THE CITY OF ASHEVILLE

STAFF REPORT

City Council Meeting Date: February 14, 2023

Subject: Purchase of Four New 30-foot Gillig Diesel Transit Buses

Staff Resource(s): Ken Putnam, Transportation Department Director
Jessica Morriss, Assistant Director
Amber Wagner, Transit Planning Manager

Action Requested: Adoption of a resolution authorizing the Purchasing Division to purchase a total of four (4) new buses for the Asheville Rides Transit System that includes transit accessories and features totaling $2,264,722. This includes authorization to:

1. Execute purchase orders in the amount of $2,139,722, for four (4) 30-foot diesel Gillig buses utilizing the Washington State Department of Enterprise Services Cooperative Purchasing Agreement approved by the Washington State Department of Enterprise on October 20, 2021.

2. Utilize sole source procurement on the basis of standardization and to execute a purchase order not to exceed $125,000 with Clever Devices for technology equipment for the buses.

Background:

- The requested action will authorize the purchase of four new diesel buses from Gillig and will "replace" the original order of four buses from Vicinity Motors.
- Funds that were previously encumbered for the purchase order with Vicinity Motors will be used instead for the purchase of the Gillig buses.
- Staff recommends purchasing diesel buses at this time because there are currently no transit bus manufacturers making hybrid vehicles in the length that is most suitable for Asheville's terrain and operational needs (≤ 30 feet).
- In order to maintain existing service levels, the City needs to replace between 3 and 5 buses annually. At this time, the City has 5 buses past the recommended useful life of a bus, given that they have over 500,000 miles and have been in service for 13 years. There are another 9 buses in the transit fleet nearing the end of their useful life that will need to be replaced in the next two years.
- Until new buses are received and we are able to retire old buses, the City will continue to incur additional expenses that would not otherwise have been necessary, including funding major repairs such as engine replacements, and propulsion system rebuilds. As buses come out of service for repairs, or have to be removed from service should they become irreparable, it is possible that service could be impacted/interrupted.
- The City currently uses biodiesel to fuel and enhance the sustainability of the transit fleet.
- While Gillig and other manufacturers are producing 30-foot compressed natural gas (CNG) buses, Fleet and Sustainability staff do not recommend the purchase of CNG vehicles at this time.
- The primary reasons for not recommending the CNG option is there are limited fueling options for CNG in the community and the market is now focused primarily on electric vehicle technology.
- Staff will submit a budget request for FY 2024 to develop a Zero-Emission Transition Plan for Transit.
- The Zero-Emission Transition Plan would consist of a comprehensive analysis of the various options for transitioning the ART fleet to zero-emissions over time. The plan would analyze routes, ridership demands, various fleet sizes and fuel sources, necessary infrastructure investments, emissions and carbon production, and the short and long term financial investments (capital and operating) required for each.

- Additionally, the requested Council action will approve a sole source procurement from the vendor “Clever Devices,” to allow the City to purchase the same equipment already used in ART buses that provides audible passenger announcements and that syncs with the interior LED signage to keep riders informed about upcoming stops.

Below is a timeline of staff’s interaction with and ultimate decision not to accept the Vicinity Motor buses:

- In August 2019, the City Council authorized the purchase of four (4) diesel transit buses and necessary equipment from Vicinity Motor (previously known as Grande West), for $1,691,164. Additional authorization was approved by Council in May 2020 to purchase and install protective barriers for drivers, bringing the total to $1,793,324.
- The purchase order for the buses was issued September 2019 and included a 1-year production deadline.
- Bus manufacture was significantly delayed well into 2021 due to COVID-19 and global supply chain disruptions. Throughout 2021 and early 2022, staff continued to work with the vendor as the challenges being experienced were not uncommon and progress continued to be made, including staff and the vendor completing the necessary pre-production meetings and sign-offs on the bus specifications in February 2022.
- The vendor indicated that the buses would enter the production line in March 2022 and be completed in June 2022. However, the completion date continued to be pushed back until September 2022.
- For all bus purchases, the City hires a third-party inspection firm to perform comprehensive inspection of all bus components during the final phase of completion to ensure the quality of the City’s purchase. Between September and December 2022, the inspection firm inspected the vehicles three times and found significant issues, resulting in failed inspections.
- On December 21, 2022, staff met with the vendor. The vendor stated that they would need another 6 months to fix the issues identified in the inspections and deliver the buses to the City.
- In consultation with the City Attorney’s Office and Finance Department, Transportation staff has determined that it is in the City’s best interest to cancel the existing purchase order with Vicinity Motor and is taking steps to do so at this time, as well as unencumber the associated funds. Transportation staff and representatives from the City Attorney’s Office will work together to determine the next steps to account for the impacts caused to the City by the vendor’s non-performance.

Vendor Outreach Efforts:
- Washington State Cooperative Agreement is being used.

Council Goal(s):
- Transportation and Accessibility

Committee(s):
- None.

Pro(s):
- This action will enable staff to purchase replacement buses needed to continue to provide current transit services.
- Grant funding allocated to the Vicinity Motors purchase will still be leveraged for bus purchases.

Con(s):
- Overall, this action will require an additional $471,398 to purchase and equip the same number of buses (4) that were included in the original order.
- This is due in part to inflation since the original order was placed in September 2019 and the difference in cost between a Gillig bus and a Vicinity Motor bus.
- Additional funding in the Capital Improvement Program would be needed to maintain the existing fleet replacement plan.

- The purchase of diesel buses instead of hybrid, or another alternative fuel source, negatively impacts the City's policy goal with regard to carbon reduction.
- Preliminary analysis estimates that a diesel bus fueled by biodiesel produces approximately 14% more emissions than a hybrid bus fueled by biodiesel.

Fiscal Impact:

- Funding from the original purchase order budgeted in the Transit Services Multi-Year Fund will be reallocated to the new purchase of buses and equipment.
- The additional funding required to purchase the same number of buses as originally planned (4) can be reallocated from existing budget in the Transit Services Multi-Year Fund.
- Revenues identified to support the requested action will come from a combination of Federal Transit Administration (FTA) grants and City funds as outlined below:

Funding sources	**Amount**
FTA (Section 5339 Grant) - budgeted in prior fiscal year	$ 357,538
FTA (2018 MPO Section 5307 Grant) - budgeted in prior fiscal year	$ 146,092
City Funding - budgeted in prior fiscal year	$ 1,289,694
Additional City Funding - budgeted in current fiscal year	$ 471,398
Total	**$ 2,264,722**

Suggested Motion:

- Motion to adopt a resolution authorizing the City Manager to purchase a total of four (4) new buses for the Asheville Rides Transit System including transit accessories and features totaling $2,264,722. This includes authorization to:

1. Execute purchase orders in the amount of $2,139,722, for four (4) 30-foot diesel Gillig buses utilizing the Washington State Department of Enterprise Services Cooperative Purchasing Agreement approved by the Washington State Department of Enterprise on October 20, 2021.

2. Utilize sole source procurement on the basis of standardization and to execute a purchase order not to exceed $125,000 with Clever Devices for technology equipment for the buses.

Attachment(s)

- Resolution

RESOLUTION NO. 23-____

RESOLUTION AUTHORIZING THE PURCHASING DIVISION TO EXECUTE PURCHASE ORDERS FOR THE PURCHASE OF FOUR TRANSIT BUSES AND ACCESSORIES

WHEREAS, the City of Asheville has authority pursuant to N.C.G.S. §143 -129 for letting of public contracts; and

WHEREAS, N.C.G.S §143 -129 (g) permits a municipal governing board to waive the requirement to request formal bids for procurement contracts; and

WHEREAS, N.C.G.S §143 -129 (g)(3), states that "the governing body of a political division of the State, or the person to whom the authority has been delegated under subsection (a) of this section, determines that it is in the best interest of the unit, the requirements of this section may be waived for the purchase of apparatus, supplies, materials, or equipment from any person or entity that has, within the previous 12 months, after having completed a public, formal bid process substantially similar to that required by this Article, contracted to furnish the apparatus, supplies, materials, or equipment to . . . any other state or any agency or political subdivision of that state, if the person or entity is willing to furnish the items at the same or more favorable prices, terms, and conditions as those provided under the contract with the other unit or agency."; and

WHEREAS, The City of Asheville City Council has previously authorized the use of the Washington State Department of Enterprise Services Cooperative Purchasing Agreement to procure transit buses for Asheville Rides Transit; and

WHEREAS, the Transportation Department has identified transit needs that include bus purchases for FY 2023; and

WHEREAS, federal funds would assist in the funding of such needs; and

WHEREAS, the required local match for the grant funds being used toward the purchase is currently budgeted in the Transit Capital Improvement Program;

WHEREAS, the required remaining funds to complete the purchase are also currently budgeted in the Transit Capital Improvement Program;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

City Council hereby authorizes the Purchasing Division to purchase a total of four (4) new buses for the Asheville Rides Transit System including transit accessories and features totaling $2,264,722. This includes authorization to:

1. Execute purchase orders in the amount of $2,139,722, for four (4) 30-foot diesel Gillig buses utilizing the Washington State Department of Enterprise Services Cooperative Purchasing Agreement approved by the Washington State Department of Enterprise on October 20, 2021.

2. Utilize sole source procurement on the basis of standardization and to execute a purchase order not to exceed $125,000 with Clever Devices for technology equipment for the buses.

Read, approved, and adopted this 14th day of February, 2023.

City Clerk

Mayor

Approved as to form:

City Attorney