Metro

Metropolitan Transportation Authority
One Gateway Plaza
Los Angeles, CA 90012-2952
213.922.2000 Tel
metro.net

OPERATIONS COMMITTEE
JULY 15, 2004

SUBJECT: ADDITIONAL BUSES FOR CONSENT DECREE COMPLIANCE

ACTION: EXERCISE OPTION FOR 75 FORTY-FOOT CNG BUSES

RECOMMENDATION

Authorize the Chief Executive Officer to:

A. Exercise Contract Option No. 1 to Contract No. OP33200634 with North American Bus Industries to purchase 75 additional forty-foot CNG buses, in the amount not to exceed $30,000,000, increasing the Total Contract Value from $125,936,581 to $155,936,581, inclusive of sales tax.

B. Execute modifications for this procurement up to the amount not to exceed $1,000,000, for a total contract value not to exceed $156,936,581.

C. Amend the FY 05 capital budget to appropriate $15.9 million of General Fund sales/leaseback proceeds and $14.1 million of right-of-way lease revenues to purchase 75 forty-foot CNG buses.

RATIONALE

"Memorandum Decision II and Final Order" was issued by Special Master Donald Bliss on January 12, 2004, and re-affirmed by US District Judge Terry J. Hatter, Jr., on June 28, 2004. This ruling called for Metro to purchase the equivalent of 145 new buses by June 30, 2005, and another 381 new buses by June 30, 2007, or 526 new buses (or their equivalent) in total.

Exercising the contract option for 75 new 40-foot buses from North American Buses Industries will ensure that the Metro has sufficient quantities of new vehicles available to comply with this Consent Decree ruling. The 75 40-foot buses from this order, when combined with other high-capacity 45-foot and 60-foot buses currently on order, will put a total of 205 new buses into revenue service by June 30, 2005.

Special Master's ruling allows Metro to take credit for the additional capacity provided by articulated and 45' buses. Based on the total number of passenger seats put into service, the 205 new buses will provide the equivalent of 233 additional 40' buses (a total of 9,310 additional passenger seats) into active service. Furthermore, Metro plans to add at least 526 "Bus equivalents" and 21,052 passenger seats by June 30, 2007 (refer to Attachment 1 which breaks down Metro's acquisition and replacement plans). Staff will return to the Board later this year with a recommendation to purchase additional articulated buses to be delivered by the end of 2007.

Contract No. OP33200634 is a fixed-unit rate contract for the purchase of 370 forty-foot low-floor CNG transit buses that was awarded on May 25, 2000. The buses in the base order of this contract were delivered in 2002 and 2003. The buses from the base order in this contract have been among the most reliable in the Metro fleet.

IMPACTS TO OTHER CONTRACTS

This contract modification will have no impact on other existing Metro contracts. However, because this purchase was not included in Metro's capital plan or FY 2005 budget, it will require the agency to identify deferments or alternative funding in the amount of $30 million that is not currently planned for future bus procurements.

FINANCIAL IMPACT

Funding of $30,000,000 for this project will come from $15.9 million of General Fund sales/leaseback proceeds and $14.1 million of right-of-way lease revenues. As part of this action, the funding will be added to the FY05 capital budget in cost center 3320, Vehicle Technology, under project number 200004, Bus Acquisitions, line item number 53105, Acquisition of Revenue Vehicles.

This option is funded with local funds, but the project has been funded with a combination of federal and local funds.

ALTERNATIVES CONSIDERED

Staff considered initiating a new procurement(s) for additional new buses, or exercising available options for additional articulated buses. However, neither of these options would have been able to bring in any additional buses prior to June 30, 2005.

ATTACHMENTS

1. Breakdown of Additional Buses and Seating Capacity
A. Procurement Summary
A-1 Procurement History
A-2 List of Subcontractors

Prepared by: Richard Hunt, Deputy Executive Officer Vehicle Technology
John Drayton, Vehicle Technology Manager

John B. Catoe, Jr.
Deputy Chief Executive Officer

Roger Snoble
Chief Executive Officer

Attachment 1: **Breakdown of New Bus Purchasing Elements of Special Master's January 2004 Order**

Element	Status
A. Purchase and Place Into Service 145 New Buses (or equivalent) by June 30, 2005[1]	Underway. Must add the equivalent of 5,800 new passenger seats.
B. Procure a total of 381 Replacement Buses (or equivalent) between FY03 and FY07.[2]	Underway. Will require addition of 381 buses and 15,240 passenger seats by June 30, 2007.
Total	Will require acquisition of 526 new 40' buses, or equivalent, (21,040 total passenger seats) by June 2007

A. Breakdown of 145 New Bus Equivalents to be added by June 2005 (5,800 new seats):

Bus Type	Notes	Quantity	Seats/Bus	Total Seats Added	40' Equivalents
40' Buses	New Order	75	40	3,000	75
45' Compo Bus	Under Contract	100	46	4,600	115
60' Artic	Under Contract	30	57	1,710	43
Total		205		9,310	233

B. Breakdown of 526 New Bus Equivalents to be added by June 2007 (21,040 new seats):

Bus Type	Notes	Quantity	Seats/Bus	Total Seats Added	40' Equivalents
	New Buses Above	205	-	9,310	233
60' Artic	Base Order	170	57	9,690	242
60' Artic	FY07 Option Buses	36*	57	2,052	51
Total	FY03-07	415		21,052	526

* This is the minimum quantity of articulated buses needed to comply with the Special Master's January 2004 order. Metro's Fleet Management Plan calls for the delivery of 100 new articulated buses in 2007.

[1] Special Master's Order dated January 12, 2004, page 72, item 3.
[2] Special Master's Order dated January 12, 2004, page 72, item 2.

BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY

EXERCISE OPTION FOR 75 LOW FLOOR CNG TRANSIT BUSES

1.	Contract Number: OP33200634		
2.	Recommended Vendor: North American Bus Industries		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: NA	Recommended Price: Not to Exceed $30,000,000	
	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: July 6, 2004		
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> Not applicable
	B. Evaluation Methodology: Describe Methodology Details that are in Attachment A-1.C		
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

EXERCISE OPTION FOR 75 LOW FLOOR CNG TRANSIT BUSES

A. Background on Contractor

North American Bus Industries (NABI) was established in 1992. It has manufacturing facilities in Budapest and Kaposvar, Hungary; Anniston, Alabama; and Leeds, England. NABI currently produces approximately 800 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. The firm has previously produced several composite body buses and has orders for future such buses.

NABI has delivered 800 40-foot low floor CNG buses for Metro and is currently producing 100 composite 45-foot CNG buses for Metro. In addition, the firm is also producing 200 sixty-foot articulated 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 Upland, CA, and is developing a Parts Distribution Location at that facility. The company is publicly traded on the Hungarian Stock Exchange and is well capitalized. There is a low financial or performance risk with this company.

B. Procurement Background

On December 27, 1999, IFB No. OP33200634 was issued and advertised. Three bids were received. After evaluation of the technical submittals and selection of the preferred fuel type by the Board of Directors, the sealed pricing was opened and the resulting contract was awarded to NABI. The resulting contract contains options for up to 700 additional CNG vehicles. The options are valid until July 22, 2005. 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 the Procurement Policy Manual, staff must also determine that the option pricing is reasonable. It was determined that only a few recent orders for 40-foot CNG buses have been placed during the past year. The original pricing of $307,694 per vehicle was determined to be reasonable based on a price analysis. During the period since the contact award, the PPI has increased 8.52% or $26,211 per bus. Based on the PPI increase, the price for each option bus will total $333,905, not including delivery and sales tax. This pricing was compared to pricing paid in September 2003 by Foothill Transit for the same buses that Foothill purchased using Metro options. Foothill's price was approximately $328,000 including delivery. Since September 2004, the PPI has increased 3.5%. If that increase were applied to the Foothill pricing, the price would total $339,790. Thus, the proposed PPI pricing of $333,905 for each Metro bus is considered reasonable. This figure does not include delivery, sales tax, or other previously approved contract modifications. When those figures are included, the price of each bus will total $367,834 per vehicle or $27,587,538. The proposed Board action also includes funding for bus inspection services, "make-up" provisions including new farebox, ATMS and other items. Metro staff has identified several changes that can be implemented to reduce the cost of the buses. Thus, the proposed action sets a ceiling for the option contract and related expenditures.

The Diversity & Economic Opportunity Department did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this bus procurement. 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 $26,211 per vehicle has been determined to be fair and reasonable based upon price analysis derived from comparable historical pricing for similar buses and equipment.