

**Board Report**

File #: 2022-0864, **File Type:** Contract**Agenda Number:** 31.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
APRIL 20, 2023****SUBJECT: SPARK PLUG KITS****ACTION: AWARD CONTRACT FOR SPARK PLUG KITS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two-year, Indefinite Delivery / Indefinite Quantity (IDIQ) Contract No. MA95488000 to Cummins, Inc., the lowest responsive and responsible bidder for Spark Plug Kits. The Contract one-year base amount is \$1,256,414 inclusive of sales tax, and the one-year option amount is \$1,294,487, inclusive of sales tax, for a total contract amount of \$2,550,901, subject to resolution of protest(s), if any.

ISSUE

This procurement is for Spark Plug Kits used by the bus maintenance department for repair of the Cummins Compressed Natural Gas (CNG) engines in Metro buses. The spark plugs are an essential component for the combustion cycle within the engine, which produces the energy required to propel the bus down the street. The spark plugs are required for the engine to operate and perform effectively. The bus operating divisions and Central Maintenance Shops use the spark plugs kits to perform repairs and preventative maintenance to the engines. It is imperative to always have an inventory of spark plug kits on hand to service the bus fleet.

Award of this contract will ensure the operating divisions have adequate inventory to repair and maintain the buses according to Metro maintenance standards and is necessary to ensure service continuity and avoid any interruption to Metro operations.

BACKGROUND

Spark plug kits are a main component for the operation of the CNG engines used in Metro buses. The spark plugs ignite an air/fuel mixture in the engine to complete the combustion process used to create energy. The energy is then transferred to the drive system and provides the propulsion for the bus to travel down the road. Spark plugs can fail due to the advanced mileage and heavy-duty service provided by the Metro bus fleet. A failed spark plug will result in the bus being taken out of service due to poor performance or visible exhaust emissions. The proper functioning of the spark plugs ensures that the CNG engine remains operational, which is essential to ensuring the performance, reliability, and safety of the Metro bus fleet.

DISCUSSION

The spark plug is a main component of CNG engines, and replacement spark plug kits are required to ensure a properly functioning engine. The availability of the spark plug kit in inventory is crucial to ensure the reliability of the bus fleet to provide a high level of service to Metro's customers. The availability of the spark plug kits in inventory reduces bus down time and keeps buses in revenue service.

The contract to be awarded is a "requirements type" agreement in which Metro commits to order only from the awardee, up to the specified quantity for a specific duration of time, but there is no obligation or commitment to order any specific quantity of the spark plug kits that may currently be anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required.

The Independent Cost Estimate (ICE) created for this procurement was based on the historical unit price of spark plug kits. The bid amount of \$2,550,901 was significantly higher than the ICE due to increased material costs, raw material shortages, high gas prices, and increased freight charges.

The spark plug kits will be purchased and maintained in inventory and managed by Material Management. As spark plug kits are issued, the appropriate budget project numbers and accounts will be charged.

DETERMINATION OF SAFETY IMPACT

Award of this contract will ensure that all operating divisions have adequate inventory to maintain the bus fleet according to Metro Maintenance standards. This action will prevent deferred maintenance and ensure bus availability for revenue service.

FINANCIAL IMPACT

The funding of \$1,256,414 for this product is included in the FY23 budget in various bus operating cost centers, under project 306002 - Operations Maintenance, under line item 50441 - M/S Parts - Revenue Vehicle.

Since this is a one-year contract with a one-year option, the cost center managers and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years.

Impact to Budget

The current source of funds for this action include Federal 5307, Proposition C, Measure R/M, and Transportation Development Act. These sources are eligible for Bus Operating or Capital projects.

EQUITY PLATFORM

The benefits of this action are to ensure the bus fleet that serves most regions in Los Angeles

County. Bus transportation provides an important lifeline for the LA County residents, especially those in equity focused and underserved communities. Spark plugs are required for all buses in the fleet that operate on Compressed Natural Gas (CNG). The Metro bus maintenance programs ensure the proper State of Good Repair of the bus fleet to provide transportation for them.

The Diversity and Economic Opportunity Department (DEOD) established a two percent (2%) Disadvantaged Business Enterprise (DBE) goal and verified the commitment by the successful bidder for this procurement.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The spark plug kit supports Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The procurement of spark plug kits for inventory will help to ensure the reliability of the bus fleet and enable our customers to arrive at their destinations on schedule and without interruption.

ALTERNATIVES CONSIDERED

The alternative is to not award the contract and procure the spark plugs kits on an as-needed basis, using the traditional “min/max” replenishment method. This strategy is not recommended since it does not provide for a commitment from the supplier to ensure the availability, timely delivery, continued supply and a guaranteed fixed price for the parts.

NEXT STEPS

Upon approval by the Board, staff will execute Contract No. MA95488000 for the procurement of spark plug kits with Cummins Inc. at the one-year base amount of \$1,256,414 inclusive of sales tax, and the one-year option amount of \$1,294,487, inclusive of sales tax, for a total contract amount of \$2,550,901.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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