

THIS PRINT COVERS CALENDAR ITEM NO.: 12

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Transit Services

BRIEF DESCRIPTION:

Requesting authorization for the Director of Transportation to execute Amendment No. 1 to Contract No. CPT 713 with New Flyer of America Inc., to change the propulsion system in six of the previously ordered buses from parallel propulsion to series propulsion and to purchase an additional 48 standard and 50 articulated low floor diesel hybrid buses, for an additional amount of \$99,382,133, and a total contract amount not to exceed \$167,639,669, with no change to the term of the contract.

SUMMARY:

- On December 30, 2014, the City entered into Contract No. CPT 713 with New Flyer (the Agreement) to purchase 61 60-ft (articulated) low floor, diesel hybrid buses (buses) and associated spare parts, training, manuals, and special tools (base order) in an amount not to exceed \$68,257,536.
- Staff has recommended that the SFMTA purchase six series propulsion system buses as part of the base order in order to gain experience with a different hybrid propulsion system technology.
- The Agreement includes an option until six years from the effective date of the Agreement to procure up to 200 standard (40-ft.) buses and up to 163 articulated buses, as well as an option to purchase associated spare parts. SFMTA now wishes to exercise the 2015 option in the Agreement in order to purchase 48 standard buses and 50 articulated buses now.

ENCLOSURES:

1. SFMTA Board Resolution
2. Amendment No. 1

APPROVALS:

DATE

DIRECTOR _____

4/13/15

SECRETARY _____

4/13/15

ASSIGNED SFMTAB CALENDAR DATE: April 21, 2015

PAGE 2

PURPOSE:

The purpose of this calendar item is to request authorization for the Director of Transportation to execute Amendment No. 1 to Contract No. CPT 713 with New Flyer of America Inc., to change the propulsion system in six of the previously ordered buses from parallel system to series system, and to purchase an additional 48 standard and 50 articulated low floor diesel hybrid buses, for an additional amount of \$99,382,133, and a total contract amount not to exceed \$167,639,669, with no change to the term of the contract

GOAL:

The goal of this project is to improve equipment performance, availability and reliability in order to meet the following goals and objectives of the SFMTA's Strategic Plan:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing and carsharing the preferred means of travel

Objective No. 2.1: Improve customer service and communication

Objective No. 2.2: Improve transit performance

Goal 3: Improve the environment and quality of life in San Francisco

Objective No. 3.1: Reduce the agency's and transportation system's resource consumption, emissions, waste and noise

DESCRIPTION:

The SFMTA's rubber tire fleet presently includes 56 standard Orion diesel hybrid buses, 138 standard and 124 articulated Neoplan diesel buses and 24 inactive articulated New Flyer diesel buses. These buses have reached or will be reaching their expected useful lives of 12 years over the next five years. In addition to replacing these vehicles, SFMTA will need to procure additional buses to meet future service demand projections for the rubber tire fleet, resulting in a net increase of six buses for the standard fleet and 76 buses for the articulated fleet over the duration of this contract.

The SFMTA issued an RFP on January 31, 2014, for procurement of 30-foot, 40-foot and articulated low floor diesel hybrid buses. New Flyer submitted the only proposal in response to the RFP.

Staff negotiated a contract with New Flyer to purchase 61 articulated low floor diesel hybrid buses for the base order, including related tools, training and spare parts, for an amount not to exceed \$68,257,536 and a term of six years. The contract also includes options to purchase up to 200 additional standard buses and up to 163 additional articulated buses.

On December 2, 2014, the SFMTA Board of Directors approved the Agreement. On December 23, 2014, the Board of Supervisors adopted a resolution approving the Agreement.

The Agreement includes an option until six years from the effective date of the Agreement to procure up to 200 standard buses and up to 163 articulated buses, as well as an option to purchase associated spare parts. Following is a breakdown of the number of buses that the SFMTA plans to purchase over the life of this Agreement:

Phase	40-ft Bus	60-ft Bus
Base Order	0	61
2015 (option)	48	50
2016 (option)	41	48
2017 (option)	30	0
2018 (option)	36	35
2019 (option)	45	30
Total	200	224

The quantity of buses to be purchase per year coincides with the year a particular batch of SFMTA buses will reach the end of their service life and/or the year the expansion buses are needed to meet the additional demand for service.

Under the entire bus procurement project, the SFMTA intends to purchase a combination of standard and articulated coaches for a total of 424 coaches, as outlined in the table above. At this time, the SFMTA wishes to exercise the 2015 option to purchase 98 vehicles, including 48 standard buses and 50 articulated buses, as well as associated spare parts, training, manuals, and special tools.

SFMTA also wishes to amend the Agreement to change the base order quantity of 61 parallel propulsion articulated coaches to a combination of 55 parallel propulsion articulated coaches and six series propulsion articulated coaches in order to gain experience with a different hybrid propulsion system technology on the articulated coaches.

In a parallel propulsion system, the engine is directly connected to the drive shaft of the bus in parallel with a motor that assists the engine propelling the bus forward. In a series propulsion system there is no direct connection between the engine and the drive shaft of the bus; the engine drives a generator, which in turn provides power to a motor that drives the drive shaft of the bus to propel the bus forward. This system has proven to be more fuel-efficient in the standard buses that we have tested, and we wanted to observe if the articulated buses will also realize this fuel efficiency.

Of the 98 buses being purchased under Amendment No. 1, SFMTA will be receiving 24 series propulsion standard coaches, 24 parallel propulsion standard coaches, 25 series propulsion articulated coaches, 25 parallel propulsion articulated coaches.

ALTERNATIVES CONSIDERED:

The alternative to exercising this option would be to rehabilitate the existing fleet to extend the lives of these buses. However, extending the lives of the existing buses would mean that the majority of SFMTA’s fleet will continue to have diesel propulsion packages and will not be able to take advantage of the lower emissions offered by hybrid technology.

In view of the above, the best alternative available to the SFMTA is to purchase new hybrid buses to replace its fleet of diesel buses.

FUNDING IMPACT:

The amendment to purchase option vehicles under this amendment will be funded through grants from the Federal Transit Administration and additional General Fund appropriation authorized under Proposition B, which was approved by the voters in November 2014.

A budget of \$111,252,323 has been allocated to fund this Amendment, and sources for the funds have all been identified. The budget includes the cost of the buses, capital spares, taxes, project engineering, maintenance support and consultant support. The price of the option buses have been adjusted based on changes to the Producer Price Index (PPI).

This Amendment No. 1 will increase the contract amount by \$99,382,133, for a total contract amount of \$167,639,669. Following is the detailed project budget:

New Flyer Amendment No. 1	Cost
Vehicles (48 40-ft buses and 50 60-ft buses and change in propulsion system of 6 buses in base order)	\$ 88,453,400
Tools & Diagnostics	\$ 3,340,353
Training	\$ 3,548,340
Spare Parts	\$ 4,040,040
Subtotal New Flyer Contract Amendment No. 1	\$99,382,133

Other Associated Cost Items Amendment No. 1	Cost
Tax (8.75%)	\$ 8,406,129
Warranty support	\$ 400,000
Project support (SFMTA staff, Other Direct Cost)	\$ 2,564,061
Consultant Support and Vehicle Inspection at Plant	\$ 500,000
Subtotal Other Associated Cost Items Amendment No. 1	\$11,870,190
Total Cost Amendment No. 1	\$111,252,323

Total Project Cost Summary	Cost
Base Order Contract Amount	\$ 68,257,536
Base Order Other Associated Cost Items	\$ 10,628,089
Amendment No. 1 Contract Amount	\$ 99,382,133
Amendment No. 1 Other Associated Cost Item	\$ 11,870,190
Total Contract Amount Base Plus Amendment No. 1	\$190,137,948

Amendment No. 1 will be funded by FTA Section 5307 funds and Proposition K Sales Taxes as detailed below.

FINANCIAL PLAN

Project Funding Source	Amount
Federal Grant	\$63,092,126
Proposition K Sales Tax	\$33,405,243
Other Local Funds	\$14,754,954
Total Funding for Amendment No. 1	\$111,252,323

OTHER APPROVALS RECEIVED OR STILL REQUIRED:

The City Attorney's Office has reviewed this calendar item.

Amendment No. 1 will also require approval from the Board of Supervisors.

ENVIRONMENTAL REVIEW

On November 5, 2014, the Planning Department determined that the contract did not constitute a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

RECOMMENDATIONS:

Staff recommends that the SFMTA Board authorize the Director of Transportation to execute Amendment No. 1 to Contract No. CPT 713 with New Flyer of America Inc., to change the propulsion system in six of the previously ordered buses from parallel system to series system, and to purchase an additional 48 standard and 50 articulated low floor diesel hybrid buses, for an additional amount of \$99,382,133, and a total contract amount not to exceed \$167,639,669, with no change to the term of the contract.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION NO. _____

WHEREAS, The SFMTA rubber tire fleet includes 56 40-foot (standard) Orion hybrid diesel buses, 138 standard and 124 60-foot (articulated) Neoplan diesel buses, and 24 inactive articulated New Flyer buses that are due for replacement over the next five years; and

WHEREAS, These Orion, Neoplan and New Flyer buses will have reached or will be reaching the end of their expected useful lives of 12 years within the next five years; and

WHEREAS, Service demands for the diesel and hybrid fleet will require the SFMTA to purchase buses to accommodate service expansion; and

WHEREAS, On December 30, 2014, the City entered into Contract No. CPT 713 with New Flyer of America Inc. (the Agreement) to purchase 61 articulated low floor, diesel hybrid buses and associated spare parts, training, manuals, and special tools (base order), and

WHEREAS, The Agreement includes options to purchase an additional 200 standard and 163 articulated low floor diesel hybrid buses over the next six years should funding be identified;

WHEREAS, The SFMTA now wishes to amend the contract to change the propulsion system in six of the 61 articulated buses in the base order from parallel propulsion to series propulsion; and

WHEREAS, The SFMTA also wishes to exercise the 2015 option in the Agreement to procure 98 additional buses (24 series propulsion standard coaches, 24 parallel propulsion standard coaches, 25 series propulsion articulated coaches, and 25 parallel propulsion articulated coaches), as well as associated spare parts, training, manuals, and special tools; and

WHEREAS, Amendment No. 1 will be funded by a combination of federal formula funds and local matching funds; now therefore be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute Amendment No. 1 to Contract No. CPT 713 with New Flyer of America Inc. to change the propulsion system in six of the previously ordered buses from parallel system to series system, and to purchase an additional 48 standard and 50 articulated low floor diesel hybrid buses, for an additional amount of \$99,382,133, and a total contract amount not to exceed \$167,639,669, with no change to the term of the contract; and be it

FURTHER RESOLVED, That the SFMTA Board of Directors commends Amendment No. 1 to the Board of Supervisors for its review and approval.

I certify that the foregoing resolution was adopted by the Municipal Transportation Agency Board of Directors at its meeting of April 21, 2015.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Enclosure 2

Amendment No. 1
to
Agreement between
the City and County of San Francisco
and
New Flyer of America Inc.
for Procurement of 40-Ft and 60-Ft Low Floor Diesel Hybrid Coaches
Contract No. CPT 713
CCO No. 14-1287

This Amendment No. 1 to Agreement is made and effective this _____ day of _____, 2015, by and between: New Flyer of America Inc., a North Dakota corporation, 711 Kernaghan Avenue, Winnipeg, Manitoba, Canada R2C 3T4 (Contractor or New Flyer), and the City and County of San Francisco, a municipal corporation (City), acting by and through its San Francisco Municipal Transportation Agency (SFMTA).

Recitals

A. On December 30, 2014, the City entered into Contract No. CPT 713 with New Flyer (the Agreement) to purchase 61 60-ft (articulated) low floor, diesel hybrid coaches (coaches) and associated spare parts, training, manuals, and special tools.

B. The City now wishes to amend the Agreement to change the base order quantity of 61 articulated parallel propulsion coaches to a combination of 55 articulated parallel propulsion coaches and six articulated series propulsion coaches.

C. Section 65 of the Agreement contains an option for the City to procure up to 200 standard (40-ft.) coaches and up to 163 articulated coaches, as well as an option to purchase associated spare parts. City now wishes to exercise the option in order to purchase 24 series propulsion standard coaches, 24 parallel propulsion standard coaches, 25 series propulsion articulated coaches, 25 parallel propulsion articulated coaches, and associated spare parts, training, manuals, and special tools from New Flyer under the terms set forth in this Amendment.

Now, THEREFORE, the parties agree as follows:

1. *Section 4 of the Agreement (Work Contractor Agrees to Perform) is amended in its entirety to read as follows:*

This Agreement is for the procurement of 61 60-ft, low floor, diesel hybrid coaches with options of up to 163 additional 60-ft, low floor diesel hybrid coaches and 200 40-ft. low floor diesel hybrid coaches as provided for in the Technical Specifications, and in the Contractor's Proposal (as incorporated into the Conformed Contract Documents), according to the Project Delivery Schedules set forth in Exhibits 2, and 2.1, incorporated by reference as though fully set forth.

2. Section 5.1 of the Agreement is amended in its entirety to read as follows:

5.1 In no event shall the amount of this Agreement exceed One Hundred Sixty-Seven Million, Six Hundred Thirty-Nine Thousand, Six Hundred Sixty-Nine U.S. Dollars (\$167,639,669 U.S.). This amount does not include California sales taxes, which shall be paid directly by the SFMTA. The breakdown of costs associated with this Agreement appears in Exhibit 1 (Schedule of Prices), incorporated by reference as though fully set forth herein.

3. In Section 7.3 (Progress Payments) on page 6 of the Agreement, the sentence that reads “Each item listed below is from the Schedule of Prices set forth in Exhibit 1” is deleted and replaced with the following sentence:

The following items will be paid as set forth below, based on the unit prices in Exhibit 1 (Schedule of Prices). Milestone payments apply to both the base order and any options exercised..

4. Schedules 2, 2.1, 3 and 3.1 of Exhibit 1 of the Agreement (Schedule of Prices) are deleted and replaced by the attached Schedules 2, 2.1, 3 and 3.1.

5. Exhibits 2 and 2.1 of the Agreement (Project Delivery Schedule) are deleted and replaced by the attached Exhibits 2 and 2.1.

6. Release. The compensation (time and cost) set forth in this Amendment comprises the total of all compensation due to Contractor, and all subcontractors and suppliers (collectively, Contractor), as a result of the events giving rise to the Amendment and for the additional Work described in this Amendment, including, but not limited to, costs for labor, materials, equipment, delay, escalation, profit, inefficiency, overhead and administration. The execution of this Amendment constitutes a release and accord and satisfaction of any claim that Contractor may bring, as of the date of the approval of Amendment, for the Option Vehicles and parts, for additional compensation or time arising from, or related to, the procurement and delivery of the Option Vehicles to the City as described in this Amendment.

7. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY

CONTRACTOR

San Francisco Municipal Transportation Agency

New Flyer of America Inc.

Edward D. Reiskin
Director of Transportation

Paul Smith
Executive Vice President, Sales and Marketing

Approved as to Form:

Dennis J. Herrera
City Attorney

David White
Executive Vice President, Supply Management

By _____
Robin M. Reitzes
Deputy City Attorney

711 Kernaghan Avenue
Winnipeg, Manitoba,
Canada R2C 3T4

San Francisco Municipal Transportation Agency

City vendor number: 49642

Board of Directors

Resolution No. _____

Dated: _____

Attest:

Secretary, SFMTA Board of Directors

Board of Supervisors

Resolution No. _____

Dated: _____

Attest:

Clerk of the Board

Exhibits:

Exhibit 1, Schedule of Prices
Exhibit 2 and 2.1

Exhibit 1
Schedule of Prices

SCHEDULE 2 - SCHEDULE OF PRICES
40-FT LOW FLOOR (SERIES) DIESEL HYBRID COACHES

No	Qty.	Description	Unit Price	Total Price
1.	24	Option for 1-48 40-ft Low Floor Series Diesel Hybrid Coaches in year 2015	\$723,790 + \$6,234 PPI ⁽¹⁾ \$730,024	\$17,520,576
2.	Per schedule 2A	Spare Parts for 40-ft Low floor Diesel Hybrid coaches (from Schedule 2A)	\$1,087,362 + \$9,366 PPI ⁽¹⁾ \$1,096,728	\$1,096,728
3.	Per Tech. Specs., Attachment 14	Training for 40-ft Low Floor Diesel Hybrid Coaches	\$1,104,030	\$1,104,030
4.	Per Section 9 of Tech. Specs.	Interactive Multimedia Training for 40-ft Low Floor Diesel Hybrid Coaches	\$236,250	\$236,250
5.	Per Section 9 of Tech. Specs.	Operating, Maintenance and Parts Manuals for 40-ft Low Floor Diesel Hybrid Coaches	\$ 0	\$ 0
6.	Per Schedule 2B	Special Tools for 40-ft Low Floor Diesel Hybrid Coaches (from Schedule 2B)	\$1,106,541 + \$9,531 PPI ⁽¹⁾ \$1,116,072	\$1,116,072
7.	41	Option for 1-41 40-ft Low Floor Series Diesel Hybrid Coach in year 2016	<u>\$Item 1 Unit Price</u> + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
8.	30	Option for 1-30 40-ft Low Floor Series Diesel Hybrid Coaches in year 2017	<u>\$Item 1 Unit Price</u> + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
9.	36	Option for 1-36 40-ft Low Floor Series Diesel Hybrid Coaches in year 2018	<u>\$Item 1 Unit Price</u> + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
10.	45	Option for 1-45 40-ft Low Floor Series Diesel Hybrid Coaches in year 2019	<u>\$Item 1 Unit Price</u> + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
			Grand Total	\$20,837,406

(1) PPI: Producer's Price Index for Transportation Equipment Manufacturing: NAICS 336 to be determined at the time the options are exercised, calculated from the effective date of the contract.

**SCHEDULE 2.1 - SCHEDULE OF PRICES
40-FT LOW FLOOR (PARALLEL) DIESEL HYBRID COACHES**

No	Qty.	Description	Unit Price	Total Price
1	24	Option for 1-48 40-ft Low Floor Parallel Diesel Hybrid Coaches in year 2015	\$782,035 + \$6,736 PPI ⁽¹⁾ \$788,771	\$18,930,504
2	Per schedule 2A.1	Spare Parts for 40-ft Low floor Diesel Hybrid coaches (from Schedule 2A)	\$1,492,330 + \$12,854 PPI ⁽¹⁾ \$1,505,184	\$1,505,184
3	Per Tech. Specs., Attachment 14	Training for 40-ft Low Floor Diesel Hybrid Coaches	\$1,104,030	\$1,104,030
4	Per Section 9 of Tech. Specs.	Interactive Multimedia Training for 40 ft Low Floor Diesel Hybrid Coaches	\$236,250	\$236,250
5	Per Section 9 of Tech. Specs.	Operating, Maintenance and Parts Manuals for 40-ft Low Floor Diesel Hybrid Coaches	\$ 0	\$ 0
6	Per Schedule 2B.1	Special Tools for 40-ft Low Floor Diesel Hybrid Coaches (from Schedule 2B)	\$1,108,918 + \$9,551 PPI ⁽¹⁾ \$1,118,469	\$1,118,469
7	41	Option for 1-41 40-ft Low Floor Parallel Diesel Hybrid Coach in year 2016	\$Item 1 Unit Price + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
8	30	Option for 1-30 40-ft Low Floor Parallel Diesel Hybrid Coaches in year 2017	\$Item 1 Unit Price + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
9	36	Option for 1-36 40-ft Low Floor Parallel Diesel Hybrid Coaches in year 2018	\$Item 1 Unit Price + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
10	45	Option for 1-45 40-ft Low Floor Parallel Diesel Hybrid Coaches in year 2019	\$Item 1 Unit Price + PPI ⁽¹⁾	\$Item 1 Total Price + PPI ⁽¹⁾
Grand Total				\$22,658,187

(1) PPI: Producer's Price Index for Transportation Equipment Manufacturing: NAICS 336 to be determined at the time the options are exercised, calculated from the effective day of the contract.

**SCHEDULE 3 - SCHEDULE OF PRICES
60-FT LOW FLOOR (SERIES) DIESEL HYBRID COACHES**

No.	Qty.	Description	Unit Price	Total Price
1.	6	60-ft Low Floor Series Diesel Hybrid Coaches – Base Contract	\$1,024,838	\$6,149,028
2.	Per Schedule 3A	Spare Parts for 60-ft Low floor Diesel Hybrid coaches (from Schedule 3A)	\$1,438,128	\$1,438,128
3.	Per Tech. Specs., Attachment 14	Training for 60-ft Low Floor Diesel Hybrid Coaches	\$1,104,030	\$1,104,030
4.	Per Section 9 of Tech. Specs.	Interactive Multimedia Training for 60-ft Low Floor Diesel Hybrid Coaches	\$236,250	\$236,250
5.	Per Section 9 of Tech. Specs.	Operating, Maintenance and Parts Manuals for 60-ft Low Floor Diesel Hybrid Coaches	\$ 0	\$ 0
6.	Per Schedule 3B	Special Tools for 60-ft Low Floor Diesel Hybrid Coaches (from Schedule 3B)	\$1,105,812	\$1,105,812
7.	25	Option for 1-50 60-ft Low Floor Series Diesel Hybrid Coaches in year 2015	\$1,024,838 + \$8,827 PPI ⁽¹⁾ \$1,033,665	\$25,841,625
8.	48	Option for 1-48 60-ft Low Floor Series Diesel Hybrid Coaches in year 2016	<u>\$Base Unit Price</u> + PPI ⁽¹⁾	<u>\$Base Unit Price</u> + PPI ⁽¹⁾
9.	35	Option for 1-35 60-ft Low Floor Series Diesel Hybrid Coaches in year 2018	<u>\$Base Unit Price</u> + PPI ⁽¹⁾	<u>\$Base Unit Price</u> + PPI ⁽¹⁾
10.	30	Option for 1-30 60-ft Low Floor Series Diesel Hybrid Coaches in year 2019	<u>\$Base Unit Price</u> + PPI ⁽¹⁾	<u>\$Base Unit Price</u> + PPI ⁽¹⁾
Grand Total				\$35,874,873

(1) PPI: Producer's Price Index for Transportation Equipment Manufacturing: NAICS 336, to be determined at the time the options are exercised, calculated from the effective date of the contract.

**SCHEDULE 3.1 - SCHEDULE OF PRICES
60-FT LOW FLOOR (PARALLEL) DIESEL HYBRID COACHES**

No.	Qty.	Description	Unit Price	Total Price
1.	55	60-ft Low Floor Parallel Diesel Hybrid Coaches – Base Contract	\$1,041,443	\$57,279,351
2.	Per Schedule 3A.1	Spare Parts for 60-ft Low floor Diesel Hybrid coaches (from Schedule 3A)	\$1,891,719	\$1,891,719
3.	Per Tech. Specs., Attachment 14	Training for 60-ft Low Floor Diesel Hybrid Coaches	\$1,104,030	\$1,104,030
4.	Per Section 9 of Tech. Specs.	Interactive Multimedia Training for 60-ft Low Floor Diesel Hybrid Coaches	\$236,250	\$236,250
5.	Per Section 9 of Tech. Specs.	Operating, Maintenance and Parts Manuals for 60-ft Low Floor Diesel Hybrid Coaches	\$ 0	\$ 0
6.	Per Schedule 3B.1	Special Tools for 60-ft Low Floor Diesel Hybrid Coaches (from Schedule 3B)	\$1,497,529	\$1,497,529
7.	25	Option for 1-50 60-ft Low Floor Parallel Diesel Hybrid Coach in year 2015	\$1,041,443 + 8,970 PPI ⁽¹⁾ \$1,050,413	\$26,260,325
8.	48	Option for 1-48 60-ft Low Floor Parallel Diesel Hybrid Coaches in year 2016	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$
9.	35	Option for 1-35 60-ft Low Floor Parallel Diesel Hybrid Coaches in year 2018	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$
10	30	Option for 1-30 60-ft Low Floor Parallel Diesel Hybrid Coaches in year 2019	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$	$\frac{\$ \text{Base Unit Price}}{+ \text{PPI}^{(1)}}$
Grand Total				\$88,269,204

(1) PPI: Producer's Price Index for Transportation Equipment Manufacturing: NAICS 336, to be determined at the time the options are exercised, calculated from the effective date of the contract.

Exhibit 2: PROJECT DELIVERY SCHEDULE

40-FT LOW FLOOR DIESEL HYBRID COACHES (2015 Option)

Item	Calendar Days after Notice-to-Proceed
Submittal of Baseline Schedule and Management Work Plan	35
Submittal of vehicle drawings, control, Reliability Program Plan and test plans	175
Submittal of training program (including lesson plans)	60
Delivery of prototype coach ¹	203
Submittal of draft operations, maintenance, parts manuals, recommended spare parts	203

Item	Calendar Days after Approval of Prototype Coach
Beginning of coach delivery ²	60
Delivery of first half of spare parts (Lot 1)	100
Delivery of second half of spare parts (Lot 2)	200
Completion of training program	730
Submittal of final operations, maintenance, and parts manual	100
Delivery of special tools	100
Completion of coach delivery	200

¹ Approval to deliver lead coach will not be granted until after receipt and approval of all vehicle drawings, control and test plans.

² Approval to deliver production vehicles will not be granted until after submittal of a satisfactory training plan; draft operations, maintenance, and parts manuals; and after successful completion of all appropriate tests as described in Section 11.2 of the Technical Specification.

Exhibit 2.1: PROJECT DELIVERY SCHEDULE

60-FT LOW FLOOR DIESEL HYBRID COACHES – Base Order Plus 2015 Option

Item	Calendar Days after Notice-to-Proceed
Submittal of Baseline Schedule and Management Work Plan	35
Submittal of vehicle drawings, control, Reliability Program Plan and test plans	175
Submittal of training program (including lesson plans)	60
Delivery of prototype coach ¹	203
Submittal of draft operations, maintenance, parts manuals, recommended spare parts	203

Item	Calendar Days after Approval of Prototype Coach
Beginning of coach delivery ²	105
Delivery of first half of spare parts (Lot 1)	100
Delivery of second half of spare parts (Lot 2)	200
Completion of training program	730
Submittal of final operations, maintenance, and parts manual	100
Delivery of special tools	100
Completion of coach delivery	437

¹ Approval to deliver lead coach will not be granted until after receipt and approval of all vehicle drawings, control and test plans.

² Approval to deliver production vehicles will not be granted until after submittal of a satisfactory training plan; draft operations, maintenance, and parts manuals; and after successful completion of all appropriate tests as described in Section 11.2 of the Technical Specification.