

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000 Tel
metro.net**SYSTEM SAFETY AND OPERATIONS COMMITTEE
SEPTEMBER 20, 2012****SUBJECT: ENGINE REBUILD KITS****ACTION: APPROVE CONTRACT MODIFICATION AWARD****RECOMMENDATION**

Authorize the Chief Executive Officer to execute Contract Modification No. 1 to Contract No. MA120024 with Valley Power Systems, Inc. for the procurement of 15 engine rebuild kits for an amount not-to-exceed \$421,367 increasing the Total Contract Value from \$2,230,779 to \$2,652,146.

ISSUE

The NABI LF 7500 series buses and NABI LF 8000 series buses are currently in Metro's Bus Midlife Program production plan and 15 additional engines need to be rebuilt to reach their projected useful life. This procurement is required to ensure the current engine replacement program can continue without further delays and that revenue service is not impacted.

DISCUSSION

The NABI LF 7500 series buses and NABI LF 8000 series were purchased seven years ago and are equipped with the Detroit Diesel Series 50G model MK natural gas engine. The engines need to be rebuilt this year to reach their projected useful life (12-15 years). The kits are to be used to rebuild the engines while still in the buses (in-frame) in order to save time and reduce costs. In March 2012, the board approved a contract award to procure 75 engine rebuild kits. Based on updated production plans and project schedules, Central Maintenance Shops staff has identified a requirement for 15 additional in-frame kits for the Bus Midlife Program. The 15 kits covered under this procurement consist of new Original Equipment Manufacture (OEM) supplied components that are required to rebuild the engines, and will ensure the new engine requirements are met.

DETERMINATION OF SAFETY IMPACT

Awarding this contract will result in a positive impact on safety. Rebuilding these engines ensures that buses are maintained in accordance with Metro Maintenance standards and improve on-road performance and reliability of the bus both of which will have a beneficial impact on system safety.

FINANCIAL IMPACT

The funding of \$421,367 for the procurement of the additional 15 engine re-build kits is included in the FY13 budget in cost center 3366 Central Maintenance Shops, under Capital Project 203020, FY12-FY14 Bus Midlife Project program, line item 50441, Parts - Revenue Vehicle. All 15 kits are scheduled for installation in FY13.

Impact to Budget

The source of funds for this procurement is Prop 1B – PTMISEA. No other sources of funds were considered for the 15 engine re-build kits in FY13 because these are the designated funds available for bus engine replacement. By proceeding with the purchase of these engine installation kits operating costs will remain neutral.

ALTERNATIVES CONSIDERED

An alternative is to re-power rather than re-build the engines. However, a re-power of these buses will require substantial additional costs estimated at \$2.6 million for replacement engines, wiring harnesses, plumbing and cooling system components.

NEXT STEPS

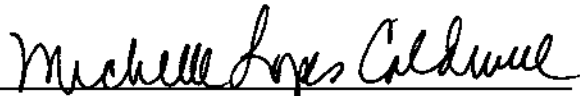
Refurbishment of the NABI bus fleet will continue in accordance with Operations Support Services bus mid-life program and engine replacement program. The end frame overhauls of these NABI bus series are scheduled to be completed by the end of FY13.

ATTACHMENTS

A. Procurement Summary

Prepared by: Michael Stange, Interim Executive Director of Maintenance

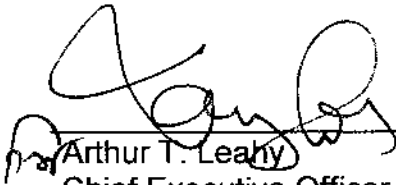
Questions: Michelle Stewart, Assistant Administrative Analyst, Operations
(213) 922-7270



Michelle Lopes Caldwell
Chief Administrative Services Officer



Frank Alejandro
Chief Operations Officer



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY
ENGINE REBUILD KITS

1.	Contract Number: MA120024	
2.	Recommended Vendor: Valley Power Systems, Inc., 425 S. Hacienda Blvd., City of Industry, CA 91745	
3.	Type of Procurement (check one) : <input type="checkbox"/> IFB <input type="checkbox"/> RFP <input type="checkbox"/> RFP – A&E <input type="checkbox"/> Non-Competitive <input checked="" type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: N/A	
	B. Advertised/Publicized: N/A	
	C. Pre-proposal/Pre-Bid Conference: N/A	
	D. Proposals/Bids Due: N/A	
	E. Pre-Qualification Completed: N/A	
	F. Conflict of Interest Form 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: Otto Ojong	Telephone Number: (213) 922-1454
7.	Project Manager: Dan Quigg	Telephone Number: (213) 922-5895

A. Procurement Background

Procurement of engine rebuild kits under Contract No. MA120024 was conducted as a formal sealed bid acquisition. Valley Power Systems, Inc. (VPSI) was determined to be the responsive and responsible single bidder. Bid evaluation was in compliance with Procurement policies and procedures for single lowest responsive and responsible procurements. In March 2012, the Board approved and the CEO awarded a firm fixed-price contract to VPSI for an amount not-to-exceed \$2,230,779.

Contract Modification No. 1 modifies the scope of work for this project to procure an additional 15 engine rebuild kits. Staff is requesting authorization to allow the Chief Executive Officer to execute a contract modification in an amount not-to-exceed \$421,367.

B. Evaluation of Proposals/Bids

This modification to increase the original quantity of engine re-build kits by an additional 15 units is in compliance with our Acquisition Policy Manual.

C. Cost/Price Analysis Explanation of Variances

The recommended price has been determined to be fair and reasonable based upon a price analysis conducted by staff. The price analysis compared the price offered by Valley Power Systems, Inc. to the pricing on the current contract.

D. Background on Recommended Contractor

Valley Power Systems, Inc. (VPSI) is based in City of Industry, California, and has been in business since 1947. VPSI operates primarily as a franchised distributor and operator of service facilities for heavy-duty engines and transmissions. VPSI's marketing area includes the southern San Joaquin Valley, Southern California basin, and the Baja California region of Mexico. In addition, Valley maintains a substantial inventory and is an authorized distributor for various product lines such as Deutz, Doosan, E-One, Isuzu, John Deere, Luger, MTU, Mercedes Benz Industrial, Northern Lights, Volvo and Waukesha.

VPSI does business with other transit agencies including the Orange County Transit Authority, Santa Monica Big Blue Bus and Omnitrans. In the past, VPSI has provided satisfactory service and delivery to us.

E. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) recommended a 5% Disadvantaged Business Enterprise Anticipated Level of Participation (DALP) for this solicitation. Valley Power System, Inc. did not make a DBE commitment.

SMALL BUSINESS COMMITMENT	5% DALP	SMALL BUSINESS PARTICIPATION	0%
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