



Agenda Item No. 1.a.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of September 10, 2009

From: Gene Walker, Director of Bus Maintenance
Teri Wheeldon Mantony, Deputy General Manager, Bus Division
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER**
a. **BUDGET INCREASE IN THE FY 09/10 BUS TRANSIT DIVISION**
CAPITAL BUDGET RELATIVE TO CONTRACT NO. 2009-BT-1,
FORTY-FIVE FOOT DIESEL INTER-CITY CONFIGURATION
COACHES, WITH MOTOR COACH INDUSTRIES, INC.

Recommendation

This matter is being presented to the Finance-Auditing Committee to receive the Committee's concurrence for a budget increase relative to Agenda Item No. 2, of the Transportation Committee Meeting of September 10, 2009.

The Finance-Auditing Committee recommends the Board of Directors authorize a budget increase in the FY 09/10 Bus Transit Division Capital Budget for this project in the amount of \$2,453,650 to be funded with \$1,962,920 Federal Transit Administration (FTA) grant funds and \$490,730 from District reserves, relative to approval of actions regarding Contract No. 2009-BT-1, *Forty-Five Foot Diesel Inter-City Configuration Coaches*.

Summary

On a regularly scheduled basis, the District replaces its coaches based on FTA and the Metropolitan Transportation Commission's grant funding guidelines. The District has identified 29 forty-foot model coaches that have exceeded their useful life, as defined by FTA, and are eligible for replacement. Based on commute passenger loads and customer requests, the 40-foot coaches will be replaced by 45-foot coaches, which have additional seating capacity.

On June 12, 2008, the Board authorized a competitive negotiation process for Contract No. 2009-BT-1, *Forty-Five Foot Intercity Configuration Coaches*. Proposal documents were mailed to 15 firms. One proposal was received, from MCI. Staff entered into negotiations with MCI and successfully negotiated significant price reductions, totaling almost \$100,000 per coach. In particular, staff determined that MCI was charging a high mark-up on the required fareboxes and that the District could save approximately \$363,461 by purchasing the fareboxes directly from the manufacturer instead of through the contract with MCI.

After completing negotiations, MCI submitted a modified cost proposal as follows:

Coach Unit Price:	\$546,293.00
Spare Parts:	\$381,093.92

In accordance with District and FTA requirements, staff will conduct a pre-award audit and cost analysis to determine that the price submitted by MCI complies with the Buy America Rule and is fair and reasonable. This is a condition of the recommendation for contract award and must be satisfactorily completed before contract execution.

Under the base contract now before the Board, the District will purchase twenty-three forty-five foot coaches. By 2014, another 46 of the District's current 45-foot coaches will reach eligibility for replacement. The contract with MCI includes options to purchase up to 65 additional coaches. These options are valid for a period of five years from the effective date of the contract. Any subsequent purchase of additional buses will be brought to the Board for authorization.

The new coaches need fareboxes and as mentioned above, the District can achieve significant cost savings by purchasing the fareboxes directly from the manufacturer. The District's Attorney has confirmed that under FTA regulations, and the District's procurement policy, such a procurement meets the requirement of a sole source purchase for a number of reasons:

- (1) The GFI fareboxes feature unique and innovative technologies that are not available from any other manufacturer of fareboxes;
- (2) The District fleet already uses GFI fareboxes and installing any other model would result in significant additional costs for, IT support, infrastructure, training, maintenance and repair, as well as be less efficient to operate;
- (3) Timing is critical, as the delivery of the fareboxes must coincide with the delivery of the buses;
- (4) The District recently completed the farebox replacement project for the same type of fareboxes, and in both the prior procurement and this solicitation, no other farebox was found to meet the District's performance requirements.

State law permits an exception from competitive procurement laws when such a process would be unavailing and not in the public agency's best interests. For all the reasons stated above, a competitive procurement process would serve no useful purpose here.

Assuming Board approval, the District will issue a purchase order in the amount of \$365,730 to the farebox manufacturer, GFI Genfare, a unit of SPX Corporation, to purchase 23 fareboxes and spare TRIM units. A cost or price analysis will be conducted to verify that the quoted price is fair and reasonable.

A contingency budget in the amount of 5%, or approximately \$617,603, is recommended. This will be used to cover unexpected expenses that may arise during the course of the contract, for example, specification modifications identified at the pre-production meeting and during bus production, as well as the purchase of additional spare parts and on-board operating equipment.

Fiscal Impact

This project is included in the FY 09/10 Bus Division Capital Budget at a total cost of \$11,476,100, and is funded with \$9,180,880 Federal Transit Administration (FTA) grant funds, \$1,264,140 State I-Bond grant funds, and \$1,031,080 District Funds (80% Federal, 11% State and 9% District). A capital budget increase in the amount of \$2,453,650 to be funded with \$1,962,920 FTA grant funds and \$490,730 from District reserves is required to fully fund this project at the proposed budget of \$13,929,750.00. The total project will be funded as \$11,143,800 FTA (80%), \$1,264,140 State I-Bond grant funds (9%), and \$1,521,810 District funds (11%).