

Council Meeting of  
**April 19, 2011**

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the City Council:**

**SUBJECT: Transit – Authorize contract and purchase order for Compressed Natural Gas buses.**

**Expenditure: Not to exceed \$11,163,884.61**

**RECOMMENDATION**

Recommendation of the Transit Director that City Council approve a contract and purchase order with New Flyer of America to purchase 20 Compressed Natural Gas Buses at a cost not to exceed \$11,163,884.61.

**FUNDING**

Funding will come from Federal Transit Administration Grants – Section 5309 Capital Program Bus and Bus Related, Section 5307 Capital Formula Assistance and Congestion Mitigation and Air Quality Improvement funds. The local matching funds will come from the Proposition C 40% Municipal Operators Service Improvement Program (MOSIP), Proposition A Discretionary and State 1B Bond funds. No City General Funds will be used for this purchase.

**BACKGROUND**

On June 15, 2010, Your Honorable Body authorized the Transit Department to move forward with a second bus order from New Flyer of America to purchase additional alternative fuel vehicles. The Southern California Air Quality Management District (SCAQMD) Rule 1192 "Clean On-Road Transit Buses" requires that public transit fleet operators to acquire only alternative fuel heavy duty vehicles to reduce pollutant emissions.

At that time, Transit, along with several other transit agencies and cities, was a partner in the Cooperative Procurement Pilot Program (CPPP) with the City of Montebello to acquire Gasoline-Electric Hybrid buses (the City of Montebello RFP NO. 06-01). Unfortunately, Innovative Solutions for Energy (ISE), the company that built the hybrid propulsion package for the buses, filed for Chapter 11 bankruptcy and this action froze all bus production for Gasoline-Electric buses for several months. Although ISE appears to be

recovering, rather than the possibility of facing a similar situation in the future, Transit decided to expand to other forms of alternative energy vehicles. Transit has chosen to go forward with Compressed Natural Gas (CNG) buses as part of our Fleet Modernization Project. The CPPP, for all intents and purposes, is now completed and the previous Purchase Order between Transit and New Flyer for \$7,800,000 will be cancelled as Gasoline-Electric Hybrid Buses are not available for immediate purchase.

With the help of San Diego Metropolitan Transit System (MTS), Torrance Transit was able to acquire the options/assignments for 20 CNG buses, per MTS' existing agreement with New Flyer.

## **ANALYSIS**

The Transit Department is undergoing a three phase Fleet Modernization Project that will replace all of its existing diesel-powered buses with alternative fueled buses by FY2015. The CNG being purchased are priced at a cost not to exceed \$558,194.23 per vehicle or \$11,163,884.61 for the entire order (including taxes and delivery).

Per the MTS RFP, buses will be manufactured out of plants in Winnepeg, Canada and Crookston, Minnesota. Shell fabrication (approximately 40% of the bus build) will take place in Winnepeg. The buses will then be shipped to Crookston for additional construction and completion (approximately 60% of the bus build). The majority of parts and components needed to build the buses will come from American companies, per Federal Buy America requirements.

Funding to procure the vehicles is as follows:

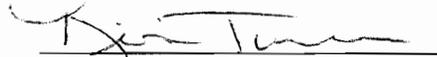
GRANT	SOURCE	AMOUNT
CA-95-X146 (CMAQ)	Federal	\$3,929,687.38
CA-90-Y715	Federal	\$2,477,000.00
CA-90-Y816	Federal	\$1,995,768.00
CA-04-0132	Federal	\$1,329,240.00
CA-04-0063	Federal	\$365,567.00
CA Proposition 1B Bond	State	\$89,559.23
Prop A Discretionary	Local	\$524,000.00
Municipal Operators Service Improvement Program (MOSIP)	Local	\$453,063.00
<b>TOTAL FUNDING</b>		<b>\$11,163,884.61</b>

Maintenance of the vehicles will require the addition of two (2) new mechanics. Twelve (12) of the twenty (20) buses are required for new expansion service (Rapid Bus and the Congestion 110 Freeway High Occupancy Toll) and have service funding for approximately two years. When the funding expires, the service will become part of the regional formula program and will be funded by it. The eight (8) other buses are replacement buses and will be maintained as part of the current fleet with no additional mechanics required.

The service area will require very extensive renovation of the existing facility. Until the renovations are completed equipment will need to be serviced externally, utilizing a mobile lift, which the department already has. A preliminary assessment was conducted and the cost estimate to retrofit the transit service area is between \$800,000 and \$900,000. Staff is in the process of seeking engineering consultants to develop and design the retrofit project and finalize the project cost. Funding is available in the FY 2011-2012 Federal Transit Administration (FTA) Section 5307 capital funds. The use of a portion of the FY 12 Section 5307 funding for facility retrofitting will not negatively impact the transit capital program. Additionally, staff will also investigate funding opportunities from the South Coast Air Quality Management District (SCAQMD) MSRC Clean Transportation Fund Program.

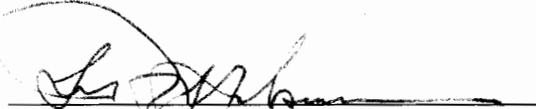
All vehicles purchased under this agreement meet or exceed all State and local requirements regarding vehicle emissions for the foreseeable future. CNG is a proven technology and has been powering transit fleets worldwide for the last 20 years.

Respectfully submitted,



Kim Turner  
Transit Director

Concur:



LeRoy J. Jackson  
City Manager

ATTACHMENT: A) New Flyer Bus Contract