

**FIVE YEAR ID/IQ CONTRACTS FOR BUSES**  
**ID = Indefinite Delivery    IQ = Indefinite Quantity**

The RFP for buses will be a five-year contract with an initial order of 20, plus options for up to 340 additional buses. The 360 quantity is made up mostly of replacements plus a handful of new buses; and would meet the requirements of the current fleet plan. The first order of 20 calls for articulated hybrid buses; subsequent orders under this five-year procurement would include both hybrid and clean diesel buses.

The current fleet plan calls for 360 buses to be delivered and placed into service over the next six years in specific increments to meet projected annual requirements as follows:

2008	20
2011	105
2012	175
2013	60

The quantity of 360 articulated buses does NOT take into account additional fleet requirements to implement 'Transit Now' initiatives. We plan to include additional options to address fleet needs to accommodate 'Transit Now'.

The five-year contract offers great incentive for the bus builder to put forward an aggressively competitive price to win the initial award, and do likewise on future orders. With a five-year contract in place, KCM is able to order and receive buses in a more rapid timeframe, without having to conduct multiple procurement processes in the ensuing years, and endure the long lead times associated with conducting the procurements and the long lead times to get the order into and through the builder's assembly line. There are only two bus manufacturers in North America that build articulated buses – a third North American builder closed its doors in January 2006.

The RFP also includes several feature options that will be competitively priced that will allow us to reconfigure the buses in the future (such as BRT) without having to do a new RFP process.

The FTA has repeatedly signaled its encouragement of this type of contracting on several occasions over the past several years - most notably, with their periodic revisions of Circular 4220 (the 'Procurement Bible' for grant recipients) done in 1995, 1996 and most recently in 2003. During that span, the FTA initiated the five-year ID/IQ procurement for rolling stock, removed the limit on option quantities, and reiterated the five-year limit.

**Pricing of Buses in Out Years**

The RFP calls for the bus builders to propose bus prices based on the initial order quantity, and contains an escalation clause that stipulates that any proposed price adjustments in the out years to price subsequent (option) orders are based on the PPI (Producer Price Index).

Each order placed against this contract stands on its own, and will be subject to Cost & Price Analysis to determine that the price offered by the builder is fair and reasonable, and a Market Analysis to determine that the price offered is the most advantageous price available to the County at the time an option is exercised. KCM staff will conduct these analyses as well as the requisite Buy America audits, to ensure fair pricing and compliance with FTA regulations.

### **Termination for Convenience**

County contracts for FTA-funded bus procurements contain a termination for convenience clause. This clause is required by the FTA and allows the County to terminate any contract at any time at its own convenience without cause. The County's obligation to the builder on such a terminated contract is limited to the incurred costs and profit associated with those incurred costs on buses delivered and actual work in process. The incurred costs and associated profits are subject to audit by the County, and Transit has experienced people on staff who have audited and negotiated settlement costs on canceled bus contracts. Anticipated or lost profits on work not performed due to a contract cancellation are costs that KCM would NOT be obligated to pay.