CALIFORNIA
STATEWIDE CONTRACT****ACTION: APPROVE CONTRACT AWARD****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to utilize the State of California Statewide Fleet Vehicles Contract for a Not-to-Exceed (NTE) expenditure amount of \$24,034,308 inclusive of sales tax, for 142 electric sedans, 5 electric trucks, 97 hybrid sport utility vehicles (SUVs), 125 pick-up trucks, and 118 cargo/passenger vans. Five suppliers will fulfill delivery of the vehicles under contract with the State of California.

YAROSLAVSKY AMENDMENT: Report back in 120 days with a nonrevenue vehicle purchasing policy that prioritizes zero emission vehicles. The report should review and, to the extent feasible, mirror existing zero emission fleet purchasing policies at the City of Los Angeles and County of Los Angeles.

ISSUE

For several years, Metro's non-revenue fleet has not been replaced per the expected life schedule due to supply chain issues that resulted from the pandemic. As such, Metro is currently utilizing non-revenue vehicles that are as much as 20 years old and, in some cases, have up to 285,000 miles of service. Older vehicles with extraordinarily high mileage are unreliable and cost much more to maintain due to wear and tear. Metro non-revenue vehicles support all Metro departments and must be reliable to do this effectively. Metro will also need reliable non-revenue vehicles to support the upcoming rail expansions

Non-revenue vehicles have been posted in the past using traditional procurement methods; however, the bidding process was not successful due to either not receiving any bids or receiving bids that were nearly double the Independent Cost Estimate (ICE). The delays caused by these failed bids has resulted in a significant backlog of non-revenue vehicles in the procurement process. Utilization of the State of California Statewide Fleet Vehicles Contract will allow Metro to procure 63% of the common types of non-revenue vehicles used by Metro staff, while continuing to procure the backlog of 282 specialty vehicles using traditional procurement methods. The California Statewide contract also has very competitive pricing for zero emission (ZE) vehicles, which will accelerate the

procurement of the 147 ZE vehicles and allow for replacement of older, higher emission non-revenue vehicles.

BACKGROUND

Various departments require non-revenue vehicles to support Maintenance, Transportation, and Construction programs. All 487 non-revenue trucks, sedans, SUVs, and cargo and passenger vans that will be replaced have exceeded the minimum required service requirements and need replacement, as many of these vehicles have been in service for more than 20 years.

These vehicles are experiencing reduced reliability, requiring significant and frequent repairs to keep them in service. Some of these vehicles have also been determined unreliable, with excessive mechanical failures, costly/frequent repairs, and high levels of service unavailability. Their current condition renders them no longer cost-effective to maintain, and replacements are now required.

DISCUSSION

This procurement is to replace 487 Metro-owned and operated SUVs, Trucks, Sedans, and Cargo and Passenger Vans that have exceeded the policy requirement of 6 years and/or 150,000 miles of service.

All departments throughout the agency rely on these vehicles, including Bus and Rail Divisions, Wayside Systems, Maintenance of Way Engineering, Risk Management, Operations Planning, and Public Relations, just to name a few. The new vehicles will be used for Operator Relief, Maintenance Support, and Facilities Maintenance, as well as support Revenue Services and various administrative functions. The new vehicles provide several benefits to Metro, including Environmental Impact, Cost of Ownership, and Safety.

Utilizing the State of California Statewide Fleet Vehicles Contract will allow Metro to purchase vehicles that have failed multiple procurements through a combination of lack of bidders and unacceptable bids that greatly exceeded Independent Cost Estimates (ICE). This approach is allowing Metro to purchase many of these vehicles at prices below the ICE, at a substantial savings to Metro. Purchasing through the Statewide Fleet Vehicles Contract also has the added benefit of a shorter lead time due to the specification of common vehicles that are more readily available, which will also reduce the procurement backlog by at least 17 requisitions caused by dealers/manufacturers cancelled orders due to recent supply chain issues.

Environmental Impact

The new vehicles benefit customers, employees, and the communities where Metro vehicles operate by reducing harmful emissions. In alignment with the recent Board approval of the EV Parking Strategic Plan, Metro is committed to transitioning the non-revenue fleet to zero-emission vehicles, 147 of the 487 vehicles (30%) being battery electric and 97 of the 487 vehicles being hybrid (20%). The remaining 340 vehicles are passenger vans and trucks that are not available in electric or hybrid powertrain options at this time.

Cost of Ownership

The benefits of new replacement vehicles, such as better fuel efficiency, fewer repairs, increased reliability, and shorter repair times, will greatly reduce the cost of maintaining the existing fleet.

DETERMINATION OF SAFETY IMPACT

Safe operation of the non-revenue vehicle fleet is paramount to the safety of the Metro employees who operate them. Excessive age and mileage lead to wear and tear of the major vehicle systems, e.g., drive trains, steering, suspension, and engines. This results in increased breakdowns during operation.

The new vehicles are equipped with more technologically advanced safety features, including dynamic braking, emergency airbags, and antilock braking, making them safer for staff to operate than aging vehicles.

FINANCIAL IMPACT

The recommended award is \$24,034,308. This request is within the Life of Project (LOP) Budget of \$36,350,000. The contract award amounts are listed in the table below by vehicle quantity, vehicle type, and Capital Project number. This budget is contained within multiple Capital Projects, as listed in the table below. The budget for this procurement is in Cost Center 3790, Maintenance Administration, and 3196, Central Oversight & Analysis under Account 53106, Acquisition of Service Vehicles.

Amount	Quantity	Vehicle Type	Project	Project Name
\$ 240,645	5	Cargo Vans	205668	MOW NON-REV VEHICLE & EQUIP
\$ 48,538	1	Trucks	205668	MOW NON-REV VEHICLE & EQUIP
\$ 2,008,680	40	Highlander	208604	FY20 NRV
\$ 2,551,120	52	Sedans	208604	FY20 NRV
\$ 753,255	15	Highlander	208608	AQMD 1196 RULE NON-REV VEHICLE
\$ 1,443,869	30	Cargo Vans	208610	FY23 NR VEH EQUIP REPLACEMENT
\$ 434,776	8	Passenger Vans	208610	FY23 NR VEH EQUIP REPLACEMENT
\$ 2,796,420	57	Sedans	208610	FY23 NR VEH EQUIP REPLACEMENT
\$ 2,275,383	42	Trucks	208610	FY23 NR VEH EQUIP REPLACEMENT
\$ 147,180	3	Sedans	208611	FM NON-REVE VEHICLE & EQUIP
\$ 330,029	7	Trucks	208611	FM NON-REVE VEHICLE & EQUIP
\$ 1,203,224	25	Cargo Vans	208612	FY25 NR Veh Equip Replacement
\$ 1,506,510	30	Highlander	208612	FY25 NR Veh Equip Replacement
\$ 1,471,800	30	Sedans	208612	FY25 NR Veh Equip Replacement
\$ 3,813,825	80	Trucks	208612	FY25 NR Veh Equip Replacement
\$ 2,406,449	50	Cargo Vans	861518	PURPLE LINE EX SYS INTEGRATION
\$ 602,604	12	Highlander	861522	PURPLE LINE EX-P2 SYS INTEGRATION
\$ 24,034,308	487			

The current sources of funds for this action are the State Transportation Development Act (TDA) and

Local Measure R 35%. TDA funding is eligible for Capital and Operating Projects, and Measure R 35% is not eligible for Bus and Rail Operations. Given fund guidelines and provisions, using these funding sources maximizes the allocation intent.

EQUITY PLATFORM

This action will provide support vehicles for staff across the agency's various departments and roles. Staff rely on support vehicles for a range of activities, including providing efficient and timely rail/bus services. The 487 vehicles procured will replace the aging vehicles in various departments throughout Metro to support revenue services of Rail and Bus Operating Divisions, including Downtown Los Angeles, El Monte, Long Beach, and Sun Valley.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) / Disabled Veteran Business Enterprise (DVBE) goal for this solicitation. Metro used the California Statewide Contract to purchase this large quantity of vehicles after supply chain issues created by the COVID-19 pandemic impacted its ability to replace aging vehicles for several years.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The non-revenue vehicles support Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. They will help maintain the reliability of rail/bus service and ensure that our customers are able to arrive at their destinations without interruption and in accordance with the scheduled service intervals.

ALTERNATIVES CONSIDERED

The alternative of continuing to operate the current vehicles was considered for the 487 trucks, sedans, SUVs, cargo, and passenger vans still in service. Retaining these vehicles for use by Metro employees is not recommended. The diminished reliability, high maintenance costs, frequent repairs, and higher emissions have rendered these vehicles a poor alternative for continued operation.

Utilization of the State of California Statewide Fleet Vehicles Contract is the alternative to the traditional Requests For Proposals (RFP), which has been unsuccessful in recent years due to lack of bidders and extreme price markups from the few available bidders. The Statewide Fleet Vehicles Contract allows Metro to purchase common vehicles at standard or discounted prices without the inherent time delays of individual procurements and the special-order process. This will also allow Metro to purchase all six different types of vehicles in a single procurement, reducing the need for internal resources needed for multiple procurements.

NEXT STEPS

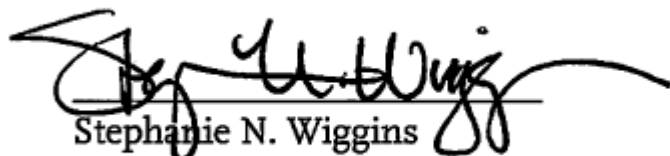
Following the execution of the contract, the state-approved vendors will commence delivery upon receipt from the manufacturers. The delivery of all 487 vehicles is scheduled before the end of calendar year 2025.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

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Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

REPLACEMENT OF NON-REVENUE VEHICLES THROUGH CALIFORNIA
STATEWIDE CONTRACT

1.	Contract Numbers: OP254056000, OP254057000, OP254058000, OP254059000, OP254060000	
2.	Recommended Vendors: Downtown Ford Hanford, Watsonville Fleet Group, Elk Grove Sales, US Fleet Source, Freeway Toyota of Auto	
3.	Type of Procurement (check one): <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.	Procurement Dates: N/A	
	A. Issued: N/A	
	B. Advertised/Publicized: N/A	
	C. Pre-Proposal Conference: N/A	
	D. Proposals Due: N/A	
	E. Pre-Qualification Completed: N/A	
	F. Ethics Declaration Forms Submitted to Ethics: N/A	
	G. Protest Period End Date: N/A	
5.	Solicitations Picked up/Downloaded: N/A	Bids/Proposals Received: N/A
6.	Contract Administrator: Tina Hoffstetter	Telephone Number: 213-922-2775
7.	Project Manager: Alan Tang	Telephone Number: 562-658-0231

A. Procurement Background

This Board action is to request authorization to utilize the State of California Statewide Fleet Vehicles Contract for the replacement of 487 non-revenue vehicles. The State of California competitively solicited and negotiated the award of multiple contracts that provide the State and local governmental agencies the ability to leverage their combined purchasing power to obtain favorable pricing for four major categories of fleet vehicles, including Fleet Vehicles-Cars, Fleet Vehicles-Trucks, Fleet Vehicles-Vans and SUVs, and Alternate Fuel Medium/Heavy Duty Vehicles.

B. Evaluation of Bids

Proposal evaluations were not conducted for this action since the contracts have already been awarded by the State of California. Metro reviewed the available vehicles on the State pricing schedules and selected the vehicles whose technical specifications complied with Metro's technical

requirements.

C. Price Analysis

The recommended Not-to-Exceed (NTE) amounts for each purchase with a cumulative NTE amount of \$24,034,308 are considered fair and reasonable based on adequate price competition, pre-negotiated pricing, and fact finding. Metro further conducted a survey of published vehicle pricing for the vehicles being purchased and it was determined that prices on the State Contract reflect favorable pricing with discounts up to 32% off the Manufacturer's Suggested Retail Price (MSRP).

Supplier	Type of Vehicle	Qty.	Total Price	Sales Tax	Tire Fee	Total
Downtown Ford Sales	Trucks and Cargo/ Passenger Vans	178	\$8,004,465	\$760,424	\$1,246	\$8,766,135
US Fleet Source	EV Sedans	142	\$6,361,174	\$604,312	\$994	\$6,966,480
Freeway Toyota of Hanford	Hybrid SUVs	97	\$4,447,838	\$422,545	\$679	\$4,871,062
Watsonville Fleet Group	Pick-Up Trucks	63	\$2,831,199	\$268,964	\$441	\$3,100,604
Elk Grove Auto	Pick-Up Trucks	7	\$301,350	\$28,628	\$49	\$330,027
Grand Total						\$24,034,308

D. Background on Recommended Contractors

Downtown Ford

Downtown Ford Sales has been a family-owned business since 1911 and is one of the oldest dealerships in California. In 2022, Harrold Ford and Downtown Ford merged to create Downtown Ford Sales with 2 locations, both in Sacramento, California.

Elk Grove Auto

Elk Grove Auto is part of the Knight Automotive Group and is located in Sacramento County, California. Elk Grove Auto Dealerships include Elk Grove Acura, Audi, Dodge/Jeep, Subaru, and Volkswagen.

Freeway of Toyota Hanford

Freeway Toyota is part of Victory Automotive Group, an award-winning dealership group with dealerships all over the country. It all started back in 1997 with just one Nissan store in rural Tennessee. From those humble beginnings, Victory quickly expanded, adding more brands and moving beyond Tennessee. Now, over 26 years later, Victory has over 50 locations in 10 states, representing 14 top automobile brands.

US Fleet Source

Fleet Vehicle Source Inc., doing business as US Fleet Source, is a veteran-owned, Native American-owned, and service-disabled veteran-owned small business based in Las Vegas, Nevada. The company was founded in 2010 and specializes in providing light-duty vehicles to support federal agency operations through contracts with the General Services Administration (GSA). As a prime contractor, Fleet Vehicle Source supplies a wide range of vehicles, including sedans, sport utility vehicles (SUVs), cargo vans, and pickup trucks with various powertrain options such as hybrid, electric, and internal combustion engines. US Fleet Source is a small business that operates in the car & truck industry.

Watsonville Fleet Group

Watsonville Fleet Group is a family-owned business. The company was founded in 2008. Watsonville Fleet operates in the car & truck industry and is located in Watsonville, California and has a fleet department location in Alhambra, California that serves the Southern California region.

**REPLACEMENT OF NON-REVENUE VEHICLES THROUGH CALIFORNIA
STATEWIDE CONTRACT**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE)/Small Business Enterprise (SBE) goal for this solicitation. The State of California Statewide Fleet Vehicles Contract competitive process was used to purchase the fleet replacement vehicles.

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.

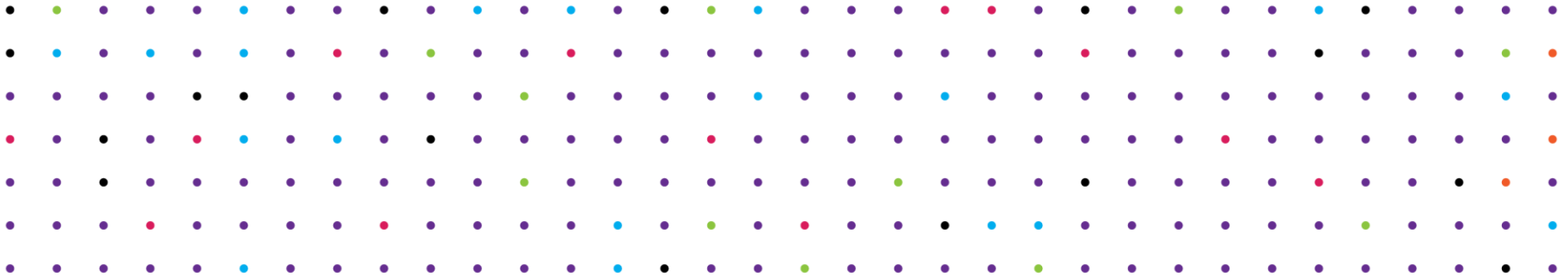
C. Prevailing Wage Applicability

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.

PURCHASE OF REPLACEMENT VEHICLES THROUGH CALIFORNIA STATEWIDE CONTRACT



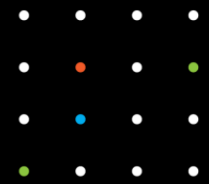
RECOMMENDATION



AUTHORIZE the Chief Executive Officer to award firm fixed price contracts utilizing the State of California Statewide Contract in the sum of \$24,034,308 inclusive of sales tax for 142 electric drive sedans, 5 electric drive trucks, 97 hybrid sport utility vehicles (SUV's), 125 trucks, and 118 cargo and passenger vans. Delivery of the vehicles will be fulfilled by five suppliers of the State of California Statewide Fleet Vehicles Contract.

- **Downtown Ford** will provide 178 Ford trucks and cargo and passenger vans including electric vehicle (EV) trucks in the amount of \$8,766,135
- **US Fleet Source** will provide 142 EV Hyundai Ioniq 5 SE sedans in the amount of \$6,966,480
- **Watsonville Fleet Group** will provide 63 Ford trucks in the amount of \$3,100,604
- **Freeway of Toyota Hanford** will provide 97 Toyota Highlander Hybrid SUV's in the amount of \$4,871,062
- **Elk Grove Auto** will provide 7 Dodge Ram trucks in the amount of \$330,027

ISSUE & DISCUSSION



AWARDEES - Downtown Ford, US Fleet Source, Watsonville Fleet Group, Freeway of Toyota
Hanford, Elk Grove Auto

NUMBER OF BIDS – N/A (State Contract)

DEOD COMMITMENT – 0%

ISSUE

Metro non-revenue fleet vehicles have extraordinarily high mileage, are not reliable, and are costly to operate. Traditional procurement methods for these vehicles has resulted in either no bids or bid pricing of nearly double the ICE. The delays caused by these failed bids has resulted in a significant backlog of non-revenue vehicles in the procurement process. Metro requires a reliable non-revenue fleet to support all departments and numerous rail expansions.

DISCUSSION

This procurement of 487 standard non-revenue vehicles using the State Contract will eliminate 63% of the procurement backlog, while using traditional procurement methods for 282 specialty vehicles, and will accelerate procurement of 147 zero emission vehicles to replace higher emission vehicles that have exceeded 6 years of age and/or 150,000 miles of service.

