

ITEM #: 17
DATE: 10-22-24
DEPT: TRANSIT

COUNCIL ACTION FORM

SUBJECT: RESOLUTION APPROVING AWARD OF CONTRACT FOR PURCHASE OF TWO 40' HEAVY-DUTY DIESEL BUSES

BACKGROUND:

CyRide has been awarded grant funding to replace two 40' heavy-duty buses that are 24 years old and past their useful life. Funding for the new buses was approved in the FY 2023 Capital Improvements Plan. Due to rapid bus price increases, additional funding was allocated by the Iowa DOT through the Congestion Mitigation and Air Quality (CMAQ) program. The budget based on grant funding is shown below and was included in the Capital Improvements Plan:

Funding Source	Funding		
	Federal	Local	Total
Iowa DOT Contract for 5339 Discretionary Funding	\$879,946	\$155,284	\$1,035,230
CMAQ Funding	\$43,970	\$10,992	\$54,962
Total	\$923,916	\$166,276	\$1,090,192

Reviewing options for procurement, CyRide has determined that the most cost-effective method for purchasing new buses is to utilize a state cooperative procurement schedule. Statewide purchasing schedules allow CyRide to reduce administrative time and leverage the buying power of many agencies, which would not otherwise be available if CyRide were to pursue an independent procurement process. Through the State of Iowa, the most favorable option for CyRide is the Washington State cooperative procurement schedule.

CyRide's current fleet of 40' heavy-duty diesel Gillig Low Floor buses has consistently proven to be cost-effective and reliable. There are significant savings realized by keeping the bus fleet standardized to one manufacturer, including a reduction in spare parts inventory, lower costs for additional training, and quicker repair times. As a result, CyRide has selected Gillig as the preferred manufacturer for this purchase.

Pricing was requested from Gillig, which resulted in a cost per bus of \$628,498 for a total purchase price of \$1,256,996 for two buses. This cost is higher than the available funding. Following this result, staff re-evaluated procurement options and determined that proceeding with the Washington State contract was still the most cost-effective approach available to CyRide. While higher than expected, the price provided was found to be fair and reasonable in light of the national purchasing environment and comparable buses from other manufacturers.

Based on the pricing received, an additional \$166,804 in local funding would be required to purchase both buses. The additional funding could come from the 40' Bus Replacement Capital Reserve Fund.

A revised budget has been calculated based on the bus pricing provided, shown in the following table.

Funding Source	Funding		
	Federal	Local	Total
Iowa DOT Contract for 5339 Discretionary Funding	\$879,946	\$155,284	\$1,035,230
CMAQ Funding	\$43,970	\$10,992	\$54,962
Additional Local Funding (40' Bus Reserve Fund)		\$166,804	\$166,804
Revised Total Project Budget	\$923,916	\$333,080	\$1,256,996

Gillig expects delivery of the vehicles to occur approximately 15 months after a purchase order is issued. Additional build options are being considered for these buses and will be maintained within the overall budget. CyRide will continue to refine bus specifications until approximately six months before the vehicles are built, at which point, the manufacturer will provide updated pricing. Since vehicle pricing is not finalized until late in the process, CyRide is requesting a not-to-exceed amount of \$1,256,996.

The Transit Board of Trustees approved the award of the contract to Gillig LLC at its October 17, 2024, meeting.

ALTERNATIVES:

1. Approve award of contract for two 40' heavy-duty diesel buses to Gillig LLC of Livermore, California, for a total cost not-to-exceed amount of \$1,256,996.
2. Do not approve the award of contract for the purchase of two new 40' heavy-duty diesel buses.

CITY MANAGER'S RECOMMENDED ACTION:

Award of this contract will enable CyRide to replace obsolete buses with new vehicles, improve efficiency, and move CyRide closer to meeting its federal Transit Asset Management (TAM) plan goals, while reducing overall fleet emissions using newer, cleaner-burning engines. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.