



Agenda Item No. (4)

To: Building and Operating Committee/Committee of the whole Meeting of September 22, 2022

From: Michael Hoffman, Director of Engineering and Maintenance, Ferry Division
James P. Swindler, Deputy General Manager, Ferry Division
Denis J. Mulligan, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO AWARD OF SOLE SOURCE CONTRACT NO. 2022-F-084, CALIFORNIA AIR RESOURCE BOARD (CARB) COMPLIANT TIER 4 DIESEL ENGINES, TO PACIFIC POWER GROUP**

Recommendation

The Building and Operating Committee recommends that the Board of Directors approve actions relative to the award of Sole Source Contract No. 2022-F-084, *CARB Compliant Tier 4 Diesel Engines*, to Pacific Power Group as follows:

1. Approve award of sole source Contract No. 2022-F-084 to Pacific Power Group of Kent, WA, in the amount of \$3,505,727, inclusive of tax, for four engines; and,
2. Authorize a contract contingency of \$175,286 to cover unforeseen materials or service necessary to preserve and store the four engines.

This matter will be presented to the Board of Directors at its September 23, 2022, meeting for appropriate action.

Summary

On March 24, 2022, the California Air Resources Board (CARB) approved amendments to its Commercial Harbor Craft Regulation (Regulation) aimed at reducing emissions from harbor craft, such as tugboats and ferries, operated near California's coast. The new amended Regulation will require cleaner combustion Tier 4 engines and a Diesel Particulate Filter (DPF) on ferries operating in routes greater than three nautical miles. All of the Golden Gate Bridge, Highway and Transportation District's (District) ferry vessels, including the *M.S. San Francisco* and *M.S. Marin*, are subject to this Regulation.

In order to meet the emissions standards of the new Regulation, the District has developed a CARB Compliance Plan that includes the repowering in late 2023 of the *M.S. San Francisco* and *M.S. Marin*, with Tier 4 engines. District staff has considered current zero emission technology in the development of the CARB Compliance Plan and will continue to evaluate future advancements in

zero emission technology. Given current lead times of between nine and twelve months, and unstable supply chains, the District must purchase the four engines necessary to repower these two vessels now, in order to stay on schedule with the CARB Compliance Plan. The purchase and installation of the required DPFs will take place at a future date, when a marine rated DPF is certified by CARB and approved by the United States Coast Guard.

The District's operational needs necessitate that the *M.S. San Francisco* and the *M.S. Marin* use MTU 12v4000M65R main propulsion engines, which are manufactured in Germany by MTU Friedrichshafen GmbH (MTU). Pacific Power Group is the only MTU factory authorized dealership for the sales, parts and service of the MTU engines serving the geographic area in which the District is located. MTU does not allow competition between its authorized dealerships, which means Pacific Power Group is the only vendor from which the District may purchase these engines. Because Pacific Power Group is the only vendor able to provide the necessary engines, a competitive process would serve no useful purpose, and a sole source procurement is warranted under the District's procurement policy. District staff has analyzed Pacific Power Group's price proposal and finds it to be fair and reasonable, as the price is in alignment with previous engine procurements.

Fiscal Impact

Funding for Project #2240, *Spaulding Repower*, was approved in the FY 22/23 Ferry Division Capital Budget in the amount of \$18,000,000. The project is funded with \$1,410,000 (8%) Carl Moyer Program funds and \$16,590,000 (92%) District funds. There are sufficient funds in the project budget to support this proposed Board action.

District staff considered federal funding for this project but found it impossible to qualify and guarantee eligibility, in particular due to Buy America compliance concerns, on the timeline required by CARB.