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metro.net**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
APRIL 16, 2015****SUBJECT: PURCHASE OF NEW BUSES****ACTION: AUTHORIZE A REQUEST FOR PROPOSAL SOLICITATION FOR NEW
BUS PROCUREMENT****RECOMMENDATION**

A. The Board finds that a new bus procurement under Public Utilities Code (PUC) §130232, lowest responsible bid requirement, does not constitute an adequate procurement method for LACMTA's needs. The Board, pursuant to Public Contracts Code (PCC) §20217, hereby authorizes the procurement of up to 600 new replacement 40' CNG transit buses by competitive negotiation;

Requires Two-Thirds Vote

B. Authorize the Chief Executive Officer (CEO) to solicit a Best Value Request for Proposals (RFP) for contracts to purchase new 40' CNG buses as competitive negotiations pursuant to PCC § 20217 and LACMTA's Procurement Policies and Procedures.

ISSUE

Staff is developing the technical and quantity requirements for the new bus procurement. This Board action authorizes the procurement of up to 600 new replacement 40' CNG transit buses utilizing a competitively negotiated process in accordance with PCC § 20217. PCC § 20217 provides that the Board may, upon a finding by two-thirds vote of all members, direct the purchase of buses by competitive negotiation when the generally applicable method of lowest responsible bid is not adequate for the agency's needs.

DISCUSSION

Over the next three years, Metro's bus fleet replacement plan anticipates that up to 600 buses will reach the end of their useful life. The buses being retired will be in excess of 14 years old. It is not legal to continue operating CNG vehicles beyond the 15 year expiration of the CNG tank certification, and it is not practical to replace CNG tanks on buses that have passed the end of their design life. If new replacement buses are not purchased it could force Metro to reduce bus fleet service levels.

It is in the public's interest to utilize the Best Value competitive negotiation method rather than a sealed bid process to consider factors other than price in the award of contracts for vehicles as allowed under PCC § 20217. The competitive negotiation process allows consideration of factors other than price that could not be adequately quantified or considered in low bid procurement.

Staff recommends the use of Best Value solicitations for this bus purchase to allow for consideration of technical and commercial factors, as well as price, in the contract award selection process.

By establishing explicit factors that identify Metro's definition of Best Value, the solicitation can use important evaluation criteria to augment price considerations; such as past performance related to schedule adherence, quality, reliability and vehicle performance.

The Best Value competitive negotiation process will consider such factors as:

- Broadest possible range of competing products and materials available
- Fitness of purpose; Best fit for Metro operating requirements
- Scoring preference for enhanced US Content
- Trade off in proposed price for new local jobs 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.

In addition to the ability to evaluate key technical and schedule factors, the Best Value Request for Proposal process permits direct discussions and negotiations with Proposers to clarify the requirements, evaluate the performance and reliability of proposed components, consider warranty factors, delivery schedule, and cost prior to an award recommendation. This process minimizes the risks associated with a complex specification and scope of work by allowing the parties to clarify ambiguities and correct deficiencies prior to awarding a contract.

Staff will apply explicit scoring preferences for Proposers that commit to U.S. content greater than the 60% of the cost of all components in a rolling stock procurement mandated under federal Buy America requirements. The preference is authorized under California law enacted January 1, 2012, and is consistent with FTA current written guidance encouraging grantees to create ways to generate jobs in this manufacturing area.

Furthermore, staff will perform a price trade off analysis for the value of new local jobs created directly as a result of this procurement under a Local Employment Program. This program is consistent with the use of Metro's unique U.S. Employment Program approved by the FTA in May 2011. The Department of Transportation announced in March 2015 a new pilot Local Hire Program that allows Rolling Stock procurements to introduce a geographical preference in the solicitation award of a contract.

Both the scoring preference for the enhanced U.S. content in the buses, and the application of the price trade-off for the creation of local jobs tied directly to the bus procurement will be a clear incentive for transit vehicle manufacturers to create new manufacturing jobs in the transit industry.

Staff does not recommend the use of the conventional low-bid procurement method because the single decision making factor of low cost will be used to evaluate the buses. Other factors such as past performance and experience, technical compliance and project management are significant considerations for this solicitation. Furthermore, the use of low bid procurement process does not consider other significant factors such as design, engineering approaches, advancement in technology and manufacturing approaches

ALTERNATIVES CONSIDERED

Procurement by a low bid process was considered, but is not recommended. The sealed bid process does not adequately account for any technical superiority of performance, reliability, or system life cycle costs that on the firm's equipment or solution may have over another since the process must award to the lowest responsive and responsible bidder. For these reasons, staff does not recommend this alternative. The competitively negotiated procurement process provides for evaluation of critical non-price related factors in the selection process.

NEXT STEPS

If this action is approved, as soon as the funding plan has been identified staff will proceed with competitively negotiated best value solicitations for up to 600 new 40' CNG replacement transit buses.

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