

**COUNCIL ACTION FORM**

**SUBJECT: CYRIDE BUS PURCHASE**

**BACKGROUND:**

CyRide has the opportunity to purchase buses under two grant programs: Iowa Clean Air Attainment Program and the federal "American Recovery and Reinvestment Act". The buses to be ordered under each are detailed below:

Iowa Clean Air Attainment Program (ICAAP)

CyRide was notified in January that its Iowa Clean Air Attainment Program (ICAAP) application for two hybrid buses had been approved for funding during federal fiscal year 2010, which begins October 1, 2009. Since receiving approval of this grant, the Ames Area Metropolitan Planning Organization was notified by the Iowa Department of Transportation that CyRide could move this purchase forward into the current 2009 federal fiscal year.

CyRide has secured hybrid bus options from Gillig Corporation as part of a national bus procurement and could quickly award this purchase, which would be advantageous due to the number of buses being purchased nationally under the federal economic stimulus bill. Award of these buses at this time, would place CyRide toward the front of the line, with delivery anticipated within 2 years.

The purchase price for a hybrid bus is \$572,000, with the following budget developed for two buses:

ICAAP (80%)	\$915,200
CyRide Capital Budget (20%)	<u>\$228,800</u>
<b>Total Cost</b>	<b>\$1,144,000</b>

**The \$228,000 local match is not currently budgeted. However, an uncommitted Transit Capital Reserve balance of slightly over \$450,000 is anticipated for the end of the 08/09 fiscal year. Either the 2009/10 or the 2010/11 budget will be amended to reflect the local expenditure as soon as the delivery date is known.**

American Recovery and Reinvestment Act

The federal “American Recovery and Reinvestment Act” was signed into law by President Obama on February 17, 2009. Included in this law was federal formula funding for transit systems. The Iowa Department of Transportation is in the process of allocating \$36 million in Recovery Act funds to transit systems in Iowa and has indicated to CyRide that it will allocate funding to the buses listed below at a 100% federal share up to an established maximum amount of \$2,478,000:

<u>Project</u>	<u>Total Funding</u>
Seven Expansion Buses (diesel)	\$2,478,000

CyRide will receive 30% of the stimulus dollars for bus systems serving Iowa cities with a population of 50,000 to 200,000.

**CyRide is prepared to move forward with the seven expansion 40’ buses at this time.** It currently has bus options for up to 23 buses under a national bus procurement completed by Akron, Ohio and is able to immediately place an order for seven diesel buses. The low bid on this procurement is from Gillig Corporation at a per bus price of \$347,740.98. The total award for seven buses would be \$2,434,186.86 funded with 100% federal Recovery Act funds.

**It should be noted that the City Council is being asked to approve the issuance of an order for up to 7 40-foot diesel and 2 hybrid buses dependent upon full Federal funding, which has not yet been finalized. Only the number of buses which can be purchased with 100% Federal funding (7 diesel), or 80% ICAAP funding (2 hybrids), based on the final grant awards, will be purchased. There is no penalty for cancelling an order before the bus is built.**

With bus delivery currently 18 months from award, it is anticipated that after all Recovery Act bus orders are received from around the nation, it will be at least 2 years before CyRide receives delivery of these vehicles. An amendment to the 2008/09 CIP will be prepared for Council approval with final budget amendments in May to reflect the final amounts for buses to be purchased.

The Ames Transit Agency Board of Trustees approved award for up to 15 vehicles to Gillig Corporation under the federal Recovery Act and for 2 buses under the ICAAP funding at its February 26, 2009 meeting.

**ALTERNATIVES:**

1. Approve the award of \$2,434,186.86 for the purchase of seven diesel buses and \$1,144,000 for the purchase of two hybrid buses to Gillig

Corporation of Oakland, California contingent upon Iowa DOT approval and final grant awards.

2. Do not approve the award of buses to Gillig Corporation at this time.

**MANAGER'S RECOMMENDATION:**

**This is a one-time opportunity for the Ames Transit Agency to expand available vehicles in its fleet, and to replace aging components of the fleet, with minimal cost to the local community. Never before have we seen the possibility of acquiring 9 full-size buses for a local match of only \$228,000.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the purchase of up to 7 diesel and 2 hybrid buses from Gillig Corporation. This will allow for the Recovery projects to be awarded as quickly as possible, meeting Congress' intent to commit these funds quickly and allowing CyRide's hybrid bus project to move forward expeditiously.