

Committee Report

T Transportation Committee

For the Metropolitan Council meeting of October 10, 2007

Item: **SW** 2007-331

ADVISORY INFORMATION

Date Prepared: October 3, 2007

Subject: Authorization to Award Contract for Transit Buses

Summary of Committee Discussion:

Chris Gran answered questions from committee members regarding current funding status and the quality of the bid. He noted that the most recent Gillig Corporation bid represents a savings of approximately \$3,000 per diesel bus and \$5,000 per hybrid, or a total of approximately \$1.2 million, as compared to the previous Gillig bid. Jan Homan added that this bid reflected a number of design enhancements from the previous BAFO. There were significant life-cycle costing benefits to the buses as well.

Item was moved to same week to provide sufficient lead time to take advantage of early delivery offered by Gillig.

Recommendation:

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute a contract with Gillig Corporation for the purchase of 314 forty-foot transit buses, with an option for up to an additional 300 buses, in accordance with the Council's specification and Gillig's Best and Final Offer dated September 26, 2007, contingent on satisfactory results from the Buy America Pre-Award Audit.

T Transportation Committee

Meeting date: October 8, 2007

For the Metropolitan Council Meeting – October 10, 2007

ADVISORY INFORMATION

Date:	October 3, 2007
Subject:	Authorization to Award Contract for Transit Buses
District(s), Member(s):	All
Policy/Legal Reference:	Council Policy 3-3 Expenditures – Procurement of Goods and Services Over \$250,000
Staff Prepared/Presented:	Brian Lamb, General Manager, 612-349-7510 Vince Pellegrin, Chief Operating Officer, 612-341-5612 Julie Johanson, Assistant General Manager-Admin, 612-349-7514 Jan Homan, Director of Vehicle Maintenance, 612-349-5000 Chris Gran, Director of Purchasing, 612-349-5060
Division/Department:	Metro Transit

Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute a contract with Gillig Corporation for the purchase of 314 forty-foot transit buses, with an option for up to an additional 300 buses, in accordance with the Council's specification and Gillig's Best and Final Offer dated September 26, 2007, contingent on satisfactory results from the Buy America Pre-Award Audit.

Issue

Metro Transit must purchase 314 forty-foot transit buses from now through 2011 to replace the 314 forty-foot buses that are scheduled for retirement.

Overview and Funding

As a key component of the Council's Going Greener initiative, Metro Transit will replace 314 retiring buses through 2011 with 164 standard clean-diesel buses and 150 hybrid diesel-electric buses. The new fleet will significantly reduce tailpipe emissions, fuel consumption and operating costs.

On July 2, 2007, the Council issued a solicitation for proposals. This is a re-solicitation of a previous procurement that was canceled in May 2007 after state legislation was enacted that conditioned the Council's deficiency appropriation on cancellation of the procurement of 314 buses.

The new solicitation contains most of the same requirements as from the canceled procurement, with a few refinements made to the process. Significant life-cycle costs – fuel economy, tires, engine, body and windshield – of the proposed bus were used, along with the initial purchase cost, to determine the total Council cost. The bus manufacturer will receive an incentive payment for early delivery of some of the buses; a one-percent incentive payment will be achieved on each bus after the fiftieth bus delivered by August 8, 2008.

Two proposals were submitted in response to the new solicitation, from DesignLine International Holding, LLC and from Gillig Corporation. Proposers were required to submit separate technical and price proposals, which were evaluated independently using the criteria set forth in the solicitation document. The Evaluation Panel concluded that DesignLine is not qualified to successfully accomplish the contract, and that proposal was not considered further. The Evaluation Panel also concluded that Gillig is qualified to accomplish the contract. The

Panel met with Gillig to discuss its proposal in detail. The discussion included Gillig's requests for deviations, questions the Panel had concerning the proposal, and requested changes to the life-cycle costing factors. Based on these discussions, the Council amended its specifications and issued a Request for Best and Final Offers (BAFO).

The Evaluation Panel rated the Gillig BAFO as "very good". The proposal was rated particularly high in the areas of vehicle design and maintainability, quality assurance, history of performance of the proposed vehicle, delivery schedule, and warranty coverage. The proposed base price of \$345,324 (plus \$8,080 for warranty and \$3,200 for delivery) for the diesel bus and \$518,334 (plus \$35,000 for warranty and \$3,200 for delivery) for the hybrid bus is fair and reasonable when compared with recent proposed prices and with prices paid by other transit agencies. The base prices are firm for the first 132 buses to be delivered by the end of 2008, and the total cost is \$56,068,578. The base price after the first 132 buses is subject to a Producer Price Index escalation. Assuming 3.3 percent annual escalation during 2009-2011, the total contract estimate for the 314 buses is \$148,342,290.

Based on contract award and Notice to Proceed issued on October 26, 2007, Gillig proposes to begin deliveries in July 2008 with delivery of the first 132 buses completed in November 2008. Thereafter, the annual deliveries will be completed each June.

This procurement includes an option for up to 300 additional buses – 150 diesel and 150 hybrid buses. The Council may approve exercising an option at any time over the next five years if there is a need for additional buses and if funding is available.