



**CITY OF WAUKESHA**

**Administration**

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<b>Committee:</b> Finance	<b>Date:</b> 9/26/2017
<b>Common Council Item Number:</b> 17-1338	<b>Date:</b> 10/3/2017
<b>Submitted By:</b> Fred Abadi- Public Works Brian Engelking-Transit Manager	<b>City Administrator Approval:</b> Kevin Lahner, City Administrator KL
<b>Finance Department Review:</b> Rich Abbott, Finance Director RA	<b>City Attorney's Office Review:</b> Brian Running, City Attorney BER
<b>Subject:</b> Review and Act on a request to approve the purchase of Two (2) Replacement Buses from Gillig, LLC	

**Details:**  
 The Transit Commission is seeking the approval to purchase two replacement 35 foot buses from Gillig, LLC at \$415,293.00 per bus for a total cost of \$830,586.00. Transit had estimated a cost of \$420,302 so the price received is \$5,009 less than the estimate. These replacement buses were part of the replacement of the seven (7) 2004 buses that were authorized in the 2015 CIP. Federal grants will pay for \$664,468.80 of the purchase (80%) with the remaining \$166,117.20 from the City.

The lead time on delivery of the buses is quite long (usually 18 months) but Gillig can shorten it to 14-15 months with delivery in late 2018 if the purchase order is issued in early October. Delays in issuing the purchase order could lead to pushing the delivery to 2019 which could lead to an imbalance of the bus replacement schedule in that there would be zero replaced in 2018 and four in 2019. In addition, the vast majority of the grant funds being used from this purchase are coming from a grant held by WisDOT. The grant agreement states that all activities must be completed by July 9, 2019 to receive reimbursement. There are after delivery activities that need to be completed which can take up to two months so delaying the purchase would put this project a very tight timeline with little room for delays.

The new buses would replace two of the 2004 buses that will be 14.5 years old by the time of delivery which exceeds their useful life by 2.5 years. One of the buses set for replacement is experiencing engine issues and is limited to peak use only. Our past experience with buses beyond useful life has been that major issues/parts replacements begin to occur after 14 years. In addition, certain parts become more scarce thus the price becomes much higher and the lead time for production much longer.

The buses would be purchased off of the WisDOT State Schedule that allows transit systems to purchase buses from multiple vendors. Transit request pricing from both New Flyer who we have placed our last three orders with and Gillig who we had placed the previous six orders before that. Gillig's price was \$415,293 and the New Flyer price was \$436,023.60. The Gillig price was \$20,730.60 less per bus than New Flyer which for this two bus order equates to a difference of \$41,461.20. The buses are virtually the same with the exception of some minor style differences. 52% of the current Metro fixed fleet is Gillig so there is ample amount of Gillig parts in stock now and



will be for the foreseeable future as three of the Gillig buses will be in service until at least 2025. In addition, the expensive major components on the buses: engine, transmission, A/C unit, radiator, wheelchair restraints, passenger seats and driver seats are all the same regardless of the manufacturer of the bus.

The new buses are clean diesel buses and have very low emissions. In addition, the fuel economy of the replacement vehicles is 11-16% more efficient than the buses they are replacing which equates to a minimum of \$1,200 in fuel savings annually given current fuel prices.

**Options & Alternatives:**

Given the age and condition of the buses, it would not be a prudent investment to rehab these buses. In addition, the Transit Commission has secured grant funding that will pay for 80% of the cost of the vehicle. Delaying the purchase potentially jeopardizes the grant funds as the project must be completed, including post-delivery work by July 9, 2019. There is no advantage in selecting the New Flyer bus as it is \$20,730/bus more and no savings in parts cost. The best and only viable option is to purchase the new replacement buses from Gillig.

**Financial Remarks:**

Total cost of the purchase of the two buses is \$830,586.00. Federal grants will pay for \$664,468.80 of the purchase (80%) with the remaining \$166,117.20.00 from 0430-4350-68390. This purchase was approved in the 2015 CIP.

**Executive Recommendation:**

Recommend approval of purchase.