



## STAFF REPORT

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**DATE:** September 27, 2021

**TO:** Sacramento Regional Transit Board of Directors

**FROM:** Carmen Alba, VP, Bus Operations

**SUBJ:** AWARDING A CONTRACT FOR PURCHASE OF TRANSIT BUSES TO GILLIG LLC UNDER THE WASHINGTON STATE TRANSIT BUS COOPERATIVE MASTER CONTRACT NO. 06719-01 AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE AMENDMENTS TO THE CONTRACT

### RECOMMENDATION

Adopt the Attached Resolution.

### RESULT OF RECOMMENDED ACTION

Will (1) approve the purchase of 30 replacement CNG buses from Gillig LLC; (2) delegate authority to the General Manager/CEO to approve amendments for pre-production changes to those buses up to \$500,000 in the aggregate; and (3) delegate authority to the General Manager/CEO to execute amendments to purchase additional buses as funding becomes available.

### FISCAL IMPACT

A Capital Budget amendment for the purchase of 91 buses was previously approved by the Board of Directors. The Grants Team has secured \$21M in State (\$7.2M) and Federal (\$13.8M) funding for the purchase of the first 30 buses, of which \$16M is currently available for release, with the remaining \$5M available no later than January 2022. Payment for the buses will not be due until delivery and acceptance in 2023.

### DISCUSSION

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

SacRT originally intended to purchase 91 replacement CNG buses through a consortium with the Livermore Amador Valley Transit Authority (LAVTA). In January 2017, in Resolution No. 17-01-0010, the Board awarded a Contract for Purchase of Transit Buses to Gillig LLC for an order of 91 buses, with the intent to issue Notice to Proceed no later than December 2018. Unfortunately, funding was not identified in time to place an order under that contract and have delivery completed by the October 2021 contract expiration date. The need for 8 buses for the new Elk Grove service has arisen since that time as well.

SacRT is currently operating 99 model year 2008 Orion buses (91 – SacRT, 8 – eTran). In accordance with FTA standards, these buses surpassed their useful service life in 2020. In addition, these buses are all equipped with CNG fuel tanks with certifications that will begin to expire starting in October 2022 (6 buses) and the remainder in August 2023 (93 buses). The buses must be removed from service once the tanks expire.

When it became clear that the Gillig/LAVTA Contract was no longer a viable procurement vehicle, Staff researched other cooperative purchasing schedules that might be available for replacement CNG buses. Due to the pending expiration of the CNG tanks on the existing buses and the imminent need for replacement, conducting a new procurement or joining a new consortium purchase would not allow for timely replacement, given the typical 18-month contractual delivery timeframe after an order is placed. Therefore, Staff identified the Washington State Department of Enterprise Services (Washington State DES) State Cooperative Purchasing Schedule Master Contract No. 06719-01 with Gillig, which resulted from a competitive solicitation for the purchase of heavy duty transit buses, as the best option for purchasing additional CNG vehicles. The Master Contract may be utilized by other public agencies located outside of the state of Washington to purchase transit buses. While other vehicle manufacturers are also included in the Cooperative Purchasing Schedule, purchasing from Gillig will provide consistency with the remaining CNG fleet placed in service in 2015 and 2016.

Funding is available at this time to purchase only 30 replacement buses. The Master Contract provides for an 18 month delivery schedule. Delivery of the first 30 new buses will occur prior to CNG tank expiration in August 2023.

Orion Bus Industries ceased operations in 2013 and is no longer manufacturing buses. Inventory parts for the Orion buses are being supplied by New Flyer and are becoming increasingly difficult to timely obtain; in many cases, it is 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, staff will replace the CNG tanks and refurbish approximately 30 buses, which will allow SacRT to continue to provide service until funding for additional replacement buses is secured.

Retanking and refurbishment is an interim solution, but is not a recommended option for this model bus fleet as these buses may encounter more frequent reliability issues, which could impact service. However, due to the lack of capital funding to replace the entire fleet, this option is necessary to maintain the existing levels of service. If 30 buses are retanked, only 39 buses will remain that must be replaced by August 2023. To continue to operate at SacRT's current service level beyond August 2023, the funding must be secured and in place by February 2022 to meet the lead time of build and delivery for these remaining buses.

The Contract will be amended to procure the remaining 69 buses as funding is identified through Contract expiration on March 31, 2026. Staff requests that the Board delegate authority to the General Manager/CEO to execute amendments for the remaining 69 buses, as funding becomes available.

In addition, Staff also requests the Board to 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 the delegation, 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 SacRT.

There are numerous benefits of entering into a contract with Gillig through the Washington State DES Cooperative Purchasing Schedule. The buses are completely manufactured at its location in Livermore, California, which is less than 100 miles from SacRT. 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 damages on previous contracts. SacRT 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.

Based on Gillig's proposal in response to the Washington State DES RFP and SacRT's bus specifications, the cost per bus is as follows:

SacRT 40' Low Floor CNG Bus Price	\$670,655.00
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The price of \$670,655.00 per bus includes tax, delivery, Clever Devices Intelligent Vehicle System, security cameras, ADA equipment, SacRT's custom paint scheme, 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, which matches the Gillig CNG buses in SacRT's existing fleet.

The base bus price remains fixed for any orders placed beginning 12 months after the effective date of the Master Contract, which was April 1, 2021. For every annual anniversary thereafter, the prices set forth in the Master Contract will be adjusted, up or down, based on the U.S. Department of Labor, Bureau of Labor Statistics, Producer Price Index (PPI) Category 1413, "Trucks and Bus Bodies."

In addition, the Contract will include a separate spare parts and tooling allowance of \$200,000 that will be invoiced and paid after SacRT selects the spare parts and tooling and they are delivered and accepted.

FTA regulations require that transit districts conduct a price or cost analysis to determine the reasonableness of the price. Staff reviewed contracts awarded to Gillig by other agencies for buses with similar features. After a review and comparison of contract pricing from two other cooperative/consortium contracts, Staff has determined the price to be fair and reasonable.

Based on the funding and information currently available, Staff recommends the Board: (a) award a Contract to Gillig Corporation for an initial purchase of 30 buses for an amount not to exceed \$20,319,650, including applicable sales tax; (b) delegate authority to the General Manager/CEO to execute amendments for the remaining 69 buses, as funding becomes available during the term of the Contract, (c) delegate authority to the General Manager/CEO to execute amendments to the Contract to increase the not-to-exceed amount by up to \$500,000, in the aggregate, to accommodate pre-production configuration changes.

RESOLUTION NO. 21-09-0113

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

September 27, 2021

**AWARDING A CONTRACT FOR PURCHASE OF TRANSIT BUSES TO GILLIG LLC UNDER THE WASHINGTON STATE TRANSIT BUS COOPERATIVE MASTER CONTRACT NO. 06719-01 AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE AMENDMENTS TO THE CONTRACT**

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

THAT, the Contract for Purchase of Transit Buses between Sacramento Regional Transit District, therein referred to as "SacRT," and Gillig Corporation, therein referred to as "Contractor," whereby Contractor agrees to supply 30 forty-foot low-floor CNG buses, and spare parts, for a not-to-exceed amount of \$20,319,650.00 inclusive of state and local taxes, and SacRT has the option to purchase up to 69 additional buses, is hereby approved.

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

THAT, the General Manager/CEO is hereby authorized to execute amendments to said Contract to purchase up to 69 additional buses, conditioned upon a determination by the Finance Department that is funding available.

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

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STEVE MILLER, Chair

A T T E S T:  
HENRY LI, Secretary

By: \_\_\_\_\_  
Tabetha Smith, Assistant Secretary