

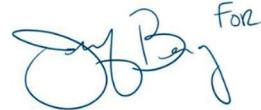


February 12, 2026

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Sole Source Agreement for the Purchase of Six Cummins Compressed Natural Gas-Powered Engines

A handwritten signature in blue ink, appearing to read "D.E. Johnson", with the word "For" written in blue ink to the right of the signature.

Overview

The Orange County Transportation Authority operates a fleet of six New Flyer compressed natural gas-powered buses, model year 2018, that require a midlife engine overhaul. The replacement engine has been certified by the State of California as a near-zero emission engine. Only one engine manufacturer is certified by the State of California to meet these emission standards for use in transit buses. Board of Directors' approval is required for this sole source agreement.

Recommendation

Authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C255027 between the Orange County Transportation Authority and Cummins, Inc., in the amount of \$463,697 for the purchase of six replacement Cummins 8.9-liter L9N 280HP compressed natural gas-powered engines.

Discussion

The Orange County Transportation Authority (OCTA) purchased six New Flyer compressed natural gas (CNG)-powered buses, which were delivered in 2018 to support the February 2019 launch of BRAVO! Route 529, a limited stop service now branded as OC Bus Rapid. Based on age and mileage, these buses are due for a midlife overhaul. The midlife overhaul schedule is based on the life expectancy of major mechanical components, specifically, the engine and transmission, which is currently six years or 300,000 miles (with a variance of ten percent). The replacement engine is the lowest emissions rated engine available and is certified by the California Air Resources Board for use in transit buses. The engine is certified at 0.02 grams of Nitrogen Oxide per brake horsepower-hour.

Since Cummins Inc. (Cummins) is the only manufacturer with engines certified by the California Air Resources Board for use in transit buses, a sole source agreement is required for purchase of replacement engines. The sole source agreement request includes the purchase of six engines, with a standard two-year, unlimited miles, all-inclusive base warranty.

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

Cummins provided pricing to OCTA for six Cummins 8.9-liter L9N 280HP CNG-powered engines with a two-year, all-inclusive unlimited miles warranty, at a firm-fixed price in the amount of \$463,697. Price per engine is \$77,283.

In accordance with the OCTA's sole source procurement procedures, a sole source agreement over \$50,000 requires OCTA's Internal Audit Department (Internal Audit) to conduct an independent pre-award price review of Cummins' proposed pricing. As is common with these types of vendors, Cummins would not provide a detailed cost breakdown and could not provide comparable contracts for these engines. As such, Internal Audit was unable to apply procedures to the proposed pricing. Therefore, Contracts Administration and Materials Management (CAMM) staff performed a price analysis using the information available, such as the previous sole source per unit purchase price of \$71,158 for the same type of engine under Purchase Order No. C13417 executed in 2021 with applied escalation in accordance to the Consumer Price Index, which resulted in a per unit price of \$84,464 per engine, which is 8.6 percent higher than the price of \$77,283 per engine quoted by Cummins for this purchase. Therefore, the quoted price is deemed fair and reasonable. Based on Cummins' financial status and quoted pricing, CAMM has concluded that Cummins is deemed responsive to OCTA's requirements.

Fiscal Impact

The procurement of six Cummins 8.9-liter L9N 280HP CNG-powered engines was included in the approved OCTA Fiscal Year 2025-26 Budget under Account No. 2114-9024-D2108-02A, and is funded through local funds.

Summary

Based on the information provided, staff recommends the Board of Directors authorize the Chief Executive Officer to negotiate and execute Purchase Order No. C255027 between the Orange County Transportation Authority and Cummins, Inc., in the amount of \$463,697 for the purchase of six replacement Cummins 8.9-liter L9N 280HP CNG-powered engines.

Attachment

None.

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