

**Metro**Los Angeles County
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metro.net**SYSTEM SAFETY AND OPERATIONS COMMITTEE
JANUARY 17, 2013****SUBJECT: PURCHASE 550 CNG REPLACEMENT BUSES****ACTION: AWARD CONTRACT****RECOMMENDATION**

- A. Authorize the Chief Executive Officer to award a firm fixed price contract under RFP No. OP33202869 with New Flyer of America, Inc. for the manufacturing and delivery of 550 forty-foot CNG transit buses, in the amount of \$302,094,182 for the base contract buy including tax and delivery, exclusive of contract Options for up to 350 additional buses for a total of 900 buses.
- B. Increase the Life-Of-Project (LOP) budget for capital project 201056 – 550 40-Foot Bus Buy from \$297,070,000 to \$304,943,000, an increase of \$7,873,000.
- C. Amend the FY13 budget to add two new engineering FTE's in Strategic Vehicle and Infrastructure Delivery (Cost Center 3043) to support this project.

ISSUE

This action authorizes the award of a contract for 40' transit buses to replace 550 buses that will reach the end of their useful life.

DISCUSSION

The project scope includes the manufacture, delivery, and preparation of buses for revenue service, purchase of spare parts/equipment, and on-site manufacturing inspection services. These buses are part of Metro's bus fleet replacement plan for FY13-FY15. During this period, Metro is scheduled to retire buses that were purchased between 1998 and 2001, and these 550 new buses will replace buses that are past 12 years of age and 500,000 miles.

About 250 of the buses being replaced are older high floor buses that are less suitable for ADA accessibility. There are currently 60 Orion V diesel buses in our contract services fleet that are also eligible for replacement. There are up to 350 "Option buses"

also available to replace buses in FY16 and/or in our contract service fleet, including 50 NABI 7000 series CNG buses that are operated by our contract service providers.

Total Scheduled Bus Fleet Replacements:

	FY13	FY14	FY15	FY16 (Option)
45' Compo-Buses	150			
40' CNG Buses (Base)		275	275	
40' CNG Buses (Option 1 – Metro Ops)				250
40' CNG buses (Option 2 – Contract Serv)				100
Total New Buses	150	275	275	350
Remainder of fleet that is retirement Eligible	851	861	586	236

For this contract award, Metro used a “Best Value” competitive negotiation process to provide for consideration of such factors as:

- Broadest possible range of competing products and materials available
- Fitness for purpose (best fit within Metro operating requirements)
- Scoring preference for enhanced U.S. content
- Trade-off in proposed price for new U.S. job creation
- Manufacturer’s warranty
- Vendor financing
- Performance reliability
- Standardization of life cycle costs
- Delivery schedules
- Support logistics
- Other similar factors in addition to price in the award of these contracts.

Utilization of a “Best Value” solicitation process for this procurement permitted discussions with proposers to evaluate the performance and reliability of the proposed components, warranty factors, cost data and delivery schedule to determine the bus most suited for Metro’s needs.

Staff employed explicit scoring preferences for Proposers that committed to a U.S. value content greater than the federal Buy America requirement of 60% of the costs of all components in a rolling stock procurement. This preference is consistent with new

California law enacted in January 2012, and is also consistent with the latest guidance provided by the FTA.

In addition to the use of the new scoring preference for enhanced US content, staff included its U.S. Employment Program for the creation of new jobs tied directly to this procurement. The combination of a scoring preference for enhanced U.S. content in the buses, and a price trade-off for the creation of new jobs that are tied directly to this procurement, created a clear incentive for transit vehicle manufacturers to preserve and create manufacturing jobs in this critical industry. In total, the top scoring proposal from the recommended awardee commits to creating 205 new *U.S. Job Years* and a Buy America content percentage of 76%.

Overall, New Flyer Inc., provides the best value and is most advantageous to Metro. Their proposal addresses all contract requirements and represents the best overall value when all RFP evaluation factors are considered, including clear advantages in price, technical compliance, past performance and project management.

DETERMINATION OF SAFETY IMPACT

Replacing buses is part of Metro's long-term plan to ensure that all facilities and equipment are up-to-date and remain in a state of good repair. New buses will provide safe, clean, and reliable service to our customers.

FINANCIAL IMPACT

Currently, funding of \$297,070,000 is included in the LOP budget for capital project 201056 – 550 40-Foot Bus Buy, in cost center 3320 - Vehicle Technology. If the LOP increase is approved, an additional \$7,873,000 will be added to the LOP, increasing the LOP to \$304,943,000. The recommended contract value and LOP have also been adjusted to reflect 2013 tax rate changes from 8.75% to 9.00%.

Since this is a multi-year contract/project, the cost center manager, project manager, and General Manager will ensure that the balance of funds are budgeted in future fiscal years, including any option exercised.

Impact to Budget

The source of funds for this project are Prop C 40%; TDA Article 4; Measure R 35% (bus capital); SLPP Prop 1B; Prop 1B PTMISEA; CMAQ; State of Good Repair (Refer to Attachment B, Funding Plan). This funding is included in Metro's adopted Long Range Plan.

These 550 buses will replace buses that have reached the end of their useful life; therefore, additional parts consumption will be avoided by not having to repair buses past their retirement age.

ALTERNATIVES CONSIDERED

Staff considered not proceeding with the purchase of these buses. This alternative is not recommended as deferring the purchase of new vehicles would require MTA to continue operation of buses that have reached the end of their 15 year useful life. In many cases, continuing operation of our oldest buses would require CNG fuel system replacement at an estimated cost of \$40,000 to \$50,000 per bus, as well as a second "Mid-life" overhaul at an additional estimated cost of \$150,000 to \$200,000 per bus. Furthermore, given the age and mileage of these older buses, additional maintenance campaigns (e.g. engine/transmission replacement, suspension, etc...) could be required in order to support operation of these buses in a safe and reliable manner.

Staff considered purchasing additional 45' buses. At this time, staff has determined that Metro's bus fleet has enough higher capacity 45' and 60' buses to cover Metro's highest ridership lines that require larger vehicles. In recent years, Metro has purchased 391 articulated buses, and 642 forty-five foot composite buses, and almost 40% of Metro's bus fleet now uses higher capacity buses (more than 40 passenger seats).

NEXT STEPS

If this action is approved, staff will issue Notice to Proceed to the recommended proposer.

ATTACHMENTS

- A. Procurement Summary
- B. Funding/Expenditure Plan

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Michelle Lopes Caldwell
Chief Administrative Services Officer



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Chief Operations Officer



Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

550 CNG REPLACEMENT BUSES

1.	Contract Number: OP33202869	
2.	Recommended Vendor:	
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:	
	A. Issued: March 2, 2012	
	B. Advertised/Publicized: March 7, 2012	
	C. Pre-proposal/Pre-Bid Conference: March 9, 2012	
	D. Proposals/Bids Due: May 4, 2012	
	E. Pre-Qualification Completed: May 16, 2012	
	F. Conflict of Interest Form Submitted to Ethics: June 1, 2012	
	G. Protest Period End Date: January 22, 2013	
5.	Solicitations Picked up/Downloaded: 54	Bids/Proposals Received: 2
6.	Contract Administrator: Joe Marzano	Telephone Number: 213-922-7014
7.	Project Manager: John Drayton	Telephone Number: 213-922-5882

A. Procurement Background

This Board Action is for a "Best Value" Request for Proposals (RFP) solicitation issued to procure up to 900 new 40' low floor CNG transit buses, including a base purchase of 550 buses plus options for 350 buses.

The RFP was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Price.

Nine amendments were issued during the solicitation phase of this RFP

- Amendment No. 1 issued March 19, 2012 provided information concerning the RFP Pre-Proposal Conference
- Amendment No. 2 issued March 19, 2012 extended the request for approved equals due date and proposal due date
- Amendment No. 3 issued April 5, 2012 provided answers to questions posed by interested parties, and modified RFP technical specification requirements and commercial terms
- Amendment No. 4 issued September 17, 2012 invited proposers in the competitive range to submit Best and Final Offers

- Amendment No. 5 issued September 24, 2012 modified the technical specification requirements and extended the Best and Final Offer due date
- Amendment No. 6 issued September 26, 2012 provided proposers with revised pricing sheets
- Amendment No. 7 issued on November 2, 2012 requested a Revised Best and Final Offer from Proposers in the Competitive Range
- Amendment No. 8 issued on November 2, 2012 clarified Instructions to Proposers
- Amendment No. 9 issued on November 9, 2012 modified the RFP technical specification requirements

A total of two proposals were received on May 4, 2012, after staff responded to 323 technical and commercial questions from interested parties.

B. Evaluation of Proposals/Bids

A Source Selection Committee (SSC) consisting of staff from Vehicle Technology, Bus Operations Maintenance, and Equipment Maintenance was convened and conducted a comprehensive technical evaluation of the proposals received. The SSC also held direct interviews with each Proposer and performed manufacturing and engineering site surveys to fully assess the Proposers' capabilities, capacities, strengths and weaknesses.

The proposals were evaluated based on the following evaluation criteria and weights:

- | | |
|-----------------------------------|------------|
| • Technical Compliance | 40 percent |
| • Price | 30 percent |
| • Project Management Experience | 10 percent |
| • Experience and Past Performance | 10 percent |
| • U.S. Component Content | 10 percent |

The evaluation criteria are appropriate and consistent with criteria developed for similar Bus Procurements. Several factors were considered when developing these weights, giving the greatest importance to Technical Compliance and Price to ensure that the proposed vehicle meets all of the functional and performance requirements described in the technical specification while providing the best overall value to Metro.

In May 2011, the FTA provided Metro with approval to use a U.S. Employment Program as a Best Value trade-off analysis factor against the Price criterion. This trade-off consisted of taking the dollar value of all new jobs proposed and applying an Economic Multiplier to assess the full impact of those jobs on the U.S. economy. This assessed U.S. jobs value was then used to reduce each Proposer's price on a dollar for dollar basis to establish an evaluation Price for scoring purposes.

In October 2011, the California State Assembly enacted AB 1097, which authorizes state and local agencies to employ a scoring preference for Proposer's that commit to a U.S. Content percentage greater than the federal Buy America minimum requirement of 60% of the cost of all components. Staff incorporated AB 1097 into this procurement using the following scoring criteria:

<u>Buy America Proposed</u>	<u>Points</u>
61% - 65%	25
66% - 70%	35
71% - 75%	45
76% - 80%	55
81% - 85%	75
86% and Above	100

Both Proposers who submitted proposals were determined to be within the competitive range. The two firms within the competitive range are listed below in alphabetical order:

1. New Flyer of America, Inc.
2. North American Bus Industries (NABI)

No firms were determined to be outside the competitive range.

The SSC conducted interviews and performed manufacturing site visits for both Proposers from July 10-13, 2012. The firms' project managers and key team members had an opportunity to present each team's qualifications and respond to the evaluation committee's questions. In general, each team's presentation addressed the requirements of the RFP, experience with all aspects of the required tasks, and stressed each firm's commitment to the success of the project. Also highlighted were staffing plans, manufacturing plans, schedules and perceived project issues. Each team was asked questions relative to each firm's proposed staff, capability, manufacturing capacity, facility development, new job training, job creation and previous experience implementing their proposed manufacturing plan.

Qualifications Summary of Firms Within the Competitive Range:

New Flyer of America, Inc.

New Flyer has over 80 years of operational experience in heavy-duty bus manufacturing supplying multiple types of buses world-wide. New Flyer of America's most recent clients include New York City Transit Authority (NYCTA), Chicago Transit Authority (CTA), and Washington Metropolitan Area Transit Authority (WMATA).

New Flyer's proposal strengths include: lowest price offer, highest technical capability, past performance, project management and highest U.S. job commitment.

New Flyer ranked highest in all evaluation categories except U.S. Component Content. New Flyer's Project Manager has extensive bus experience in the U.S. and Canada having led projects in New York, Chicago and Toronto. She has over 10 years' experience as a bus project manager at New Flyer.

NABI

NABI has over 35 years of operational experience in heavy-duty bus manufacturing supplying multiple types of buses throughout North America. NABI's most recent clients include Dallas Area Rapid Transit (DART), New Jersey Transit and LACMTA. Over the past 10 years, NABI has provided Metro with over 1,900 buses including a recent Option order from Metro for 150 forty-five foot CNG composite structure buses.

NABI's greatest strength in its proposal is its U.S. component content. NABI ranked highest in its U.S. component content commitment. NABI rated satisfactory in past performance, technical compliance and project management.

1	FIRM	Average Score	Factor Weight	Weighted Average Score	Rank
2	New Flyer of America, Inc.				
3	Technical Compliance	78.17	40.00%	31.27	
4	Price	100.00	30.00%	30.00	
5	Project Management Experience	81.67	10.00%	8.17	
6	Experience & Past Performance	78.67	10.00%	7.87	
7	U.S. Component Content	55.00	10.00%	5.50	
8	Total		100.00%	82.81	1
9	North American Bus Industries				
10	Technical Compliance	70.58	40.00%	28.23	
11	Price	93.09	30.00%	27.93	
12	Project Management Experience	68.67	10.00%	6.87	
13	Experience & Past Performance	67.50	10.00%	6.75	
14	U.S. Component Content	100.00	10.00%	10.00	
15	Total		100.00%	79.78	2

U.S. Employment Program – Price Trade-Off Analysis

		New Flyer Industries, Inc.	NABI
A.	BAFO Price (Base & Options)	\$488,629,918	\$516,362,604
B.	U.S. Employment Value	\$12,588,613	\$7,498,270
C.	U.S. Employment Value with Economic Multiplier of 1.4183	\$17,854,430	\$10,634,796
D.	Proposed Price for Evaluation Purposes only (Row A – C)	\$470,775,488	\$505,727,808

Note: The U.S. Employment Value is derived from the work hours to be performed by new Contractor employees specific to Contract OP33202869, times the wages and benefits paid to those employees and an economic multiplier of 1.41%.

C. Price Analysis

The recommended price has been determined to be fair and reasonable for the 550 base and 350 option vehicles based upon adequate price competition, fact finding, technical evaluation, independent cost estimate and negotiations. The contract award is being recommended to the lowest price proposer. The price offered is \$27.7 million or 5.7% lower than the next lowest offer and \$29k lower per bus than a recently awarded contract to the City of Culver City for a similar New Flyer Xcelsior 40' CNG bus. While the price is 27% higher than the Independent Cost Estimate (ICE), the bus offered to LACMTA has advanced design features not considered in the development of the ICE such as an all-electric HVAC, door system and cooling system, BRT Styling, LED Lighting, extensive graffiti resistant coatings, advanced electronics and CNG tanks with a 20 year useful life.

	Bidder/Proposer Name	Initial Proposal Amount	Negotiated BAFO	Negotiated Revised BAFO
1.	New Flyer of America, Inc.	\$466,725,040	\$493,925,103	\$488,629,918
2.	North American Bus Industries	\$496,579,148	\$516,576,899	\$516,362,604

Note: the price analysis above includes all base and option quantities

D. Background on Recommended Contractor

The recommended firm, New Flyer of America, Inc., headquartered in Winnipeg, Manitoba, Canada with production facilities in Crookston and St. Cloud, MN has been in business for over 80 years. New Flyer of America is a leader in the field of heavy-duty bus manufacturing providing a variety of bus types to transit agencies

worldwide. New Flyer has delivered over 32,000 heavy-duty buses in the United States and Canada and in December 2011, delivered its 4,000th CNG bus. New Flyer has provided buses to many large U.S. transportation agencies including New York City Transit Authority (NYCTA), Chicago (CTA), Philadelphia (SEPTA), Washington (MARTA) and Los Angeles (LACMTA). Most recently New Flyer has been awarded contracts to provide buses to NYCTA, Rochester-Genesee Transportation (RGRTA), Nashville Metro Transportation Authority (Nashville Transit), Washington Metropolitan Area Transit Authority (WMATA) and Akron Metro Regional Transit Authority (Metro RTA).

E. Small Business Participation

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this rolling stock procurement. The Federal Transit Administration (FTA) requires that each Transit Vehicle Manufacturer (TVM) submit for approval an annual percentage overall goal. The TVM goal is based on the amount of federal funding to be received by the TVM for the transit vehicle contracts during the fiscal year. In compliance with 49 CFR Part 26.49, TVMs report directly to FTA. Therefore, compliance with the DBE requirements is monitored at the federal level.

F. All Subcontractors Included with Recommended Contractor's Proposal

	Subcontractor	Services Provided
1.	Thermo King	Heating, Ventilation, Air Conditioning
2.	Carlson Engineered Composites, Inc.	Parts Fabrication

**550 CNG BUS CONTRACT
FUNDING/EXPENDITURE PLAN**

In Thousands	FY13	FY14	FY15	Total	% of Total
Uses of Funds					
Acquisition	\$26,432	\$132,162	\$132,914	\$291,508	95.6%
Professional Services	77	389	389	855	0.3%
Labor	186	933	933	2,052	0.7%
Travel	85	428	428	941	0.3%
Spare Parts	554	2,771	2,771	6,096	2.0%
Contingency	1,051	1,555	885	3,491	1.1%
Total Project Cost	\$28,385	\$138,238	\$138,320	\$304,943	100%

In Thousands	FY13	FY14	FY15	Total	% of Total
Sources of Funds					
Prop C 40%	14,515		2,930	17,445	5.7%
TDA Article 4		43,738	22,730	66,468	21.8%
Measure R 35%			11,390	11,390	3.6%
SLPP Prop 1B	13,870			13,870	4.5%
Prop 1B PTMISEA		47,330	101,270	148,600	48.8%
CMAQ		22,170		22,170	7.4%
State of Good Repair		25,000		25,000	8.2%
Total Project Funding	\$28,385	\$138,238	\$138,320	\$304,943	100%