



**July 2, 2013**

**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 Authority to Enter into Bus Options Assignment Agreement for the  
Purchase of 60 Articulated Trolley Buses***

**Honorable Members of the Board of Supervisors:**

The San Francisco Municipal Transportation Agency requests that the San Francisco Board of Supervisors authorize the SFMTA to enter into an Assignment Agreement with King County in Seattle (King County) and New Flyer of America Inc. (New Flyer) for the purchase of 60 articulated trolley buses, in an amount not to exceed \$98,717,875, and for a term not to exceed six years. King County, through the Metro Division of its Department of Transportation, operates the bus system in Seattle and other cities within the County.

The purpose of this procurement is to replace the 60 articulated trolley buses in SFMTA's current fleet that have reached the end of their useful life. King County has recently selected New Flyer after an extensive competitive negotiated procurement. King County's contract contains options for additional trolley buses that may be assigned to the SFMTA. Exercising the options for trolley buses through the King County contract will enable the SFMTA to reduce the time it normally takes for a major bus procurement by approximately nine months. The Federal Transit Administration has approved this arrangement.

**Background**

In 1992, the SFMTA acquired a fleet of 60 articulated trolley buses from New Flyer Inc. These 60 articulated trolley buses have been in service since 1994 and are now well past their useful life of 15 years.

The SFMTA has been looking at alternative procurement avenues to reduce the time it takes to purchase replacement vehicles. Staff has determined that by purchasing replacement vehicles through the options available from King County's contract, it is possible to achieve this objective.

Under Section 21.16 of the San Francisco Administrative Code, the SFMTA may utilize the competitive procurement process of any other public agency to make purchases of commodities under the terms established in that agency's procurement process and as agreed upon by the City and the procuring agency, upon making a determination that the other agency's procurement process was competitive and the use of the other agency's procurement process would be in the City's best interests.

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Starting in March of 2011, SFMTA staff collaborated with King County Metro's staff to develop the specifications for standard and articulated trolley buses. By combining the coach requirements of SFMTA and King County Metro, both agencies are able to take advantage of the economies of scale of a larger procurement. Additionally, they can benefit in the future when maintaining these buses by encouraging vendors to stock enough parts on their shelves to supply both fleets of buses.

King County issued a Request for Proposals (RFP) on May 15, 2012. The RFP contains the following base equipment and options, with bid prices tiered depending on the number of vehicles ordered:

- A. Standard trolley buses: 100 base vehicles, 250 option vehicles
- B. Articulated trolley buses: 55 base vehicles, 125 option vehicles

Under this assignment, SFMTA seeks to option 60 articulated trolley buses now. SFMTA also intends to option up to 240 standard buses and 33 more articulated trolley buses at various intervals during the five-year term of King County's contract to replace the remainder of its trolley bus fleet,. The total option quantities designated for SFMTA (240 standard and 93 articulated) would provide the requisite one-for-one replacement of the entire trolley fleet, and accommodate proposed service expansion for trolley buses. SFMTA would return to this Board in the future to seek approval for additional assignment(s) when funding has been secured.

Throughout RFP process, SFMTA staff worked with King County Metro staff by providing technical support in the evaluation of the proposals received from several vendors. On June 17, 2013, after a competitive negotiated procurement process, King County announced that it had awarded the procurement contract to New Flyer.

SFMTA will be negotiating with New Flyer for minor changes to the buses that are specific to the needs of SFMTA, such as color scheme, deletion of air-conditioning, type of seat material, Li-Ion batteries, door sizes, warranty, training, spare parts and special tools, in order to finalize the price of the trolley buses.

### **SFMTA Board Action**

On June 4, 2013, the SFMTA Board of Directors adopted Resolution No. 13-066, which authorized the Director of Transportation to execute a bus options assignment agreement with King County and its selected vendor in an amount not to exceed \$98,717,875 and for a term not to exceed six years. At that time, King County had not completed its procurement process. Now that a final contract has been negotiated between King County and New Flyer, SFMTA is confident that the final price for the assignment agreement will not exceed the \$98,717,875 amount approved by the SFMTA Board (see estimates).

### **Alternatives Considered**

Staff considered other alternatives, such as purchasing option vehicles from a cooperative purchasing schedule (similar to the procurement of hybrid electric buses through the cooperative purchasing schedule of the State of Minnesota) or purchasing vehicles through

the regular RFP process. Staff did not find these alternatives feasible because of the following:

1. Purchasing through a cooperative purchasing schedule: There are no available cooperative purchasing schedules that include trolley buses.
2. Purchasing through the regular RFP process: This alternative will take longer since King County's RFP was ready nine months ahead of SFMTA's planned RFP.

**Funding Impact**

SFMTA estimates that the Project cost, as reflected in the table below, will be \$105,156,000. SFMTA further estimates that that the cost for the Bus Options Assignment Agreement will not exceed \$98,321,473. SFMTA understands from King County that the final base price for the buses (for King County) will be \$1,241,500. Based on that information, SFMTA believes that the final price for San Francisco (with the required modifications) will not exceed the estimates below.

Funding for the initial 60 vehicles has been identified and will come from a combination of federal and local funds. SFMTA would also like to option up to 240 standard buses and 33 articulated trolley buses during the term of the contract to replace its current fleet when the agency becomes eligible to receive Federal Transit Administration funds to replace those vehicles beginning in 2017.

The following is a breakdown of the project budget and funding sources for the initial 60 vehicles:

**Project Budget**

**(Note: Estimates only until negotiations are completed with NF)**

Category	Cost
<b>New Flyer Contract Total</b>	
Trolley buses	\$84,000,000
Capital Spares	\$3,360,000
Customized Manuals	\$250,000
Training	\$1,500,000
Special Tools & Test Equipment	\$1,500,000
Sales Tax	\$7,711,473
<b>Sub-Total for New Flyer</b>	<b>\$98,321,473</b>
<b>Other Associated Costs</b>	
Warranty Support	\$400,000
Consultant Services	\$2,000,000
Vehicle Inspection at Plant (FTA Required)	\$750,000
Project Support(SFMTA staff, ODC)	\$3,684,533
<b>Sub-Total for Other costs</b>	<b>\$6,834,533</b>
<b>Total Cost</b>	<b>\$105,156,006</b>

**Financial Plan**

<b>Funding Source</b>	<b>Amount</b>
Federal Grants	\$84,124,805
Local Grants (Proposition K)	\$20,931,201
Local Grants (AB664)	\$100,000
<b>Total Available Funds</b>	<b>\$105,156,006</b>

There are currently \$66,642,057 in Federal funds and \$100,000 in Local AB664 funds booked into the project. An additional \$15 million in federal funds are scheduled to arrive in August 2013 and the rest in August 2014. The Proposition K funds will arrive within three months after SFMTA submits a request for funding to the San Francisco County Transportation Authority.

**Recommendation**

The SFMTA requests and recommends that the San Francisco Board of Supervisors authorize the SFMTA, through the Director of Transportation, to enter into a Bus Options Assignment Agreement with King County Metro and the selected vendor for the purchase of 60 articulated trolley buses and related tools, training and spare parts, in an amount not to exceed \$98,717,875, and for a term not to exceed six years. In order to get the buses as quickly as possible, SFMTA seeks this authority now rather than waiting until all negotiations with New Flyer have been completed.

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

Sincerely,



**Edward D. Reiskin**  
**Director of Transportation**