

Date: September 25, 2013

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTION 13-09-55 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH GILLIG LLC FOR THE PURCHASE OF LOW-FLOOR 30' AND 40' DIESEL, 40' HYBRID, AND 40' COMPRESSED NATURAL GAS BUSES**

1. Issue or Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) adopt a resolution authorizing the General Manager to execute a contract with Gillig LLC (“Gillig”) (Hayward, CA) for the purchase of low-floor 30' and 40' diesel, 40' hybrid, and 40' Compressed Natural Gas (CNG) buses.

2. Reason for Board Action

Board authorization is required for all goods or services contracts obligating TriMet to pay in excess of \$500,000.

3. Background

As stated during development of TriMet's FY14 budget, TriMet has planned to purchase 254 replacement buses over 4 years (FYs13-16), bringing the average age of TriMet's fleet to 8 years by 2016. In addition, TriMet plans to replace the last high-floor buses in its fleet by FY17. 70 buses budgeted in FY13 are currently being delivered. Purchase of an additional 60 buses is budgeted in FY14. Purchase of 64 buses is planned for FY15, and an additional 60 in FY16.

TriMet's current bus procurement contract was awarded June 2011, for purchase of up to 211 40' replacement diesel buses. Completed and planned deliveries under the current contract are as follows:

TriMet Fiscal Year Budget	Delivery Orders	Delivery Period
FY12	51*	Summer 2012
FY13	70	Summer 2013
FY14	60	Spring 2014
FY15	30	Summer 2014
Total	211	

* 4 hybrid buses were also delivered in Fall 2012, under a separate contract.

To provide for future-year bus deliveries, on April 15, 2013, TriMet issued a Request for Proposals (RFP) for its next multi-year bus procurement contract. The RFP set forth the following minimum and maximum quantities of buses that TriMet desires to order under the new contract, as follows:

	FY15 Initial Order not less than:	FY16 Order 2 up to:	FY17 Order 3 up to:	FY18 Order 4 up to:	FY19 Order 5 up to:	Total up to:
30' Diesel	22	18				40
40' Diesel	8	60*	60*	40	40	208
40' Hybrid	4	10				14

These quantities reflect the following objectives:

- to purchase a total of 64 FY15 buses in Summer to Fall 2014, comprised of 30 ordered under the current contract, and 34 as an initial (minimum) order under the new contract;
- to provide for up to 60 40' replacement diesel buses in FY16, bringing the average age of TriMet's bus fleet to the transit industry standard of 8 years;
- to provide for up to 60 40' diesel buses in FY17, covering both 40 needed to maintain the fleet average age at 8 years, and up to 20 additional buses to increase the fleet size for service restoration and expansion;
- to provide for 40 40' diesel bus replacements in FYs 18 and 19, maintaining 8 years fleet average age;
- to replace TriMet's entire sub-fleet of 30' diesel buses as part of the FY15 initial order under the new contract. These shorter buses must be used on certain routes due to terrain and sharp curves, where regular 40' buses cannot be used. TriMet's current 30' buses are 1990-1992 model years and are overdue for retirement, but TriMet's current bus procurement contract covers only 40' buses. An option quantity of up to 18 30' buses was included, in the event that TriMet decides it needs more 30' buses than its current 22.
- to provide for ordering hybrid buses, if funding is available, equipped with the latest advancements in electrically-driven propulsion and auxiliary systems. The initial (minimum) order of 4 in FY15 are funded under a \$2.5 million FTA Clean Fuels Program grant awarded April 25, 2012. An option quantity of up to 10 hybrid buses was included, in the event that additional funding for hybrid buses becomes available.
- to provide for ordering 40' diesel buses equipped with CNG powertrains, if TriMet should decide to pursue that technology. The 40' diesel option orders marked with an asterisk (*) in the above table are those which the RFP stated that TriMet desires an option for up to 120 buses under the new contract to be CNG-equipped.

Buses delivered to TriMet under the proposed contract will include: low floor design, air conditioning, automatic stop announcements and displays, interior and exterior CCTV cameras, electric engine cooling, and the latest emission reduction technology. In addition, under TriMet's Safety Management System (SMS), in which decision-making for continuous improvement in safety is part of TriMet's day-to-day business and operations, each delivery of buses ordered under the contract will include the latest refinements in safety-related features. Safety staff and members of the Bus Transportation Safety Committee will actively participate in the review of the proposed designs and advise the Bus Procurement Team. In addition, recently performed ergonomic studies will provide key inputs to the process. Examples of safety-related improvements on buses to be delivered under the proposed contract include location of controls and visual annunciators, operator seat adjustability, steering wheel size, anti-glare film on the operator's road side glass, and mobility ramp improvements.

TriMet's RFP issued April 15, 2013 requested respondents to offer technical and price proposals for each type of bus (30' and 40' diesel, and 40' hybrid), as well as for the CNG powertrain option for 40' diesel buses. This approach was taken to provide TriMet the opportunity to award multiple contracts, if the best technical and price proposals for the different types of buses resulted from different proposers.

On June 24, 2013, two (2) proposals were received in response to the RFP, from New Flyer Industries, and from Gillig, which are the leading transit bus manufacturers in the U.S. today. TriMet received four (4) proposals in January 2011 in response to its last bus procurement RFP issued October 2010; the smaller number of proposals received June 2013 reflects consolidation among U.S. transit bus manufacturers in the past few years.

A Source Evaluation Committee (SEC) comprised of TriMet staff evaluated proposers' qualifications and resources, including: experience, past performance, financial resources, engineering and service support resources, organizational diversity and DBE utilization; and proposers' technical capabilities, including: design and operating characteristics, life-cycle cost, delivery timeliness, and service support plan.

On July 19, 2013, questions /requests for clarifications were sent to the proposers, with responses due August 2, 2013. On August 19, 2013, TriMet issued a request for Best and Final Offers (BAFO) with submittal due August 30, 2013. The SEC determined the proposal submitted by Gillig to be most responsive to the evaluation criteria set forth in the RFP, for each bus type:

Evaluation Criteria	Available Points	Gillig	New Flyer Industries
30' Diesel Buses			
Qualifications and Resources of the Proposer	10	8.44	No proposal offered for this bus type
Technical Capabilities	45	26.78	
Price Score	45	45.00	
Total	100	80.22	
Proposal Price (for 40 30' diesel buses)		\$ 18,524,728	
40' Diesel Buses			
Qualifications and Resources of the Proposer	10	8.44	6.88
Technical Capabilities	45	31.06	23.77
Price Score	45	45.00	39.49
Total	100	84.50	70.14
Proposal Price (for 208 40' diesel buses)		\$ 94,936,335	\$ 108,186,883
40' Hybrid Buses			
Qualifications and Resources of the Proposer	10	8.44	Proposal did not meet minimum technical requirements
Technical Capabilities	45	29.89	
Price Score	45	45.00	
Total	100	83.33	
Proposal Price (for 14 hybrid buses)		\$ 9,724,216	
40' Buses with CNG Powertrain Option			
Qualifications and Resources of the Proposer	10	8.44	6.88
Technical Capabilities	45	29.47	23.13
Price Score	45	45.00	40.51
Total	100	82.91	70.52
Proposal Price (for 208 buses; 88 diesel, 120 CNG)		\$100,166,340	\$111,274,638

Gillig's price for each bus type compares closely to staff's independent cost estimates of \$18.2 million for 40 30' diesel buses, \$94.5 million for 208 40' diesel buses, \$11.2 million for 14 hybrid buses, and \$101.9 million for 208 buses with 88 as diesel and 120 as CNG. Gillig's first-year BAFO base prices per bus (excluding training, spare parts, and special tools) are as follows:

- 30' Diesel \$425,873
- 40' Diesel \$438,098
- 40' CNG \$487,048
- 40' Hybrid \$638,542

Projected costs under the proposed contract (including training, spare parts, and special tools) are as follows (in 2013 dollars):

\$ 17,169,706	for the first-year, base contract delivery order for 22 30' diesel buses, 8 40' diesel buses, and 4 40' hybrid buses
\$123,185,279	total estimated value of the contract if the maximum number of buses is purchased (262), and if no CNG options are exercised on any of the 40' buses
\$128,415,284	total estimated value of the contract if the maximum number of buses is purchased (262), and if all 120 CNG options are exercised on the 40' buses

The contract includes a price escalation provision for orders placed during contract years two through five, based on a specific Producer Price Index pertaining to trucks and buses production.

By this Resolution, staff requests that the Board authorize the General Manager to execute the contract and the first-year order, and at his discretion, exercise future orders in years two through five, subject to available resources and annual budget approvals, for all diesel and hybrid bus orders under the contract. If TriMet decides to pursue CNG bus technology, staff will come back to the Board for approval to place CNG bus orders under the contract, since the CNG decision will involve additional considerations for CNG fueling supply and facilities. Execution of the contract and future options are contingent upon successful pre-award audits as required to ensure compliance with FTA Buy America provisions.

Bus purchases under the proposed contract will be funded from a combination of federal and state grants, available operating resources and bond proceeds. The funding mix for each bus order will vary and be part of the budget process for that year. For example, the FY14 bus order (under the current bus purchase contract) is budgeted \$3.8 million in federal grants, \$4.7 million TriMet resources and \$17.7 million from revenue bonds. TriMet will always pursue all grant funding opportunities, reducing the amount of revenue bonds that need to be issued to the extent additional bus procurement grants are received. Separate Board approval is required before any additional revenue bonds may be issued.

Over the past 10 years, Gillig has delivered over 10,000 buses to more than 300 U.S. transit agencies and other customers, including C-TRAN in our local area. TriMet's experience with Gillig under TriMet's current bus procurement contract, and references from other agencies, are both favorable.

4. Options

TriMet could suspend or defer replacement bus purchases, but has determined that this is not a viable option. TriMet has determined that a 15 to 16-year bus replacement life cycle is optimal. Longer replacement cycles drive bus maintenance costs up and reduce service reliability. TriMet could re-solicit for this contract, but is unlikely to get either a better product or better pricing.

5. Recommendation

The General Manager recommends the Board adopt the Resolution.

RESOLUTION 13-09-55

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH GILLIG LLC FOR THE PURCHASE OF LOW-FLOOR 30' AND 40' DIESEL, 40' HYBRID, AND 40' COMPRESSED NATURAL GAS BUSES

WHEREAS, TriMet has authority under ORS 267.000 to enter into a one-year contract with four additional one-year options with Gillig LLC for the purchase of low-floor 30' and 40' diesel, 40' hybrid, and 40' Compressed Natural Gas buses (“Contract”); and

WHEREAS, the total amount of the Contract shall exceed \$500,000; and

WHEREAS, the TriMet Board of Directors (Board), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve goods and services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager is authorized to execute the Contract.

Dated: September 25, 2013

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department