



**January 3, 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 Approval of Agreement for the Purchase of 60 Articulated Trolley Buses***

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

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorizes the SFMTA to enter into an Agreement with New Flyer of America Inc. (New Flyer) for the purchase of 60 articulated trolley buses, in an amount not to exceed \$94,950,444.

The purpose of this procurement is to replace the 60 articulated trolley buses in SFMTA's current fleet that have exceeded the end of their useful life. The SFMTA continues to purchase replacement trolley coaches in support of the greenhouse gas emissions limits set by the May, 2008 Greenhouse Gas Reduction Ordinance passed by the Board of Supervisors.

On December 6, 2013, the SFMTA entered into a Bus Option Assignment Agreement with King County Metro in Washington State and New Flyer Inc. Under this agreement King County Metro assigned 240 standard and 93 articulated option buses under their existing contract with New Flyer Inc. to SFMTA. In order to make an initial purchase of 60 of the articulated trolley buses, SFMTA has negotiated a separate agreement with New Flyer per the terms of the Bus Options Agreement.

**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.

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 agreement, SFMTA will purchase 60 articulated trolley buses. SFMTA also intends to purchase up to 240 standard buses and 33 more articulated trolley buses at various intervals during the 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 these additional procurements when funding has been secured. SFMTA intends to purchase the standard buses in 2016-2017 and the articulated trolley buses in 2018-2019.

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 July 31, 2013, after a competitive negotiated procurement process, King County awarded the procurement contract to New Flyer. On December 6, 2013, King County, SFMTA and New Flyer signed a Bus Option Assignment Agreement assigning the 240 standard and 93 articulated trolley coaches available in the contract to SFMTA.

SFMTA conducted negotiations 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. Changes were also made to the terms and conditions of the agreement that were deemed necessary to better manage the contract.

## **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. A final contract has now been negotiated between SFMTA and New Flyer. The final price for this sixty bus purchase does not exceed the \$98,717,875 amount approved by the SFMTA Board (see contract amount below).

## **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.

Staff also conducted analyses comparing diesel-hybrid buses to electric trolley buses. Trolley buses provide numerous benefits that advantage them over diesel buses in San Francisco's operating environment. Trolley coaches perform better on steep hills, are quieter, and produce zero emissions. With the existence of the infrastructure we have in place and federal funds available to trolleys but not diesels, trolley buses are also less expensive to operate. In addition, a switch from trolleys to diesels would require considerable one-time expenditures to modify maintenance facilities and remove infrastructure. Finally, trolley buses are more consistent with various city policies – replacing zero-emission vehicles with those that generate greenhouse gases and other pollutants would run counter to well established and broadly supported city policies.

## **Funding Impact**

Funding for the initial 60 vehicles has been identified and will come from a combination of federal and local funds. SFMTA will purchase the remainder of the option buses, 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 contract amount with New Flyer and funding sources for the initial 60 vehicles:

**Contract Breakdown**

Category	Cost
<b>New Flyer Contract Total</b>	
Trolley buses	\$89,348,558
Capital Spares	\$3,262,500
Training	\$456,559
Operating, Maintenance and Parts    Manuals	\$139,452
Special Tools & Test Equipment	\$1,305,548
Harris/ACS Radio Cable Harness	\$437,828
<b>Total for New Flyer Contract</b>	<b>\$94,950,444</b>

**Financial Plan**

Funding Source	Amount
Federal Grants	\$75,960,355
Local Grants (Proposition K)	\$18,790,089
Local Grants (AB664)	\$200,000
<b>Total Available Funds</b>	<b>\$94,950,444</b>

There are currently \$66,442,057 in Federal funds and \$200,000 in Local AB664 funds booked into the project. The remaining federal funds are scheduled to arrive 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 to enter into an Agreement with New Flyer for the purchase of 60 articulated trolley buses and related tools, training and spare parts, in an amount not to exceed \$94,950,444, and for a term not to exceed six years. The contract includes an option for the purchase of up to an additional 33 articulated trolley buses and 240 standard trolley buses; however, SFMTA would return to the Board of Supervisors for approval for those additional procurements.

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**

