

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 12/14/09		Item Number: <u>C-8</u>	
CITY COUNCIL AGENDA ITEM: 1) Waiver of Formal Competitive Bidding Procedures; and 2) Authorization to Issue a Purchase Order to Cummins Cal Pacific LLC to Repower Twelve 2001 New Flyer Transit Buses with New Compressed Natural Gas Engines for an Amount Not to Exceed \$956,020.			
Contact Person/Dept.: Paul Condran/Transportation Department/		Phone Number: 310.253.6520	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Meetings and Agendas – City Council (12/09/09): Cummins Cal Pacific LLC (11/19/09); Valley Power Systems Inc. (11/19/09).			
Department Approval: Art Ida (12/02/09)		City Attorney Approval: Carol Schwab (by H. Baker) (12/10/09)	
Chief Financial Officer Approval: Mark Scott (by M. Noller) (12/10/09)		City Manager Approval: Mark Scott (12/10/09)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council 1) waive formal competitive bidding procedures; and 2) authorize the repowering of twelve (12) 2001 New Flyer buses with new CNG engines to improve the efficiencies and cost effectiveness of these vehicles to Cummins Cal Pacific LLC., in an amount not to exceed \$956,020. This amount includes a 10% contingency to handle any unforeseen expenses which may be discovered during the project duration. This amount includes all applicable sales taxes, hazardous disposal fees, and the destruction of the old engines. <u>BACKGROUND:</u> Culver CityBus is the first public transit provider in Los Angeles County to be 100% alternative fuel compliant. Culver City must comply with the South Coast Air Quality Management District's (SCAQMD) clean air rules for transit buses which dictate the use of an alternative fuel over traditional diesel fuel. The City and the Transportation Department have committed to the use of Compressed Natural Gas (CNG) as the fuel of choice for our City fleet. The Transportation Department's fleet is comprised of twenty 1998 CNG powered buses, twelve 2001 CNG powered buses, six 2003 CNG powered buses, eight 2004 CNG powered buses and six 2009 CNG powered buses, all of which were manufactured by New Flyer. There are currently twelve model year 2001 buses powered by heavy-duty CNG Detroit Diesel engines.			

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These engines have been out of production for over four (4) years and Detroit Diesel no longer manufactures compliant heavy-duty CNG engines for the transit industry. These engines are extremely unreliable as replacement parts are no longer manufactured and therefore must be purchased, rebuilt or even fabricated to ensure safe vehicle availability.

The lack of replacement parts creates extended downtimes for these buses which provides challenges to efficient productivity maintenance for the Equipment Maintenance & Fleet Services Division, and also impacts transit operations. Further, because these engines are unreliable, the cost for maintaining them has become problematic for our Department. These buses cost an average of over 22% more in maintenance costs than the remaining fleet. The twenty 1998 buses also have the Detroit Diesel engines. However, these vehicles will be replaced next fiscal year.

There is currently only one proven and reliable CNG engine available for the transit industry manufactured by Cummins Westport Engine Company Inc. The City currently has fifteen of the proposed "ISL-G" CNG Cummins engines in operation. Additionally, the City has a total of thirty-seven CNG Cummins Westport Engines representing considerable experience with the Cummins engine product. The ISL-G engine has been in production for three years and there are hundreds of these engines in revenue service in U.S. transit properties.

DISCUSSION:

The Equipment Maintenance & Fleet Services Division developed a Request for Proposal (RFP) to replace ("repower") these twelve deteriorating bus engines. Two proposers submitted proposals for this project. They were:

- | | |
|------------------------------|----------------------|
| 1. Cummins Cal Pacific LLC. | \$102,425.69 Per-Bus |
| 2. Valley Power Systems Inc. | \$91,043.73 Per-Bus |

Valley Power Systems proposed a new CNG engine manufactured in Korea, the Doosan heavy-duty CNG engine. To date, there are only four (4) of these engines in U.S. public transit properties all of which are being tested in a trial environment. There are no Doosan CNG engines in daily revenue service in any U.S. transit system making this engine very limited in experience and durability within the industry. This lack of industry experience is very concerning for the Transportation Department. The attainment of parts and warranty service is also very concerning if the City elected to use this new engine, as most parts are currently manufactured in Korea. Under these circumstances, staff recommends that the formal competitive bidding process be waived per Culver City Municipal Code § 3.07.065 (D).

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During the proposal analysis, staff solicited the assistance of two outside maintenance professionals to provide an unbiased perspective. Included in the RFP analysis, evaluations were numerically ranked in three specific categories as follows:

- Value of Firm
- Value of Deliverable (thorough technical understanding)
- Cost and Pricing

Cummins Cal Pacific received a numerical score of 174.3, and Valley Power Systems received a total score of 164.6. This score was the basis for the project recommendation. Review of Valley Power Systems proposal presented the following:

1. Two of the five required references did not involve the proposed engine
2. Technical thoroughness of the bid lacked understanding of the project
3. Valley Power Systems omitted company financial statements (required in the RFP)
4. Of the required experience submitted for repower installations, with the exception of four test units, none involved the proposed engine
5. The original California Air Resources Board executive order was not a current document
6. Overall technical feasibility was deficient

The twelve 2001 New Flyer buses being repowered will not be eligible for replacement until FY2013/2014. Upon City Council approval, it will take approximately 12-18 months to procure and deliver these replacement buses. This repower will extend the life expectancy of these buses by a reasonable time period of two additional years. Extending the replacement cycle of these vehicles along with the cost and operational efficiency savings from replacing the Detroit Diesel engines, including the new replacement engine warranty of two full years, makes this project cost effective and will allow the Transportation Department to ensure quality transit services to our growing ridership.

FISCAL ANALYSIS:

The total cost for this project is \$1,229,108.28. However, the Equipment Maintenance & Fleet Services Division has applied for, and has been awarded a grant for this repower project in the amount of \$360,000. This will offset the total project cost. Under the contract provision, the grant money will be expended at the completion of the project. Therefore, we are requesting \$956,020 which is the balance of the total project cost, and includes a 10% contingency amount to cover unforeseen expenses.

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Sufficient funds to pay for this project have been budgeted for in the Transportation Department budget from the following source:

- Federal Transportation Administration (FTA)
From Account 20368300.732100 \$956,020
- AQMD Carl Moyer Grant Fund From:
South Coast Air Quality Management District (AQMD)
Carl Moyer Grant Program Funds \$360,000

No General Fund monies will be used for this repower project.

MOTION:

That the City Council:

1. Waive the formal competitive bidding procedures; and
2. Authorize the City Manager to issue a purchase order in an amount not to exceed \$956,020 to Cummins Cal Pacific, LLC. for the repowering of twelve heavy-duty transit buses with new CNG engines.