

**10-30-2019 Town Council Meeting
Responses to Council Questions**

ITEM #4: Authorize the Town Manager to Execute a Contract with Gillig LLC to Purchase New Battery-Electric Buses

Council Question:

How many buses are currently in use in the CH Transit fleet?

Staff Response:

There are 93 Fixed Route buses in the CHT fleet. These are the larger buses seen around Town. There are also 20 Demand Response buses in the CHT fleet. These are the smaller buses used for the for EZ RIDER service.

Council Question:

In addition to purchasing the buses themselves, what other costs are associated with owning and operating these battery electric buses and how will they be paid for?

Staff Response:

Please see the figures below.

<u>Electric Bus expenses</u>	
Base cost for three buses (at \$876,875 apiece)	\$ 2,630,625.00
Two charging stations (can support a total of four buses)	\$ 203,150.00
Training costs (higher estimate)	\$ 15,000.00
Total initial costs	\$ 2,848,775.00
<u>Electric Bus funding</u>	
Federal, State, and Local match	\$ 1,740,000.00
RESPC student committee at UNC	\$ 390,000.00
CHT Capital Reserves	\$ 718,775.00
Total funding	\$ 2,848,775.00

At this point, maintenance costs are difficult to predict as there is currently very little historical data for the industry to rely on. There are many factors that impact our maintenance costs, such as location, passenger loads, hourly usage, etc. We expect that initial maintenance costs for a battery-electric bus will be less than a diesel bus since there are less working parts to fail. Since the historical data on this technology is limited and our fleet's performance will be based on our own usage, producing this kind of data is one of the benefits of the pilot program.

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Council Question:

At the Transit Partners meeting last week, a community member who has been instrumental in doggedly pushing for electric buses asked why Proterra and BYD were not considered. The two companies had submitted bids a while ago, but Chapel Hill Transit held off making a selection to get more bids. Then at the most recent Transit Partners meeting, CHT staff said that the only two bids received were from Gillig (who supplies the town's diesel buses) and New Flyer. Brian was out on leave, so he was not available to answer the constituent's question.

The constituent has a legitimate point. Of the four companies, Gillig appears to be the least qualified, whereas Proterra provides electric buses for Raleigh and Durham. Would you find out more information about why Proterra and BYD weren't considered? And of the choice between Gillig and New Flyer, why Gillig was chosen?

Staff Response:

The stages of the electric bus procurement consist of:

- 1. Pre-bid Conference*
- 2. Received Requests for Approved Equals, Deviations, and Clarifications*
- 3. Publish responses to request for approved equals, deviations, and clarifications.*
- 4. Public Bid Opening*

The "submitted bids" mentioned may refer to the previous solicitation started in 2018 for Battery-Electric Buses that was cancelled before the publication of approved equals by Transit Staff (Stage 3). At the time of cancellation, no bids were received but it is correct that the solicitation was cancelled to allow staff to evaluate the requirements on federal bus testing for open participation.

The current bid that is up for award, which was published in February 2019 with final bids due in September 2019, received two submissions: Gillig and New Flyer. Although representatives from BYD and Proterra expressed interest in the solicitation, they did not submit a final bid by the submission deadline. NC Procurement Law limits consideration for award to responsive, responsible bidders who submit bids for evaluation.

Staff evaluated both bids for compliance to the technical specification of the solicitation, ensured all forms were returned and signed, ensured they had plans for spare parts, warranty programs, and quality assurance, and evaluated their financial capability. Both vendors were found to be responsive responsible bidders, therefore, the final determining factor was the cost of the products they were proposing. This method of evaluation is in compliance with NC G.S. 143-129(b), which states "All proposals shall be opened in public and the board or governing body shall award the contract to the lowest responsible bidder or bidders, taking into consideration quality, performance and the time specified in the proposals for the performance of the contract." Based on these conditions, Staff is recommending award to Gillig LLC.

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Proterra may have supplied other agencies in North Carolina with battery electric buses and Gillig is also a supplier in North Carolina, with the recent award of a purchase contract by the City of Durham to Gillig over Proterra during a formal solicitation.

Additionally, Gillig has a long history of providing quality buses for the transportation industry and has been a supplier to the Town of Chapel Hill since 1995. Gillig does provide diesel buses to the Town but they have also grown to provide battery technology to meet the growing demand of the industry. Gillig Battery Electric Buses utilize the Low Floor platform bus design of their standard diesel with Cummins providing the electrified powertrain. Cummins too has a long history in the manufacturing industry and was a leader in hybrid technology.

Council Questions with Staff Responses Part II

Council Member Question:

I have additional questions regarding staff's responses to item 4 that you sent to the Council today (attached). There is different set of numbers in the response that don't match with the numbers listed in the packet and the numbers you gave in an earlier email.

The total cost of the buses

In our packet:

bus per piece.	\$ 978,025
bus purchase total	\$2,833,775

In the staff response:

bus per piece.	\$ 876,875
bus purchase total	\$2,630,625
total cost	\$2,848,775

WRT funding, You mentioned in an earlier email,
FTA \$1,382,000

In the staff response,

Federal State and Local match \$1,740,000

Does this mean that the State and Orange County contributed to the funding of our BEB? This is new information and hasn't been mentioned in our packet. Can you clarify their respective funding levels?

I also have question regarding selecting Gillig as the vender for our BEB. By the company's website, Gillig/Cummins unveiled their first BEB less than 6 months ago.

<https://www.gillig.com/post/gillig-battery-electric-bus-unveiled>

The staff response letter cited *NC G.S. 143-129(b)*, which states "All proposals shall be opened in public and the board or governing body shall award the contract to the lowest responsible bidder or bidders, taking into consideration quality, performance and the time specified in the proposals for the performance of the contract." Can you clarify what "quality, performance" information regarding Gillig's BEB have been taken into consideration ?

Staff Response:

The cost information referenced in the agenda item for the price per bus includes charger and delivery (\$978,025), with the total amount for the purchase of the first three buses costing \$2,833,775 (this cost factors in the purchase of only two chargers since each charger supports two vehicles).

In earlier questions, Councilwoman Gu asked for the cost of training which was not factored into the agenda item. The agenda item estimates look purely at the cost of the bus and the charger. A very rough estimate of \$15,000 for training was provided in the Staff Response, which accounts for the discrepancy for the Total Bus Cost between Staff Response and the Agenda Item (\$2,848,775 – \$15,000 = \$2,833,775).

The Town Manager is correct that we received an FTA Grant for Battery Electric Buses that totaled \$1,382,000.00. Staffs Response for Federal, State, and Local Funding is a combination of 80% Federal Grant (\$1,382,000), 10% State Grant (\$172,750), and 10% Local Match (\$184,250) and totals \$1,740,000. These funds were adopted by Council at the September 25, 2019 session. Failure to obligate funds by June 2020, would result in loss of the state grant funding and could affect Chapel Hill Transit’s ability to receive future federal grant funding for electric buses.

As previously mentioned, Staff evaluated the 550-page proposal provide by Gillig for compliance with the technical specifications of the solicitation, their financial capability, quality assurance program, compliance to all federal requirements, and cost. Gillig provided staff with their entire Quality Assurance Manual and laid out the process in which they ensure they live up to their motto of “Quality Built-In”. At every step through the process, Gillig ensures dedicated Quality Assurance Employees are involved, from design to final inspection and acceptance.

The history of the company and the Town’s experience were also considered. Transit Staff has first-hand experience with Gillig’s dedication to quality and their ability to meet performance requirements. Gillig has worked with Cummins for decades to supply quality buses. Their partnership on Battery- Electric Buses was announced in 2017, but independently both companies have a history in using battery and hybrid technology and have been leaders in their perspective industries for years.

All of these factors were considered when looking at the quality and performance ability of the bidders and why Staff has recommended an award to Gillig LLC.

Council Member Comment:

This does seem like a huge expenditure to be on consent.

Staff Response:

It's not unusual to have the awarding of sizable contracts on a consent agenda especially with the majority of this funding coming from outside sources. Here's a list of some of the items that have appeared on consent since January of 2018:

Amount	Item
\$60,000.00	Authorize Town Manager to Negotiate and Execute Sole Source Contract to Purchase Replacement Mobile Data Terminals for EZ Rider Transit Vehicles.

\$1,199,400.00 Award a Bid and Authorize the Town Manager to Execute Contract for Construction of Variable Message Sign Project.

\$792,047.50 Award a Bid and Authorize Town Manager to Execute Contract for Hillsborough St Reconstruction Project.

\$689,538.10 Award a Bid for Street Patching, Milling, and Resurfacing on Town-Maintained Streets.

\$693,875.00 Award Bid for Homestead Park Soccer Fields Conversion to Synthetic Turf.

\$725,000.00 Award a Bid and Authorize the Town Manager to Execute a Contract for the Friday Center Drive Reconstruction Project.