

**Board Report**

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**File #:** 2018-0484, **File Type:** Contract**Agenda Number:** 18.

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**OPERATIONS, SAFETY AND CUSTOMER EXPERIENCE COMMITTEE  
SEPTEMBER 20, 2018****SUBJECT: BUS ENGINE CYLINDER HEAD ASSEMBLIES****ACTION: AWARD CONTRACT****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to award a two year, Indefinite Delivery, Indefinite Quantity Contract No. MA49128000 to Cummins Inc., for bus engine cylinder head assemblies. The Contract first year base amount is \$834,968, inclusive of sales tax, and the second year Contract amount is \$855,843, inclusive of sales tax, for a total contract value of \$1,690,811.

**ISSUE**

This procurement is for the acquisition of new bus engine cylinder head assemblies which are required for maintaining the safe and reliable operation of the bus fleet. Award of this Contract will ensure that Bus Maintenance has adequate inventory to repair and maintain buses according to Metro maintenance standards.

**BACKGROUND**

The component usage reports from Material Management revealed that approximately 250 engine cylinder head assemblies were issued to Bus Maintenance to support replacement of these components during engine rebuild programs or for replacement of cylinder heads that crack, warp, or sustain other damage during normal operation. The engine cylinder head assemblies are installed by Metro Mechanics at the Central Maintenance Shops and at all bus operating divisions. Buses cannot operate without properly functioning engine cylinder head assemblies.

**DISCUSSION**

A cylinder head assembly is a precisely engineered block of metal that sits on top of the engine and houses many of the engine's moving parts, including the intake and exhaust valves, valve springs and lifters, and the spark plugs. Cylinder heads that crack, warp, or sustain other damage need to be replaced. The cylinder head assemblies support over 90% of our bus fleet which have Cummins 8.9 ISLG and L9N Near-Zero engines installed.

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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 for Metro to order all of the cylinder heads that may be currently anticipated. The bid quantities are estimates only, with deliveries to be ordered and released as required. The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) goal for this solicitation due to the lack of subcontracting opportunities. The purchased engine cylinder head assemblies are installed by Metro Mechanics.

Bus engine cylinder head assemblies will be purchased and maintained in inventory and managed by Material Management. As cylinder head assemblies are issued, the appropriate budget project numbers and accounts will be charged.

### **DETERMINATION OF SAFETY IMPACT**

Award of contract will ensure that all operating divisions and the Central Maintenance Facility have an adequate inventory to maintain the equipment according to Metro Maintenance standards.

### **FINANCIAL IMPACT**

The funding of \$834,968 for these cylinder head assemblies is included in the FY19 budget under account 50441, Parts - Revenue Vehicle in multiple bus operating division cost centers in project 306002 and in the Central Maintenance cost center 3366 in project 203025 Bus Engine Replacement Project.

Since this is a multi-year contract, the cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future fiscal years including any option exercised.

### **Impact to Budget**

The current source of funds for this action will come from Federal and local funds including sales tax and fares that are eligible for Bus and Rail Operating and Capital Projects. These funding sources maximize allowable fund use given approved funding provisions and guidelines.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Approval of this recommendation supports the following Metro Strategic Plan Goal: Deliver outstanding trip experiences for all users of the transportation system. This project will help maintain safety and reliability standards in an effort to provide a world-class transportation system that enhances quality of life for all who live, work, and play within LA County.

### **ALTERNATIVES CONSIDERED**

The alternative is to not award the Contract and procure cylinder head assemblies on the open market on an as-needed basis. This approach is not recommended since it does not provide a commitment from the supplier to ensure availability and price stability.

**NEXT STEPS**

Metro's requirements for bus engine cylinder head assemblies will be fulfilled under the provisions of the Contract.

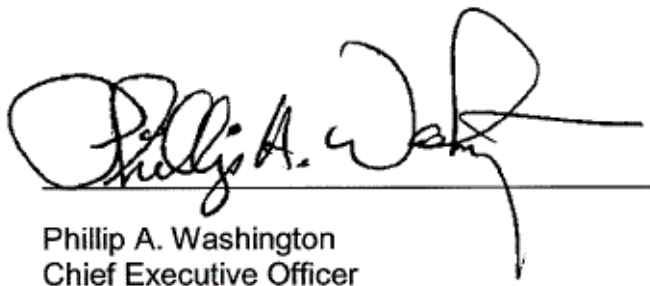
**ATTACHMENTS**

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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