

COUNCIL ACTION FORM

SUBJECT: PURCHASE OF FIVE CYRIDE BUSES TO GILLIG CORP. OF HAYWARD, CALIFORNIA FOR A NOT-TO-EXCEED AMOUNT OF \$1,960,000

BACKGROUND:

In 2010, CyRide was awarded a federal State of Good Repair (SGR), national discretionary grant for the purchase of ten buses. CyRide received 90% federal funding for these buses, requiring a 10% local match to be secured from CyRide's capital budget. Through discussions with the Transit Board of Trustees, it was decided to divide the procurement of these buses into two orders, in two different budget years, to minimize the impact on CyRide's capital budget.

The Transit Board and City Council approved the first purchase of buses under this grant in December of 2010. With the start of the new budget year, CyRide is in the position to be able to complete purchase of the five remaining buses under this grant. All five buses can be purchased under a national bus procurement administered by the Akron, Ohio, transit system, with CyRide named as a participant.

In this procurement, CyRide has federal authorization to purchase four of the buses outright, under its "option" system. The remaining bus will be purchased in cooperation with the Cedar Rapids transit system, which was also named in this bid and which will allow CyRide to use one of its options for the procurement of the last bus. Transit systems are allowed to trade options with each other in order to maximize the purchasing power of the federal dollars between local transit systems.

The grant application approved a price per bus of \$392,000, requiring up to \$39,200 per bus from CyRide's local capital budget. The total price of the buses is as follows:

<u>Vehicles</u>	<u>Federal Dollars</u>	<u>Local Dollars</u>	<u>Total Dollars</u>
Five Buses - SGR	\$1,764,000	\$196,000	\$1,960,000

These buses are included in CyRide's three-year capital financial projection, and in the City of Ames Capital Improvement Plan. Currently, CyRide has a local capital fund balance of \$1,479,503.

The Transit Board of Trustees will consider approval of this purchase at its August 25, 2011 meeting, so purchase of the buses would be contingent upon the concurrence of the Transit Board. Council approval is being sought first, due to the order needing to be received by the manufacturer by August 31, and the next Council meeting not occurring until September.

ALTERNATIVES:

1. Approve a contract with Gillig Corporation of Hayward, California, in an amount not-to-exceed \$1,960,000 for the purchase of five 40' buses contingent upon Transit Board of Trustees approval.
2. Delay action on the bus purchase until after Transit Board of Trustees action on the procurement.
3. Do not approve a contract for the purchase of buses.

MANAGER'S RECOMMENDED ACTION:

CyRide has programmed local funding that is needed to complete this purchase. This bus purchase will replace five existing buses that are more than 15 years old, three years beyond their useful life. These buses operate less efficiently, produce more emissions, and are less reliable than newer buses. Therefore, their purchase will reduce CyRide's operating expenses and improve its fuel efficiency in the short and long term, while at the same time improving air quality in Ames.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving a contract with Gillig Corporation in an amount not to exceed \$1,960,000 for the purchase of five new 40' transit buses.