

Item 43

CNG Articulated Bus Options



Metro

CNG Articulated Bus Options

**At the Operations Committee meeting,
Director Parks asked staff to clarify two
issues:**

- 1. Could debt financing be used for this procurement?**
- 2. How would delaying this procurement affect the delivery of the buses?**

Articulated Bus Options – Debt Financing

- **\$49.7 million in the project funding plan is eligible for bus operations.**
- **OMB estimates that using debt financing this will add \$19.6 million additional costs to the project bringing the total to \$105.6 million.**

Articulated Bus Options – Debt Financing

- **Alternatives include:**
 - **buying fewer buses while maintaining the current project budget. This is not recommended because we will not meet our consent decree fleet requirements.**
 - **Increase the current project budget to include debt financing costs. This is not recommended because it will increase the 10 year forecast structural deficit.**

Articulated Bus Options – Delayed Contract NTP

- NABI has indicated that with a mid May NTP, Metro will begin receiving the buses in early fall 2007, with complete delivery by December 2007.
- NABI has indicated that delaying the NTP past mid May will delay the delivery of the buses for up to two years.
 - Under the terms of the contract, NABI has up to three years to deliver buses without penalty.

Articulated Bus Options – Delayed Contract NTP

- **Delaying the NTP & delivery of the buses will impact the consent decree commitments to:**
 - Implement the remaining Rapid service by 2008
 - Expand seat capacity by 2010.
- **Delaying the NTP could possibly result in increased costs due to contract CPI increases.**

Conclusion

Because of the increased project costs and the impact on our consent decree commitments, we recommend that the Board proceed with and approve the staff recommendation to procure the CNG Articulated buses.