

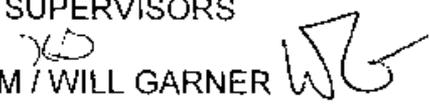
MEMORANDUM

DEPARTMENT OF PUBLIC WORKS

County of Placer

TO: BOARD OF SUPERVISORS

DATE: APRIL 7, 2009

FROM: KEN GREHM / WILL GARNER 

SUBJECT: PURCHASE OF FIVE COMMUTER BUSES

ACTION REQUESTED / RECOMMENDATION

- 1) Approve a Budget Revision in the amount of \$1,100,000 for Placer County Transit for the purchase of two additional commuter buses.
- 2) Approve the addition of two additional commuter buses to the Master Fixed Asset List.
- 3) Authorize Purchasing Manager to sign a purchase order and all related documents with Motor Coach Industries (MCI), as a result of a competitive Request for Proposal (RFP) in an amount not to exceed \$2,750,000 for the purchase of five (5) commuter buses: two (2) 45 foot, 57 seat commuter buses using existing grant and capital reserve funding and three (3) 45 foot, 57 seat commuter buses pending receipt of Proposition 1B and American Recovery & Reinvestment Act ("Economic Stimulus") funding.

BACKGROUND / SUMMARY

Placer County currently uses three contractor provided diesel buses and one leased CNG bus for the Placer Commuter Express service. In order to reduce the charges from the contractor for the provision of their buses and to acquire the largest buses practical, DPW has planned to purchase new buses using grant funds. DPW participated in a cooperative procurement process for commuter buses with several regional transit operators in the Sacramento area. Yolo County Transportation District (YCTD) took the lead on the procurement. The successful proposal was submitted by Motor Coach Industries (MCI) and was awarded a contract for an initial purchase of buses by YCTD.

DPW secured a federal Congestion Mitigation & Air Quality (CMAQ) grant for the purchase of three commuter buses, which are included in the PCT budget. The CMAQ is matched with a recently approved State Proposition 1B grant. Through additional funding from the federal stimulus funds, the County has been able to secure adequate funding to increase the purchase from three to five buses. The purchase plan is to order two buses initially using the original CMAQ grant. The third and fourth buses will be funded with American Recovery & Reinvestment Act funds and will be ordered when those funds are approved. The fifth bus will be ordered when there is assurance that cash will flow to the County from the recently approved Proposition 1B grant. Delivery time is 240 days from date of award.

ENVIRONMENTAL

This project is statutorily exempt from CEQA pursuant to Public Resource Code 21080(b)(10), as it is a project to institute passenger service.

FISCAL IMPACT

Upon approval of this action, there will be adequate budget authority and funding to purchase the five buses using \$2,646,222 in grant funds and \$103,778 in capital reserve as local match. Operating County-owned buses will save approximately \$108,000 per year in operating costs including depreciation. The added seating will increase fare revenue by an estimated \$25,800 per year.

Attachments: Attachment A-Supplemental Information
Budget Revision

SUPPLEMENTAL INFORMATION

DATE: APRIL 7, 2009

SUBJECT: PURCHASE OF FIVE COMMUTER BUSES

PROCUREMENT PROCESS

Yolo County Transit District (YCTD) was the lead agency on the competitive request for proposals that combined the purchasing power of five of agencies in a request for a total of 131 57-passenger 45-foot low emission diesel commuter coaches to achieve lower bids than Placer County could have achieved on its own. The purchase options span over five years. Two firms, Coachworks Holdings and Motor Coach Industries submitted proposals. These are the only two companies known that make 45-foot commuter coaches that meet the 60% Buy America requirement of the Federal Transit Administration. The proposals were scored by an evaluation panel consisting of representatives from Yolo, Yuba Sutter, Placer, El Dorado and Elk Grove Transit Districts. Technical proposals, firm qualifications, experience and references made up 60% of the score, price was 25%, delivery was 10% and warranty was 5%. The evaluation panel's scores are presented below.

<u>Coachworks Holdings Proposal</u>	<u>Yolo Co Transit</u>	<u>Yuba Sutter Transit</u>	<u>Placer Co Transit</u>	<u>El Dorado Transit</u>	<u>Elk Grove Transit</u>	<u>Total Points</u>
Technical Proposal	15	25	20	23	19	102
Qualifications/Experience/References	10	20	20	24	17	91
Price	25	25	25	25	25	125
Warranty	5	5	5	5	5	25
Delivery Schedule	10	10	10	10	10	50
	65	85	80	87	76	393
<u>Motor Coach Industries Proposal</u>						
Technical Proposal	30	30	28	28	28	144
Qualifications/Experience/References	27	30	28	30	30	145
Price	22.76	22.8	22.76	22.76	22.76	113.84
Warranty	3	5	5	4	5	22
Delivery Schedule	3.75	3.8	3.75	3.75	3.66	18.71
	86.51	91.6	87.51	88.51	89.42	443.55

Your Board needs to be made aware that MCI recently filed for Chapter 11 protection. Manufacturers of motor coaches are suffering from the economic downturn like everyone else (charter business is way down). This, combined with an investor group that paid a high price to buy MCI, created debt that had to be restructured. Despite MCI's bankruptcy filing, they continue to perform their day-to-day operations, delivering coaches uninterrupted. MCI anticipates emerging out of Chapter 11 bankruptcy in the first quarter of 2009. We believe this should not discourage your Board. In 2006, Blue Bird (which was the original manufacturer of commuter buses before Coachworks Holdings bought that line) went through Chapter 11 and re-emerged from it. We don't believe that the MCI Chapter 11 situation is an issue that should change direction to the point of buying the Coachworks bus. We believe our risk will be minimal because payment will not be made to MCI until buses are delivered and accepted by Placer County.

BUDGET

The funding amounts for the \$2,750,000 in commuter bus purchases are shown in the table below. The FY 2008/09 Budget for Placer County Transit includes \$1,650,000 for three commuter buses. This is from a mix of federal Congestion Mitigation Air Quality (CMAQ), Proposition 1B Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA), and PCT capital reserve funds. DPW budgeted \$508,800 in PTMISEA funds but has been approved for \$556,222, which will reduce the amount of local capital reserve funds needed. The PTMISEA funds are currently frozen due to the State Pooled Money Investment Board suspension disbursements of bond funds for this program. Once the bond market allows funds to flow again, the County will receive funding. Caltrans notified Placer County on February 19, 2009, that the bus purchase project has been approved for funding.

The American Recovery and Reinvestment Act of 2009 (ARRA) allocates \$8.4 billion nationwide for Federal Transit Administration funding programs. Approximately \$30 million of those funds will come to the Sacramento Urbanized Area for the FTA 5307 formula capital grant program. Placer County Transit has been preliminarily approved by the Sacramento Area Council of Governments to receive \$1.1 million for the purchase of two additional commuter buses. The funds have been programmed in the Sacramento Metropolitan Transportation Improvement Program (MTIP). Once this MTIP is approved by the Federal Department of Transportation, the funds will be available for award to Placer County. These funds need to be obligated and spent on an aggressive timeline.

Commuter Bus Budget			
	Buses 1 - 3	Buses 4 & 5	Total
FTA Grant (CMAQ Funds)	\$ 990,000.00		\$ 990,000.00
PCT Capital Reserve	\$ 103,778.00		\$ 103,778.00
Prop 1B Transit Funds	\$ 556,222.00		\$ 556,222.00
FTA 5307 ARRA Funds (Federal Stimulus)		\$ 1,100,000.00	\$ 1,100,000.00
TOTAL	\$ 1,650,000.00	\$ 1,100,000.00	\$ 2,750,000.00

BACKGROUND AND JUSTIFICATIONBackground

The Placer Commuter Express service began in 2004. Since the beginning of the service the County has contracted with Amador Stage Lines to provide the buses and operate the service. Placer County Transit staff handles customer service, pass sales and reporting requirements. The PCE routes serve stops in Colfax, Clipper Gap, Auburn, Penryn, Loomis, Rocklin and Roseville and run into downtown Sacramento. The service started with two morning and afternoon runs in 2004 and has grown to four runs. Funding comes from Placer County, the City of Colfax, City of Auburn, Town of Loomis, City of Rocklin and the City of Lincoln.

Ridership and Seating Capacity

Ridership in February of 2009 averaged 303 per day. If the two State furlough days are removed, the average weekday ridership is 337, which is the highest level to date. This is an average of 42 passengers per bus. Over the three-month period of December 2008 through February of 2009, 21% of runs were at maximum seating capacity, which often means that passengers were left waiting for the next available run. 71% of the runs operated at 75% seating capacity. The buses currently in service are three contractor-owned diesel buses, one compressed natural gas bus and a spare borrowed from the Tahoe Area Regional Transit system. Two of the contractor buses have 47 and one has 56 seats. The CNG buses used for PCE have 43 seats. The crowding of the buses is the most common complaint we receive from passengers.

The combined in-service seating capacity of the existing fleet is 193 seats. The MCI commuter coaches will have a combined in-service seating capacity of 228, which is an increase of 35 seats or 18%. This will significantly improve upon our seating deficiency. The added seating will also give us the potential to receive more fare revenue without increasing the number of routes. Since the number of seats appears to be the limiting factor on PCE ridership, it would be reasonable to assume that ridership and fare revenue on the three most impacted runs would increase by at least 10%. A 10% increase in fare revenue on the three most impacted runs would result in an additional \$25,800 in fare revenue per year.

Operating Cost

Operating County owned fleet for the commuter service is expected to reduce operating costs by 15% including the cost of bus depreciation. The contractor provided buses are expensive, because the contractor has to dedicate three of their revenue fleet, plus spares, to the PCE service during weekdays. The current cost of the service is \$715,500. With County owned buses the cost is estimated to decrease to \$608,000, including depreciation. With the additional fare revenue due to increased seating capacity, the percentage of operating cost covered by fare revenue will increase from 48% to 60%. The Transportation Development Act farebox ratio calculation excludes depreciation costs. When depreciation costs are excluded from the calculation, the percentage of operating costs covered by fares is estimated at 65% with the County owned buses.

Bus Type

The commuter bus coaches proposed for award are diesel buses. This is a deviation from our practice over the past decade of purchasing compressed natural gas fueled buses. It was originally DPW's intent to purchase CNG buses for this service. The growth in ridership on the commuter service caused us to re-evaluate and change our recommendation to diesel buses.

The largest CNG bus is 40 feet with 40 to 43 seats. This seating size is impractical and would offer 23% less seating capacity than the diesel coaches. The CNG buses are transit style buses and do not offer the same benefits to long distance commuters as commuter style buses. Power is another issue. The CNG buses are able to climb the I-80 grade with a load of passengers at about 50 mph which increases travel time to commuters, making it less convenient and attractive of a service.

The new MCI buses will be outfitted with diesel engines certified by CARB as meeting the very strict 2007 low-emission requirements for diesel engines. These buses will be replacing three pre-2007 diesel buses provided by the contractor, and one CNG bus. When accounting for the benefit of added seating capacity, there is an overall reduction in emissions of 1700 pounds per year.

**PLACER COUNTY
BUDGET REVISION**

PAS DOCUMENT NO. _____

Revision 18

Dept No.	Doc Type	Total \$ Amount	Total Lines
19	BR	\$2,200,000.00	2

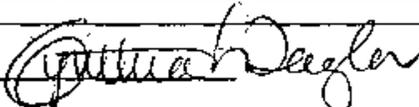
- Cash Transfer Required
- Reserve Cancellation Request
- Establish Reserve Required

- Auditor-Controller
- County Executive
- Board of Supervisors

ESTIMATED REVENUE ADJUSTMENT										APPROPRIATION ADJUSTMENT											
Dept No.	T Code	Rev	FUND	SUBFUND	OCA	PCA	OBJ L-3	Proj. No.	G/L Sub GL	AMOUNT	Dept No.	T Code	Rev	OCA	PCA	FUND	SUBF	Obj L-3	Proj. No.	Proj Detail	AMOUNT
19	005		210	100	002116	00301	7249			1,100,000.00	19	014		002116	00301	210	100	4451			1,100,000.00
TOTAL										TOTAL											
										1,100,000.00											

REASON FOR REVISION: Budget revision to increase revenue appn 7249 by \$1,100,000 and increase fixed asset appn 4451 by \$1,100,000 to purchase two (2) 45 foot, 57 seat low emission diesel commuter buses with revenue from the Federal Stimulus funds.

Distribution:
All copies to
Auditor

Department Head Ken Grehm 

Board of Supervisors _____

Auditor-Controller _____

Date: 3/16/2009

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