

**CITY AND COUNTY OF SAN FRANCISCO**

**BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

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March 19, 2021

**TO:** Budget and Finance Committee

**FROM:** Budget and Legislative Analyst



**SUBJECT:** March 24, 2021 Budget and Finance Committee Meeting

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<p><b>Item 2</b> <b>File 21-0262</b></p>	<p><b>Department:</b> Municipal Transportation Agency (MTA)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• The proposed resolution would approve a contract between the San Francisco Municipal Transportation Agency (SFMTA) and Creative Bus Sales, Inc. to acquire thirty 32-foot, low floor diesel hybrid coaches and associated spare parts, training manuals and special tools through a procurement by the State of Georgia in an amount not to exceed \$26,071,700, and for a term not to exceed six years to commence following Board approval.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• The State of Georgia’s Department of Administrative Services entered into a contract with Creative Bus Sales following a competitive solicitation in 2017. SFMTA will purchase thirty 32-foot buses, utilizing the State of Georgia contract with Creative Bus Sales in accordance with Administrative Code Section 21.16, which authorizes City departments to utilize the results of the competitive procurement process of another public agency. The new buses purchased by SFMTA from Creative Bus Sales would replace the smallest and oldest buses in the SFMTA fleet: thirty 32-foot Orion diesel-hybrid buses that were procured in 2007 and are past their useful life. Plans to replace these 30 buses were first identified in the SFMTA’s 2014 5-Year Prioritization Program (5YPP), but due to other funding priorities those plans were repeatedly deferred.</li> <li>• The contract of \$26,071,700 includes \$25,071,700 for 30 buses, and \$1,000,000 for spare parts, training, and special tools.</li> <li>• The total price per bus is \$835,723; SFMTA has requested 158 specific changes (\$379,544 per unit) to each of the 30 base buses (\$456,179 base price per unit), in order to comply with SFMTA requirements. These changes include configuring seating for wheelchair accommodation, converting the base diesel bus to a hybrid bus, installing automatic passenger counting, installing automatic voice announcement and automatic vehicle location, among other changes. The resulting hybrid buses would be used for transit in the City with an expected useful life of ten years, or 350,000 miles.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The total project cost to purchase and place the buses into service, including sales tax, warranty, and SFMTA staff and consultant services, is \$36,440,000. Funding to pay project costs includes Proposition K Sales Tax revenues, General Fund allocation to SFMTA authorized by Proposition B, and Bay Area Toll Authority. According to SFMTA staff, \$20,244,398 has already been allocated to this project from Proposition B and Bay Area Toll Authority Funds. The Proposition K funding was approved in the amount of \$16,195,602 at the January 26, 2021 San Francisco County Transportation Authority meeting.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

## MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

## BACKGROUND

The oldest vehicles operating in the San Francisco Municipal Transit Agency (SFMTA) fleet are thirty 32-foot Orion diesel-hybrid buses that were procured in 2007. These are the smallest SFMTA buses and are past their useful life. (See Table 1). Plans to replace these 30 buses were first identified in the SFMTA's 2014 5-Year Prioritization Program (5YPP), but due to other funding priorities those plans were repeatedly deferred.

**Table 1. Current MTA Bus Fleet**

Manufacturer	Propulsion Type	Bus Length	Number of Buses	Years Began Service	End of Useful Life
New Flyer	Hybrid Electric	40'	112	2013	2025
New Flyer	Hybrid Electric	40'	102	2016-17	2028-29
New Flyer	Hybrid Electric	40'	30	2017	2029
New Flyer	Hybrid Electric	40'	68	2018-19	2030-31
New Flyer	Trolley	40'	185	2017-19	2032-34
Subtotal Standard Buses			497		
<b>Articulated Buses</b>					
New Flyer	Hybrid Electric	60'	111	2015-16	2027-28
New Flyer	Hybrid Electric	60'	113	2016-18	2028-30
New Flyer	Trolley	60'	60	2015-16	2030-31
New Flyer	Trolley	60'	33	2017-18	2032-33
Subtotal Articulated Buses			317		
<b>32' Buses</b>					
Orion	Hybrid	30'	30	2007	2017
Subtotal 32' Buses			30		
<b>Total Bus Fleet</b>			<b>844</b>		

Source: MTA Staff

### Competitive Contracting Process

On December 14, 2017, the State of Georgia's Department of Administrative Services (DOAS) released an electronic Request for Proposals (RFP) seeking public transportation vehicles and related equipment and accessories. The purpose of the competitive solicitation was to establish a comprehensive supply base capable of providing a variety and quantity of buses to meet varying requirements set forth by jurisdictions and transit organizations.

Eight suppliers responded to the RFP, and DOAS reviewed all proposals and awarded contracts for various bus types. On July 1, 2018, DOAS awarded a contract to Creative Bus Sales, Inc. (Creative Bus Sales), a business that is headquartered in Southern California, to provide transit buses.

### **Georgia Amendments**

Georgia's DOAS issued two amendments to the Creative Bus Sales contract. The first amendment provided a contract extension from the original contract term of July 1, 2018 to December 31, 2018, to not more than a two-year base term and three one-year renewal options. The new base term was from July 1, 2018 through June 31, 2020. The amendment also provided that the contract be available for interstate purchases from public entities. The second amendment exercised the first of three one-year renewal options, to provide a new contract term from July 1, 2020 to June 30, 2021.

### **Piggybacking on the Georgia Contract**

To procure the replacement buses, SFMTA will coordinate with the State of Georgia on an existing Federal Transit Administration eligible contract that includes purchase of 32-foot hybrid buses. This process is permitted under Section 21.16 of the San Francisco Administrative Code, which details how departments may utilize the results of competitive procurement process of another public agency if such potential use is specified in the solicitation and is in the City's best interest.

According to SFMTA staff, utilizing the Georgia contract is more cost effective because it allows SFMTA to benefit from the pricing associated with a large vehicle procurement instead of having SFMTA issuing a separate RFP for a smaller procurement quantity of 30 buses. Utilizing the Georgia contract helps replace the Orion buses, which are past their useful life, more quickly; SFMTA anticipates receiving the new coaches within 15-18 months, while a typical SFMTA RFP and procurement process could take 24-30 months.

### **SFMTA Board Approval**

In March 2, 2021, the SFMTA Board of Directors adopted a resolution authorizing SFMTA to enter into a contract with Creative Bus Sales to procure 30 32-foot, low floor, diesel-hybrid buses and related tools, training, manuals, and spare parts through a procurement by the State of Georgia, in an amount not to exceed \$26,071,700 and for a term not to exceed six years.

## **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve a contract between SFMTA and Creative Bus Sales to acquire thirty 32-foot, low floor diesel hybrid coaches and associated spare parts, training manuals and special tools through a procurement by the State of Georgia in an amount not to exceed \$26,071,700, and for a term not to exceed six years to commence following Board approval.

The contract amount and total project cost to purchase and place the buses into service, totaling \$36,440,000, is shown in Table 2 below.

**Table 2. SFMTA-Creative Bus Sales, Inc. Contract Cost and Total Project Cost**

<b>Creative Bus Sales, Inc. Contract</b>	<b>Cost</b>
Vehicles (30)	\$25,071,700
Spare Parts*	250,000
Training**	500,000
Operating, Maintenance and Parts Manuals	Inclusive
Special Tools	250,000
<b>Contract Subtotal</b>	<b>\$26,071,700</b>
<b>Other Associated Costs</b>	
Sales Tax (8.5 percent)	\$2,216,095
Other- Planning, Design, Project Administration, Warranty Support and Consultant	8,152,205
<b>Associated Costs Subtotal</b>	<b>\$10,368,300</b>
<b>Total Project Cost</b>	<b>\$36,440,000</b>

Source: SFMTA March 2, 2021 Board Meeting, Calendar Item No. 11

\*MTA staff said that the contract spare parts that will be used for these 30 new buses and the spare parts catalog is also incorporated into the contract as Schedule 1B for SFMTA to pick and choose depending on the needs. SFMTA will notify the vendor for the spare parts needs and invoices will not be paid until parts are delivered to SFMTA parts storeroom.

\*\*MTA staff said that training for the new buses will be charged at a rate of \$150/hour. Budgeted at \$500,000, this amounts to 3,333 hours of training. Training consists of driver orientation to the new operator console which is different from the existing Orion fleet console, and vehicle familiarizations for SFMTA mechanics and maintenance personnel.

The total price per bus is \$835,723; SFMTA has requested 158 specific changes (\$379,544 per unit) to each of the 30 base buses (\$456,179 base price per unit), in order to comply with SFMTA requirements. These changes include configuring seating for wheelchair accommodation, converting the base diesel bus to a hybrid bus, installing automatic passenger counting, installing automatic voice announcement and automatic vehicle location, among other changes. The resulting hybrid buses would be used for transit in the City with an expected useful life of ten years, or 350,000 miles. SFMTA has negotiated the changes with Creative Bus Sales to price these items accordingly (Exhibit A, Schedule 1A in the contract).

According to the project delivery schedule, (Exhibit B in the contract) the prototype bus would be approved within 210 days of the notice to proceed, and the completion of bus delivery to the City would be 231 days from prototype approval, or no later than June 2022.

### **FISCAL IMPACT**

The total project cost of \$36,440,000, shown in Table 2 above, consists of three funding phases: Planning/Conceptual Engineering (\$1,085,000), Design Engineering (\$915,000), and Construction (\$34,440,000). Funding to pay project costs includes Proposition K Sales Tax revenues, General Fund

allocation to SFMTA authorized by Proposition B, and Bay Area Toll Authority.<sup>1</sup> According to SFMTA staff, \$20,244,398 has already been allocated to this project from Proposition B and Bay Area Toll Authority Funds. The Proposition K funding was approved in the amount of \$16,195,602 at the January 26, 2021 San Francisco County Transportation Authority meeting.

**Table 3. Funding Sources for 30 New Motor Coach Purchase**

<b>Source</b>	<b>Amount</b>
General Fund Prop B	\$2,390,943
Bay Area Toll Authority Fund	17,853,455
Prop K	16,195,602
<b>Total</b>	<b>\$ 36,440,000</b>

Source: SFMTA

**RECOMMENDATION**

Approve the proposed resolution.

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<sup>1</sup> San Francisco voters approved extension of a one-half cent sales tax to fund transportation projects in 2016 (Proposition K, administered by the San Francisco Transportation Authority), and an increase in the General Fund allocation to SFMTA to reflect population growth in 2014 (Proposition B). The Bay Area Toll Authority, administered by the Metropolitan Transportation Commission collects and distributes tolls collected on seven Bay Area bridges