

# REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
3	1/23/17	Open	Action	1/17/17

Subject: Awarding a Contract for Purchase of Transit Buses to Gillig LLC and Delegating Authority to the General Manager/CEO to Execute Amendments to the Contract

## ISSUE

Whether to award a Contract for Purchase of Transit Buses to Gillig LLC and delegate authority to the General Manager/CEO to execute amendments to the Contract.

## RECOMMENDED ACTION

Adopt Resolution No. 17-01-\_\_\_\_, Awarding a Contract for Purchase of Transit Buses to Gillig LLC and Delegating Authority to the General Manager/CEO to Execute Amendments to the Contract

## FISCAL IMPACT

Budgeted:	No	This FY:	\$5,000**
Budget Source:	Capital	Next FY:	\$30,000**
Funding Source:	Federal, State, and Local	Annualized:	\$63,500,000*
Cost Cntr/GL Acct(s) or Capital Project #:	TBD	Total Amount:	\$64,400,000**
Total Budget:	\$64,400,000**		

\*This cost is for the potential order of up to 91 buses, reflecting a total cost per bus of \$635,000. This cost is based on Gillig pricing for the Livermore Amador Valley Transit Authority (LAVTA) proposal, plus escalation based on the Producer Price Index, and applicable state and local taxes.

\*\*The total budget and annualized amounts are for the cost of the 100 buses, which includes life-to-date administrative costs, estimated inspections, and future labor costs.

Note: Production of the buses will be dependent on the future availability of funds.

## DISCUSSION

Article III, Section 1.407 of the Sacramento Regional Transit District (RT) Administrative Code allows RT to enter into cooperative purchasing agreements for Supplies or Services through Contracts solicited by other public entities without competitive bidding by RT if the bidding procedures followed by a public entity for any such Contract satisfies the bidding requirements set out in this Procurement Ordinance. In addition, the federal Common Grant Rules and the Federal Transit Administration (FTA) encourage recipients to procure goods and services jointly with the recipients to obtain better pricing through larger purchases.

Approved:

Presented:

Final 01/18/17

General Manager/CEO

Director, Bus Maintenance

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RT is currently operating 91 2008 model year Orion buses. In accordance with FTA standards, these buses will begin to reach the end of their useful life in May 2020. In addition, these buses are all equipped with Compressed Natural Gas (CNG) fuel tanks with certifications that will begin to expire starting in August 2023. The buses will have to be removed from service as the tanks reach their expiration dates. Orion has now ceased operations and is no longer manufacturing buses. Inventory parts for the Orion buses are being supplied by New Flyer and are becoming increasingly difficult to obtain in a timely manner – in many cases taking up to 6 months for delivery of regularly-used parts. Given the age, increased cost/difficulty of obtaining parts, and duty cycle of these vehicles, tank replacement is not a recommended option for the RT fleet.

For the purchase of up to 91 replacement buses and 9 future expansion buses, Staff discussed the options of: 1) RT conducting its own procurement, using the Best Value procurement strategy, 2) obtaining unused option quantities through assignment from another public entity (piggybacking) or 3) joining a consortium. After a thorough review of these options, staff chose to join a bus purchase consortium with LAVTA as the lead agency. The consortium includes 10 other agencies located throughout California. LAVTA released RFP #2015-08 to multiple bus manufacturers on December 30, 2015 for Purchase and Delivery of Heavy-Duty Buses.

The RFP requested pricing for 30', 35', and 40' diesel, diesel/electric hybrid and compressed natural gas heavy-duty buses, with a minimum quantity of 200 and a maximum quantity of 305 over a five-year period. In response to the RFP, LAVTA received one proposal and the evaluation committee determined that the proposal, submitted by Gillig Corporation, was responsive to the RFP's requirements.

The Contract commits RT to an initial order of 91 buses, but RT will have the right to terminate the Contract for convenience in whole or part if funding does not materialize and production will not start until RT issues a Notice to Proceed (NTP). Delivery time for the new buses will be approximately 18 months from RT issuance of NTP. Staff requests that the Board delegate authority to the General Manager/CEO to execute amendments for the 9 option buses. Staff also requests the Board delegate authority to the General Manager/CEO to execute amendments to the initial Contract for bus configuration changes, not-to-exceed \$500,000 in aggregate. On an annual basis, the General Manager/CEO will include in the Executive Summary to the Board an update on the number of buses that have been procured under this Contract, the sources of funding, the plan for future acquisitions/amendments, whether the price remains fair and reasonable, and whether any other technologies exist (hybrid, all-electric) that may prove to be a more viable option for RT.

There are numerous benefits of entering into a five-year Contract with Gillig. The buses are completely manufactured at its location in Hayward, California, which is less than 100 miles from RT. Gillig has increased its parts storage capability by acquiring an additional 108,000 square foot warehouse, located minutes from its manufacturing facility. Gillig has a proven track record of meeting delivery dates and, as a result, has not been required to pay liquidated

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damages on previous contracts. RT’s current 2015/16 model buses are Gillig manufactured and all were delivered on time and to specifications. RT executive management and other key staff have made several trips to the Gillig plant and were impressed with its manufacturing process, attention to detail, and overall quality of its product.

The LAVTA procurement allows each agency to customize its order in a number of areas. RT will take full advantage of this opportunity to standardize the new buses as much as possible with the current 2015/16 Gillig buses. Maintenance Staff will also involve operators, other RT Staff, and members of RT’s Mobility Advisory Council (MAC) in the decision making process for certain aspects of the bus order. Staff will work with the MAC to establish the best seating arrangement to accommodate the varied mobility needs of persons with disabilities as RT’s current securement option has been discontinued.

Based on Gillig’s proposal in response to RFP #2015-08 and RT’s bus specifications, the cost per bus will be as follows (dependent on the PPI and Gillig cost increases for 2018):

40’ Low Floor CNG Bus Price (estimate)	\$ 585,000
Spares/Tooling Budget (estimate)	<u>3,000</u>
40’ Low Floor CNG Base Unit Price (estimate)	\$ 588,000

**Up to 100 buses @ \$588,000 per bus plus applicable sales tax.**

The price of \$588,000 per bus includes delivery, Clever Devices’ Intelligent Vehicle System, cameras, ADA equipment, RT’s custom paint scheme, spare parts/tooling, and BRT Plus styling, which is a sleek, aerodynamic design that incorporates a raised, raked-back front cap blended into a full-length, contoured roofline.

The base bus price remains fixed for any orders placed within a period of 180 days from Notice to Proceed by LAVTA, which was September 12, 2016. The prices(s) of any buses or equipment ordered after the initial 180-day period will be Base Offer per bus plus or minus an adjustment calculated based on the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index (PPI) Category 1413, “Trucks and Bus Bodies.” However, there is a 5% annual cap on cost increases to limit RT’s price risk.

FTA regulations require that transit districts conduct a price or cost analysis to determine the reasonableness of the price for a product. Staff reviewed RT’s previous Contract, awarded in December 2013, and after a thorough review and comparison of contract pricing, staff has determined the price to be fair and reasonable.

Staff recommends the Board award a 5-year Contract to Gillig Corporation for purchase of up to 91 buses for an amount not to exceed \$57,785,000 plus applicable sales tax, with an option to order up to 9 additional buses, delegate authority to the General Manager/CEO to execute amendments for the option buses, and delegate authority to the General Manager/CEO to

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execute amendments to the initial Contract for bus configuration changes, not-to-exceed \$500,000 in aggregate.

RESOLUTION NO. 17-01-\_\_\_\_\_

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

January 23, 2017

**AWARDING A CONTRACT FOR PURCHASE OF TRANSIT BUSES  
TO GILLIG LLC AND DELEGATING AUTHORITY TO THE  
GENERAL MANAGER/CEO TO EXECUTE AMENDMENTS TO THE CONTRACT**

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

THAT, the Contract between Sacramento Regional Transit District, therein referred to as "RT," and Gillig Corporation, therein referred to as "Contractor," whereby Contractor agrees to supply 91 forty-foot low-floor CNG buses, and specified training and spare parts, for a not-to-exceed amount of \$57,785,000, with an option for RT to acquire up to 9 additional buses at a specified price plus a cost escalator, plus applicable state and local taxes, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute the foregoing Contract.

THAT, the General Manager/CEO is hereby authorized to execute amendments to the Contract for option buses as funding is available.

THAT, the General Manager/CEO is hereby authorized to execute amendments to the Contract for bus configuration changes, not-to-exceed \$500,000 in aggregate.

THAT, the General Manager/CEO must report, at least annually, on the number of buses procured under this Contract, the sources of funding, the plan for future acquisitions/amendments, whether the price remains fair and reasonable, and whether any other viable bus technologies exist.

\_\_\_\_\_  
ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

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