

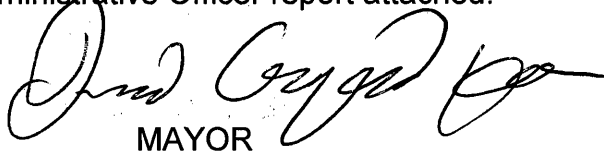
0220-04324-0000

TRANSMITTAL

TO The City Council	DATE NOV 29 2007	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**Department of Transportation Purchase of Five Compressed Natural Gas Vehicles
from the Victor Valley Transit Authority**

Transmitted for your consideration. See the
City Administrative Officer report attached.


MAYOR

KLS:ALB:06080084t

**DEC 03 2007
TRANSPORTATION**

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 20, 2007

CAO File No. 0220-04324-0000

Council File No.

Council District:

To: The Mayor

From: Karen L. Sisson, City Administrative Officer

Karen L. Sisson by [Signature]

Reference: Letter to the Mayor from the General Manager of Department of Transportation dated June 18, 2007; Referred by Mayor on July 5, 2007

Subject: **DEPARTMENT OF TRANSPORTATION PURCHASE OF FIVE USED COMPRESSED NATURAL GAS POWERED BUSES FOR COMMUTER EXPRESS PROGRAM**

SUMMARY

The General Manager of the Department of Transportation (DOT) requests authority to enter into a Memorandum of Understanding (MOU) with the Victor Valley Transit Authority (VVTA) for the purchase of five used compressed natural gas (CNG) powered buses for the City's Commuter Express Program (see attached DOT report). It is recommended that DOT acquire these vehicles for the total purchase price of \$187,926. It is also recommended that DOT amend the Commuter Express service contract(s) in place at the time of the sale and transfer of the vehicles to provide for additional services associated with the purchase of these five buses. The additional services provided by the transit operator(s) will include painting, decals and minor mechanical servicing for a cost of \$150,000. Therefore, the total cost to acquire and prepare the vehicles for City Commuter Express service is \$337,926, or about \$67,586 per bus. Funding for the purchase, preparation and maintenance of the vehicles is available through accrued savings in the 2006-07 Proposition A Commuter Express Program Budget.

Background

The City's Commuter Express Program services include 15 express, peak hour commuter transit services and one community based, fixed route service. The Commuter Express provides over two million passengers connections between (1) the San Fernando Valley, West Los Angeles and the Southbay with Downtown Los Angeles, (2) the San Fernando Valley with West Los Angeles, the Southbay and San Gabriel Valley, (3) Central Los Angeles with the San Fernando Valley and Thousand Oaks and (4) Simi Valley with Warner Center.

DOT's current Commuter Express fleet is comprised of approximately 102 City-owned diesel powered buses. These buses, ranging in age from 15-21 years, are the oldest vehicles in DOT's entire transit services fleet and are at or nearing the end of their useful life. The average useful life for these vehicles is approximately 12-15 years in service. DOT did complete extensive

refurbishment of the Commuter Express fleet in 2001, adding six years to the useful life of the vehicles.

Because the entire Commuter Express fleet will require replacement, DOT recently released a Request for Proposals (RFP) for the purchase of up to 102 new CNG powered buses to replace the Commuter Express program fleet. DOT will report to the Mayor and Council with a separate report regarding the outcome of the RFP and recommendations for a purchase agreement for a new fleet. The five buses recommended for purchase through this report have been made available through VVTA at a special one-time rate.

In 2002, VVTA purchased the CNG powered buses for a commuter bus service demonstration project that connected Victor Valley with the San Bernardino Valley. The demonstration project was discontinued in 2005 due to low participation and low demand for services. The vehicles were removed from service and the VVTA has designated the vehicles as surplus. Because the vehicles were purchased through Federal Transit Administration (FTA) grant funds, the transfer of ownership of these vehicles can be made to another agency that is qualified to receive these FTA grant funds. Because DOT is qualified to receive these funds, VVTA offered the sale of these five buses to the City for a total of \$187,926, or \$37,586 per bus. This total cost amount to the City represents VVTA's local share of the original FTA grant, less the four years of useful life of the vehicles that have already expired. DOT has discussed with FTA this potential purchase and transfer of ownership of the vehicles from VVTA to the City. The FTA has approved the transaction. Additionally, the VVTA received approval from their governing body to enter into agreement for the sale and transfer of ownership of these vehicles.

In addition to the purchase of these vehicles, DOT requests to amend any current Commuter Express service operating contract to include compensation to the operator for the cost of painting the five vehicles, application of City graphics and minor maintenance. The total cost for these additional services is \$150,000, or \$30,000 per bus. Therefore, the total cost to acquire and prepare these vehicles for service is \$337,926, or \$67,586 per bus.

The current contract with Commuter Express operator, Veolia Transportation, Inc., (Veolia) will expire on February 1, 2008. In a separate report, DOT is requesting emergency interim contracts with First Transit, Inc. and MV Transportation for six months to one year after the expiration of the contract with Veolia. It is recommended that the Commuter Express contract(s) in place at the time of the sale and transfer of the five vehicles be amended to include the scope of work and compensation associated with the preparing and maintaining of these vehicles for City Commuter Express use.

Through national comparisons, DOT has determined that these five CNG powered buses should have at least eight years of useful life remaining to date. Additionally, the estimated value of these buses to date is approximately \$300,000 per bus, or over \$1.5 million. Therefore, the purchase of these vehicles represents a significant value to the City.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager of the Department of Transportation (DOT) to enter into a Memorandum of Understanding (MOU) with the Victor Valley Transit Authority (VVTA) for the transfer of five used clean-fuel buses for the City's Commuter Express Program, at a total cost not-to-exceed \$187,926, subject to the approval of the City Attorney as to form and legality;
2. Authorize the General Manager of DOT to execute an amendment to the Commuter Express contract with Veolia Transportation, Inc. (C-104346) or successor contractors for the painting, decaling and minor mechanical servicing of the five buses received from VVTA at a cost not-to-exceed \$150,000, or \$30,000 per bus; and
3. Appropriate and transfer \$337,926 within the Proposition A Local Transit Assistance Fund No. 385 from the Commuter Express/Community Connection Account No. Y247 to a new account, the Commuter Express Compressed Natural Gas Powered Buses Account, account number to be designated by DOT.

FISCAL IMPACT STATEMENT

Implementation of the recommendations of this report will not impact the General Fund. The total cost for the City to purchase five buses powered by compressed natural gas from the Victor Valley Transit Authority for the City's Commuter Express Program is \$187,926. Additional costs associated with preparation and minor maintenance to be conducted by the Commuter Express contract operator(s) is \$150,000. Therefore, the total cost to implement the recommendations in this report is \$337,926. Sufficient funding for this purpose is available from savings accrued in the 2006-07 Proposition A Adopted Budget.

KLS:ALB:06080084

Attachment

ATTACHMENT

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

2007 JUL 10 AM 9:15
CITY ADMINISTRATIVE OFFICER

Date: June 18, 2007

To: Honorable Antonio Villaraigosa, Mayor
Attention: June Lagmay, Legislative Coordinator

From: *Gloria J. Jeff*
Gloria J. Jeff, General Manager
Department of Transportation

Subject: **REQUEST FOR AUTHORITY TO PURCHASE FIVE USED
COMPRESSED NATURAL GAS POWERED BUSES FOR
COMMUTER EXPRESS PROGRAM**

The Department of Transportation is requesting authority to enter into a Memorandum of Understanding (MOU) with the Victor Valley Transit Authority (VVTA) for the transfer of five (5) used clean-fuel, compressed natural gas (CNG) powered buses (45 foot) to the City for the Department's Commuter Express program. The VVTA purchased these vehicles utilizing federal grant funding as part of a demonstration project in 2002, and is no longer interested in operating the buses as the demonstration project has concluded.

RECOMMENDATIONS

That the Council:

1. Authorize the General Manager, Department of Transportation, to enter into a Memorandum of Understanding (MOU) with the Victor Valley Transit Authority (VVTA) for the transfer of five (5) used, clean-fuel buses for the City's Commuter Express Program, at a total cost not-to-exceed \$187,926, subject to the approval of the City Attorney as to form and legality.
2. Authorize the General Manager, Department of Transportation, to execute an amendment to the existing Commuter Express operating contract with Veolia Transportation, Inc. (C-104346) for the painting, decaling, and minor mechanical servicing of the five buses received from VVTA at a cost not-to-exceed \$150,000 (30,000 per bus).

3. Appropriate and transfer \$337,926 within Proposition A Local Transit Assistance Fund No. 385, from the Commuter Express/Community Connection Account No. Y247 to a new account, the Commuter Express Compressed Natural Gas Powered Buses Account, number to be designated by the Department of Transportation.

BACKGROUND

The City of Los Angeles Department of Transportation's Commuter Express services are comprised of 15 express, peak hour commuter style transit services and one community based, fixed-route service operating in the City of Los Angeles. The Commuter Express routes generally connect: (1) suburban communities in the San Fernando Valley, West Los Angeles and the South Bay with Downtown Los Angeles; (2) the San Fernando Valley with major suburban employment centers in West Los Angeles, San Gabriel Valley and the South Bay region; (3) the Central Los Angeles area with employment locations in the San Fernando Valley and Thousand Oaks; and (4) Simi Valley with the Warner Center employment center. The Commuter Express program serves over 2 million passenger trips per year.

The Department currently utilizes a fleet of approximately 102 City-owned, 40' heavy-duty diesel-powered buses (and three newer compressed natural gas powered buses) to operate the Commuter Express service. The vehicles operated in the Commuter Express program are the oldest in the Department's transit fleet. Vehicles of this type, 40' heavy-duty buses, have an anticipated life cycle of 12-15 years or 500,000 miles. The Commuter Express diesel-powered buses currently range in age from 15-21 years in service. The Department did complete an extensive refurbishment program to extend the useful life of its Commuter express fleet starting in 2001, which was designed to extend the life of these buses for an additional six years. It is important to note that the duty cycle of the fleet, operating primarily during the weekday peak period, results in lower mileages being accrued on these vehicles when compared to similarly aged transit vehicles operated by other transit agencies.

The Department recently released a request for proposals for the purchase of up to 102 new compressed natural gas (CNG) buses for the Commuter Express program to replace the existing diesel powered fleet. The Department will submit a separate report to the Mayor and City Council containing the Department's recommendations for this new vehicle purchase.

DISCUSSION

Recently, the Department was informed of a unique opportunity to purchase five (5) used Neoplan Metroliner buses from the Victor Valley Transit Authority (VVTA). These vehicles, which were originally purchased by VVTA in 2002 for a demonstration project of commuter bus service between Victor Valley and the San Bernardino Valley, are 45-

foot commuter style buses powered by CNG. The demonstration service was cancelled in 2005 due to insufficient ridership demand for the services. As these vehicles were designed as commuter style (i.e., single door access, high back seats, high floor configuration, etc.), they were not consistent with the other local services that VVTA provides. Therefore, VVTA designated the vehicles as surplus and the vehicles were removed from service.

As indicated in the table below, the five vehicles were originally purchased by VVTA for a total cost of approximately \$2.3 million (approx. \$455,000 per bus). VVTA received a Federal Transit Administration (FTA) grant of \$1,990,455 for the vehicles, and contributed a local share of \$281,889. Given the FTA grant funding, these buses could only be transferred to another agency that is a qualified FTA funding recipient. The Department was contacted by VVTA, and informed of the opportunity available to purchase the five buses for a total of \$187,926 (approx. \$37,586 per vehicle); this total cost amount to the City represents VVTA's local share of the original FTA grant, less the four years of useful life that have already expired.

VVTA BUS PURCHASE COSTS

	VVTA Orig. Price	Est. Remaining Value*	Total City Cost**
Per Bus	\$ 454,869	\$ 303,246	\$ 67,586
Total (5)	\$2,272,344	\$1,516,667	\$337,930

* Assumes eight years of remaining useful life.

** Includes vehicle purchase price and cost of painting, graphics and minor maintenance.

LADOT has the opportunity to acquire these vehicles from VVTA for \$37,586 per vehicle. After allowing for the cost of painting, City graphics, and minor maintenance (approximately \$30,000 per bus), the total City cost per bus is \$67,586. The total estimated cost for all five vehicles, including painting, graphics and maintenance, is \$337,930.

According to national estimations, and LADOT's experience with our own Neoplan fleet, these buses should have at least eight (8) years of useful life remaining. Assuming the original \$455,000 price per bus paid by VVTA in 2002 (price today for similar new bus is in excess of \$500,000), each bus has an estimated remaining value (utilizing the straight-line depreciation method) of approximately \$300,000, or over \$1.5 million for all five vehicles. Therefore, the recommended vehicle purchase represents a significant value to the City. In addition, the Department is eager to introduce additional new clean fuel buses to replace the existing diesel buses used in the Commuter Express program.

VVTA has contacted the FTA and received proper authorization to transfer the buses to LADOT per Title 49 Part 18.32(g) – Rights to transfer title, which allows the FTA to approve a transfer of title to another FTA Grantee. Section 18.32(g)(3) also provides that “the grantee (in this case VVTA) shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property”. Since the useful life of these vehicles under FTA Circular 5010C is 12 years,

and VVTA removed these vehicles from service in 2006 after four years of use, VVTA is asking to be reimbursed for 66.6 percent (eight years of remaining useful life) of the local funds originally expended on the buses. At its Board meeting on September 18, 2006, VVTA declared the five (5) 2001 Neoplan Metroliners as surplus equipment and directed that an FTA Transfer of Title to FTA Recipient, City of Los Angeles, Department of Transportation or other FTA Recipient take place.

Each vehicle has less than 200,000 miles in service, appear in excellent working condition, and have optional equipment/features (i.e. individual reading lights, individual A/C ducts, high-back reclining seats, parcel racks, 11 volt outlets for electronic accessories, etc.) that increase the value of these buses above a standard transit bus. The Department believes these vehicles would be an appropriate addition to its Commuter Express fleet.

IMPACT ON THE BUDGET

The Department anticipates that sufficient funds are available in the City's approved FY 2006-07 Proposition A Local Transit Assistance (PALTA) Budget for the Commuter Express program (Account No. Y247) to cover the cost of the vehicle transfer, painting, decaling and minor maintenance servicing. Therefore, there is no impact on the Budget.

Attachments

**FIFTH AMENDMENT
TO AGREEMENT NUMBER C-104346
BETWEEN THE
CITY OF LOS ANGELES
AND
CONNEX TCT
FOR
THE OPERATION OF A FIXED BUS SERVICE**

THIS FIFTH AMENDMENT to Agreement Number C-104346, effective MM/DD/2007, is entered into between the City of Los Angeles, a municipal corporation (hereinafter referred to as the "City") and the Connex TCT, LLC (hereinafter referred to as the "Contractor").

This Amendment affects the following section of the Agreement:

Section IV. Compensation

RECITAL

WHEREAS, the City and the Contractor have entered into Agreement Number C-104346, which authorized the Contractor to operate a fixed route transit bus system known herein as Commuter Express and Metrolink Shuttle bus service; and

WHEREAS, said Agreement, dated February 1, 2003, which together with all amendments, shall hereinafter be referred to as the Agreement (Council File 02-2429); and

WHEREAS, the City intends to enter into a Memorandum of Understanding with the Victor Valley Transit Authority (VVTA) for the transfer of the five (5) used, clean-fuel buses for the City's Commuter Express Program; and

WHEREAS, upon approval of transfer and receipt of the five (5) used vehicles from VVTA, painting, decals and minor mechanical servicing by the Contractor will be necessary to bring the vehicles up to the standard consistent with the current Commuter Express fleet.

NOW THEREFORE, the parties do further agree the Agreement be amended as follows:

Section IV. Compensation

Add the following to Section IV.A.:

7. The Contractor will be reimbursed for the painting, decaling, and minor mechanical servicing of the five buses received from VVTA at a cost not-to-exceed \$150,000 (\$30,000 per bus).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers.

APPROVED AS TO FORM AND LEGALITY:

ROCKARD J. DELGADILLO, City Attorney
City of Los Angeles

By: _____
SHELLEY I. SMITH
Assistant City Attorney

Date: _____

CITY OF LOS ANGELES
DEPARTMENT OF TRANSPORTATION

By: _____
Gloria J. Jeff
General Manager

Date: _____

CONNEX TCT, LLC.

By: _____
Justin Augustine
Vice President, Western U.S. Region

Date: _____

ATTEST:

FRANK T. MARTINEZ, City Clerk

By: _____

Date: _____

Contract No. C-104346
Amendment No. 5
Council File No. 02-2429
Date of Council Approval:

NOTIFICATION OF INTENT TO CONTRACT

Date:

To: CAO Employee Relations Division
City Hall East, Room 1200, Stop 139

Fax (213)978-7612

From:

David Rzepinski, Supervising Transportation Planner II
Print Name and Title of Division Head

LADOT

Department/Bureau

213-928-9740

Phone

David Rzepinski
Signature of Division Head

Listed below is proposed work to be performed by other than City employees (include contract amendments as well as new work):

Activity to be Performed	Type: (N) New (A) Amendment	Contract Number	Estimated Length of Activity	Estimated Start Date	Expertise within City Yes/No	Contact with other Dept(s). Yes/No/Part
Amendment to current Commuter Express transit services contract to cover costs associated with the painting, decals and minor mechanical servicing of the five CNG buses received from the Victor Valley Transit Authority.	Amendment	C-104346	5 years, 2/1/2003 – 1/31/2008	8/1/07	Yes	No

Dept. Contact Name: Kari Derderian

Amendment to current Commuter Express transit services contract to cover costs associated with the painting, decals and minor mechanical servicing of the five CNG buses received from the Victor Valley Transit Authority.

Contact Phone No: 213-928-9741

Contact E-mail: Kari.Derderian@LaCity.org

Dept. Contact Name:

Contact Phone No:

Contact E-mail:

Dept. Contact Name:

Contact Phone No:

Contact E-mail:

Dept. Contact Name:

Contact Phone No:

Contact E-mail:

Dept. Contact Name:

Contact Phone No:

Contact E-mail:



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
Proposition A and Proposition C Local Return Program**

Form A

PROJECT DESCRIPTION FORM

(Required for all new and amended projects)

Local Jurisdiction			Fiscal Year
Los Angeles City			2006-2007
Contact Person	Telephone No.	Extension	E-Mail Address
GUIDO C. MARUCUT	213.972.8440		guido.marucut@lacity.org

Project Title			
Purchase 5 CNG vehicles for the Commuter Express program.			
Project Code:	200	Category:	Vehicle Purchase Program
Sequence Number:	73	Type:	<input checked="" type="checkbox"/> Capital <input type="checkbox"/> Operating
		<input checked="" type="checkbox"/> New <input type="checkbox"/> Revised	Est Start Date: FY2006-2007 Est Compl Date: On going

Project Description and Justification	
Purchase 5 used Compressed Natural Gas powered buses from Victor Valley Transit Authority for the Commuter Express program. This will allow LADOT to retire problem diesel buses at an earlier date.	

Project Revenues				
Fund Source(s)	Proposition A Amount	Proposition C Amount	Other Amount	Total
Local Return	337,926			337,926
Fare Revenues				-
Other (Specify)				-
Total Project Revenues				337,926

Accessibility Features (For Bus Stop Improvement Projects only)			
<input type="checkbox"/> Curb Cut	<input type="checkbox"/> Bus Pad	<input type="checkbox"/> Installation Sidewalk	<input type="checkbox"/> Removal of sidewalk Barrier

For Bikeways and Pedestrian Improvements, Street Repair and Maintenance or Street Improvement projects (project codes 430, 440 or 450), please check to indicate a **Pavement Management System (PMS) Self Certification Form** (See Appendix III) has been submitted.

For Intelligent Transportation Systems (ITS) projects, or projects which include an ITS element, please check box to indicate a **Self Certification Form** (See Appendix VI) has been completed and submitted to Metro.

Authorized Signature	Departmental Chief Accountant IV	Date
	Title	

FISCAL IMPACT REPORT FOR PROPOSED CONTRACT

Department:	Transportation	Department Contact:	Kari Derderian
Phone Number:	213-928-9741	Title:	Supervising Transportation Planner I

The Fiscal Impact Report for Proposed Contracts must be completed and submitted by the awarding department when submitting a contract amendment or new contract for Council consideration and approval.

CURRENT CONTRACT INFORMATION		PROPOSED CONTRACT INFORMATION	
Current Contractor:	Connex TCT	Proposed Contractor:	Same
Current Contract Number:	C-104346		
Term:	2/1/2003 - 1/13/2008	Term:	Same
Contract Term in Months:	60	Contract Term in Months:	Same
Total Contract Amount:	\$63,865,153	Total Proposed Contract Amount:	\$63,865,153
Amount per Year:	\$12,773,031	Amount per Year:	\$12,773,031
Hourly Rate/Unit Price: (if available)	\$88.79 - \$97.91	Hourly Rate/Unit Price: (if available)	\$ same
Type of Contract/Scope/Quantity of Services:	Fixed route transit service known as Commuter Express	Scope/Quantity of Services: Explain any changes from current contract.	Painting, decals and minor mechanical servicing of 5 CNG buses received from Victor Valley Transit Authority.
		Price Difference = Proposed Hourly Amount/Annual Amount minus Current Hourly Amount/Annual Amount	Cost not to exceed \$150,000 (\$30,000 per bus)
		Percent Difference = (Price Difference divided by Current Hourly/Annual Amount) x 100	
		Explain any increase in contract cost.	Painting, decals and minor mechanical servicing of 5 CNG buses received from Victor Valley Transit Authority.
		If applicable, is the contractor absorbing any of the increased cost? (Yes or No) Explain.	No