

**San Mateo County Transit District
Staff Report**

Revised 11-30-2023

To: Finance Committee

Through: April Chan, General Manager/CEO

From: Kate Jordan Steiner, Chief Financial Officer David Olmeda, Chief Operating Officer, Bus

Subject: **Award of Contract for the Purchase and Delivery of Up to 108 Heavy-duty, Low-floor Hydrogen Fuel Cell Electric Buses, and Disposition of 105 2009 Gillig Diesel Buses**

Action

Staff proposes that the Committee recommend that the Board of Directors (Board) of the San Mateo County Transit District (District):

1. Award a contract to New Flyer of America, Inc. of Winnipeg, Manitoba, Canada (New Flyer) for purchase and delivery of up to a total of 108 new heavy-duty, low-floor, 40-foot hydrogen fuel cell electric buses (FCEBs) for a cumulative not-to-exceed amount of \$168,252,000, in phases and subject to the availability of grant funding and contingent on the completion of a Pre-Award Buy America Audit.
2. Authorize the General Manager/CEO or designee to execute a cooperative purchasing contract with New Flyer for up to a total of 108 buses, consistent with the terms and conditions of the Washington State Department of Enterprise Services (DES) Master Contract and Consulting Unit's competitively bid Contract 06719, and in a form approved by legal counsel.
3. Authorize the General Manager/CEO or designee to submit grant applications, funding agreements or other documents, or otherwise take any other actions necessary, to obtain State, federal or regional funds needed to fulfill this purchase.
4. Authorize the General Manager/CEO or designee to dispose of 105 2009 Gillig diesel buses (2009 Buses) that have reached the end of their useful lives, in accordance with the District's Procurement Policy, once the New Flyer FCEBs are delivered and placed in service.

Significance

Award of the proposed contract for the purchase and delivery of up to 108 New Flyer FCEBs would serve three primary purposes.

- First, the proposed contract and subsequent disposal of 105 of the District's 2009 Buses would implement the second of two phases of a Board-approved and budgeted project to replace a total of 135 Model-Year 2009 Gillig Heavy Duty Diesel Buses (the "Project").

- Second, the proposed contract would enable the purchase of three additional FCEBs to support new routes included in the Reimagine SamTrans service plan. These three buses would be paid for using Affordable Housing and Sustainable Community (AHSC) grant funds pursuant to a multi-party cooperative agreement the District entered into with affordable housing project the Mid-Peninsula The Farm, Inc. as well as the City of East Palo Alto, the East Palo Alto Community Alliance and Neighborhood Development Organization, and the Peninsula Corridor Joint Powers Board.
- Third, the proposed contract is consistent with the District’s updated Innovative Clean Transit (ICT) Plan being presented for approval as a separate agenda item at this December 6, 2023 Board meeting.

To maximize available financial incentives and grant opportunities available for the purchase of zero-emission buses, the proposed contract would permit the District to acquire the 108 FCEBs in ~~three~~two or more batches, as follows:

- In December 2023: 20 FCEBs
- ~~January~~By June 30, 2024: ~~48~~ FCEBs
- ~~June 2024:~~ 40~~88~~ FCEBs

The proposed purchases would be contingent on the completion of a Pre-Award Buy America Audit per FTA requirements and on the availability of various state and federal grant funds.

The District currently is implementing a Board-awarded contract for a temporary hydrogen fueling facility at North Base, and is in the design phase of a permanent hydrogen fueling station to support the new FCEBs when they start arriving in late 2025.

Budget Impact

Phase Two of the Project (Replacement of 105 out of the 135 Model-Year 2009 Gillig Heavy Duty Diesel Buses) was first approved in the Fiscal Year 2024 Capital Budget for a total of \$139,674,900 with a combination of Federal Transit Administration (FTA), State, Measure W Sales Tax, and discretionary funding. This proposed contract has sufficient funding to support the procurement of the first batch of FCEBs, which includes the three expansion buses. Staff is actively seeking grants to further support purchase of the next batch of FCEBs. Once more grant funds are secured, staff will return to the Board in 2024 to amend the Project budget for the procurement of the next batch of FCEBs.

Background

Replacement of Model-Year 2009 Gillig Heavy Duty Diesel Buses

The 2009 Buses, which have been in revenue service for 14 years, have exceeded their useful lives, and will have been in revenue service for 16-17 years by the time they are replaced with the new FCEBs in 2025-2027. They must be replaced to ensure reliable service for passengers through use of buses in a state of good repair, and to meet replacement schedules established by the FTA and the Metropolitan Transportation Commission.

The District routinely disposes of rolling stock (e.g., minivans, cutaways, heavy-duty buses) that has reached the end of their useful lives. Disposition of the 2009 Buses is in keeping with this practice and will be carried out in full compliance with the District's Procurement Policy and applicable FTA regulations. The Procurement Policy permits disposition by sealed bid, public auction, sale, negotiation, transfer to another public agency, donation, or by discarding as scrap.

AHSC Project

On July 12, 2023, the Board adopted Resolution No. 2023-38 to approve a cooperative agreement under which the District will be able to use AHSC funds to purchase three expansion FCEBs that will serve affordable housing provided by certain of the District's cooperative agreement partners.

ICT Regulation and SamTrans ICT Plan

In December 2018, the California Air Resources Board (CARB) adopted the ICT Regulation that requires all public transit agencies in California to gradually transition all fleet vehicles to 100 percent zero-emission vehicles by 2040.

In December 2020, the Board approved the SamTrans ICT Plan to comply with CARB's mandate. The ICT Plan provided a road map for SamTrans to complete its transition to a 100 percent zero-emission fleet without early retirement of its vehicles. Under the 2020 Plan, the District is scheduled to complete its transition to a 100 percent zero emission fleet by 2038 through one more purchase of diesel buses and then replacement of diesel buses with battery electric buses (BEBs).

Staff has proposed the Board update the 2020 ICT Plan under a separate item at this December 6, 2023 meeting to accelerate the District's path towards transition to a zero-emission bus fleet by eliminating any further purchases of diesel buses, and by transitioning to a mixed fleet of BEBs and FCEBs.

Washington DES Contract 06719

On April 1, 2021, the Washington State DES entered into Contract 06719 with New Flyer for the furnishing of heavy-duty, low-floor, 40-foot FCEBs. The solicitation conducted by DES for Contract 06719 meets District competitive procurement requirements. Contract 06719 provides public agencies, including the District, with the ability to purchase transit buses of various configurations from approved manufacturers. On April 1, 2022, the District entered into a contract with the DES for the use of Contract 06719, which enables the District to purchase vehicles that meet proven design and construction standards and are configured to the District's specifications, at highly competitive prices and without requiring the time and effort for the District to administer its own procurement.

The Board approved the District's first purchase of 10 New Flyer FCEBs using the DES Contract 06719 in 2022. Though the price for FCEBs under Contract 06719 has since increased by approximately 20% due to Producer Price Index and labor cost increases, staff has analyzed the District's alternatives and found that the DES Contract still offers the best value.

New Flyer FCEBS

The New Flyer FCEBs proposed for purchase have a range of 350 miles per fuel, which will meet or exceed the District's needs for its service routes. Purchase of the New Flyer FCEBs also will conform to the District's standardization strategy for maintaining its fleet and sub-fleets. The District currently has 55 New Flyer articulated diesel buses and 17 New Flyer BEBs in its active fleet, and is in the process of receiving, testing and rolling out 10 New Flyer FCEBs purchased in 2022.

District staff evaluated FCEB models from other manufacturers before recommending award of this contract. However, the District cannot use federal funds to purchase any other models due to the lack of completed Altoona testing.

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