



Board Report

File #: 2017-0466, File Type: Contract

Agenda Number: 44

SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE JULY 20, 2017

**SUBJECT: SIXTY FIVE 60' ARTICULATED CNG TRANSIT
BUS CONTRACT**

ACTION: AWARD CONTRACT FOR REPLACEMENT OF 60' TRANSIT BUSES

RECOMMENDATION

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to negotiate and award a firm fixed-price Contract no. OP28367-003, Group B, to New Flyer of America (St. Cloud, MN), for the manufacture and delivery of sixty five 60' CNG transit buses, in a not to exceed amount of \$64,428,454, for the base contract, inclusive of taxes and delivery, exclusive of contract options.
- B. AUTHORIZING the Chief Executive Officer to negotiate and award an additional not to exceed amount of \$3,260,156 for spare parts, optional vehicle features, and training aids for a total combined contract amount not to exceed of \$67,688,610.
- C. ESTABLISHING a life-of-project budget of \$72,200,000, for the sixty five 60' CNG buses under Capital Project no. 201076.

ISSUE

Between FY18-FY22, Metro is scheduled to retire and replace two-hundred sixty (260) 60' buses that will reach the end of their useful life. This action authorizes the award of a base contract for sixty five 60' replacement CNG buses to New Flyer.

DISCUSSION

In April 2016, Metro's Board of Directors authorized staff to initiate RFP OP28367 for the procurement of up to 1,000 CNG or Zero Emission Transit Buses. RFP OP28367, issued in July 2016, consists of four groups, one separately evaluated procurement of each vehicle type:

- Group A, 40' CNG buses (base order of 295, awarded June 2017, pending successful resolution of protest)
- Group B, 60' CNG buses (base order of 65, award targeted for July 2017),

- Group C, 40' ZE buses (base order of 60, award targeted for July 2017),
- Group D, 60' ZE buses (base order of 35, award targeted for July 2017).

This recommended Board action pertains solely to Group B, 60' CNG buses.

This bus procurement is part of Metro's bus fleet replacement plans for FY18 - 22. During this period, Metro will be replacing 60' buses that were purchased between 2004 and 2008 that have reached the end of their service life.

Separately, staff will be presenting to the Board award recommendations for groups C & D of this solicitation.

Procurement Process

For this contract procurement, Metro used a "Best Value" competitive negotiation process which considered factors such as:

- Broadest possible range of competing products and materials available
- Fitness for purpose
- Manufacturer's warranty
- Performance and Reliability
- Life Cycle Costs
- Delivery Schedules
- Support logistics
- Scoring incentive for local (CA) job creationcontent

Metro provided an additional scoring incentive for proposers who committed to local job creation. The Local Employment Program (LEP) is a FTA approved pilot for Metro's Rolling Stock procurement. The LEP allows for geographical preferences to be applied as part of the evaluation scoring. The voluntary program provides proposers with incentive points for creating new jobs in California. The recommended awardee, New Flyer, has proposed to create \$3.1 million in wages and benefits for an additional 17 new FTEs.

The Diversity and Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this rolling stock procurement. Transit Vehicle Manufacturers (TVM), as a condition of authorization to bid or propose on FTA-assisted transit vehicle procurements, must certify that it has an FTA approved DBE overall goal methodology in compliance with 49 Code of Federal Regulations (CFR) Part 26.49(a)(1). New Flyer of America is currently on FTA's list of eligible TVMs, and is certified at a 4.10% DBE goal level. In compliance with 49 CFR Part 26.49, TVMs report direct to FTA.

DETERMINATION OF SAFETY IMPACT

There will be anticipated safety improvements for operating these new CNG buses in Metro's bus fleet. These buses will incorporate the latest safety features and designs, including improved ADA amenities and boarding ramps. New buses will provide a safer, cleaner operating environment for Metro's passengers and employees.

FINANCIAL IMPACT

Total LOP funding of \$72,200,000 will be included in Cost Center 3320 - Vehicle Technology, in project 201073 For FY18, there is \$533,658 programmed to cover expenses for purchasing these buses. Since, this is a multi-year contract, the Cost Center Manager will be responsible for ensuring that future year funding is programmed.

In addition to the direct contract award, \$3,260,155 in funding has been included in the contract award recommendation amount to cover costs for spare parts, training aids, optional equipment, including upgraded passenger counters, stop request buttons and USB passenger charging ports.

Impact to Budget

The current source of funds for this action is Prop C 40% Bonds, which are eligible for this project. This funding source is currently sufficient to award the contract base of this recommendation. Staff is pursuing additional State and Local funding sources such as Cap and Trade and similar sources as they become available.

ALTERNATIVES CONSIDERED

Staff considered purchasing exclusively 60' Zero Emission Buses (ZEB's). This is not recommended at this time as a service-proven ZEB program has not been identified that can effectively cover the broad scope of Metro's operational needs without impacting service and operations. Due to vehicle charging requirements and range limitations, battery electric ZEB's are not currently capable of replacing CNG buses on a 1:1 basis. Additionally, significant electrification work would be required to build up the charging infrastructure for Metro's operating lines and facilities to support daily operations of an electric bus fleet.

Staff considered recommending replacement of all 260 60' CNG buses that are scheduled for replacement between 2018-2022. This is not recommended because funding is not available to fully replace all of these buses in 2018-2019. Additionally, staff wants to develop operational experience with ZEB buses to help determine if there will be viable ZEB alternatives to CNG buses after 2020.

Staff also considered replacing CNG fuel tanks on buses that are slated for retirement to extend their service life. This is not recommended as operating CNG buses that are past the end of their useful life will result in degraded quality of service, reduced fleet reliability, and increased operating and maintenance costs. The costs to return retirement eligible CNG buses back to "Service Ready" condition is significant, often \$150-\$200,000 per bus.

NEXT STEPS

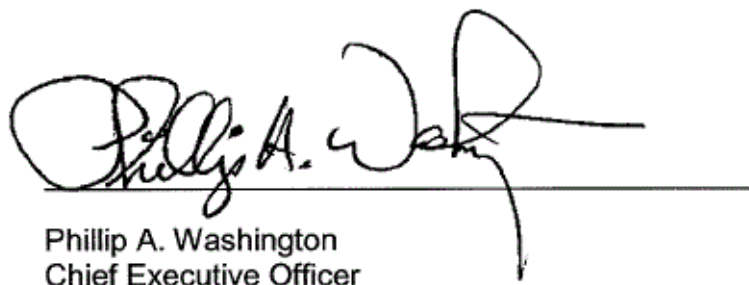
Upon Board approval, staff will finalize negotiations and execute the contract with New Flyer, and issue a Notice to Proceed.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary
Attachment C - Funding and Expenditure Plan

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