



Board Report

File #: 2016-0839, File Type: Contract

Agenda Number: 31

**REVISED**  
**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE**  
**JANUARY 19, 2017**

**SUBJECT: PURCHASE OF HYBRID SEDANS & ELECTRIC SEDANS**

**ACTION: APPROVE CONTRACT AWARD**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. AWARD a firm fixed price Contract No. OP67538000 with **Penske Motor Group, the lowest responsive and responsible bidder for 110 Hybrid Sedans** for \$2,936,769 inclusive of sales tax and environmental fees, subject to resolution of protest(s), if any; and
- B. PROCEED with the solicitation and procurement of 10 Zero Emissions Electric Vehicles (EVs) in order to determine their feasibility and operational viability within Union Station Gateway (USG), bus and rail operating locations.

**ISSUE**

This procurement is for the replacement of 110 Metro sedans that have exceeded the Metro vehicle replacement policy requirement of eight years and / or 100,000 miles. Further, the sedans identified for retirement are in excess of 9 to 15 years of age. The current condition of these vehicles renders them no longer cost effective to maintain and replacements are now required.

In addition, Metro is implementing a Non-Revenue Fleet Electric Vehicle Pilot Project consisting of the purchase, deployment and field assessment of 10 Electric Vehicles (EVs) to be used by Metro personnel at USG and Division 13 for field operations and driver relief assignments. The primary purpose of this pilot program is to reduce Metro's use of fossil fuels and consequent Green House Gas (GHG) emissions and to prepare for expansion of EV use at Rail and Bus Operating Divisions and USG in the near future.

**DISCUSSION**

The fleet being replaced is composed of gasoline powered sedans first placed into service in 2001 and 2007. These vehicles have now exceeded their useful life and are scheduled for replacement with Hybrid sedans. Metro currently has a fleet of 342 hybrid sedans that have proven reliable and

economical.

Various departments throughout the agency use these sedans including bus divisions for operator relief and support departments to conduct Metro business with internal departments, outside agencies and vendors. These vehicles are used where public transportation service is impractical, unavailable or otherwise not a viable business option.

With this acquisition of 110 new hybrid vehicles, 100% of Metro operated sedans will be of a hybrid gasoline/electric configuration. This hybrid configuration provides superior fuel economy, reduced emissions and reduced maintenance costs. Further, the hybrid configuration of these vehicles ensures that Metro operates Ultra Low Emissions Vehicles (ULEV) to continue with Metro's efforts of utilizing environmentally friendly equipment.

Initially, there will be a modest cost savings in the Operating budget as these vehicles will replace existing vehicles with similar preventative maintenance schedules; however, savings are anticipated due to the cost avoidance of unscheduled repairs of the current aged fleet. Further, savings are anticipated as unscheduled repairs will be covered under the manufacturer warranty. As the manufacturer's warranty expires the Operating budget will begin to incur costs. These costs will increase as vehicle age and mileage increases.

Further, with the introduction of 10 EVs into the Non-Revenue fleet, Metro demonstrates its commitment to reducing GHG and will continue to advance its comprehensive clean fuels program. Metro is looking for opportunities to partner with other agencies to purchase these EVs. Upon successful completion of the EV pilot program, Metro will accelerate the use of EVs. In the next two years, an additional 143 passenger gas vehicles will be ready for retirement.

Life-cycle costing and cost comparisons will be conducted to determine the feasibility of replacing the entire Metro sedan fleet with EVs. Preliminary research indicates that although initial EV capital costs are higher, operating costs (maintenance and fuel costs per mile) are lower and will continue to be reduced as battery technology advances and vehicle range increases.

## **DETERMINATION OF SAFETY IMPACT**

Providing safe and reliable vehicles to our employees for use in the field is essential to ensure their safety. Excessive age, mileage and consequent wear on these vehicles can lead to on-street failures that can cause traffic accidents or place our employees in dangerous circumstances. Replacement sedans will improve on-street safety and reduce exposure to vehicle related safety issues.

## **FINANCIAL IMPACT**

The total not-to-exceed contract amount of this action is \$2,936,769. This funding is within the

\$4,975,000 Life of Project (LOP) budget in Capital Project 208201, Non-Revenue Vehicles & Equipment Replacement. \$1,383,000 is in the FY17 budget for this effort is in Cost Center 3790, Maintenance Administration, Account 53106, Acquisition of Service Vehicles. Upon completion of the solicitation and procurement effort, the project LOP will also fund the 10 EV's. Since this is a multi-year contract, the cost center manager and project manager will be responsible for budgeting any costs that may be incurred in future fiscal years.

#### Impact to Budget

The source of funds for the procurement will come from State and local funding sources that are eligible for Bus and Rail Capital Projects. The specific source of funds is TDA Article 4. These funding sources will maximize the use of funds for these activities.

#### **ALTERNATIVES CONSIDERED**

The alternative is to not purchase these vehicles and continue to use the existing sedans. This option is not desirable due to the high cost associated with maintaining older vehicles, the availability of repair parts and higher fuel costs for the models being replaced. Additionally, they will continue to decrease in reliability and increase our exposure to safety related incidents. The reliability of the vehicles affects the departments who depend on using them to conduct Metro business throughout the county.

The replacement sedans are hybrid configuration and will increase the quantity of hybrids that Metro currently operates. The hybrids have performed well in the Metro environment and the vehicles have proven to be safe, reliable and economical.

#### **NEXT STEPS**

Following the execution of the contract, the vendor will place an order for the vehicles and commence delivery upon receipt from the manufacturer. Delivery of all one-hundred ten vehicles is scheduled before the close of FY17. The deployment of the vehicles is planned for July and August of 2017. The replaced vehicles will be transferred to a contractor to be sold at public auction.

#### **ATTACHMENTS**


Attachment A - Procurement Summary

Attachment B - DEOD Summary

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