



Board Report

File #: 2024-1032, File Type: Contract

Agenda Number: 27.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JANUARY 16, 2025

SUBJECT: REPLACEMENT OF NON-REVENUE VEHICLES THROUGH CALIFORNIA
STATEWIDE CONTRACT

ACTION: APPROVE CONTRACT AWARD

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. UTILIZE the State of California Statewide Fleet Vehicles Contract for a not-to-exceed expenditure amount of \$24,259,612 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. Four suppliers will fulfill delivery of the vehicles under contract with the State of California; and
- B. NEGOTIATE options required for the vehicles purchased through the State of California Statewide Fleet Vehicles Contract to meet Metro’s needs (e.g. light bars, extended range EV batteries, stake beds, etc) for a not-to-exceed amount of \$2,431,900.

YAROSLAVSKY AMENDMENT: Report back in 120 days with a non-revenue 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.

BUTTS AMENDMENT: As related to the Yaroslavsky amendment, incorporate where needed, exceptions for sedans and other light weight vehicles used for safety and security and operational requirements.

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 given multiple unsuccessful procurements in the past due to a combination of lack of bidders and unacceptable bids that greatly exceeded the Independent Cost Estimates (ICE). This approach allows Metro to purchase many of these vehicles at prices below the ICE, which is 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. Shortening the lead time to purchase will reduce the current procurement backlog as a result of dealers/manufacturers cancelling orders due to recent supply chain issues.

Options will be negotiated by the Chief Operations Officer. The type of options negotiated will be for the upfitting of light bars, ladder racks, stake beds, and other accessories necessary for Metro to conduct normal Metro support activities. This will also include extended range batteries to allow Electric Vehicles purchased to provide the necessary range to minimize impact on Metro operations.

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 with 147 of the 487 vehicles (30%) being battery electric. One hundred and forty-two existing sedans will be replaced with 142 Ford Mach E Crossovers, with an upgraded battery to provide the necessary range to meet Metro's needs. Ninety-seven, or 20%, being hybrid. The remaining 243 vehicles are passenger vans and trucks that are not available with 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 \$24,259,612 for the State of California Statewide Fleet Vehicles Contract plus \$2,431,900 for options, totaling \$26,691,512. This request is within the Life of Project (LOP) Budget of \$36,350,000. 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.

Quantity	Vehicle Type	Project
5	Cargo Vans	205668
1	Trucks	205668
40	Highlander	208604
52	Sedans	208604
15	Highlander	208608
30	Cargo Vans	208610
8	Passenger Vans	208610
57	Sedans	208610
42	Trucks	208610
3	Sedans	208611
7	Trucks	208611
25	Cargo Vans	208612
30	Highlander	208612
30	Sedans	208612
80	Trucks	208612
50	Cargo Vans	861518
12	Highlander	861522

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 under a single procurement, reducing the time and effort needed for multiple procurements.

NEXT STEPS

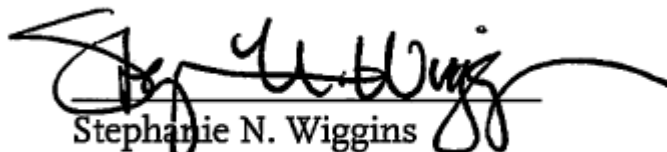
Following the execution of the contract, the state-approved vendors will commence delivery upon receipt from the manufacturers. The delivery of all 487 vehicles is scheduled before the end of calendar year 2025.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary

Prepared by: Alan Tang, Senior Director Non-Revenue Fleet Maintenance, (562) 658-0231
Gary Jolly, Bus Maintenance Superintendent, (213) 922-5802
James Pachan, Senior Executive Officer, (213) 922-5804
Matthew Dake, Deputy Chief Operations Officer, (213) 922-4061
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

REPLACEMENT OF NON-REVENUE VEHICLES THROUGH CALIFORNIA STATEWIDE CONTRACT

1.	Contract Numbers: OP254056000, OP254058000, OP254059000, OP254060000	
2.	Recommended Vendors: Downtown Ford Hanford, Watsonville Fleet Group, Elk Grove Sales, 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 \$24,259,612 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
Downtown Ford Sales	EV Crossovers	142	\$6,566,932	\$623,859	\$994	\$7,191,785
Freeway Toyota of Hanford	Hybrid SUVs	97	\$4,447,838	\$422,545	\$679	\$4,871,062
Watsonville Fleet Group	Pick-Up Trucks – Ford 350	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						\$24,259,612

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.

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. Watsonville Fleet Group is an authorized dealer for Chevrolet, Ford, Dodge, Chrysler, Jeep and Ram. Ford F-250 and F-350 pick-up trucks will be sourced from Watsonville Fleet Group.

**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.

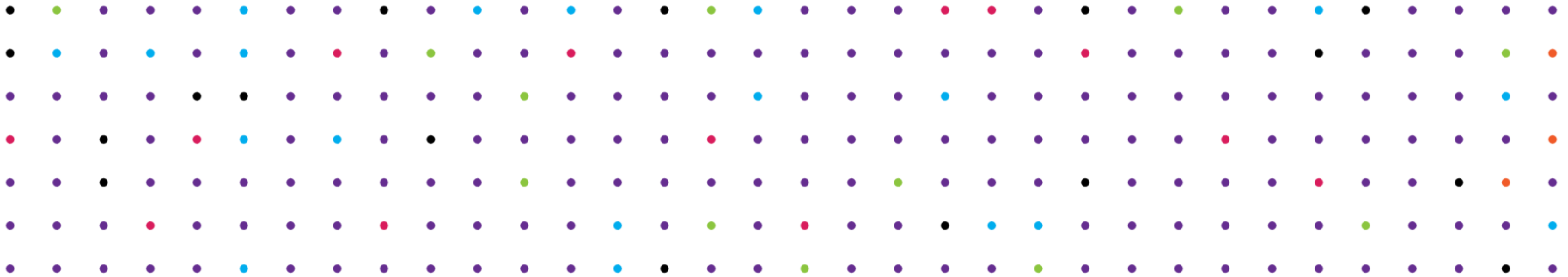
C. Prevailing Wage Applicability

Prevailing Wage is not applicable to this contract.

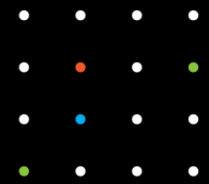
D. Project Labor Agreement/Construction Careers Policy

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



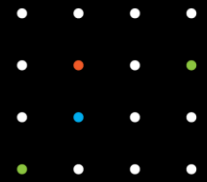
RECOMMENDATION



AUTHORIZE the Chief Executive Officer to award firm fixed price contracts utilizing the State of California Statewide Contract in the sum of \$24,259,612 inclusive of sales tax for 142 electric drive crossovers, 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 four suppliers of the State of California Statewide Contract. AUTHORIZE the Chief Executive Officer to negotiate options not to exceed \$2,431,900 required for these vehicles to meet Metro's service profile. Total amount of award Not-to-Exceed \$26,691,512 for purchase of vehicles plus options:

- **Downtown Ford** will provide 320 Ford trucks, cargo and passenger vans, and sedans including electric vehicle (EV) trucks and sedans in the amount of \$15,957,919
- **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



ISSUE

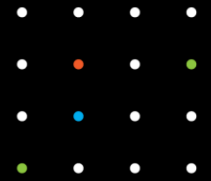
Metro's older non-revenue fleet vehicles have high mileage, are not reliable, and are costly to operate. Traditional procurement methods for these vehicles has resulted in either no bids or bid pricing of nearly double the ICE. The delays caused by these failed bids has resulted in a significant backlog 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.



CONTRACT AWARD



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

NUMBER OF BIDS – N/A (State Contract)

DEOD COMMITMENT – 0%