

ITEM #: 24
DATE: 01-27-26
DEPT: Transit

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF BATTERY ELECTRIC BUS PURCHASE CHANGE ORDER

BACKGROUND:

On November 16, 2023, the City Council awarded a contract for five 40' heavy-duty battery electric buses (BEBs) to Gillig LLC of Livermore, California, for a cost not to exceed \$5,789,480. The State of Washington procurement contract was utilized for this purchase.

The funding sources approved for this project are summarized below:

Funding Source	Funding		
	Federal	Local	Total
Bus & Bus Facilities Discretionary (Section 5339)	\$2,218,500	\$391,500	\$2,610,000
Urbanized Area Formula Funding (Section 5307)	\$2,034,634	\$359,053	\$2,393,687
STBG Funding	\$225,000	\$56,250	\$281,250
Additional Local Funding		\$504,543	\$504,543
Total Project Budget	\$4,478,134	\$1,311,346	\$5,789,480

After the contract was issued, new tariff policies were implemented that affected the final cost of several vehicle components. The State of Washington contract includes a provision that allows manufacturers to pass through costs incurred due to tariffs.

CyRide has received delivery of all five BEBs. Following final assembly, Gillig notified CyRide that the impact of recently implemented tariff policies was \$12,951.12 per bus, resulting in a total cost increase of \$64,755.60.

This adjustment represents a 1.12% increase to the overall project budget and increases the total purchase price from \$5,789,480 to \$5,854,235.60. CyRide, in coordination with the Purchasing Division, reviewed the documentation provided by Gillig and determined that the cost adjustment reflected actual cost incurred and was calculated in accordance with the provisions of the State of Washington procurement contract.

An additional \$64,755.60 in local funding is required to support this change order. Staff has evaluated the project budget and recommends using funds from the Battery Electric Bus Reserve Fund to support the budget shortfall.

The revised project budget is shown below:

Funding Source	Funding		
	Federal	Local	Total
Bus & Bus Facilities Discretionary (Section 5339)	\$2,218,500	\$391,500.00	\$2,610,000.00
Urbanized Area Formula Funding (Section 5307)	\$2,034,634	\$359,053.00	\$2,393,687.00
STBG Funding	\$225,000	\$56,250.00	\$281,250.00
Local Funding (Previously Committed)		\$504,543.00	\$504,543.00
BEB Reserve Fund (Change Order)		\$64,755.60	\$64,755.60
Total Project Budget	\$4,478,134	\$1,376,101.60	\$5,854,235.60

Approval of this change order is required for CyRide to complete acceptance of the new vehicles. The Transit Board of Trustees approved the requested change order and increased the contract total to \$5,8854,235.60 for Gillig LLC at their meeting on January 15, 2026.

ALTERNATIVES:

1. Approve the cost-related change order and establish a new total contract amount of \$5,854,235.60 for the purchase of five battery electric buses from Gillig LLC of Livermore, California.
2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

Approving the tariff-related change order and new contract amount will ensure that the five battery electric buses are fully funded. Utilizing the Battery Electric Bus Reserve Fund allows CyRide to accommodate the cost increase using existing capital reserves and complete the purchase in compliance with procurement requirements and Transit Asset Management objectives. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.