

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
12	5/24/10	Open	Action	05/18/10

Subject: Approving CalStart/Missouri DOT Joint Procurement for Gasoline-Hybrid Alternatively-Fueled Neighborhood Ride Buses and Delegating Authority to the General Manager/CEO to Execute a Purchase Order with Supreme Corporation

## ISSUE

Whether to approve the Agreement to purchase 3 gasoline-hybrid powered cut-away style buses to be used as an alternative-fuel demonstration project for Neighborhood Ride service under Calstart/Missouri DOT contract.

## RECOMMENDED ACTION

Adopt Resolution 10-05-\_\_\_\_\_, Approving the Use of the CalStart/Missouri DOT Joint Procurement to Purchase Three Gasoline Hybrid Alternatively Fueled Buses and Delegating Authority to the General Manager/CEO to Enter Into a Purchase Order Agreement with Supreme Corporation.

## FISCAL IMPACT

Budgeted:	Yes	This FY:	\$2,078,409
Budget Source:	Capital	Next FY:	\$-0-
Funding Source:	CMAQ/Prop 1B	Annualized:	\$2,078,409
Cost Cntr/GL Acct(s) or Capital Project #:	Project B040	Total Amount:	\$2,078,409
Total Budget:	\$ 2,078,409		

## DISCUSSION

Project B040 (Neighborhood Ride Vehicle Replacement) was established to purchase replacement Neighborhood Ride buses. This project has \$2,078,409 remaining for the replacement of the aging and progressively more unreliable Neighborhood Ride bus fleet. The funds in this project are CMAQ with Proposition 1B funds as match.

Seventeen of the 20 Neighborhood Ride buses have been replaced over the last 4 years. The 3 remaining to be replaced are past their 5-year service life, and are subject to an increasing number of road-calls and service work in order to keep them operable, and in some cases have had to be removed from service entirely due to severe mechanical failure. All are "cut-away" style buses, which are considered by the Federal Transit Administration (FTA) to be "light-duty" 5-year vehicles.

Approved:

Presented:

Final 5/18/10

General Manager/CEO

Director of Community Bus Service

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Regional Transit has secured CMAQ funds for this purchase. CMAQ funds come with the stipulation that the vehicles purchased be alternatively-fueled and reduce overall emissions. Since CNG is not a viable option for Neighborhood Ride vehicles, due to range limitations, maintenance facility issues at McClellan, and reliability of after-market CNG installations in this type of vehicle, RT proposed to FTA and SACOG to purchase gasoline-hybrid buses to use in the Sacramento region on a demonstration basis to assess the viability to utilizing hybrids on an expanded basis in the future.

Pursuant to RT’s Procurement Ordinance, procurements for the purchase of buses must be done through an Invitation to Bid (ITB) and the contract must be awarded to the responsive bidder who submitted the low-bid. The process does not offer RT much flexibility to explore newly developed technologies. However, California Public Contract Code Section 20217 recognizes that agencies may have difficulty identifying the best value when procuring buses with alternative fuel technology in a low-bid procurement scenario. As such, Section 20217 permits RT to procure buses that operate using new technologies through a competitive negotiation process rather than by employing a low-bid ITB process. In order to procure buses through a competitive negotiation process, RT’s Board must find by a two-thirds vote that the low-bid ITB process is inadequate.

RT has been an ongoing member of a hybrid bus working group sponsored by CalStart, a non-profit consortium of State environmental agencies and private transportation-related companies. CalStart gathered together a group of transit agencies from around the country to put together a joint procurement for small hybrid buses (“Cut-Aways”). The Missouri Department of Transportation (MoDOT), a FTA grantee, took the lead on the procurement for CalStart and is the sponsoring transit agency for the RFP that was issued to manufacturers. Through the CalStart/MoDOT Joint Procurement, Supreme Bus of Goshen, Indiana offers a gasoline-hybrid powered, 22’ long, 12-passenger bus that is very similar to buses being replaced.

The 3 buses are available through the Contract resulting from this Joint Procurement at a base price of \$145,000 per vehicle, including seating, stanchions, headsigns, fareboxes and other interior amenities set up per RT’s typical specifications, but not including sales tax and inspection services. In addition to the base price will be \$20,000 to cover options and accessories such as Clever Devices, video surveillance systems, and Mobile Data Computers. Purchasing via the CalStart/MoDOT joint procurement fully complies with FTA procurement guidelines.

The FTA requires grantees to provide quality control over revenue vehicle construction, usually accomplished by on-site inspection of the vehicles as they are built on the assembly line. Depending on staff availability and the location of the manufacturing plant, this is often accomplished by placing RT Maintenance staff on-site. Other times, RT contracts this service out to a 3<sup>rd</sup> party. In this case, staff proposes to use a 3<sup>rd</sup> party inspection service, who will have in-house inspectors available to accomplish this at a per vehicle cost of approximately \$2,000.

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In summary:

Item	Cost	#	Total
NR Buses (incl. contract options)	\$ <u>145,000</u>	3	\$ <u>435,000</u>
5% Contingency (NR Buses)	\$ <u>7,250</u>	3	\$ <u>21,750</u>
Additional Equipment (Clever Devices, Video, etc.)			\$ <u>60,000</u>
Sales Tax (8.75%)			\$ <u>45,216</u>
Inspection Services			\$ <u>6,000</u>
		TOTAL:	\$ <u>567,966</u>

Staff recommends that the Board find that employing RT’s low-bid ITB procurement process to procure the gasoline-hybrid buses it needs would not yield the best value for RT and that a competitive negotiation process should be employed to procure such buses. Staff further recommends that the Board delegate authority to the General Manager/CEO to enter into an Agreement to purchase the three hybrid buses under the CalStart/Missouri DOT Master Contract which employed a competitive negotiation process to procure the vehicles and grant authority to the General Manager/CEO to enter into a purchase order Agreement with Supreme Corporation to purchase the vehicles upon reaching final agreement on the terms of the Agreement.

RESOLUTION NO. 10-05-\_\_\_\_\_

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

May 24, 2010

**APPROVING THE USE OF THE CALSTART/MISSOURI DOT JOINT  
PROCUREMENT TO PURCHASE THREE GASOLINE HYBRID ALTERNATIVELY  
FUELED BUSES AND DELEGATING AUTHORITY TO THE GENERAL  
MANAGER/CEO TO ENTER INTO A PURCHASE ORDER AGREEMENT WITH  
SUPREME CORPORATION**

WHEREAS, RT received CMAQ funds to purchase buses to replace Neighborhood Ride Vehicles that have reached their service life; and

WHEREAS, one of the grant conditions placed on the CMAQ funds is that the funds be used to purchase vehicles that are alternatively-fueled and reduce overall emissions; and

WHEREAS, RT proposed to the Federal Transit Administration (FTA) and Sacramento Area Council of Governments (SACOG) the option of purchasing gasoline-hybrid buses, which are powered through an alternative-fuel as required by the CMAQ grant, to use in the Sacramento region on a demonstration basis to determine the viability of the expanded use of buses with hybrid technology in the future; and

WHEREAS, RT's Procurement Ordinance requires the procurement of such vehicles to be purchased pursuant to a low-bid Invitation to Bid procurement process; and

WHEREAS, gasoline-hybrid engines on commercial buses is a very new technology that is only beginning to be tested; and

WHEREAS, a determination of the best technology for RT's needs cannot adequately be made through a standard low-bid procurement; and

WHEREAS, gasoline-hybrid engine powered commercial buses are not available in substantial quantities to the general public; and

WHEREAS, California Public Contract Code Section 20217 authorizes RT to procure buses which operate using new technologies through a competitive negotiation process rather than a standard low-bid ITB if the Board makes certain findings by a two-thirds vote of the Board.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the process for the procurement of buses set out in RT Ordinance No 09-05-01 requiring that a contract for the purchase of buses be awarded to the lowest responsive bidder to an Invitation to Bid is inadequate for ensuring that RT secured the best available

alternate fuel technology on the buses it needs to procure, the best price, and on terms that are in RT's best interest.

THAT, CalStart/Missouri Department of Transportation served as the lead agency on a procurement for the purchase of small gasoline-hybrid buses, that identified Supreme Corporation as the best value for the purchase of small gasoline-hybrid buses through a competitive negotiation that commenced with the issuance of a Request for Proposals.

THAT, pursuant to the Calstart/Missouri Department of Transportation Master Contract ("Master Contract") for the purchase of small hybrid transit buses, the General Manager/CEO of his designee is hereby delegated the authority to enter into the Agreement to Purchase Hybrid Buses under said Master Contract, by and between the Sacramento Regional Transit District (therein "RT") and Supreme Corporation, therein referred to as "Contractor," whereby Contractor agrees to sell and RT agrees to purchase 3 gasoline-hybrid transit buses as specified in the Master Contract for an amount not to exceed \$516,750, plus applicable state and local sales taxes, upon reaching final agreement on the terms of the purchase order agreement.

THAT, the General Manager/CEO is hereby authorized to enter into a service agreement for quality control inspection services at an approximate cost of \$2,000 per transit bus with respect to the transit buses purchased by RT under the Master Contract.

THAT, the General Manager/CEO is hereby authorized and directed to sign said Contract upon such terms.

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STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: \_\_\_\_\_  
Cindy Brooks, Assistant Secretary