

**VILLAGE OF DOWNERS GROVE**  
**REPORT FOR THE VILLAGE COUNCIL WORKSHOP**  
**AUGUST 14, 2007 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Bid: Bus Purchase	Resolution Ordinance ✓ Motion Discussion Only	Robin A. Weaver Interim Director of Public Works

**SYNOPSIS**

A motion is requested to authorize Option #2 (detailed below) to direct Pace to award a contract for the purchase of five (5) Eldorado National Aero Elite 28-passenger buses from Midwest Transit Equipment of Kankakee, Illinois, in the amount of \$568,260 (which includes \$120,260 of Village funding) in accordance with the February 14, 2007 Memorandum of Understanding (MOU) between Pace and the Village of Downers Grove.

**STRATEGIC PLAN ALIGNMENT**

The Five Year Plan and Goals for 2006-2011 identified *Exceptional Municipal Organization*. A supporting objective of this goal is *Top Quality Core Services Responsive to Current and Future Community and Citizen Needs*.

**FISCAL IMPACT**

The FY 07 budget provides \$112,000 in the Equipment Replacement Fund for this purchase. The Equipment Replacement Fun (Fund 530) is tracking under budget and can accommodate the additional \$8,260 expense for five vehicles.

**RECOMMENDATION**

Approval of Option #2 on the August 21, 2007 active agenda.

**BACKGROUND**

The Grove Commuter Shuttle has been providing weekday morning and evening feeder service to the Main Street and Belmont Road Metra stations since 1974. There are four fixed routes including the North, West, Southeast and Southwest Routes. These routes also have Pace designations and are included on their system map. The North Route is designated as Pace Route 461, the Southwest as 462, and the Southeast as 463 and the West as 464.

Six vehicles are necessary to provide the service because the Southeast and Southwest Routes each utilize two buses due to a more frequent schedule, and the North and West Routes each utilize one bus. The Village's bus fleet is currently comprised of four 1991 Ikarus and four 1992 Gillig transit buses with an average of 330,000 miles. The need for eight buses is, in large part, directly related to the need for reserve equipment in case of breakdowns or lengthy repairs. The fleet is aging, and it has become increasingly difficult to obtain repair parts. Other than personnel, fleet maintenance costs are the single largest expense in operating the system. Reliability of bus service is essential to maintain ridership as well.

In 2005, the Village submitted an application for federal Congestion Mitigation and Air Quality (CMAQ) funding for three new buses in the amount of \$210,000. This application was ranked at or near the top among all transit service and equipment projects proposed in the Chicago area at that time. Staff's cost estimate of \$70,000 per vehicle was based on a chassis with a 14,000-17,500 pound gross vehicle weight

rating. Information from vendors at that time indicated that such vehicles could be purchased for approximately \$50,000 to \$55,000 apiece. Further, the costs to convert the vehicles to a dedicated compressed natural gas (CNG) fueling system were estimated at about \$15,000 to \$20,000 per unit. Discussions with staff at the Regional Transportation Authority, Pace and the Chicago Metropolitan Agency for Planning resulted in expanding the grant to purchasing eight buses at the \$70,000 cost for a total of \$560,000.

By February 2007 the Village entered into an agreement with Pace for the administration of the grant funds. The specification development process began in March and is notable for a few reasons. In particular, the vehicles changed from being fueled by CNG to ultra low sulfur diesel, and the chassis specification was increased to a 23,500 pound gross vehicle weight rating which is an important cost factor. Although the Village will be operating and maintaining the vehicles, the Village's agreement with Pace states that Pace will own the vehicles and that they would revert to Pace's use in its regular public transportation services should the Village discontinue service or dramatically alter utilization of the equipment. Consequently, the compatibility of the buses within Pace's existing operations was a prevailing factor during the specification development process. Also notable is that any additional funds provided by the Village over and above the original \$112,000 will be repaid by Pace to the Village based on straight line depreciation in the event Pace recovers the vehicles for their use.

A total of \$560,000 is available for this purpose through two funding sources. A federal funding component is being provided through Pace as part of a CMAQ grant for 80% of the cost of the vehicles up to a maximum of \$448,000. The Village's FY 07 budget includes a 20% local match of \$112,000 in the Equipment Replacement Fund (Fund 530). The grant assumed the purchase of eight buses at \$70,000 apiece. The useful life of each bus is expected to be 12-15 years.

The bid amount for Option #2 of \$568,260 for five buses (with a Village share of \$120,260) is \$8,260 above the adopted funding amount. According to the Village's agreement with Pace, the Village may at its own discretion decide to either purchase less than the eight buses originally anticipated in the grant or provide additional funds if the federal funding (\$448,000) and the local match (\$112,000) is not sufficient to purchase the desired number of vehicles. Put another way, purchasing five buses would require a total local funding commitment of \$120,260. The attached bid analysis provides a breakdown of the local share required depending on the number of vehicles purchased.

The contract specifications for the buses call for progress payments to the manufacturer. A payment of 30% of the cost of the vehicles is due when the chassis is delivered. A 60% payment is due at the time the bus is delivered and the final 10% is due upon final acceptance and completion of a post-delivery audit. The first payment would take place in FY 07, while the remaining two payments would occur in FY 08. From a budgetary standpoint, purchasing five buses would require the Village to pay \$34,096 in FY 07 and re-budget the remaining \$86,164 in FY 08. The attached cash flow analysis provides more detailed information on the progress payments depending on the quantity of vehicles purchased.

Staff has considered several bus purchase options in consideration of the financial and operational impacts each may have as follows:

- 1) Purchase Four Buses – This option actually forces the Village to lose federal funding at 80% because the total value of the contract would be below the amount allowed by the federal government in order to maximize the 80% share. Operationally, this would require two routes to continue to be served with existing, aging equipment which is a significant disadvantage. This would also require retaining several old buses to be used for parts and/or reserve vehicles.

- 2) Purchase Five Buses – This option seems to be the closest to the amount of a local share the Village wants to commit based on the MOU with Pace. For an additional \$8,260 above the \$112,000 local share, Pace can purchase five buses. Operationally, this would require one route to continue to be served with an existing vehicle. As part of this option, staff would submit an FY 08 budget request for Village Council consideration for the acquisition of a smaller, lighter duty and potentially pre-owned but reliable vehicle as a cost-effective means to address the vehicle needs. Two older, existing buses would be retained for as reserve equipment.
- 3) Purchase Six Buses – This option would require a \$233,912 local share, or \$121,912 more than the \$112,000 budgeted. From an operational standpoint, all routes would be served with new equipment. This option would require retaining two existing vehicles for use as reserves in the event one of the new buses needed to come out of service for maintenance, repairs, etc.
- 4) Purchase Seven Buses – This option requires a local funding commitment of \$347,564, or \$235,564 more than the \$112,000 budgeted. This is optimum from an operational standpoint in that all routes would be served with new equipment and a new vehicle would be available to rotate through regular front-line service or as a reserve when other vehicles are needed for maintenance or repairs.
- 5) Purchase Eight Buses – This option requires a local funding commitment of \$461,216, or \$349,216 more than the \$112,000 budgeted. All routes would be served with new equipment and two new vehicles would be available to rotate through regular front-line service or as reserves when other vehicles are needed for maintenance or repairs.

Any decision by the Village to allocate more than the original \$112,000 or purchase less than eight buses will require updating the MOU with Pace prior to Pace awarding a contract for the vehicles. This can be done administratively following Village Council direction. A summary of the next steps involved in this process is as follows:

Item	Estimated Milestone/Schedule
Village Council Direction	August 21, 2007
Update MOU	September 4, 2007
Pace Board Meeting/Contract Award	September 5, 2007
Contract Processing (Pace)	October 1, 2007
Pace Places Order for Vehicles	October 2007
Vehicle Production	October, 2007 - 2 <sup>nd</sup> Quarter 2008
Vehicle Delivery/In Service	3 <sup>rd</sup> Quarter 2008

**ATTACHMENTS**

- Bid analysis
- Cash flow analysis
- Pace MOU

<b>DOWNERS GROVE BUS BID ANALYSIS</b>							
		<b>Unit Cost</b>	<b># of Units</b>	<b>Total Cost</b>	<b>Federal Share Max of 80%</b>	<b>Downers Grove Local Share</b>	<b>Local Share %</b>
<b>MEMORANDUM OF UNDERSTANDING (MOU) ASSUMPTION</b>		<b>\$ 70,000</b>	<b>8</b>	<b>\$ 560,000</b>	<b>\$ 448,000</b>	<b>\$ 112,000</b>	<b>20%</b>
<b>ACTUAL BID AMOUNT</b>		<b>\$ 113,652</b>	<b>8</b>	<b>\$ 909,216</b>	<b>\$ 448,000</b>	<b>\$ 461,216</b>	<b>51%</b>
Option 4		\$ 113,652	7	\$ 795,564	\$ 448,000	\$ 347,564	44%
Option 3		\$ 113,652	6	\$ 681,912	\$ 448,000	\$ 233,912	34%
Option 2		\$ 113,652	5	\$ 568,260	\$ 448,000	\$ 120,260	21%
Option 1	X	\$ 113,652	4	\$ 454,608	\$ 363,686	\$ 90,922	20%
<b>NOTES</b>							
1) Purchasing all 8 buses would require the Village to pay \$461,216 from local funds. \$112,000 is budgeted for FY 07 in the Equipment Replacement Fund (Fund 530).							
2) Option 2 is the closest to the amount of local share the Village budgeted based on the MOU. For an additional \$8,260 in local share, five buses can be purchased.							
3) The options above show how much Downers Grove pays depending on the number of vehicles Pace purchases for our use.							
4) Note that Option 1 actually forces the Village to lose federal funding at 80% because the total value of the contract would be below the amount allowed by the federal government in order to maximize the 80% share.							

DOWNERS GROVE - BUS FUNDING - CASH FLOW					
<div style="border: 1px solid black; padding: 5px; color: red; font-weight: bold;">           Vehicle Type Eldorado National Aero Elite - Cutaway bus 7 year, 200,000 mile Altoona Tested         </div>					
<div style="border: 1px solid black; padding: 5px; color: blue;"> <b>Payment Schedule:</b>            30% of cost at time chassis is delivered            60% of cost at time bus is delivered            10% of cost at time bus is final accepted and post delivery audit is complete         </div>					
8 Bus Scenario					
			Federal MAX	Downers Grove	
<b>Total Contract Cost</b>	<b>909,216</b>		<b>448,000</b>	<b>461,216</b>	
30% Payment	272,765		218,212	54,553	2007
Amount Remaining	636,451				
60% Payment	545,530		229,788	315,741	3rd Quarter 2008
Amount Remaining	90,922				
Final (10%) Payment			-	90,922	3rd Quarter 2008
<b>Totals</b>			<b>448,000</b>	<b>461,216</b>	
7 Bus Scenario					
			Federal MAX	Downers Grove	
<b>Total Contract Cost</b>	<b>795,564</b>		<b>448,000</b>	<b>347,564</b>	
30% Payment	238,669		190,935	47,734	2007
Amount Remaining	556,895				
60% Payment	477,338		257,065	220,274	3rd Quarter 2008
Amount Remaining	79,556				
Final (10%) Payment			-	79,556	3rd Quarter 2008
<b>Totals</b>			<b>448,000</b>	<b>347,564</b>	
6 Bus Scenario					
			Federal MAX	Downers Grove	
<b>Total Contract Cost</b>	<b>681,912</b>		<b>448,000</b>	<b>233,912</b>	
30% Payment	204,574		163,659	40,915	2007
Amount Remaining	477,338				
60% Payment	409,147		284,341	124,806	3rd Quarter 2008
Amount Remaining	68,191				
Final (10%) Payment				68,191	3rd Quarter 2008
<b>Totals</b>			<b>448,000</b>	<b>233,912</b>	
5 Bus Scenario					
			Federal MAX	Downers Grove	
<b>Total Contract Cost</b>	<b>568,260</b>		<b>448,000</b>	<b>120,260</b>	
30% Payment	170,478		136,382	34,096	2007
Amount Remaining	397,782				
60% Payment	340,956		311,618	29,338	3rd Quarter 2008
Amount Remaining	56,826				
Final (10%) Payment				56,826	3rd Quarter 2008
<b>Totals</b>			<b>448,000</b>	<b>120,260</b>	

**MEMORANDUM OF UNDERSTANDING  
VEHICLE LEASE**

**THIS Memorandum of Understanding (MOU) made and entered into this 14<sup>th</sup> day of February, 2007, by and between the SUBURBAN BUS DIVISION OF THE REGIONAL TRANSPORTATION AUTHORITY, herein "Pace" and the Village of Downers Grove, herein "Downers Grove".**

**WHEREAS, Pace is a recipient of certain Federal CMAQ funds which are used in the provisions of suburban bus service in the Northeastern Illinois Region of Chicago; and**

**WHEREAS, in Federal Fiscal Year 2006 the Chicago Area Transportation Study (CATS) approved the granting of federal CMAQ funding for the purchase of community vehicles to Pace (i.e. federal grant IL-90-X539); and**

**WHEREAS, the parties agreed that of this 2006 Federal Grant, the Village of Downers Grove would receive up to eight (8) vehicles not to exceed \$448,000 in federal funds; and**

**WHEREAS, the parties agree that Pace will purchase these vehicles for use by Downers Grove;**

**WHEREAS, Pace has submitted a grant application to the Federal Transit Administration to cover funding of community vehicles;**

**NOW, THEREFORE, Pace and Downers Grove agree on the terms and conditions herein set forth as follows:**

- 1. Downers Grove, as a sub-recipient, agrees to adhere to all the terms and conditions of the Federal Transit Administration's Master Agreement (FTA MA-12 dated October 1, 2005) covering the acceptance and use and maintenance of these vehicles as herein attached as Exhibit A.**
- 2. Downers Grove acknowledges that the maximum amount of federal funding which will be available to purchase these vehicles will not exceed a total of \$448,000 for up to eight, approximately 28 passenger, accessible, ultra low sulfur diesel (ULSD) vehicles. Downers Grove agrees to pay a minimum of \$112,000 for the required local match. Said engines shall be produced with the latest diesel emissions reduction technology.**
- 3. Downers Grove agrees that in the event that the per unit cost of the vehicles exceed \$70,000 based on competitive bids; a lesser number of vehicles will be purchased for Downers Grove or Downers Grove, at its own option, may agree to provide additional funds if the federal funding and local match is not sufficient to purchase a total of eight (8), 28 passenger buses. Said commitment for providing the additional funding by Downers Grove must be made through a**

formal amendment to this MOU prior to Pace awarding a contract to purchase said vehicles.

4. Downers Grove acknowledges that if it discontinues service or dramatically reduces the utilization of the equipment it shall notify Pace immediately and Pace will determine if the service Downers Grove is providing is compliant with the federal definition of the *continued use of facilities and equipment* provisions of the Master Agreements.
5. In the event that the services are not in compliance, Pace has the right to recover the vehicles for use in its regular public transportation services. If the vehicles are recovered any additional funds provided by Downers Grove over and above the \$112,000 in required local match to the federal grant, will be repaid by Pace to Downers Grove based on straight line depreciation. Upon failure of Downers Grove to return or deliver the vehicles as directed by Pace, through written notice stating the reasons therefore and granting Downers Grove the opportunity to cure the defect within a reasonably stated time frame, or if Downers Grove fails to use, repair or maintain the equipment as required by this Agreement, Downers Grove will permit Pace, without demand, legal process, or a breach of the peace, to enter any premises under the contract of Downers Grove where the vehicles are located and to take possession of and remove the equipment. Downers Grove shall not prosecute or assist in the prosecution of any claim, suit, action, or other proceeding arising out of any such repossession by Pace.
6. The vehicles purchased by Pace for Downers Grove are listed in Exhibit D. For purposes of calculating the useful life, said vehicles will be no less than seven (7) years or 100,000 miles whichever is more per federal standards. After bid opening the useful life may be adjusted, if necessary, based on the successful bidder. The FTA Bus Testing which determines useful life (referred to as Altoona Tests) will be used to amend Exhibit D if necessary. The make, year and manufacture of the bus will be listed on Exhibit D along with the useful life after bids are opened.
7. Downers Grove agrees to pay the non federal share of the cost of the vehicles (herein referred to as Local Share) up to \$112,000 or in the event that Downers Grove chooses to contribute more than the local share match that said funds shall be paid to Pace 30 days prior to Pace notifying Downers Grove that the vehicles are ready for delivery. In the event that the contract with the manufacture calls out progress payments, Downers Grove agrees to make the same progress payments to Pace as Pace is obligated to make to the manufacturer. Failure to make the required local share payments will result in Pace retaining the vehicles for its own services.
8. Downers Grove agrees that the vehicles will be used in general public purpose transit service consistent with the 2006 Transit Grant Agreement between the parties dated January 17, 2006 and for no other purpose. Use of these vehicles in charter or school bus operations is strictly prohibited.
9. Downers Grove acknowledges that it will have no ownership right to the vehicles and the title will be held in Pace's name.

10. **Downers Grove agrees to sign the required Certifications and Assurances as set forth in Exhibit B and as required by the FTA Master Agreement. Failure to sign any Certifications will result in this contract being null and void.**
11. **Downers Grove agrees that by signing said required Certifications and Assurances that it will comply with all provisions for the life of the vehicles and the term of this Agreement.**
12. **Downers Grove and Pace agree that no advertising whatsoever shall be placed inside or outside the vehicles.**
13. **Downers Grove agrees not to assign this MOU to any other party.**
14. **Downers Grove shall accept delivery of the vehicles at such times and places within the six county region as Pace shall designate upon notice to Downers Grove.**
15. **Pace shall have the right to inspect the vehicles at any time, with or without prior notice to Downers Grove; provided, however, that unless Pace determines in its sole discretion that emergency conditions or factors affecting safety or security require otherwise, Pace shall give at least 24 hours notice of such inspection. Pace shall also have the right to demand from time to time a written statement from Downers Grove setting forth the condition of the vehicles, said statement shall be furnished within ten days of such a request from Pace.**
16. **Neither Pace nor Downers Grove is the manufacturer of the vehicles nor the manufacturers' agent, and neither makes any express or implied warranty of any nature regarding the vehicles, including but not limited to: Its merchantability or fitness for any particular purpose; it's design or condition; It's workmanship; It's freedom from latent defects; It's compliance with the requirements of any law, rule, specification or contract; or its non-infringement of any patent, trademark or license.**
17. **Downers Grove shall at all times maintain the vehicles in good mechanical condition in conformity with all applicable safety practices, laws and regulations. Downers Grove shall perform all required preventative maintenance and shall keep both the exterior and interior of the vehicles neat, clean, and in first class condition at all times.**
18. **Downers Grove shall prepare and maintain accurate records relating to all maintenance work performed by it.**
19. **Downers Grove agrees to indemnify, defend and save and hold Pace, and the Regional Transportation Authority, its officers, agents, and employees full harmless from and against all liabilities, losses, suits, claims, judgments, fines or demand of every kind and nature (including all reasonable costs for investigation, reasonable attorneys fees, court costs and expert's fees) arising from or related to the delivery and/or use of the transit vehicles described herein.**
20. **Downers Grove shall insure all vehicles as per the coverage attached as Exhibit C.**
21. **Pace agrees to include some type of municipal service identifier on the buses provided it is in accordance with Pace policy regarding the location and size of any logo or name. All graphics will be finalized as part of the development of the**

bus specifications. The parties agree to cooperate in the review and approval of the specifications.

22. The term of this MOU shall run for the useful life of the vehicles now estimated at seven years effective from the date of delivery of the vehicles.
23. Any notice shall be in writing and made to the following parties:

If to Downers Grove:

Village of Downers Grove  
801 Burlington Avenue  
Downers Grove, IL 60515  
Attention: Village Manager

If to Pace:

Pace Suburban Bus  
550 West Algonquin Road  
Arlington Heights, IL 60005  
Attention: Department Manager  
Capital Financing and  
Infrastructure

With Copy to:

Pace Suburban Bus  
550 West Algonquin Road  
Arlington Heights, IL 60005  
Attention: General Counsel

This MOU and the Exhibits attached hereto and incorporated hereby, shall constitute the entire agreement between the parties and no other warranties, inducements, considerations, promises, or interpretations shall be implied or impressed upon this MOU that are not expressly addressed herein and therein.

This MOU has been properly authorized by the Village of Downers Grove.

This MOU has been properly authorized by the Board of Directors of Pace.

In Witness Whereof, The parties have executed this MOU as indicated below.

Village of Downers Grove:

  
\_\_\_\_\_  
Cara Pavlicek, Village Manager

November 8, 2006  
\_\_\_\_\_  
Date

Pace, Suburban Bus Division of the  
Regional Transportation Authority

  
\_\_\_\_\_  
T. J. Ross, Executive Director

2.14.7  
\_\_\_\_\_  
Date

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