



**City of Waukesha**  
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<b>Committee:</b> Finance Committee	<b>Date:</b> 4/26/2022
<b>Common Council Item Number:</b> ID#22-3991	<b>Date:</b> 5/3/2022
<b>Submitted By:</b> Alex Damien, Interim Director of Public Works	<b>City Administrator Approval:</b> Kevin Lahner, City Administrator KL
<b>Finance Department Review:</b> Denise Vandebush-Kohlman, Interim Finance Director DVK	<b>City Attorney's Office Review:</b> Brian Running, City Attorney BER
<b>Subject:</b> Review and Act on Request to Purchase of Three Fixed Route Buses from Gillig, LLC	

**Details:**  
 This item is to review and act on a request to purchase three (3) 35 foot diesel fixed route buses from Gillig, LLC for a cost of \$523,318.06/bus and a total cost of \$1,569,954.18 which would be needed to operate the proposed extension of Route 1 to the Regional Medical Center in Wauwatosa. \$1,255,963.34 (80%) of the costs of the purchase would be covered by federal grants provided by Waukesha County and the remaining \$313,990.84 would be covered by City Bonded Funds upfront and reimbursed by Milwaukee and Waukesha Counties over time. The delivery of the buses would be in Summer 2023 which is when payment would be required.

Milwaukee Transport Services (operator of Milwaukee County Transit) has provided the City with a Purchase of Service agreement for Waukesha Metro to operate the proposed extension of Route 1 in Milwaukee County from Bluemound and 124<sup>th</sup> St. to Milwaukee Regional Medical Center starting in Spring 2023. The bus purchase would allow Waukesha Metro to effectively operate the proposed extension of Route 1 as the new Route 1 on weekdays would require 6 buses instead of the current 3 buses leaving a need for 3 additional buses. Waukesha and Milwaukee Counties plan to pay for the operation of the Route 1 extension.

The City would provide the upfront 20% share of the purchase of the buses and would be reimbursed over a 12 year chargeback period (the useful life of the bus) of the operation of the extension Route 1. A portion of the per hour rate the City plans to charge Milwaukee and Waukesha Counties to operate the extended service includes the 20% local share of the cost of these buses, \$313,990.84, plus interest. This reimbursement practice is used by other transit systems operating outside their jurisdiction.

This request would normally come in the regular CIP cycle but unfortunately the number of buses required for the extension was unknown to include a request in the 2022 CIP as the bus required was not determined until October 2021 after the 2022 CIP had been approved. It also would not be conducive to wait for this year's 2023 CIP process as the WisDOT contract the buses would be purchased off of expires June 8, 2022 and the new contract prices are expected to increase by a minimum of 10% or over \$50,000/bus due to inflationary increases in bus manufacturing. In addition, the new WisDOT contract will likely not be available to purchase from until late 2022 or early 2023 which would push delivery of buses into 2024. Last, Waukesha County is providing \$443,648 of lapsing federal funds towards the purchase that need to be in submitted in a grant application with committed matching 20% funds by

June 15, 2022 for preliminary review by the FTA. If these funds are not committed to a grant, the funds lapse back to the FTA. If this request is approved, the \$443,648 will be added to the Transit capital grant application currently under development.

The new buses are clean diesel buses having very low emissions. In addition, the fuel economy of is about 20% more efficient than the 2008 buses that have been retained until the new buses would delivered. Transit staff has been actively investigating alternative fuel and electric buses but does not recommend moving to these types of vehicles at this time as the costs and limitations of these type of vehicles outweigh the benefits.

This is anticipated to be the last request to purchase of fixed route buses until 2026.

**Options & Alternatives:**

One alternative would be to delay consideration of this purchase until the 2023 CIP process this Fall but that would mean \$443,648 of federal grant funds would lapse and the price of the buses would likely increase by over \$50,000/bus. Another alternative would be to purchase a New Flyer bus which Transit has in its fleet as well, however, the New Flyer base price was over \$36,000/bus more than Gillig and Transit has experienced greater maintenance costs with the New Flyer buses vs. the Gillig buses. The last alternative would be to deny the purchase but this alternative would make it extremely difficult to operate the Route 1 extension as there would not be enough viable buses to run all of the Metro services long term.

**Financial Remarks:**

The total cost of this purchase is \$1,569,329.88 with \$1,255,463.90 (80%) covered by federal grants provided by Waukesha County and the remaining \$313,990.84 coming from 0430-4350-68390. As previously stated, the 20% City share of \$313,990.84 plus interest is planned to be included in the per hour rate charged to Waukesha and Milwaukee Counties over a 12 year chargeback period (the 12 year life span of the bus). The delivery of the buses would be in Summer 2023 which is when payment would be required.

**Executive Recommendation:**

Recommend approval.