



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 08/23/2022

REQUESTER: Taylor Johnson, Transit and Parking Program Manager

PRESENTER: Shawn O'Leary, Director of Public Works

TITLE: CONSIDERATION OF AUTHORIZATION, APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT FOR THE PURCHASE OF THREE (3) 35-FOOT LOW-FLOOR COMPRESSED NATURAL GAS (CNG) TRANSIT BUSES FROM GILLIG IN THE AMOUNT OF \$1,843,113 UTILIZING THE STATE OF WASHINGTON CONTRACT NUMBER 06719 AND BUDGET APPROPRIATION AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

The City of Norman took over the operations of the City public transportation system on June 1, 2019, from the University of Oklahoma. Since then, staff have worked diligently to pursue federal grant opportunities, such as those outlined in this staff report, to maximize local funding to replace the aged vehicles that were inherited as a part of the transition of service. As of August 2022, eight (8) of thirteen (13) vehicles in the fixed-route fleet are past their useful life according to Federal Transit Administration (FTA) standards. While we are expecting to receive two new 35-foot electric buses later this year, we will also have two additional buses in the fleet reach the end of their useful life around the same time.

The Federal Transit Administration (FTA) Grants for Buses and Bus Facilities Program (49 U.S.C. 5339) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants.

On June 27, 2019, the City of Norman was recognized by the FTA as an eligible direct recipient of federal grant funds under 49 U.S.C.: Section 5307, Public Transit Systems in Urbanized Areas; and Section 5339, Grants for Buses and Bus Facilities Program. There is currently \$468,222 in 5339 grant funds allocated from Fiscal Year 2020-2021 (grant number OK-2020-026) to purchase a 35-foot transit bus for the City of Norman. The minimum cost share for this grant funding is 80% federal and 20% local matching funds; for the currently allocated funds, the required cost share would be \$468,222 federal funding and a minimum of \$117,056 in local matching funding.

Fixing America's Surface Transportation (FAST) Act (P.L. 114-94), signed into law on December 4, 2015, authorized federal highway, highway safety, transit, and rail programs. The FAST Act amended the Surface Transportation Program (STP) contained in 23 U.S.C. 133, and changed the program name to the Surface Transportation Block Grant Program (STBG). The STBG promotes flexibility in state and local transportation decisions and provides flexible funding to best address state and local transportation needs.

The Association of Central Oklahoma Governments (ACOG), which serves as the Metropolitan Planning Organization (MPO) for the greater Oklahoma City Metropolitan Area, is responsible for coordinating with the Oklahoma Department of Transportation (ODOT), area local governments, and transit providers, such as the City of Norman, to implement the applicable Transportation Improvement Plan (TIP). ACOG also coordinates the annual call for projects for STBG funding.

On June 14, 2022 City Council accepted a Surface Transportation Block Grant (STBG) from the Oklahoma Department of Transportation (ODOT) in the amount of \$959,855 to be used for the procurement of 2 (two) 35-foot, low-floor Compressed Natural Gas (CNG) transit buses and approved contract K-2122-130 with ODOT for the administration of those grant funds which requires an estimated local match of \$239,965. This local match amount was available in the Public Transportation Fund, Fleet Transit Service Equipment Bus (account 2750276-45007) before the end of fiscal year 2021-2022; however, due to not having a purchase order issued the funds were returned to the Public Transportation and Parking Fund balance. As part of K-2122-130, if costs exceed the amount of funding allocated in the contract, then the difference will also be funded by the City of Norman.

DISCUSSION:

Since accepting the Surface Transportation Block Grant (STBG) from the Oklahoma Department of Transportation (ODOT), staff have been working with the transit vehicle manufacturer Gillig to finalize a vehicle specification and price for the three 35-foot, low-floor CNG transit buses. This would account for 2 (two) buses purchased with the STBG funds as well as one additional bus proposed to be purchased with FYE 2021 Grants for Busses (Section 5339) funding. Currently, five (5) of the City's thirteen (13) fixed route buses and five (5) out of nine (9) heavy duty vehicles are manufactured by Gillig. Gillig has also manufactured the two electric buses expected to be delivered in August/September of 2022. City staff proposes partnering with Gillig on this procurement as well to capitalize on efficiencies for parts, support, warranty, and general familiarity with Gillig products.

Currently, the State of Oklahoma does not have a robust, heavy-duty transit vehicle state contract. Gillig has suggested the State of Washington Contract #06719 as a contract that has been bid to meet proper Federal Transit Administration (FTA) requirements and which satisfies Norman's competitive bidding requirements (City Code, Section 8-204.b.4).

Staff are proposing to place a single order with Gillig for the three (3) 35-foot low-floor CNG transit buses which would include the two buses accounted for in contract K-2122-130 using the STBG funds and one additional bus using the FTA grant funds. Purchasing the buses on a single order improves the efficiency of the buying process and minimizes costs when sending staff to complete final inspections before the buses are delivered.

The buses purchased under this authorization would replace three (3) transit buses currently in the fixed-route fleet, which have passed their useful life according to FTA standards. The specific units to be replaced are 5-0703, 5-0704, and 5-0705, all of which are diesel engine transit buses made in 2007. The proposed CNG buses are expected to reduce greenhouse gas emissions, specifically CO₂, by an estimated 22% less than the diesel buses they would be replacing. These bus replacements comply with the City's Alternative Fuel Policy and, as the City already has an established CNG vehicle program, we expect to maximize fuel cost savings.

The estimated cost of each 35-foot low-floor CNG transit bus is \$614,371 for a total cost of \$1,843,113 to purchase three vehicles. Due to supply chain issues and inflation increases, the cost per vehicle has increased by approximately 4.9% since the FY21 grant funds were awarded. Thus, the local match for those grant funds from FY21 are proposed to be increased to cover the difference. This results in the STBG FY21 and FTA 5339 grant funds having a local match of 24%. The individual federal and local cost share for each unit is represented in the table below.

Bus Unit Number	Grant Funding Source	Grant Funding Amount (80%)	Minimum Local Match Funds (20%)	Additional Local Match Funds	Total Local Match	Total Cost of Replacement Vehicle
5-0703	STBG FY21	\$468,222	\$117,056	\$29,093	\$146,149	\$614,371
5-0704	STBG FY22	\$491,633	\$122,909	-0-	\$122,874*	\$614,371
5-0705	FTA 5339 funds	\$468,222	\$117,056	\$29,093	\$146,149	\$614,371
Total Grant Funding						\$1,428,077
Total Local Match Funds						\$415,172
Total Cost of (3) Replacement Vehicles						\$1,843,113

** Total local match is required to be 20% of the total cost of the replacement vehicle. This may result in using less than the allocated grant funds (In this case, only using \$491,497 of allocated grant funds) due to the grant funding awarded being slightly higher than the current vehicle quoted price.*

In fiscal year 2021-2022, account (27550276-45007), the Fleet Transit Service Equipment Bus account (27550276-45007), had funds allocated available for bus replacement to cover the local matching funds for these grants, which reverted to the Transportation Fund balance. Staff is recommending that \$481,761 be re-appropriated for FY23 to meet the local match funding requirements in the table above as well as any possible cost increases or overruns for which the City of Norman would be contractually responsible.

The delivery of the new busses is expected in 12-15 months, at which time the busses being replaced would be sold in a public auction.

RECOMMENDATION:

- 1** Staff recommends that City Council authorize the purchase of three (3) 35-foot CNG transit buses from Gillig in the amount of \$1,843,113 utilizing the State of Washington contract number 06719.
- 2** Staff recommends appropriating \$481,761 from the Public Transportation and Parking Fund Balance (27-29000) to Fleet Transit Service Equipment Bus (account 27550276-45007) to be used as required local match funding and to cover any cost overruns.
- 3** Staff recommends appropriating \$1,428,077 from Capital Fund Balance (Account 50-29000) to Service Equipment – Bus (Account 22550070-45007) to upfront the grant amount until reimbursement is received from the federal government. Once reimbursed, funds will be transferred back to the Capital Fund.