



**San Francisco Office of the City Administrator
City Administrator Carmen Chu**

Electric Transit Buses Contract (TC71100)

File 24-0921

Office of Contract Administration

Board of Supervisors' Budget and Finance Committee
October 23, 2024

Contract Summary

- **PeopleSoft Contract ID:** 1000034037
- **Covered goods:** Fifty (50) Class 8, 40-foot Electric Transit Buses for San Francisco International Airport (“SFO”).
- **Awarded contractor:** Gillig LLC, selected through an Invitation for Bids (“IFB”, Sourcing Event ID 0000009491) issued by the Office of Contract Administration (“OCA”) in May 2024.
- **Contract not-to-exceed amount and duration:** \$68,772,334, commencing on December 1, 2024 and ending on November 30, 2028, with no option to extend the term.

Background

- SFO's Capital Improvement Plan requires SFO to replace its aging fleet of 50 Buses with Electric Transit Buses.
- The Federal Transit Administration (FTA) specifies a useful life of 12 years for transit buses. Thirty-eight of SFO's transit buses are over 15 years old. The remaining twelve must be replaced in the next 5-7 years.
- The purchase of new fleet will also allow the expansion of the GoSFO Shuttle Program, an employee commuter service to various regional destinations such as Oakland, Balboa Park, and the Mission.

Purchasing Authority

- On May 8, 2024, OCA issued an IFB under Sourcing Event 0000009491 for the purchase of 48 buses over 4 years.
- Bids were evaluated based on a Bidder meeting the Minimum Qualifications and equipment specifications, while also offering the lowest price.
- OCA received two bids, from which Gillig was deemed the lowest responsive Bidder.
- Pursuant to SF Admin Code Section 21.3(g), SFO will also purchase 2 additional buses in Year 1, bringing the total quantity of buses to 50.

Contract Pricing Structure

- The initial unit price for each awarded bus is \$1,136,799, plus taxes and fees.
- Beginning June 17, 2025, and every twelve months thereafter, Gillig may request price adjustments based on the 12-month rate of change in the applicable Producer Price Index (“PPI”). Based on historical data, the increase in PPI has averaged 4% per year.
- The contract also includes a contingency of 2% per year in the event City requires changes to the awarded buses.

Contract NTE Amount Calculations

- OCA estimates that the total cost of each bus, including taxes and fees, will range from \$1,259,559 to \$1,416,831 over the contract term.
- The total cost of each bus is based on:
 - The unit price of each vehicle (accounting for an estimated 4% PPI increase per year starting in year 2 of the agreement);
 - A 2% contingency for each vehicle; and
 - Estimated taxes and fees for each vehicle.
- Based on these values, the NTE of this contract is estimated to be \$68,772,334. Table 1 provides details for how the NTE was calculated.

Funding

- On August 26, 2024, SFO was awarded grants from the Federal Aviation Administration (FAA) in the amount of \$4,299,750 and the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project in the amount of \$840,000 for a total of \$5,139,750.
- SFO will annually apply for grant funding to support 75% of each additional bus purchased through the contract term.
- Amounts not covered by grant funds will be paid through SFO's Capital Funds.

Conclusion

- Transit buses are vital to SFO's ability to provide reliable transportation for SFO employees and passengers within SFO's campuses and to major transportation hubs in the Bay Area.
- The 50 electric transit buses being procured under Contract ID 1000034037 are essential to SFO's ability to meet the mandates of its Capital Improvement Plan.
- Replacing SFO's aging fleet with new electric transit buses will reduce SFO's overall maintenance costs and allow SFO to take advantage of grant funds.

Reference materials

Table 1: Contract NTE Calculations

Year	Unit Price (With 4% PPI Increase per Year Starting Year 2)	Contingency (2% Per Unit)	San Francisco County Tax (8.625% Per Unit)	Mandatory Tire Tax (\$14 Per Unit)	Total Estimated Cost (Per Unit)	Estimated Quantity	Total Estimated Cost (All Units)
1	\$1,136,799	\$22,736	\$100,010	\$14	\$1,259,559	7	\$8,816,912
2	\$1,182,271	\$23,645	\$104,010	\$14	\$1,309,941	6	\$7,859,644
3	\$1,229,562	\$24,591	\$108,171	\$14	\$1,362,338	6	\$8,174,026
4	\$1,278,744	\$25,575	\$112,498	\$14	\$1,416,831	31	\$43,921,751
Total	\$4,827,376	\$96,548	\$424,688	N/A	N/A	50	\$68,772,334