



ITEM #7

DATE: June 4, 2014

TO: Board of Directors

FROM: Marlena Kohler, Purchasing Manager/DBE Officer
Robert Lurie, Director of Fleet and Facilities

SUBJECT: Consider Authorizing the General Manager to Complete Negotiations and Execute a Contract with Gillig Inc. for Up to Fourteen (14) 40-Ft Low Floor CNG Replacement Buses

I. EXECUTIVE SUMMARY

It is recommended that GCT award a contract to Gillig, LLC for up to fourteen (14) 40 foot Low Floor CNG Replacement Buses. GCT fixed route fleet currently has six (6) 2001 and two (2) 2003 NABI buses close to their respective Federal Transit Administration (FTA) mandated life expectancy, which is 12 years. GCT plans to purchase eight (8) of the option buses immediately. The remaining six (6) option buses will be purchased approximately 18 months from issuance of the purchase order, subject to GCT's fleet replacement schedule and funding availability. Three (3) of the options will be used for future replacement of the 2004 NABIs currently in our fleet and the three (3) remaining option buses will be used for possible expansion buses.

Currently, the costs are as follows:

Per bus	8 buses	11 buses	14 buses
\$511,864.88	\$4,094,919.04	\$5,630,513.68	\$7,166,10.32

*price includes tax but excludes license fee

In order to receive delivery of the buses prior to the end of the 12-year life cycle and accommodate the manufacturer's production board, it is imperative that a purchase order is executed immediately after the specifications are agreed upon. Although GCT's staff is close to determining the exact specifications of the buses, there are a few items yet to be resolved (i.e. extended warranty). Therefore, Staff is also recommending that the Board authorize the General Manager an additional amount to

cover minimal specification adjustments within the stated parameters without requiring an additional Board meeting.

It is recommended the Board of Directors authorize the General Manager to complete negotiations and award a contract for up to fourteen (14) 40 foot Low Floor CNG Replacement Buses to Gillig, LLC, a California based manufacturer located in Hayward, in the amount not-to-exceed \$7,166,108.32 and authorize up to an additional 5% for each bus (\$25,000) to cover minimal specification adjustments.

II. BACKGROUND

GCT staff conducted research with bus manufacturers to locate possible CNG bus options that would be available to GCT for assignment. There were two transit agencies which had options available that could meet our requirements:

- **City of Santa Monica (Big Blue Bus)**
Their contract, which was issued in May 2010, was for an initial quantity of nine (9) to forty-seven (47) NABI 40-foot CNG low floor buses during the initial year. Also included, 5 (five) one-year option periods to purchase up to 15 buses per option period. They are currently in Option Year 4 and due to a "change in direction" will not be purchasing any buses this option year. City of Santa Monica has agreed to assign fourteen (14) of their option year 4 quantities to GCT.
- **San Diego Metropolitan Transit System (MTS)**
Their contract, which was issued in December 2012, was for an initial quantity of fifty (50) Gillig 40-foot CNG low floor buses. Also included, five (5) one-year option periods to purchase up to 50 buses per option period. They are currently in their second year of their contract and due to service changes and addition of new services; a shift in the size of buses was realized by MTS. They will be replacing the need for 40 foot buses to 60 foot buses. Since MTS will not be using their option quantities this year, they have agreed to assign fourteen (14) of their option year 2 quantities to GCT.

GCT staff has met and reviewed both bus manufacturers' technical components and pricing in order to determine which manufacturers' bus best meets GCT's requirements. Both manufacturers are able to meet GCT's aggressive delivery schedule, provide a bus configuration that includes the specialized components used by GCT and provided competitive pricing, however Gillig, LLC pricing was lower:

Mfr	per bus	Tax (8%)	Per bus total	Total 14 buses
NABI	\$514,318.00	\$41,145.44	\$555,463.44	\$7,776,488.16
Gillig	\$473,948.96	\$37,915.92	\$511,864.88	\$7,166,108.32
		difference	\$43,460.32	\$608,444.48

MTS conducted an extensive price analysis using price comparison of previous bus purchases plus Producer Price Index (PPI) as a basis of determining Gillig's price as fair and reasonable. GCT staff has reviewed this documentation and concurs with their outcome. Taking into consideration MTS's analysis and the pricing given to GCT by both manufacturers, GCT's staff has determined that Gillig's price is fair and reasonable and would be in the best interest of GCT to award to Gillig, LLC.

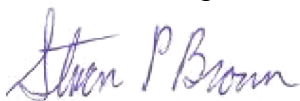
At the time of this report, complete agreement with Gillig on price had not been reached for items staff considers appropriate (i.e. extended warranty). However, based on pricing agreed to so far and recognizing a maximum amount for the unresolved issues, Staff is recommending Board of Directors authorize up to an additional 5% per bus (\$25,000) to cover these adjustments.

Based on GCT's letter of intent for 14 buses, Gillig has agreed to produce the first eight (8) buses in July 2015, and the remaining six (6) buses (3 replacements and 3 expansion) subject to GCT's fleet replacement schedule and funding availability.

III. SUMMARY & RECOMMENDED ACTION

It is recommended the Board of Directors authorize the General Manager to complete negotiations and award a contract for up to fourteen (14) 40 foot Low Floor CNG Replacement Buses to Gillig, LLC in the amount of \$7,166,108.32 and authorize up to an additional 5% for each bus (\$25,000) to cover minimal specification adjustments.

General Manager's Concurrence



Steven P. Brown