

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

RESOLUTION NO. 10-04-____
OFFICIAL COMMISSION MEETING
APRIL 1, 2010

SECOND: _____

**RE: AUTHORIZE PRTC'S EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO
ABC BUS, INC. FOR MOTOR COACH INDUSTRIES (MCI) BUS OVERHAULS**

WHEREAS, the Potomac and Rappahannock Transportation Commission (PRTC) authorized staff to advertise for the procurement of overhaul services for the oldest sixty-one (61) of the Commission's 45-foot MCI buses, in order to keep the fleet in top condition for a minimum of 14 years; and

WHEREAS, PRTC received seven proposals in response to the solicitation; and

WHEREAS, ABC Bus, Inc.'s proposal was decidedly superior to the others, based on the evaluation criteria specified in the request for proposals (RFP); and

WHEREAS, reference checks and a site visit to ABC Bus, Inc.'s designated manufacturing facility provided further reinforcement of ABC Bus, Inc.'s capability to perform this overhaul work; and

WHEREAS, PRTC management negotiated with ABC to achieve a binding price and agreement on contract terms; and

WHEREAS, funding that is currently in-hand is sufficient to overhaul 31 buses (i.e., the "base" portion of the overhaul project); and

WHEREAS, additional funding is expected to materialize over the next several years to complete the remaining buses; and

WHEREAS, the contract is structured to allow incremental authorizations of specified numbers of buses for overhaul as funding permits, beginning with a six bus "pilot engagement" to allow PRTC management to make a final "go - no go" determination on the balance of the "base" portion, with ensuing options as funding materializes; and

ITEM 12-B.1

(6 PAGES)

WHEREAS, ABC Bus, Inc. has also incorporated in its proposal an option for PRTC to lease used buses ABC Bus Inc. owns, in order to accelerate the overhaul program and/or ease persistent overcrowding; and

WHEREAS, this "leasing" option may well be in the Commission's interest for the reasons cited, but would be the subject of a separate authorization by the Commission if PRTC management concludes that this is advisable.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to award a contract to ABC Bus, Inc. for Motor Coach Industries (MCI) bus overhauls.

BE IT FURTHER RESOLVED that the Executive Director will seek a separate Commission authorization to lease buses from ABC Bus, Inc. if he believes this would be in the Commission's interest.

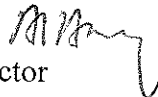


Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

April 1, 2010

TO: Chairman May and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Authorization to Award a Contract to ABC Bus, Inc. for Motor Coach Industries (MCI) Bus Overhauls

Recommendation:

Authorize PRTC's Executive Director to award a contract to ABC Bus, Inc. for Motor Coach Industries (MCI) bus overhauls.

Background:

In June 2009, the PRTC Board authorized staff to advertise for the procurement of overhaul services for the Commission's oldest 45-foot long MCI buses, in order to keep the fleet in top condition for a minimum of 14 years. It has been PRTC's practice for some time to perform mid-life overhauls -- this marks the fourth procurement for such services (i.e., 1993 and 1995 MCIs were overhauled in 2004 and 2006, respectively, and the 2000 Orions were overhauled last year).

Overhauls include: engine and transmission replacement; exterior painting; seat cushion and fabric replacement; air conditioning system rebuild; major suspension overhaul; electrical system repair; differential and brake rebuilds; and a variety of other items. There have been lessons learned in the course of each completed "overhaul" campaign, principally the necessity for full-time on-site inspection and management oversight during the progression of the overhaul program to insure that work is performed as described in the contract. PRTC's on-call fleet maintenance auditing firm (Transportation Resource Center; TRC) has been tasked to perform this inspection/management oversight, and funding for these services in addition to the overhaul campaign itself is included in the FY 2010 and out-year budgets.

Of the 84 45-foot MCIs in the PRTC fleet, 61 buses are the subject of this overhaul. The oldest 38 -- manufactured in 2002 -- are now eight years old (beyond the half-way mark of their expected 14 year minimum usable life), and they would be the first to be overhauled. The other 23 were manufactured between 2004 through 2006, and will reach mid-life during the course of this overhaul campaign. The year of manufacture of these 23 buses are as follows:

- 2004 - eight (8) buses
- 2005 - five (5) buses
- 2006 - ten (10) buses

The specifications used for the MCI overhaul procurement account for lessons learned during the completed overhaul campaigns, with extensive revisions prepared by PRTC management in cooperation with TRC. Among the changes made was the decision to employ a “request for proposals” (RFP) procurement approach rather than an “invitation for bid” approach, to permit the use of “quality” criteria in addition to price as a basis for award.

PRTC received seven proposals in response to the solicitation. Two of the seven are Canadian firms that do not meet federal “Buy America” certification requirements (Eastway and MTB Truck & Bus Collision). The remaining five were evaluated using the following criteria and weighting:

- Understanding PRTC’s Requirements (10 points)
- Work Plan and Timetable (20 points)
- Project Team Qualifications and Capabilities (20 points)
- Similar Work Experience and References (20 points)
- Cost Proposal (30 points)

The ABC Bus, Inc. proposal scored 84 out of a possible 100 points, which was decidedly better than the other four proposers (MCI Sales and Services, Inc., Coach Crafters, Inc., Peter Pan Bus Lines, Inc - Coach Builders, and Complete Coach Works).

Following the evaluation of proposals (which included extensive reference checks), a delegation of PRTC, First Transit, and TRC representatives visited the manufacturing facility where ABC Bus, Inc. envisions performing the work, seeing the facility first-hand and meeting with key ABC Bus, Inc. personnel that would be substantively involved in the overhaul. The site visit provided even greater assurance that ABC Bus, Inc. is up to the task.

As called-for in the RFP, PRTC management negotiated with ABC Bus, Inc. to cement a binding price and agreement on contract terms. The end result is now embedded in the contract that PRTC management is asking the Commission to authorize for award. The prospective contract envisions the buses being overhauled two at a time, a pace governed by how many buses PRTC can do without while still maintaining scheduled services.

Chairman May and Commissioners

April 1, 2010

Page 3

A novel feature of the ABC Bus, Inc. proposal is the inclusion of an option that would allow PRTC to lease buses from ABC Bus, Inc. if PRTC desires to accelerate the overhaul program and/or lessen the overcrowding problems that persist. ABC Bus, Inc. included this option because it has a steady supply of road-worthy buses that it buys, overhauls, and sells or leases as an important part of its overall business model, which it thought might be of interest to PRTC for the reasons cited. A draft lease agreement has been prepared by ABC Bus, Inc. in the event PRTC wants to exercise this option. PRTC Management is asking the Commission to authorize the award of a contract including this option, with the proviso that the Commission will be asked to separately authorize the exercise of this option in the event PRTC management believes it would be in the Commission's interest to do so and the further proviso that the lease agreement itself would be subject to review and approval of PRTC Legal Counsel before execution.

In lieu of bus leasing, approximately 18 buses per year will be overhauled¹, assuming funding is not a stumbling block.

Fiscal Impact:

Funding for this overhaul campaign would be a combination of federal, state, and local sources over several years². The contract is structured as a "base with options," where the base portion of the contract is for the number of buses which funds currently in-hand can support. The "base" portion is further subdivided such that the initial authorization would be confined to six buses as a pilot engagement, designed to provide a first-hand test of ABC Bus, Inc.'s wherewithal to undertake the overhaul campaign. The pilot engagement is structured to allow PRTC management to make a final "go - no go" determination on the balance of the "base" buses following the completion of the pilot engagement. Assuming this determination is affirmative as expected, the ensuing options on the remainder of the 61 buses would be exercised as additional funds become available, with an overall contract duration running through the end of the warranty period of the final bus that is overhauled. PRTC management believes those additional funds will materialize soon enough to permit the campaign to continue without interruption (as reflected in the five year plan accompanying the proposed FY 2011 budget).

Currently available funding totals \$6,598,725 and consists of:

- \$6,548,725 of federal, state, and local funds (only about one percent is local); and
- \$50,000 of First Transit funding

¹In year one only 16 buses will be overhauled because the first two "prototype" buses are expected to take 10 weeks instead of six.

² Additionally, First Transit is contributing \$50,000 toward the cost of the first 30 overhauled buses in light of the cost-saving benefits it stands to realize from this overhaul campaign. First Transit has also pledged to consider a further contribution for overhauls beyond the first 30, colored by the timing of those overhauls in relation to the expiration date for the PRTC – First Transit contract and a review of the actual savings realized from the initial 30-vehicle project.

Chairman May and Commissioners

April 1, 2010

Page 4

The proposed cost per bus for the first year of the contract, including round-trip transportation, is \$194,657.34. Beginning in year two, contract rates will be subject to increases based on the published U.S. Department of Labor, Bureau of Labor Statistics Producer Price Index (PPI) for the "Industry: Heavy duty truck manufacturing, Product: Buses." One sub-element, engines and transmissions, will be handled separately by having ABC annually solicit bids from at least three approved vendors, the lowest of which will be selected with the only the direct cost borne by PRTC (i.e., without markup). Any additional necessary work discovered during the overhaul process that is beyond the scope of required services will be handled by change orders.

Currently, available funding is expected to be sufficient to overhaul 31 buses (the "base" portion), with a 22 month duration. This estimate is based on a ten (10) percent contingency allowance (to cover change orders, PPI and engine/transmission cost increases for buses overhauled beyond the first year) and an assumption that no buses will be leased.