

SOUND TRANSIT

RESOLUTION NO. R98-34

Contract with The Gillig Corporation to Purchase Buses BACKGROUND AND COMMENTS

| Meeting: | Date: | Type of Action: | Staff Contact: | Phone: |
|-------------------------------------|---------|--------------------------|--|--------------|
| Finance Committee | 6/18/98 | Recommend Board Approval | Veronica Parker, Program Manager, Regional Bus | 206-689-3533 |
| Special Executive Committee Meeting | 6/25/98 | Approval | Agnes Govern, Director, Regional Express | 206-684-1673 |
| Board of Directors | 7/23/98 | Ratification | | |

ACTION:

Approval of a resolution authorizing the execution of a contract with the Gillig Corporation for the purchase of 70 buses with the opportunity to purchase an additional 20 buses. This contract with Gillig Corporation exercises an option for up to 90 standard height 40' buses held by King County Metro, provided that the initial purchase of 70 buses does not exceed \$25 million. This amount includes taxes and \$1.5 million for spare parts.

BACKGROUND:

Sound Move included funding for the implementation of 20 regional express bus routes. The cash flow included money for the purchase of 175 buses. Motion 98-3 authorized staff to acquire 40' buses by working with King County and negotiating with the Gillig Corporation to exercise options under their current contract agreement.

According to *Sound Move*, the regional bus service requires 175 buses to operate the 20 regional routes. This number does not include the appropriate spare ratio. A 20% spare ratio is recommended. The quantity of spares will ensure that quality of service is high through timely maintenance and readily available bus change-outs when needed. Currently our partner transit agencies have spare ratios between 20-24%.

The Service Implementation Plan (SIP) is underway and will provide detailed analysis on fleet requirements, service level, and operating budget constraints.

Working Assumptions for Fleet Composition:

| Bus Type | Quantity | Delivery Schedule (Beginning Date) | Resolution Number |
|----------------------------------|---|---------------------------------------|-------------------|
| 60' Articulated Buses | Up to 75 | 1 st quarter 1999 | 98-16 |
| 40' Diesel Buses | Up to 90 | 1 st quarter 1999 | R98-34 |
| 40' New CNG Buses (Pierce) | To be determined by Service Implementation Plan | To be determined | Future Action |
| 40' Leased CNG Buses (Pierce) | 27 | N/A | Future Action |

Regional Express has submitted an \$18 million federal grant application for the 40' Gillig Corporation purchase. As a result, staff has requested a letter of no prejudice from FTA to keep this procurement eligible for federal funds.

RELEVANT BOARD POLICIES AND PREVIOUS ACTIONS TAKEN:

- Adoption of *Sound Move* (Resolution No. 73)
- Adoption of 1998 Budget (Resolution No. 101)
- Motion 98-3 approving bus procurement strategy (February 12, 1998)

KEY FEATURES:

Description of scope – This contract is for the purchase of up to 90 standard height 40' buses from Gillig Corporation, based on King County Transit specifications. The contract will also include taxes and approximately \$1.5 million for spare parts. Based on previous Board discussion, air conditioning has been added to the specification. The unit cost for the air conditioning system is approximately \$7,000 per bus.

Description of procurement/selection process - Sound Transit is exercising an option held by King County Metro. King County used a Request for Proposals process and the following criteria to select a “competitive” range of proposers.

- Price - 35% of score
- Responsibility (Reputation, Financial Resources, Capability) – 20% of score
- Support and Documentation – 15% of score
- Vehicle Characteristics – 30% of score.

Proposers that fell within the competitive range were given the opportunity to submit Best and Final Offers (BAFOs). The selection was made from among the BAFOs.

Cost – Approximately \$310,000 per bus including a contingency of approximately 3%. Major features include: air conditioning, bike racks, and high back seats. Additional planned features include parcel racks and reading lamps. The unit price does not include taxes, fare boxes, radios, and tires.

Other Contract Terms:

- Buses are warranted for one year or 50,000 miles, whichever comes first. In addition, there are warranty periods for specific components of the bus.
- The manufacturer must guarantee the availability of replacement parts at competitive prices for at least 15 years.
- The manufacturer must provide a performance/payment bond.
- There is a termination for convenience clause, a termination for non-appropriations clause, and a termination for default clause.
- There is a provision for change orders which requires a price/cost analysis of the change and negotiation of a final price agreement for the change.

- The contract stipulates the buyer will provide a fleet inspector to be stationed at the bus-manufacturing site to perform technical liaison functions, inspect the work, witness performance and quality assurance testing, and conduct pre-shipment inspections.
- The manufacturer is required to create a prototype bus for Sound Transit's inspection. This is an opportunity to see what the bus will look like before it goes into fleet production.

FUNDING:

The 1998 budget includes \$72 million for bus acquisition. The initial purchase for this contract is valued at approximately \$25 million. The \$25 million purchase order would be for the purchase of 70 buses and major spare parts. If additional buses are purchased from this contract, staff would return to the Board for approval.

ALTERNATIVES:

The Board could decide not to authorize this contract, resulting in an Invitation for Bid procurement process. The lead-time to complete this type of procurement process and manufacture the fleet will not meet the late-1999 implementation date.

CONSEQUENCES OF DELAY:

Given the current manufacturing climate, bus procurement has a lead-time of 18 to 24 months. Delay on this contract will jeopardize our ability to secure delivery dates that will meet the late-1999 implementation date. Forty-foot buses may not be available for Regional Express service until the end of 2000.

SOUND TRANSIT

RESOLUTION NO. R98-34

A RESOLUTION of the Board of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a contract with the Gillig Corporation for the purchase of up to seventy 40' buses with the opportunity to purchase an additional twenty 40' buses, provided that the initial purchase of seventy buses does not exceed \$25 million, including taxes and \$1.5 million for spare parts.

WHEREAS, a regional transit authority ("Sound Transit") has been created for the Pierce, King, and Snohomish County region by action of their respective county councils pursuant to RCW 81.11.030; and

WHEREAS, on November 5, 1996, Central Puget Sound area voters approved local funding for *Sound Move*, the ten-year plan for regional high-capacity transit in the Central Puget Sound Region; and

WHEREAS, *Sound Move* included funding for the implementation of twenty regional express bus routes; and

WHEREAS, King County Metro has substantial experience and technical expertise in the bus procurement process, in the development of vehicle specifications, and in the negotiation of bus procurement contracts; and

WHEREAS, after developing a bus vehicle specification which has proven successful in providing transportation in the Puget Sound Region, King County Metro solicited and evaluated proposals submitted by competing bus manufacturers in the course of conducting a competitive bus procurement process, and thereafter determined that Gillig Corporation should be awarded a contract to manufacture buses for King County Metro based on its vehicle specification; and

WHEREAS, King County Metro holds an option to purchase ninety additional buses under its aforementioned contract with Gillig Corporation; and

WHEREAS, Sound Transit has determined that the bus procurement process used by King County Metro is consistent with the procurement process required by Sound Transit, and

that the vehicle specifications developed by King County Metro are consistent with the vehicle specifications developed by Sound Transit for the efficient operation of the Regional Express bus service; and

WHEREAS, it is in Sound Transit's best interest to procure buses from Gillig Corporation utilizing the vehicle specifications developed by King County Metro and utilizing the base contract terms, conditions, and warranties negotiated by exercising the option held by King County Metro therewith.


NOW, THEREFORE, BE IT RESOLVED by the Board of the Central Puget Sound Regional Transit Authority that the Executive Director is hereby authorized to execute a contract with the Gillig Corporation for the purchase of up to seventy 40' buses with the opportunity to purchase an additional twenty 40' buses utilizing the vehicle specifications developed by King County Metro and utilizing the base contract terms, conditions, and warranties negotiated therewith, provided that the initial purchase of seventy 40' buses purchase not exceed \$25 million, including taxes and \$1.5 million for spare parts.

ADOPTED by the Executive Committee of the Central Puget Sound Regional Transit Authority at a special meeting thereof held on the 25th day of June, 1998.



Paul Miller
Committee Vice-Chair

ATTEST:



Marcia Walker
Board Administrator

Ratified by the Board of Directors of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on the 23rd day of July, 1998.