



Metro

Los Angeles County
Metropolitan Transportation Authority

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**AD HOC CONGESTION PRICING COMMITTEE
MARCH 18, 2009**

**SUBJECT: PURCHASE BUSES FOR CONGESTION REDUCTION DEMONSTRATION
PROJECT (LA CRD)**

ACTION: ESTABLISH LIFE-OF-PROJECT BUDGET FOR 41 NEW BUSES

RECOMMENDATION

- A. Establish a life-of-project budget for the purchase of 41 Compressed Natural Gas (CNG) composite buses for the FY10 capital program including project contingency in the amount of \$28,400,000.
- B. Authorize the Chief Executive Officer to negotiate and execute:
 - 1) Contract Option No. 1 to Contract OP33202082 with North American Bus Industries (NABI) to purchase up to 41 CNG high capacity composite buses for the price not to exceed \$27,777,500, increasing the Total Contract Value from \$170,915,626 to \$198,693,126 inclusive of sales tax, and subject to completion of a Buy America Pre-Award audit and;
 - 2) Modifications for in this procurement an amount not to exceed \$272,392, increasing the Total Contract Value from \$198,693,126 to \$198,965,518.

RATIONALE

This action establishes the budget authority necessary to proceed with the purchase of buses for the Los Angeles County Congestion Reduction Demonstration Project (LA CRD). As required in Metro's financial policies, this project exceeds \$5 million, and this action is necessary to program funds required for this procurement. Funding for this new project will be provided by a special grant from the US Department of Transportation. These are expansion buses that will increase the size of Metro's bus fleet.

Contract OP33202082 is a fixed-unit rate contract for the purchase of 260 NG high capacity transit buses that was awarded on April 24, 2008. These 41 buses will be the first option buses awarded under this contract.

Since 2004, we have put 100 NABI 45' Compo-buses in service. To date, the compo-buses have proven to be both durable and economical. Not only is the vehicle structure stronger

than a conventional steel frame vehicle, but the buses have 15-20% more capacity for carrying passengers than standard 40' buses.

These buses will be used to support the LA CRD (FastLanes). The FastLanes demonstration project is a federally funded project intended to test pricing strategies to alleviate congestion, maximize freeway capacity usage, and fund additional transit alternatives on High Occupancy Vehicle (HOV) lanes along the I-110 and I-10 corridors. The FastLanes project will provide the opportunity to choose better transportation alternatives, and a choice to shift to more convenient express transit options and vanpools that serve the corridor route. To attract a greater mode split to transit, the 41 buses will be assigned to a new Bus Rapid Transit Line which will operate on the HOV lanes along the I-110 and I-10 corridors.

IMPACTS TO OTHER CONTRACTS

Staff will exercise a contract options in contracts OP33202167 and OP33202168 with Vehicle Technical Consultants, Inc. to cover bus inspection services at NABI's production facilities in Kaposvar, Hungary and Anniston, Alabama. The total amount of these contract options is budgeted at \$69,030.

FINANCIAL IMPACT

Funding for the buses will be included in the FY10 capital program budget under project number, 201059, Congestion Mitigation Project Bus Procurement, cost center #3320, Vehicle Technology. The identified funding is FTA Section 5307. The attached funding plan (Attachment B) is provided as a management guide, however, the Chief Executive Officer retains the authority to substitute funding and modify the cash flow as required to meet project needs.

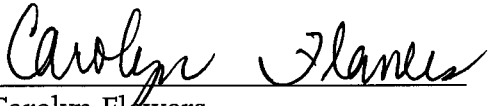
ALTERNATIVES CONSIDERED

Staff considered initiating a new procurement for a different vehicle type. This is not recommended as the 45' Compo-bus offers operating and maintenance efficiencies over conventional 40' buses, and provides additional capacity to support anticipated ridership levels.

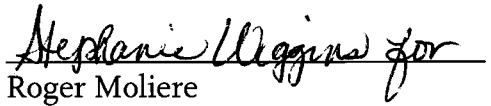
ATTACHMENTS

- A. Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- B. Life of Project Budget for Articulated Buses

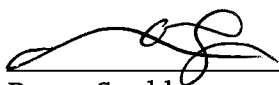
Prepared by: Richard Hunt, General Manager, San Fernando Valley Service Sector
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Chief, Real Property Management and Development



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**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

PURCHASE BUSES FOR CONGESTION REDUCTION DEMONSTRATION PROJECT (LA CRD)

1.	Contract Number: OP33202082		
2.	Recommended Vendor: North American Bus Industries		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: NA	Recommended Price: Not to Exceed \$27,777,500 (Including fareboxes and ATMS radios)	
	B. Details of Significant Variances are in Attachment: NA		
4.	Contract Type: Fixed Unit Rate		
5.	Procurement Dates:		
	A. Issued: NA		
	B. Advertised: NA		
	C. Pre-proposal Conference: NA		
	D. Proposals Due: NA		
	E. Pre-Qualification Completed: NA		
	F. Conflict of Interest Form Submitted to Ethics: February 23, 2008		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0%	Date Small Business Evaluation Completed: Not applicable	
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: NA	Bids/Proposals Picked up: NA	Bids/Proposals Received: NA
8.	Evaluation Information:		
	A. Bidders/Proposers Names: NA	<u>Bid/Proposal Amount:</u> NA	<u>Best and Final Offer Amount:</u> NA
	B. Evaluation Methodology: Describe Methodology Details that are in Attachment A-1		
9.	Protest Information:		
	A. Protest Period End Date: NA		
	B. Protest Receipt Date: NA		
	C. Disposition of Protest Date: NA		
10.	Contract Administration Mgr: Margaret E. Merhoff	Telephone Number: 922-1073	
11.	Project Manager: Mike Bottone	Telephone Number: 922-5911	

BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

PURCHASE BUSES FOR CONGESTION REDUCTION DEMONSTRATION PROJECT (LA CRD)

A. Background on Contractor

North American Bus Industries (NABI) was established in 1992. It has manufacturing facilities in Budapest and Kaposvar, Hungary; and Anniston, Alabama. NABI currently produces approximately 700 buses per year, and has the production capacity to produce approximately 1000 buses per year. Its production capabilities include 30 – 60-foot steel-frame buses, and 30 – 45 foot composite buses.

NABI has previously delivered 875 40-foot CNG buses for Metro. The firm also produced 100 composite structure 45-foot CNG buses and 391 sixty-foot articulated CNG buses for Metro. They are now producing 260 additional 45-foot composite structure CNG buses for Metro. Bus quality and reliability have been very good. In addition, the company has produced buses for many other major transit agencies. NABI has a local support-services facility in Ontario, CA. In early 2006, NABI was acquired by Cerberus Capital Management, L.P., a U.S.-based private equity fund. Subsequently, NABI purchased Optima Bus Corporation and Cerberus most recently purchased Blue Bird Corporation, another transit bus manufacturer. The company is well capitalized and there is a low financial or performance risk with this company.

B. Procurement Background

On November 9, 2007, IFB No. OP33202082 was issued and advertised. Two proposals were received. As a result of the technical and price evaluation, the resulting contract was awarded to NABI. The contract contains options for up to 740 additional CNG vehicles. The options are valid until June 2, 2013. To be able to exercise the option without it being considered a sole source, Metro must consider option pricing when an award is made. In this case, the pricing for option buses is based on the increase or decrease in the Producer Price Index for Bus and Truck Bodies (PPI) that occurred since the contract award. The use of the PPI complies with the option pricing requirement as all submitted pricing would be treated in the same manner.

As required by Metro's Procurement Policy, staff must also determine that the option pricing is reasonable. It was determined that no additional orders have been placed for similar 45-foot CNG buses since the award of this contract. The original pricing of \$597,475 per vehicle was determined to be reasonable based on a price analysis. During the seven month period since the contact award, the PPI has increased 2.45% or \$14,621 per bus. Based on the PPI increase, the base price for each option bus will total \$612,096

not including approved modifications, delivery and sales tax which appears to be reasonable.

The Diversity & Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this bus procurement. The Federal Transit Administration (FTA) requires that each Transit Vehicle Manufacturer (TVM) submit for approval an annual percentage overall goal. The TVM goal is based on the amount of federal funding to be received by the TVM for transit vehicle contracts during the fiscal year. In compliance with 49 CFR Part 26.49, TVMs report directly to FTA. Therefore, compliance with the DBE requirements is monitored at the federal level.

C. Evaluation of Proposals

Not applicable.

D. Cost/Price Analysis Explanation of Variances

The recommended increase of not to exceed \$612,096 per vehicle has been determined to be fair and reasonable based upon price analysis from the original procurement.

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

**PURCHASE BUSES FOR CONGESTION REDUCTION DEMONSTRATION PROJECT (LA
CRD)**

PRIME CONTRACTOR NORTH AMERICAN BUS INDUSTRIES

Small Business Commitment

Other Subcontractors

NA

FAB Industries

Total Commitment 0%

ATTACHMENT B
FUNDING PLAN FOR CONGESTIONS MITIGATION PROJECT BUSES

Bus Purchase CP 201059

Sources of funds (\$millions)	FY09	FY10	FY11	Total
CMAQ				
Clean Fuel 5309				
PC 40%				
TDA4				
FTA Grant		28,400,000		28,400,000
Total		28,400,000		28,400,000

Uses of funds (\$millions)	FY09	FY10	FY11	Total
Acquisition		27,777,500		27,777,500
Pro Services		82,836		82,836
Labor		195,242		195,242
Travel		69,030		69,030
Spare Parts				
Contingency		275,392		275,392
Total		28,400,000		28,400,000

Note: Funds may be substituted, as needed, to meet the statutory match requirement.