

THIS PRINT COVERS CALENDAR ITEM NO.: 13

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Transit

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to execute Contract No. SFMTA-2024-03-FTA with New Flyer of America, Inc., to procure 94 40-foot, low floor, hybrid electric coaches, along with spare parts, special tools, manuals, training, and telematics licenses through a cooperative purchasing agreement established by the State of Washington for an amount not to exceed \$117,751,398 and a term not to exceed five years.

SUMMARY:

- In 2013, the SFMTA began a transformative fleet replacement program by purchasing 112 40-ft hybrid electric coaches which will be reaching the end of their 12 years useful life.
- On November 7, 2023, the SFMTA Board of Directors approved the revised Zero Emission Vehicle Policy. Due to facility upgrade constraints, the revised policy includes hybrid buses in addition to trolley and battery electric buses as part of the Zero Emission Rollout Plan.
- In 2015, the Federal Transit Administration (FTA) began allowing transit agencies to buy buses using pre-negotiated cooperative purchasing agreements issued by State governments and San Francisco Administrative Code Section 21.16 permits the SFMTA to make purchases under the terms established by another agency's competitive procurement process.
- On April 1, 2021, Washington awarded to New Flyer of America, Inc., State Cooperative Purchasing Schedule Master Contract No. 06719-01, which included 40-foot hybrid buses.
- SFMTA staff has negotiated an agreement with New Flyer using the Washington State cooperative purchasing agreement to purchase 94 low floor, hybrid electric coaches and related spare parts, special tools, manuals, training, and telematics licenses.
- The project funding is provided by the Federal Transit Administration, RM3, Prop L, Prop B General Funds and Developer Fees.

ENCLOSURES:

1. SFMTA Board Resolution
2. March 30, 2024 SF Admin. Code § 21.16 Finding by Director of Transportation
3. Contract No. SFMTA-2024-03-FTA with New Flyer of America Inc.

APPROVALS:

DATE

DIRECTOR  _____ September 10, 2024

SECRETARY  _____ September 10, 2024

ASSIGNED SFMTAB CALENDAR DATE: September 17, 2024

PAGE 2.

PURPOSE

The purpose of this calendar item is to authorize the Director of Transportation to execute Contract No. SFMTA-2024-03-FTA with New Flyer of America, Inc., to procure 94 40-foot, low floor, hybrid electric buses, along with spare parts, special tools, manuals, training, and telematics licenses through a cooperative purchasing agreement established by the State of Washington for an amount not to exceed \$117,751,398 and a term not to exceed five years.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

Goal 5: Deliver reliable and equitable transportation services.

Goal 6: Eliminate pollution and greenhouse gas emissions by increasing use of transit, walking, and bicycling.

Goal 8: Deliver quality projects on-time and on-budget.

Goal 9: Fix things before they break and modernize systems and infrastructure.

Goal 10: Position the agency for financial success.

This action supports the following SFMTA Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
8. New transportation investment should be allocated to meet the demand for public transit generated by new public and private commercial and residential developments.
9. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.
10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

DESCRIPTION

The SFMTA has been a leader in supporting sustainable, reduced or zero-emission revenue transit vehicles. The agency currently operates the largest fleet of zero-emission electric trolley vehicles in North America, running on 100% greenhouse gas-free (GHG) electricity, and has replaced 100% of its older diesel buses with cleaner, more efficient diesel electric hybrid vehicles fueled with renewable diesel. These electric hybrid vehicles offer lower fuel consumption, decreased engine idling time while in service, and a substantial reduction in emissions.

PAGE 3.

On November 7, 2023, the SFMTA Board of Directors approved Resolution No. 180515-080 which established an updated Zero Emission Vehicle Policy which commits to procure zero-emissions vehicles to replace the SFMTA's hybrid electric buses and to continue to procure trolley buses, with a goal of achieving a 100% zero-emission fleet in compliance with the Innovative Clean Transit (ICT) regulation of the California Air Resource Board (CARB). Due to facility upgrade constraints, the revised policy includes hybrid buses in addition to trolley and battery electric buses. The SFMTA's policy may also consider the use of other zero-emission bus technologies in the future.

The SFMTA began a transformative fleet replacement program by purchasing 112 40-ft hybrid electric coaches in 2013. These coaches are reaching the end of their 12 years of useful life. The original intention was to replace these vehicles with zero-emission vehicles, but project complexities, such as funding and PG&E coordination, delayed progress on the facility upgrades required to charge zero-emissions vehicles. As a result, the SFMTA needs to purchase hybrid vehicles in order to keep the fleet in an overall state of good repair during the transition to a 100% zero-emission fleet. We anticipate procuring a combination of low- and zero-emissions vehicles through 2031.

The Federal Transit Administration (FTA) permits a transit agency to use out-of-state cooperative purchasing agreements under Section 3019 of the 2015 Fixing America's Surface Transportation Act. In April 2021, the State of Washington's Department of Enterprise Services entered into cooperative purchasing agreements with qualified bus vendors that allow authorized users, including public transit agencies outside of Washington State, to purchase buses using those agreements at prices established by a competitive procurement. The State of Washington cooperative procurement complied with the third-party procurement requirements of the FTA.

Washington State awarded State Cooperative Purchasing Schedule Master Contract No. 06719-01 for Transit Buses: Heavy Duty to New Flyer of America, Inc. (New Flyer). The Master Contract included multiple types of buses, including 40-ft hybrid electric coaches. The specifications of the coaches in the Washington State cooperative purchasing agreement are broad enough to allow the SFMTA to use it to purchase vehicles that meet the agency's needs.

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. On March 30, 2024, the Director of Transportation signed a memorandum determining that the procurement of the Washington State cooperative purchasing agreement with New Flyer was competitive, and that its use is in the best interests of the City. In essence, the Director concluded that the Washington State procurement achieved a competitive price for the buses, and using Washington's cooperative purchasing agreement would significantly reduce the SFMTA's administrative costs for the acquisition by avoiding the cost in money and time of issuing a stand-alone request for proposals for the SFMTA's requirements.

Staff entered into negotiations with New Flyer and is now recommending award of the contract to the

PAGE 4.

bus manufacturer. The negotiations included various enhancements to the basic coach, including SFMTA's technology package (e.g., signal priority, video cameras, passenger counters), flush mounted and tinted windows, USB charging ports, an enhanced operator safety barrier, and an upgraded wheelchair ramp. The inclusion of these enhancements did not impact the SFMTA's ability to take advantage of the competitive price for the base model bus established through the State of Washington's competitive procurement.

STAKEHOLDER ENGAGEMENT

Within the SFMTA, Fleet Engineering staff worked with Transit Operators and Union Leadership, Vehicle Maintenance Personnel, Accessible Services, IT, and Transit Planning. The SFMTA received positive feedback from various stakeholders with new flush mounted and tinted windows, spacious seating configuration, operator barrier, and upgraded wheelchair ramp.

ALTERNATIVES CONSIDERED

The alternative to purchasing new coaches would be to rehabilitate the existing fleet to extend the lives of those coaches beyond their 12 years useful life. However, this would lead to additional breakdowns and a poorer customer experience, along with higher maintenance costs to maintain the equipment. Replacing the buses to the latest model year engines and hybrid technology also reduces emissions and provides a quiet riding experiences for customers. With the latest engine and hybrid technology, the vehicles can operate solely on battery-powered for a pre-defined zone within bus routes.

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

SFMTA staff considered the alternative of conducting an independent procurement for the hybrid buses. After weighing the benefits and costs of a separate procurement compared to those of placing an order under the Washington State cooperative purchasing agreement, the Director of Transportation determined in April 2024 that using the Washington State agreement is in the best interests of the SFMTA, as described above.

FUNDING IMPACT

Funding for this project is projected to be through grants from the Federal Transit Administration, bridge tolls from Regional Measure 3 (RM3), San Francisco sales tax from Prop L, Developer Fees, Prop B General Funds, and Operating Funds. Of the \$147.4M required to fund the project, the \$59.6 million or 34 percent comprised of RM3, Prop L, and prior year Prop B General Funds are in hand. The remaining \$88.1 million or 66 percent, comprised of Federal Transit Administration, Developer Fees, Prop B General Funds, and Operating Funds projected to be received in FY24-25 or later, is consistent future with historic receipts of federal and local funds. However, given the slow pace of development and slower post-pandemic General Fund growth, there is some risk that projected Developer Fees and Prop B General Funds will not be received. Also, given the projected FY26-27 deficit, there is some risk Operating Funds will not be available. This level of risk is consistent with

PAGE 5.

other projects in the Capital Improvement Plan. The project team is aware of this risk and will shift funds within the Capital Improvement Plan if necessary. Project funds in hand are sufficient to fund the project through FY24-25.

A budget of \$147.4M, has been allocated for this project and sources for the funds have been identified. The budget includes the cost of the coaches, spare parts, special tools, manuals, training, and telematics licenses, taxes, project engineering, maintenance support and consultant support.

Following is the detailed project budget and funding sources:

New Flyer Contract	Cost
Vehicles (94 40-ft Low Floor Hybrid Electric Coaches) & Telematic License	\$ 111,751,397.62
Spare Parts	\$ 3,000,000.00
Training & Training Kits	\$ 1,000,000.00
Allowance for potential regulatory changes and other vehicle enhancements	\$ 1,000,000.00
Special Tools	\$ 1,000,000.00
Subtotal New Flyer Contract	\$ 117,751,397.62

Other Associated Cost Items	Cost
Tax (8.625%)	\$ 10,156,058.04
Project support (SFMTA staff, Other Direct Cost)	\$ 5,096,868.00
Consultant Support and Vehicle Inspection at Plant	\$ 598,849.00
Contingency	\$ 13,820,087.34
Subtotal Other Associated Cost Items	\$ 29,671,862.38
Total Cost	\$ 147,423,260.00

This Project will be funded by FTA, RM3, Prop L, Prop B General Funds, Operating Fund and Developer Fees as detailed below.

Financial Plan

Project Funding Source	Amount
Federal Grant	\$ 72,770,654
RM3	\$ 27,013,000
Other Local Funds (Prop B General Fund, Operating Fund, Prop L, Developer Fees)	\$ 47,639,606
Total Funding for this Project	\$ 147,423,260

ENVIRONMENTAL REVIEW

On October 20, 2023, the SFMTA, under authority delegated by the Planning Department,

PAGE 6.

determined that Contract No. SFMTA-2024-03-FTA is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The Contract Compliance Office has waived the Small Business Enterprise goal for this project due to the specialized nature of the work and lack of subcontracting opportunities.

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

The contract will require approval from the Board of Supervisors under San Francisco Charter Section 9.118, as it is over \$10,000,000.

RECOMMENDATION

Staff recommends that the SFMTA Board approve the request to authorize the Director of Transportation to execute Contract No. SFMTA 2024-03-FTA with New Flyer of America, Inc., to procure 94 40-foot, low floor, hybrid electric coaches, along with spare parts, special tools, manuals, training, and telematics licenses through a cooperative purchasing agreement established by the State of Washington for an amount not to exceed \$117,751,398 and a term not to exceed five years.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, In 2013, the SFMTA began a transformative fleet replacement program by purchasing 112 40-ft hybrid electric coaches. These coaches are reaching the end of their 12 years of useful life; and

WHEREAS, On November 7, 2023, the SFMTA Board of Directors approved Resolution No. 180515-080 which established an updated Zero Emission Vehicle Policy that commits to procure zero-emissions vehicles to replace the SFMTA's hybrid electric buses and to continue to procure trolley buses, with a goal of achieving a 100% zero-emission fleet in compliance with the Innovative Clean Transit (ICT) regulation of the California Air Resource Board (CARB); and

WHEREAS, Due to facility upgrade constraints, the revised policy includes hybrid buses in addition to trolley and battery electric buses as part of the Zero Emission Rollout Plan; and

WHEREAS, In 2021, Washington State completed a competitive procurement to award cooperative purchasing agreements that allow public transit agencies outside of Washington State to purchase Low Floor Hybrid Electric Coaches in compliance with the requirements of the Federal Transit Administration, and on April 1, 2021, Washington State announced the award under that procurement to New Flyer of America, Inc., (New Flyer) of State Cooperative Purchasing Schedule Master Contract No. 06719-01 for Transit Buses: Heavy Duty, including 40-foot hybrid electric buses; and

WHEREAS, Under S.F. Administrative Code Section 21.16, 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 competitive procurement process upon a finding that the procurement is in the City's best interests, and the Director of Transportation made that finding about the Washington State cooperative purchasing agreement on March 30, 2024; and

WHEREAS, SFMTA staff has negotiated an agreement with New Flyer under the Washington State cooperative purchasing agreement to purchase 94 40-foot low floor, hybrid electric coaches and related spare parts, special tools, manuals, training, and telematics licenses; and

WHEREAS, Funding for this project will be provided by the Federal Transit Administration, Regional Measure 3, Prop L, Prop B, the Operating Fund and Transportation Sustainability Fees; and

WHEREAS, On October 20, 2023, the SFMTA, under authority delegated by the Planning Department, determined that Contract No. SFMTA-2024-03-FTA, is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; and

WHEREAS, The Contract Compliance Office (CCO) reviewed the RFP for this Project; due to the specialized nature of the work and lack of subcontracting opportunities, CCO waived the SBE goal; and

WHEREAS, The agreement with New Flyer, will require approval from the Board of Supervisors, as it is over \$10,000,000; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute Contract No. SFMTA-2024-03-FTA with New Flyer of America, Inc., to procure 94 40-foot, low floor, hybrid electric coaches, along with spare parts, special tools, manuals, training, and telematics licenses through a cooperative purchasing agreement established by the State of Washington for an amount not to exceed \$117,751,398 and a term not to exceed five years; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors commends this matter to the Board of Supervisors for its approval of Contract No. SFMTA-2024-03-FTA.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 17, 2024.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency