



July 8, 2021

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Award of Sole Source Agreement for the Purchase of Bus Engines

Overview

The Orange County Transportation Authority operates a fleet of 173 New Flyer Xcelsior compressed natural gas-powered buses, model year 2016, that are due for midlife overhaul maintenance, which includes engine replacement. The proposed replacement engine has been certified by the California Air Resources Board as a near-zero-emission engine, which will further decrease the emissions profile of the entire bus fleet. Only one engine manufacturer is certified to meet these emissions standards. Board of Directors' approval is requested to execute a sole source agreement.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C-1-3417 between the Orange County Transportation Authority and Cummins Pacific, LLC, in the amount of \$12,525,823, for the purchase of 173 Cummins L9N, 8.9-liter, compressed natural gas-powered engines.

Discussion

The New Flyer Xcelsior fleet of 173 buses is comprised of 157 40-foot buses and 16 60-foot articulated buses. These buses operate an average of approximately 50,000 miles per year, and midlife overhaul maintenance is typically completed at 300,000 miles. As such, seven buses will exceed 275,000 miles and will be within the manufacturer-recommended engine replacement mileage by early 2022, with the remainder of the fleet closely following.

The California Air Resources Board (CARB) has certified only one engine to meet standard, the Cummins L9N, 8.9-liter, compressed natural gas (CNG)-powered engines. This replacement engine is ten times cleaner in terms of emissions than the engine being replaced. The current engine produces 0.2

grams of oxides of nitrogen (NOx) per brake horsepower-hour (g/bhp-hr) and the replacement engine is rated at 0.02 grams of NOx per g/bhp-hr. These reductions in emissions contribute to the Orange County Transportation Authority's (OCTA) goal of operating zero or near-zero-emissions vehicles for a healthy community.

As there is only one manufacturer with engines certified by CARB for use in transit buses and a sole source agreement is required to proceed with the engine replacement. The recommended engine purchase includes a two-year, 100,000-mile all-inclusive engine warranty, which includes all of the electronic modules, sensors, and emission controls. The estimated useful life of the new engine is six years, or 300,000 miles of operation, which coincides with the Federal Transit Administration-defined minimum useful life of the asset.

Procurement Approach

The procurement was handled in accordance with OCTA Board of Directors-approved policies and procedures for a sole source procurement.

Cummins engines are the only approved and CARB-certified engines with near-zero-emissions for transit buses in California, and Cummins Pacific, LLC (Cummins) is the sole supplier and distributor. Therefore, the procurement meets the guidelines for a sole source purchase as the engines are only available from one responsible source, and no other supplier can meet the requirements.

Cummins provided pricing to OCTA for 173 Cummins L9N, 8.9-liter CNG-powered engines, with a standard two-year, or 100,000-mile, all-inclusive base warranty and two Installation Quality Audits for two pilot engines, at a firm-fixed price in the amount of \$12,552,823, including sales tax. Cummins' proposal was reviewed by staff from the Contracts Administration and Materials Management (CAMM) and Transit Technical Services departments to ensure compliance with the contract terms and conditions, as well as the technical requirements.

In accordance with the OCTA sole source procurement procedures, a sole source agreement over \$50,000 requires the OCTA Internal Audit Department (Internal Audit) to conduct an independent pre-award price review of Cummins' proposed pricing. The CAMM department used recommendations from Internal Audit as the basis for negotiations with Cummins. As a result of negotiations, Cummins submitted lower pricing, resulting in a cost savings of approximately \$27,000 of the amount initially quoted. In addition, the price is

lower than the OCTA project manager's independent cost estimate; therefore, CAMM determined the price to be fair and reasonable. Based on the above, this award is recommended to Cummins.

Fiscal Impact

The project was included in the approved OCTA Fiscal Year 2021-22 Budget, Transit Technical Services, accounts 2114-9024-D2108-0PB and 2114-9024-D2108-02A.

Summary

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C13417 between the Orange County Transportation Authority and Cummins Pacific, LLC, in the amount of \$12,525,823, for the purchase of 173, Cummins L9N, 8.9-liter, compressed natural gas-powered engines.

Attachment

None.

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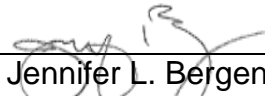
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