

THIS PRINT COVERS CALENDAR ITEM NO.: 16

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Transit Services

BRIEF DESCRIPTION:

Requesting authorization for the Director of Transportation to execute Amendment No. 2 to Contract No. CPT 713 with New Flyer of America Inc., to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, subject to availability of funding, with no change to the term of the contract and the notice to proceed contingent on funding availability.

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.
- On June 29, 2015, the City issued Contract Amendment No. 1 to change the propulsion system in six of the previously ordered buses from parallel propulsion to series propulsion and to exercise an option purchase an additional 48 standard and 50 articulated low floor diesel hybrid buses, for an additional amount of \$99,382,133.
- SFMTA now wishes to exercise the remaining options in the Agreement in order to purchase 152 standard buses and 113 articulated buses.
- Out of the total project cost of \$284.1 million, \$109.7 million has been committed and \$53.1 million is subject to future programming. Efforts are underway to identify the remaining \$121.3 million. Additionally, interim financing for cash flow purposes will be needed to support this project.

ENCLOSURES:

1. SFMTA Board Resolution
2. Amendment No. 2

APPROVALS:

DATE

DIRECTOR _____

11/19/15

SECRETARY _____

11/19/15

ASSIGNED SFMTAB CALENDAR DATE: December 1, 2015

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PURPOSE:

The purpose of this calendar item is to request authorization for the Director of Transportation to execute Amendment No. 2 to Contract No. CPT 713 with New Flyer of America Inc., to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, , subject to availability of funding, with no change to the term of the contract and the notice to proceed contingent on funding availability.

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.

On December 2, 2014, the SFMTA Board of Directors approved 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 included periodic options over the six-year term of the Agreement to purchase up to 200 additional standard buses and up to 163 additional articulated buses. Therefore, under the this Agreement, the SFMTA intends to purchase 424 coaches.

On December 23, 2014, the Board of Supervisors adopted a resolution approving the Agreement.

On June 29, 2015, the City issued Contract Amendment No. 1 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. In addition, under Amendment

No. 1, SFMTA exercised an option to the purchase 24 series propulsion standard buses, 24 parallel propulsion standard buses, 25 series propulsion articulated buses, 25 parallel propulsion articulated buses, and associated spare parts, training, manuals, and special tools, leaving 265 vehicles remaining under the options.¹

Currently, about 30 articulated hybrid coaches been delivered under the Agreement and put into daily revenue service. The vehicles that we have received have delivered an immediate benefit to our customers. The new vehicles are cleaner, quieter, more spacious, and easier for people with disabilities to use. They also represent a dramatic improvement in service reliability. The new 60-ft. hybrids have reached over 13,000 miles between breakdowns, compared to 7,800 miles between failures on the aging Neoplan 60-ft. coaches.

At this time, the SFMTA wishes to exercise the remaining options for 2016 through 2019, to purchase 265 vehicles, including 152 standard buses and 113 articulated buses (see table below), subject to availability of funding. The amendment has been drafted to address funding contingencies (see discussion below in Funding Impact). Executing the remaining options will ensure a consistent and expedited production schedule from New Flyer, allowing the Agency to replace all 40- and 60-ft. motor coaches by early 2018. This will lead to a more cost-effective maintenance program and continue the positive trend in vehicle reliability. Increasing the pace of vehicle production will also ensure our ability to meet future service expansion needs and allow the Agency to support an intensive period of construction including Van Ness BRT and Twin Peaks Tunnel Replacement. Below is the vehicle delivery plan by calendar year:

	40ft Hybrids	60ft Hybrids
2016	39	33
2017	113	75
2018	0	5
Total	152	113

Of the 265 buses being to be purchased under Amendment No. 2, SFMTA will receive 30 series propulsion standard coaches, 122 parallel propulsion standard coaches, and 113 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, or the low floor design which improves the passenger flow and speeds up boarding and alight time. Also, patrons will be able to use the newly configured wheelchair securement and new stroller storage space which are not available on the older fleet.

¹ 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 the Agency has tested.

The alternative of not exercising all the option buses in one continuous build schedule would result in: 1) an extended vehicle procurement project due to unavailability in the production schedule; 2) the continued use of the existing older fleet that require higher maintenance resources and cost; 3) a higher new vehicle cost due to Producer Price Index (PPI) adjustment (approximately 2% each year) and potential regulatory changes affecting the propulsion system; 4) the quality of the bus may be impacted as a result of re-tooling and re-training of the production workers due to gaps in the production schedule; 5) an increased project support costs; and 6) reduced ability to increase service and keep up with rapid job and housing growth in San Francisco.

In view of the above, the best alternative available to the SFMTA is to execute the option to finish replacing the aging motor coach fleet by purchasing 152 40-ft. hybrids and 113 60-ft. hybrids.

FUNDING IMPACT:

Project Expenditures:

The total project cost to exercise these options is \$284,113,825. The budget includes the cost of the buses, capital spares, taxes, project engineering, maintenance support and consultant support. The price of the option buses has been adjusted based on changes to the PPI.

This Amendment No. 2 will increase the contract amount by \$244,630,752, for a total contract amount of \$412,270,421. Following is the detailed project budget:

New Flyer Amendment No. 2	Cost
Vehicles (152 40-ft buses and 113 60-ft buses)	\$244,630,752
Subtotal New Flyer Contract Amendment No. 2	\$244,630,752

Other Associated Cost Items Amendment No. 2	Cost
Tax (8.75%)	\$ 21,405,191
Warranty support	\$ 1,349,504
Project support (SFMTA staff, Other Direct Cost)	\$ 14,266,798
Consultant Support and Vehicle Inspection at Plant	\$ 2,461,580
Subtotal Other Associated Cost Items Amendment No. 2	\$ 39,483,073
Total Cost Amendment No. 2	\$ 284,113,825

Total Project Cost Summary	Cost
Base Order Plus Amendment No.1 Amount	\$ 167,639,669
Base Order Plus Amendment No,1 Other Associated Cost Items	\$ 22,498,279
Amendment No. 2 Contract Amount	\$ 244,630,752
Amendment No. 2 Other Associated Cost Item	\$ 39,483,073
Total Project Cost Amount	\$474,251,773

Funding Sources:

Funding for this project is expected mainly from Prop K and Metropolitan Transportation Commission (MTC) transit capital funding. Currently, \$162.8 million in funding has been identified, of which \$109.7 million has been committed. An additional \$121.3 million needs to be identified as soon as feasible. We are currently working with MTC and SFCTA staff to prioritize funding in FY17 and FY18, and we expect a decision on the amount of funding available for this project in December 2015.

In order to access transit capital funding, the current MTC regional funding plan will need to be revised. The current regional funding plan for vehicles categorizes a past replacement cycle of 24 inactive articulated New Flyer buses that are due for replacement over the next four years as expansion vehicles. Similarly, changes in fleet mix, which are vehicle neutral, were categorized as expansion vehicles rather than replacement vehicles.

To the extent that these discussions are not successful or partly successful and the Agency will have to identify other sources that could be made available for this project including but not limited to:

- Remaining balances from old FTA grants;
- The 75% allocated to transit from the population-based general fund baseline allocation;
- Development Fees; and/or
- Fund balance.

The table below summarizes the sources of funding for this project:

Funding Source	Amount
Committed	
Prop K	\$63,784,871
Transit Capital Priorities through MTC - early calendar year 2016	\$45,918,530
Total Committed	\$109,703,401
Future Programming	
Transit Capital Priorities through MTC – FY 2017	\$49,518,524
Transit Capital Priorities through MTC – FY 2018	\$3,601,040
Total Available for Future Programming*	\$53,119,564
Remaining amount to be identified **	\$121,290,860

* The \$53.1 million subject to future programming will require approval from MTC for inclusion in the FY 17 and FY 18 Transportation Improvement Program (TIP) which is a federal requirement. MTC has thus far programmed funds through FY 2016.

Additionally, given the timing of receipt funds and the spending timeline it is very likely that interim financing will be required such as accessing commercial paper.

Amendment No. 2:

As explained above, \$109,703,401 has been committed for this project. Of that amount, \$91,649,312 is allotted to procure 54 40-ft. parallel propulsion buses and 44 60-ft. parallel propulsion buses under the Amendment (the remainder of \$18,054,089 will cover soft costs). Therefore, Amendment No. 2 states \$91,649,312 will be initially certified, and the Agency will have up to a year to certify additional funds to purchase option buses before the price of the buses is adjusted.

Should the SFMTA confirm from MTC the commitment of \$53,119,564 in FY 2017 and FY 2018 funds for this project prior to the matter going to the Board of Supervisors, the Amendment will be modified to allow the Agency to certify and issue a notice to proceed for \$137,469,225. This amount will allow the Agency to procure 85 40-ft. parallel propulsion buses and 63 60-ft. parallel propulsion buses until additional funding is secured. Again, the Agency will have a year to certify additional funding before any price adjustments.

OTHER APPROVALS RECEIVED OR STILL REQUIRED:

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

Amendment No. 2 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. 2 to Contract No. CPT 713 with New Flyer of America Inc., to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, subject to availability of funding, with no change to the term of the contract and the notice to proceed contingent on funding availability.

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 four 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 four 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; and

WHEREAS, On June 29, 2015, the City issued Contract Amendment No. 1 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, and exercise the option 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; and

WHEREAS, The SFMTA now wishes to exercise the remaining options in the Agreement to procure 265 additional buses (30 series propulsion standard coaches, 122 parallel propulsion standard coaches, and 113 parallel propulsion articulated coaches); and

WHEREAS, The SFMTA has \$109,703,401 of funding committed for the project (Current Commitment), and has identified \$53,119,564 in additional funding through the Metropolitan Transportation Commission for Fiscal Years 2017 and 2018, which may be committed in the near future (Future Commitment); and

WHEREAS, The SFMTA may be able to identify sources for funding the remaining amount required to purchase the remaining option vehicles within the next year; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation to execute Amendment No. 2 to Contract No. CPT 713 with New Flyer of America Inc. to purchase an additional 152 standard and 113 articulated low floor diesel hybrid buses, for an additional amount of \$244,630,752, and a total contract amount not to exceed \$412,270,421, subject to availability of funding, with no change to the term of the contract; and be it further

RESOLVED, That Amendment No. 2 shall be drafted to certify initially the Current Commitment unless and until the SFMTA obtains the Future Commitment, in which case Amendment No. 2 shall be modified accordingly without further approval of this Board; and be it further

RESOLVED, That the SFMTA Board of Directors commends Amendment No. 2 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 December 1, 2015

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

Enclosure 2

Amendment No. 2
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. 2 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. On June 29, 2015, the City issued Contract Amendment No. 1 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. In addition, as authorized by Section 65 of the Agreement, under Amendment No. 1 the City exercised its option 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.

C. Section 65 of the Agreement contains an option for the City to procure up to 265 additional coaches. City now wishes, subject to funding, to exercise the remaining options in order to purchase 30 series propulsion standard coaches, 122 parallel propulsion standard coaches, and 113 parallel propulsion articulated coaches from New Flyer under the terms set forth in this Amendment.

Now, THEREFORE, the parties agree as follows:

1. 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 Four Hundred Twelve Million, Two Hundred Seventy Thousand, Four Hundred Twenty-One U. S. Dollars (\$412,270,421 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.

2. Section 6 of the Agreement is amended by adding a new Subsection 6.5 to read as follows:

6.5 Amendment No. 2 to this Agreement will be initially certified for \$91,649,312 to procure 54 parallel propulsion standard coaches and 44 parallel propulsion articulated coaches. Contractor shall not incur costs in excess of such amount without written authorization from the SFMTA, signed by the SFMTA Chief Financial Officer. In the event that the full option amount of \$244,637,752 is not certified within one year from the date that Amendment No. 2 is initially certified, any additional option vehicles shall be priced in accordance with Section 65.1 of the Agreement.

3. Section 7.2 of the Agreement is amended in its entirety to read as follows:

7.2 Invoice. Contractor’s invoices shall be submitted to the following address:

San Francisco Municipal Transportation Agency
 Fleet Engineering Section
 Attn: Gary Chang
 Project Manager
 700 Pennsylvania Avenue, Bldg. B, Rm. 207
 San Francisco, CA 94107

Each invoice shall include:

- Relevant milestones;
- Contract order number;
- Quantity of items;
- Description of items;
- Unit price;
- Total invoice amount.
- Supporting documentation and/or documentation referencing submittal or delivery.

4. In Section 7.3 (Progress Payments) on page 6 of the Agreement, the table under Item 1 – Diesel Hybrid Buses is deleted and replaced with the following:

Milestone	Maximum Percent of Bid Item 1 as applicable
(a) Authorization by SFMTA to ship each vehicle and authorization by Contractor to release each vehicle as described in Sections 12.2.3 of the Technical Specifications	55% of Unit Price
(b) Conditional acceptance of each vehicle by SFMTA	35% of Unit Price
(c) Full acceptance of each vehicle by SFMTA	5% of Unit Price

Milestone	Maximum Percent of Bid Item 1 as applicable
(d) All contract deliverables with the exception of training have been received and accepted as satisfactory	5%

5. *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.*

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

7. **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.

8. 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 Soubry
President & Chief Executive Officer

Approved as to Form:

Dennis J. Herrera
City Attorney

Glenn Asham
Chief Financial Officer

By _____
David A. Greenburg
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, Schedules 2, 2.1, 3, and 3.1
Exhibits 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⁾	<u>\$Item 1 Total Price</u> + PPI⁽¹⁾
8.	30	Option for 1-30 40-ft Low Floor Series Diesel Hybrid Coaches in year 2017	\$723,790 + \$36,819 PPI ⁽¹⁾ \$760,609	\$22,818,270
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⁾	<u>\$Item 1 Total Price</u> + 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⁾	<u>\$Item 1 Total Price</u> + PPI⁽¹⁾
			Grand Total	\$43,655,676

(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 + <u>\$6,736</u> 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 + <u>\$12,854</u> 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 + <u>\$9,551</u> 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	\$782,035 + <u>\$30,803</u> PPI ⁽¹⁾ \$812,838	\$33,326,358
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	\$782,035 + <u>\$30,803</u> PPI ⁽¹⁾ \$812,838	\$29,262,168
10	45	Option for 1-45 40-ft Low Floor Parallel Diesel Hybrid Coaches in year 2019	\$782,035 + <u>\$30,803</u> PPI ⁽¹⁾ \$812,838	\$36,577,710
Grand Total				\$121,824,423

(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	\$1,041,443 + 43,922 PPI ⁽¹⁾ \$1,085,365	\$52,097,520
9.	35	Option for 1-35 60-ft Low Floor Parallel Diesel Hybrid Coaches in year 2018	\$1,041,443 + 43,922 PPI ⁽¹⁾ \$1,085,365	\$37,987,775
10	30	Option for 1-30 60-ft Low Floor Parallel Diesel Hybrid Coaches in year 2019	\$1,041,443 + 43,922 PPI ⁽¹⁾ \$1,085,365	\$32,560,950
Grand Total				\$210,915,449

(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 (All Options)

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	1067

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 All Options

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	1137

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.