

**POTOMAC AND RAPPAHANNOCK  
TRANSPORTATION COMMISSION**

**RESOLUTION**

**MOTION:** \_\_\_\_\_

**RESOLUTION NO. 08-07-\_\_\_\_  
OFFICIAL COMMISSION MEETING  
JULY 17, 2008**

**SECOND:** \_\_\_\_\_

**RE: AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE A  
PURCHASE ORDER WITH MOTOR COACH INDUSTRIES (MCI) FOR  
THE PURCHASE OF AS MANY AS EIGHT (8) NEW OMNIRIDE BUSES**

**WHEREAS**, the Potomac and Rappahannock Transportation Commission's (PRTC) annual budgets provide for the purchase of two new 57 passenger OmniRide buses in anticipation of overcrowding relief and spare fleet requirements; and

**WHEREAS**, recent rapid growth and service expansion required to avert chronic overcrowding has necessitated the use of nine retirement-age buses; and

**WHEREAS**, adequate, matched federal and state grant funding has been appropriated but not yet awarded to purchase four new buses (hereinafter referred to as "the funded buses"); and

**WHEREAS**, the grant funding for the funded buses is anticipated to be awarded before the end of the calendar year; and

**WHEREAS**, in addition to the funded buses, four more buses are envisioned for purchase solely at the state's expense for a bus route linking Tyson's Corner and eastern Prince William County, at such time as the Potomac and Rappahannock Transportation Commission provisionally authorizes the execution of an agreement with the state for this bus route ("the Tyson's service agreement", providing for state funding of the bus purchase and the subsidy of the route) and the agreement in its final form is deemed acceptable for execution by the Commission's Legal Counsel; and

**WHEREAS**, the buses proposed for purchase can be acquired via an existing state contract, supplied by Motor Coach Industries, Inc. (MCI); and

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**(6 PAGES)**

**WHEREAS**, MCI reports that increased demand has lengthened its bus manufacturing lead time to approximately eight months; and

**WHEREAS**, MCI has informed PRTC management that two of the subject funded buses can be manufactured more quickly if the contract is awarded now because of a small "break" in the production schedule, such that they would be delivered by an October timeframe (the other two would be delivered by the spring); and

**WHEREAS**, in order to contract for the funded buses now, an internal bridge loan for the two buses that would be delivered in October would be necessary, which would be repaid once the federal (and state) grants are awarded as expected before the end of the calendar year; and

**WHEREAS**, by ordering via the state contract before September 15th, the unit price of the 57-passenger, 45-foot long bus associated with that procurement with the features PRTC's fleet requires is \$456,375; and

**WHEREAS**, the total cost for the four buses PRTC management proposes to purchase is \$1,916,775 (which includes a five (5) % contingency allowance); and

**WHEREAS**, the total cost for the four buses associated with the prospective Tyson's Corner route would be funded solely by the state.

**NOW, THEREFORE, BE IT RESOLVED** that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to execute a purchase order to procure the four funded MCI buses via the state contract; and

**BE IT FURTHER RESOLVED** that the Potomac and Rappahannock Transportation Commission also authorizes the Executive Director to effectuate the proposed internal bridge loan for the federal and state shares of two of the four funded buses (i.e., \$932,000), to be repaid when the federal and state grants associated with this purchase are awarded; and

**BE IT FURTHER RESOLVED** that the Potomac and Rappahannock Transportation Commission also provisionally authorizes the Executive Director to execute a purchase order for the four "Tyson's Corner route" buses via the state contract, subject to:

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**(6 PAGES)**

- The Commission also provisionally authorizing the execution of the “Tyson’s service agreement”; and
- The “Tyson’s service agreement” in its final form being deemed acceptable for execution by the PRTC Legal Counsel.




Potomac and Rappahannock  
Transportation Commission

14700 Potomac Mills Road  
Woodbridge, VA 22192

July 17, 2008

TO: Chairman Jones and Commissioners

FROM: Alfred H. Harf   
Executive Director

RE: Authorization for the Executive Director to Execute a Purchase Order with Motor Coach Industries, Inc. (MCI) for the Purchase of as many as Eight (8) New OmniRide Buses

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Recommendation:

Authorize the Executive Director to execute a purchase order with Motor Coach Industries, Inc. (MCI) for the purchase of as many as eight (8) new OmniRide buses.

Background:

The Potomac and Rappahannock Transportation Commission's ("the Commission") FY 2008 and FY 2009 budgets each provide for the purchase of two new 57-passenger Motor Coach Industries, Inc. (MCI) buses<sup>1</sup> to replace retirement-age buses that have been pressed into service to ease overcrowding. While the federal funding anticipated to cover 80% of the cost of these four buses (the "funded buses") has not been awarded as yet, this funding has been appropriated and is therefore assured. Federal rules allow contracts to be let before a grant is awarded (termed "pre-award authority") so long as the grantee has the wherewithal to advance the funds required for contracting. The subject grants are expected to be awarded before the end of the calendar year. With the addition of seven new trips last month to relieve overcrowding, PRTC now has nine retirement-age buses in its active fleet<sup>2</sup> and a contingency fleet consisting of only three 1989-vintage RTS buses. While these retirement-age buses are roadworthy and therefore suitable for providing service on an interim basis, it does compel the acquisition of replacement vehicles as soon as practicable.

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<sup>1</sup> The specific manufacturer and cost per bus is known because the buses are proposed for purchase via an existing state contract. Motor Coach Industries, Inc. (MCI) was the successful proposer in a competitive procurement that the State General Services Administration (GSA) conducted on behalf of the Virginia Department of Rail and Public Transportation (DRPT). All of Virginia's transit systems have the discretion to purchase buses via this state contract. PRTC's last 57-passenger bus purchase was via this state contract, so the purchase proposed here would be the second.

<sup>2</sup> The retirement-age buses in the active fleet are a mix of 1993-vintage and 1995-vintage MCI buses.

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In addition to the four funded buses, four more buses are envisioned for purchase solely at the state's expense for use on a new route linking eastern Prince William County and Tyson's Corner. This prospective new route is an element of a traffic mitigation plan (TMP) that the Virginia Department of Transportation (VDOT) and the Virginia Department of Rail and Public Transportation (VDRPT) have jointly developed in cooperation with the region's transit operators and TDM agencies to ease traffic problems on the beltway during the course of the beltway HOT lanes construction. An agreement providing for the purchase of these "Tyson's route" buses and the subsidization of the route appears elsewhere on this month's agenda as a proposed action item – the Commission is being asked to provisionally authorize the execution of that agreement (hereinafter referred to as "the Tyson's service agreement" or "the agreement") in substantially the form presented, subject to a finding by PRTC's Legal Counsel that the agreement in its final form is acceptable for execution.

The authorization sought here – to contract with MCI for as many as eight buses – would also be provisional insofar as the four buses associated with the Tyson's service agreement. That is, management would contract with MCI for the four "Tyson's route" buses only if the Commission provisionally authorizes the execution of the "Tyson's service agreement" and PRTC Legal Counsel concludes thereafter that the agreement in its final form is acceptable for execution.

Given a recent spike in bus sales orders, MCI is currently quoting a delivery time of around 240 days (though MCI has advised that the first two of the contracted buses can be delivered more quickly if the order is placed at this time owing to a small "break" in the production schedule). Accordingly, management is recommending contracting for the four funded buses now – doing so would insure the delivery of two buses by sometime in October 2008 and the other two by sometime in the spring of 2009 – and the remaining four associated with the Tyson's service agreement at such time as the provisos described here have been satisfied.

As noted earlier, in order to contract for the four funded buses before the federal funds are awarded, PRTC must have the wherewithal to advance the funds required for contracting. This means two things: (1) satisfying the requirement for contracting in the first place by knowing that all the required funding is assured; and (2) being able to make payments as required by the contract when the buses are delivered. The first of these requirements is met because 100% of the funds necessary for the purchase are certain in the form of anticipated federal grants, supplemented by state and local funds to fulfill match requirements. The second of these requirements can be met by an "internal bridge

loan” that management is also asking the Commission to approve, whereby unobligated funds in PRTC’s possession would be temporarily tapped to make payments for the buses that would be delivered in the October timeframe, with reimbursement at such time as the federal grants are awarded.

Because the federal grant awards are expected before the end of the calendar year, prior payments to MCI would be limited to the first two funded buses; payments for the two other funded buses that would be delivered in the spring of 2009 would post-date the federal grant awards so there’s no need for an internal bridge loan for them.

The cost per bus purchased via the state contract escalates annually (on September 15<sup>th</sup>). By ordering the four funded buses before then, each bus will cost \$456,375, or a total of \$1,825,500. A five percent contingency allowance amounts to \$91,275, and would be used only to cover additional costs that might arise during the course of production or if enhancements to the basic bus are desired as an outgrowth of the Real Time Passenger Information (RTPI) study now in progress.

The cost of the four “Tyson’s route” buses will depend on when the contract for those buses is awarded – if it is before September 15<sup>th</sup>, then the cost per bus would be the same as the cost for the four funded buses as reported earlier, while an award after September 15<sup>th</sup> would increase the cost per bus. Since the cost of these four buses would be borne by the state no matter when the contract is awarded, the provisional authorization associated with the four “Tyson’s route” buses has no referenced dollar cap.

Fiscal impact:

Funding for the four new funded buses, in the amount of \$1,916,775 (including contingency) comes from a combination of federal discretionary and formula program funds (i.e., FY2007 and FY2008 discretionary earmarks and FY2007 formula funds) and required matching state and local funding included in PRTC’s FY2008 and FY2009 budgets. The proposed “internal bridge loan” would be for half of the federal and state shares (two of the four buses), or \$932,000.<sup>3</sup>

Funding for the four “Tyson’s route” buses would be borne by the state.

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<sup>3</sup> The state share must also be covered by the internal bridge loan because DRPT does not allow draw-downs on state funds until the federal grants that the state funds are intended to match have been awarded.