

Special Category NCB Request

For DGS Use only
SCR #: _____
Expiration Date: _____
Delegation: # _____
Maximum \$ Limit: \$ _____

For use when requesting approval for a special category NCB for information technology (IT) goods and services ~~non-IT goods and non-IT services~~ pursuant to MM 03-10, Attachment D, paragraph 11. All approved requests will be issued Special NCB # for a maximum dollar amount for the 3-year "window" of approval. All transactions executed against this approval must reference both the Special NCB # and/or Delegation # as appropriate. See the Instructions for Use of Special Category NCB attached to this form. This form can be found on the DGS-PD website www.dgs.ca.gov/pd.

This justification document consists of two (2) pages plus an attachment for instructions. All information must be provided and all questions must be answered. The "Required Approvals" section must include a date for each signature, as appropriate for the transaction.

Requesting Department Information		
Agency: Business Transportation and Housing	Agency Secretary/Immediate Next Ranking Official: Dale Bonner <small>(Type names. Do not sign. Must be same as signature below.)</small>	
Department: * Transportation <small>(*Includes Boards, Commissions, and Associations)</small>	Director/Immediate Next Ranking Official: Will Kempton <small>(Type names. Do not sign. Must be same as signature below. May be Executive Director, Chief Executive Officer, Executive Secretary, etc.)</small>	
Institution (if applicable): _____		
Department Contact Information		
Contact Name: Steve Fretwell	Street Address: 1120 N. Street Sacramento, CA. 95814	
Telephone: (916) 657-1798		
FAX: (916) 653-4565	Mailing Address: 1120 N. St. MS 74	
E-Mail: steve_fretwell@dot.ca.gov		
Contract Category Information		
Contractor Name: ELECTRO MOTIVE DIESEL Inc.		
Name of Category: Locomotive Equipment		
Describe types of purchases contemplated: Automatic Engine Start/Stop System (AESS) , Locomotive EPA Certified Tier II type 710ECO Engine Upgrade and Locomotive Digital Video Recorder systems (LDVR)		
Contract/Trans. \$\$'s estimated per Calendar Year: \$928,826.00 from Moyer Grant funds, \$482,729.00 from Homeland Security Grant funds and an estimated \$130,00.00 Department funds = Total \$1,541,423.00		
# of Contracts/Trans. estimated per Calendar Year: 3 x 1 years = Total 3 transactions		
Contract/transaction Type: Select One: <input checked="" type="checkbox"/> Non-IT Goods <input type="checkbox"/> IT Goods <input type="checkbox"/> IT Service <input type="checkbox"/> IT Goods & Services <input type="checkbox"/> Non-IT Service		
Provide a description of the goods or services to be acquired:		
Retrofit "green" equipment on State owned locomotives to reduce hazardous emissions and reduce fuel costs.		
Required Approvals		
Department <input type="checkbox"/> Approved <input type="checkbox"/> Denied _____ Director/Date	Agency <input type="checkbox"/> Approved <input type="checkbox"/> Denied _____ Agency Secretary/Date	Dept. of General Services <input type="checkbox"/> Approved <input type="checkbox"/> Denied _____ Director or Designee/Date

Remit completed form to:
 Procurement Division
 One-Time Acquisitions
 707 Third Street, 2nd Floor
 West Sacramento, CA 95605

Complete responses must be provided for all of the following items.

A. WHY IS THIS CATEGORICAL EXEMPTION NECESSARY?

1. Why can't the acquisition category be competitively bid? *

(Identify any time critical requirements that prevent the exercise of reasonable efforts to compete for the good or service.)

* Reference the Public Contract Code (PCC) that applies, i.e., 10301/10302, 10340 or 12102.

PCC 10340 (4) /10348 (a)

In the railroad industry, there are only three locomotive manufacturers in the US market. They are Motive Power, Inc. (MPI) in Boise, ID, General Electric (GE) in Erie, PA, and Electro Motive Diesel (EMD) in La Grange, IL. The engines, car body, major electrical components including onboard computers, and emission reduction devices /technologies are proprietary and patent protected by the individual locomotive manufacturer. As a result, engines, emission reduction devices, computer software and other equipment that is operated by system software can only be engineered by the individual locomotive manufacturer.

The State's locomotive fleet was manufactured by Electro Motive Diesels (EMD).

A letter from Electro Motive Diesel stating that the items the Department wishes to purchase are proprietary, exclusive to their models of locomotives, patented and copyrighted has been attached.

Locomotive EPA Certified Tier II type 710ECO Engine Upgrade

An EPA Certified Tier II engine upgrade for the existing 710ECO locomotive engine can only be purchased from Electro Motive Diesel. Equipment required for the upgrade will need to match and intermember with the existing equipment. Electro Motive Diesel (EMD) engine owns the proprietary right for any upgrade to their engine and corresponding re-write of software.

Locomotive Digital Video Recorder systems (LDVR)

Locomotive Digital Video Recorder systems (LDVR) purchased will need to match and intermember with the existing equipment. The LDVR installation will include new software. Electro Motive Diesel (EMD) engine owns the proprietary right for any retrofit to their engine, computer software and electronics.

Automatic Engine Start/Stop System (AESS)

Automatic Engine Start/Stop System (AESS) purchased needs to:

1. Be integrated into the EM2000 Locomotive Control System Microprocessor allowing data to be captured for future use. The AESS installation will include new software.
2. Be uniquely configured so that the system can not be manually overridden / disabled to allow improper shutdown.
3. Use existing components to avoid using up the limited space on board the locomotive.
4. To provide the Locomotive Engineer (operator) the ability to view the real time status of the AESS system while in operation.
5. Include the ability to download AESS fuel saving and status operation via the internet.

2. Provide the background of events leading to this request.

The Department is the recipient of grants (Carl Moyer State Grants) for retrofitting locomotives with devices and new engines that reduce emissions to EPA Tier 2 standards. The Department expects that over the next 3 years similar grants will be offered. This will allow the Department to re-power a substantial portion of the State's locomotive fleet. Also, the Department of Homeland Security awarded grant funds to the Department to install on board video surveillance equipment.

The terms of the Air Quality District agreements require the equipment be purchased within 180 days of the agreements start. During this period the Department must also obtain Department of Finance approval to expend the funds and reimbursement approval. NCB approval or competitive bidding would consume most if not all of this time. Plus there is only one vendor with equipment to fit our locomotives.

3. What are the consequences of not purchasing the good and/or service for the proposed category?

Locomotive EPA Certified Tier II type 710ECO Engine Retrofit

The State's locomotive fleet does not currently meet the Federal EPA Tier 2 emission requirements and the State's commitment to reduce global warming and hazardous emissions will be thwarted.

Locomotive Digital Video Recorder systems (LDVR)

The State's locomotive fleet is currently not capable of on-board video surveillance needed in the event of an emergency.

Automatic Engine Start/Stop System (AESS)

The anticipated 25% savings on fuel consumption and 50% lube oil savings would not be achieved and the State will not meet its commitment to reduce hazardous emissions occurring as a result of engine idling operation.

4. What market research was conducted to substantiate whether there is competition available for this category, including evaluation of whether other (substitute) items were considered?

(Provide a narrative of your efforts to identify other similar or appropriate goods/services, including a summary of how the department concluded that such alternatives are either inappropriate or unavailable OR an explanation of why the survey or effort to identify other goods/services was not performed.)

The only sources for these types of proprietary parts are from EMD and a company called Rail Supply, Inc. (RSI). RSI has an exclusive sole source parts supply agreement with EMD to sell parts to transit or passenger railroads.

Locomotive EPA Certified Tier II type 710ECO Engine Retrofit

The Division of Rail has contacted or reviewed products of the world's (6) locomotive engine manufacturers and find that none, other than EMD offer products compatible with our locomotive fleet. The EMD EPA Tier 2 engine retrofit was proposed by RSI and EMD. Since EMD controls the design and right to their engine, there was no other source for a new EMD 710 E3GBEC EPA Tier 2 engine retrofit.

Locomotive Digital Video Recorder systems (LDVR)

The LDVR systems are proprietary to EMD because they integrate with the locomotive's on board computer system to transmit live, real time video to a website. The video camera system is also connected to the locomotive's event recorder or "black box" to provide real time viewing of the speed, location and other operating factors. No other camera supplier currently offering video surveillance equipment can provide this capability.

Auto Start/Stop System (AESS)

RSI informed the Department that there are two companies approved by EMD that supply AESS devices for the EMD locomotive. The companies are ZTR in London, Ontario, Canada and EMD.

- The EMD system uses existing sensors, the on board computer display screen and other existing components. The EMD system status display is integrated into the display panel directly above the Engineer's control console. The EMD uses a software driven solution with no additional hardware needed. EMD is the only company that can write code and supply locomotive software for their locomotives.
- The ZTR system is designed for non-computer controlled/equipped locomotives. The ZTR only meets the basic requirements of starting and stopping the locomotive engine. The ZTR system would require additional installation of sensors and electrical components. The ZTR status display panel for the Engineer would be located in the vestibule of the locomotive cab. This presents a safety concern as the Engineer would not be at the controls of the locomotive while operating the AESS system. The ZTR system has a switch to allow the system to be "overridden" or "cut out" thus losing the benefits of saving fuel.

B. PRICE ANALYSIS

1. How was the price offered determined to be fair and reasonable?

(Explain what the basis was for comparison and include cost analyses as applicable.)

Because the EPA Tier 2 engine retrofit and the LDVR systems can only be provided by EMD, further market research could not be performed. The costs are within the industry range for locomotive engines, equipment and installation.

No previous purchases of AESS devices have been made by the Department so there was no comparison or historical documents to reference. Metrolink in Los Angeles had been quoted \$19,500.00 for AESS so the Department knew that \$13,000.00 to \$19,000.00 was the market price for these systems.

The price quoted for the ZTR AESS device was \$19,500.00 per locomotive installed. A warranty term period was not discussed.

The EMD price was \$13,500.00 per locomotive installed with a one year warranty and field support.

Instructions for Use of Special Category NCB

In accordance with MM 03-10, Attachment D, paragraph 11, this Special Category NCB Request form is to be used whenever a department determines that a significant number of repeat NCB's will occur within the "window" of approval (maximum is 3 years) for a category of goods or services that warrant requesting approval for that category of goods or services rather than requesting approval of individual NCB transactions as required by MM 03-10. This form requires approval by Agency Secretary and Department Director or immediate next ranking official or for entities not reporting to an Agency Secretary, approval authority is limited to the highest two ranking executive officials.

All requests for Special Category NCB's must use this form. Requests for services (non-information technology (IT) and IT must be accompanied by a Std. 821, Contract Advertising Exemption Request. Use a separate form for each category type. The request must be re-approved whenever one of the signatories changes. All Special Category NCB's must have an estimated annual dollar amount for the term of the SCR authority for a period not to exceed 3 years. SCR's must be re-requested for additional terms and may only exceed the dollar amount approved by 10%. SCR's must be re-requested 30 days prior to expiration. The expiration date is stated in the box "For DGS Use only".

NOTE: This form is not to be used for emergencies, nor is it to be used to aggregate requests on behalf of other departments.

Warning: Departments must track all contracts/purchase orders executed at departments with approved Special Category NCB's. The tracking must at a minimum include the Special Category approval number issued by DGS, the contract/PO number and the dollar amount. These will be reviewed when a Purchasing Authority compliance review is scheduled.

Purchase of goods and IT goods and services:

Departments without delegated purchasing authority and for transactions that exceed delegated purchasing authority:

- Complete the form including required approvals and forward to DGS-PD Acquisitions and Contracts Section along with a Std. 66 Purchase Estimate for approval and/or execution of the transaction. The approved form will be returned with a Special Category Request (SCR) # noted in the upper right hand box.
- For subsequent purchases in the same category, submit a copy of the approved SCR along with the Std. 66 as above.

Departments with delegated purchasing authority:

- Complete the form including required approvals and forward to DGS-PD Acquisitions and Contracts Section. The approved form will be returned with a Special Category Request (SCR) # noted in the upper right hand box. All transactions completed by departments must be within purchasing authority limitations granted by DGS/PD and must be documented with the SCR #.

Contracts for non-IT services:

- Complete the form including required approvals and forward to DGS-PD Acquisitions and Contracts Section. The approved form will be returned with a Special Category Request (SCR) # noted in the upper right hand box. A copy of the approved form must be filed with all contracts and must accompany all contracts that require DGS-OLS approval.