



Agenda Item No. 5

To: Finance-Auditing Committee/Committee of the Whole
Meeting of December 14, 2007

From: James P. Swindler, Deputy General Manager, Ferry Division
Celia G. Kupersmith, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO THE AWARD OF CONTRACT NO. 2008-FT-5, FOUR MAIN DIESEL ENGINES FOR THE M.V. MENDOCINO, TO VALLEY POWER SYSTEMS NORTH, INC.**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors approve the following actions relative to Contract No. 2008-FT-5, *Four Main Diesel Engines for the M.V. Mendocino*:

1. Approve award of Item #1, Category "A", of Contract No. 2008-FT-5 to Valley Power Systems North, Inc., to provide four MTU 12V4000 M60 Tier 2 Marine Diesel Engines, in the amount of \$1,114,348; and,
2. Approve award of Item #2, Category "A", of Contract No. 2008-FT-5 to Valley Power Systems North, Inc., to provide On-site Installation Oversight Services, as specified in part 2.11 of the technical specification, in the amount of \$53,865; and,
3. Authorize a contingency budget in the amount \$95,000 to cover anticipated sales tax, personnel training, and other miscellaneous costs associated with the engine procurement.

with the understanding that requisite funds have been included in the Fiscal Year 2007/2008 Ferry Division Capital Budget.

Summary

In October 2007 the District issued an Invitation for Bids for Contract No. 2008-FT-5, *Four Main Diesel Engines for the M.V. Mendocino*. On November 27, 2007, the District received only a single bid in response to the subject contract.

The bid, received from Valley Power Systems North, Inc., the local authorized Detroit Diesel/MTU dealer, is to provide Category "A" and "B" items which include delivery of the four main engines; on-site installations services; and training, for a total bid price of \$1,171,463.

Because this project is partially funded through the Federal Transit Administration, and only one competitive bid was received, it was necessary to conduct a cost analysis of the sole bid to ensure that the rates and cost structure were justified and reasonable. Staff solicited another quote from a second authorized Detroit Diesel/MTU dealer and has determined that the bid price is reasonable.

No contract-specific Disadvantaged Business Enterprise (DBE) goal was established for this contract. However, bidders were strongly encouraged to obtain DBE participation and were required to document their activities in the solicitation and selection of subcontractors, subconsultants, and suppliers to ensure that this process was carried out in a nondiscriminatory manner. The DBE Program Administrator has determined that Valley Power Systems North, Inc. has complied with the DBE requirements applicable to the contract. At this time, no DBE participation is anticipated during the performance of this contract.

Fiscal Impact

The entire project, including installation and engineering, is included in the Fiscal Year 2007/2008 Ferry Division Capital Budget in the amount of \$2,300,000 and is 100% grant funded. The Carl Moyer Program Grant is providing \$1,226,050, with the balance of the funding being provided by the Federal Transit Administration.

Background

The M.V. Mendocino was built in 2001 and has been in operation for just over four years or approximately 19,000 hours. The main propulsion engines installed in the M.V. Mendocino are coming due for a major overhaul which requires each engine be removed from the vessel and completely overhauled (top to bottom) at an approximate cost of \$1,000,000. In anticipation of this major overhaul, along with questionable performance of the existing engines, last year, the District submitted an application to the Carl Moyer Program Grant for funding to purchase four (4) new environmentally friendly Tier 2 engines. The new Tier 2 engines are designed and manufactured in accordance with the latest requirements of the Environmental Protection Agency (EPA) and California Air Resources Board (CARB). Installation of the new engines will result in a 45% reduction of emissions over the existing engines. Additionally, the engine selected by the District is widely used in fast ferry applications throughout the United States and has an excellent reliability record.

The installation of the engines will be accomplished at a qualified shipyard sometime in mid-February 2008. To accommodate this, the District has issued an Invitation for Bid to qualified shipyards for installation and other modifications necessary for installation of the new engines. However, because of lead time associated with delivery of the main engines it is necessary that the District procure the engines and supply them to the shipyard.