



SFMTA
Municipal
Transportation
Agency

Edwin M. Lee, *Mayor*

Tom Nolan, *Chairman*

Cheryl Brinkman, *Vice Chairman*

Gwyneth Borden, *Director*

Edward D. Reiskin, *Director of Transportation*

Malcolm Heinicke, *Director*

Joél Ramos, *Director*

Cristina Rubke, *Director*

December 2, 2015

The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102

Subject: Request for Approval – Amendment No. 2 to Contract No. CPT 713 with New Flyer of America Inc., to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors approve Amendment No. 2 to Contract No. CPT 713 (the Contract) with New Flyer of America Inc. (New Flyer). The purpose of this Amendment is to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses. Amendment No. 2 would increase the Contract amount by \$244,630,752, for a total Contract amount not to exceed \$412,270,421, subject to availability of funding, with no change to the term of the contract and the notice to proceed contingent on funding availability.

Background

On December 2, 2014, the SFMTA Board of Directors adopted Resolution No. 14-172, authorizing the Director of Transportation to execute the Contract, initially for 61 articulated low floor diesel hybrid buses (base order). On December 16, 2014, the Board of Supervisors adopted Resolution No. 471-14, approving the Contract. The Contract was signed and effective as of December 30, 2014. On June 9, 2015, the Board of Supervisors adopted Resolution No. 224-15 approving Contract Amendment No.1 to change the propulsion system in six of the previously ordered 61 buses from parallel propulsion to series propulsion and to exercise Option No.1 of the contract to purchase an additional 48 standard and 50 articulated buses.

Currently, about 30 articulated hybrid coaches have been delivered under the Agreement and put into daily revenue service. The vehicles that we have received have delivered an immediate benefit to our customers. The new vehicles are cleaner, quieter, more spacious, and easier for people with disabilities to use. They also represent a dramatic improvement in service reliability. The new 60-ft. hybrids have reached over 13,000 miles between breakdowns, compared to 7,800 miles between failures on the aging Neoplan 60-ft. coaches.

At this time, SFMTA is requesting to exercise the remaining options for 2016 through 2019, to purchase an additional 265 vehicles, including 152 standard buses and 113 articulated buses (see table

below), subject to availability of funding. The amendment has been drafted to address funding contingencies (see discussion below in Funding Impact). Executing the remaining options will ensure a consistent and expedited production schedule from New Flyer, allowing the Agency to replace all 40- and 60-ft. motor coaches by early 2018. This will lead to a more cost-effective maintenance program and continue the positive trend in vehicle reliability. Increasing the pace of vehicle production will also ensure our ability to meet future service expansion needs and allow the Agency to support an intensive period of construction including Van Ness BRT and Twin Peaks Tunnel Replacement. Below is the vehicle delivery plan by calendar year:

	40ft Hybrids	60ft Hybrids
2016	39	33
2017	113	75
2018	0	5
Total	152	113

Of the 265 buses being purchased under Amendment No. 2, SFMTA will receive 30 series propulsion standard coaches, 122 parallel propulsion standard coaches, and 113 parallel propulsion articulated coaches.

Bid Process

The 2014 SFMTA competitive solicitation would apply to the buses procured through this Amendment.

Alternatives Considered

The alternative to exercising this option would be to rehabilitate the existing fleet to extend the useful lifecycle of these buses. However, doing so would mean that the majority of SFMTA's fleet will continue to have diesel propulsion packages and will not be able to take advantage of the lower emissions offered by hybrid technology, or the low floor design which improves the passenger flow and speeds up boarding and alight time. Additionally, patrons will be able to use the newly configured wheelchair securement and new stroller storage space which are not available on the older fleet.

The alternative of not exercising all the option buses in one continuous build schedule would result in:

- 1) An extended vehicle procurement project due to unavailability in the production schedule
- 2) The continued use of the existing older fleet that require higher maintenance resources and cost
- 3) A higher new vehicle cost due to Producer Price Index (PPI) adjustment (approximately 2% each year) and potential regulatory changes affecting the propulsion system
- 4) The quality of the bus may be impacted as a result of re-tooling and re-training of the production workers due to gaps in the production schedule
- 5) An increased project support costs
- 6) Reduced ability to increase service and keep up with rapid job and housing growth in San Francisco.

In view of the above, the best alternative available to the SFMTA is to execute the option to finish replacing the aging motor coach fleet by purchasing 152 40-ft. hybrids and 113 60-ft. hybrids.

Funding Impact/Budget

Project Expenditures:

The total project cost to exercise these options is \$284,113,825. The budget includes the cost of the buses, capital spares, taxes, project engineering, maintenance support and consultant support. The price of the option buses has been adjusted based on changes to the PPI.

This Amendment No. 2 will increase the contract amount by \$244,630,752, for a total contract amount of \$412,270,421. Following is the detailed project budget:

New Flyer Amendment No. 2	Cost
Vehicles (152 40-ft buses and 113 60-ft buses)	\$244,630,752
Subtotal New Flyer Contract Amendment No. 2	\$244,630,752

Other Associated Cost Items Amendment No. 2	Cost
Tax (8.75%)	\$ 21,405,191
Warranty support	\$ 1,349,504
Project support (SFMTA staff, Other Direct Cost)	\$ 14,266,798
Consultant Support and Vehicle Inspection at Plant	\$ 2,461,580
Subtotal Other Associated Cost Items Amendment No. 2	\$ 39,483,073
Total Cost Amendment No. 2	\$ 284,113,825

Total Project Cost Summary	Cost
Base Order Plus Amendment No.1 Amount	\$ 167,639,669
Base Order Plus Amendment No.1 Other Associated Cost Items	\$ 22,498,279
Amendment No. 2 Contract Amount	\$ 244,630,752
Amendment No. 2 Other Associated Cost Item	\$ 39,483,073
Total Project Cost Amount	\$474,251,773

Funding Sources:

Funding for this project is expected mainly from Prop K and Metropolitan Transportation Commission (MTC) transit capital funding. Currently, \$162.8 million in funding has been identified, of which \$109.7 million has been committed. An additional \$121.3 million needs to be identified. We are currently working with MTC and SFCTA staff to prioritize funding in FY17 and FY18, and we expect a decision on the amount of funding available for this project in December 2015.

In order to access transit capital funding, the current MTC regional funding plan will need to be revised. The current regional funding plan for vehicles categorizes a past replacement cycle of 24

inactive articulated New Flyer buses that are due for replacement over the next four years as expansion vehicles. Similarly, changes in fleet mix, which are vehicle neutral, were categorized as expansion vehicles rather than replacement vehicles.

To the extent that these discussions are not successful or partly successful and the Agency will have to identify other sources that could be made available for this project including but not limited to:

- Remaining balances from old FTA grants;
- The 75% allocated to transit from the population-based general fund baseline allocation;
- Development Fees; and/or
- Fund balance.

The table below summarizes the sources of funding for this project:

Funding Source	Amount
Committed	
Prop K	\$63,784,871
Transit Capital Priorities through MTC - early calendar year 2016	\$45,918,530
Total Committed	\$109,703,401
Future Programming	
Transit Capital Priorities through MTC – FY 2017	\$49,518,524
Transit Capital Priorities through MTC – FY 2018	\$3,601,040
Total Available for Future Programming*	\$53,119,564
Remaining amount to be identified **	\$121,290,860

* The \$53.1 million subject to future programming will require approval from MTC for inclusion in the FY 17 and FY 18 Transportation Improvement Program (TIP) which is a federal requirement. MTC has thus far programmed funds through FY 2016.

Additionally, given the timing of receipt funds and the spending timeline it is very likely that interim financing will be required such as accessing commercial paper.

Amendment No. 2:

As explained above, \$109,703,401 has been committed for this project. Of that amount, \$91,649,312 is allotted to procure 54 40-ft. parallel propulsion buses and 44 60-ft. parallel propulsion buses under the Amendment (the remainder of \$18,054,089 will cover soft costs). Therefore, Amendment No. 2 states \$91,649,312 will be initially certified, and the Agency will have up to a year to certify additional funds to purchase option buses before the price of the buses is adjusted.

Should the SFMTA confirm from MTC the commitment of \$53,119,564 in FY 2017 and FY 2018

funds for this project prior to the matter going to the Board of Supervisors, the Amendment will be modified to allow the Agency to certify and issue a notice to proceed for \$137,469,225. This amount will allow the Agency to procure 85 40-ft. parallel propulsion buses and 63 60-ft. parallel propulsion buses until additional funding is secured. Again, the Agency will have a year to certify additional funding before any price adjustments are made.

SFMTA Board Action

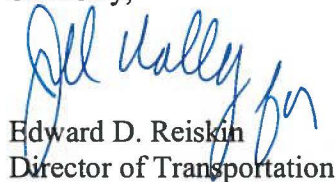
On December 1, 2015, the SFMTA Board of Directors approved Resolution No. 15-173 authorizing the Director of Transportation to execute this Amendment (see attached).

Recommendation

The SFMTA recommends that the San Francisco Board of Supervisors adopt the resolution approving Amendment No. 2 to Contract No. CPT 713 with New Flyer of America, Inc., subject to availability of funding, with no change to the term of the contract and the notice to proceed, contingent on funding availability.

Thank you for your consideration of this proposed amendment. Should you have any questions or require more information, please do not hesitate to contact me.

Sincerely,


Edward D. Reiskin
Director of Transportation

Attachments: SFMTA Board Resolution No. 15-173
Amendment No. 2



