



# **BART Buy America Preference Policy Implementation**

**Grace Crunican  
General Manager**

***APTA TRANSIT CEO SEMINAR  
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# Goals for New Car Procurement



- 1. Provide best quality car at a fair and reasonable price**
- 2. Maintain schedule**
- 3. Procure all 775 cars**

# And Here Comes Buy America



- **Political pressure to do more than 60%**
- **BART Board of Directors' desire to lead**
  - Bay Area unemployment of more than 10%
  - Create US jobs
  - Develop US Technology
- **Federal regulations prevent agencies from giving a bidding preference for US content above the FTA required 60% - unless there is specific state statute authorizing a preference.**
- **BART sponsored California Assembly Bill 1097**

# Adopting A Buy America Preference: District Concerns



- 1. Schedule Slip**
- 2. Legal Challenge**
- 3. FTA Support/Federal Funding**
- 4. Car Reliability**
- 5. Higher Prices**

# **Buy America Preference : New Car Procurement Schedule**

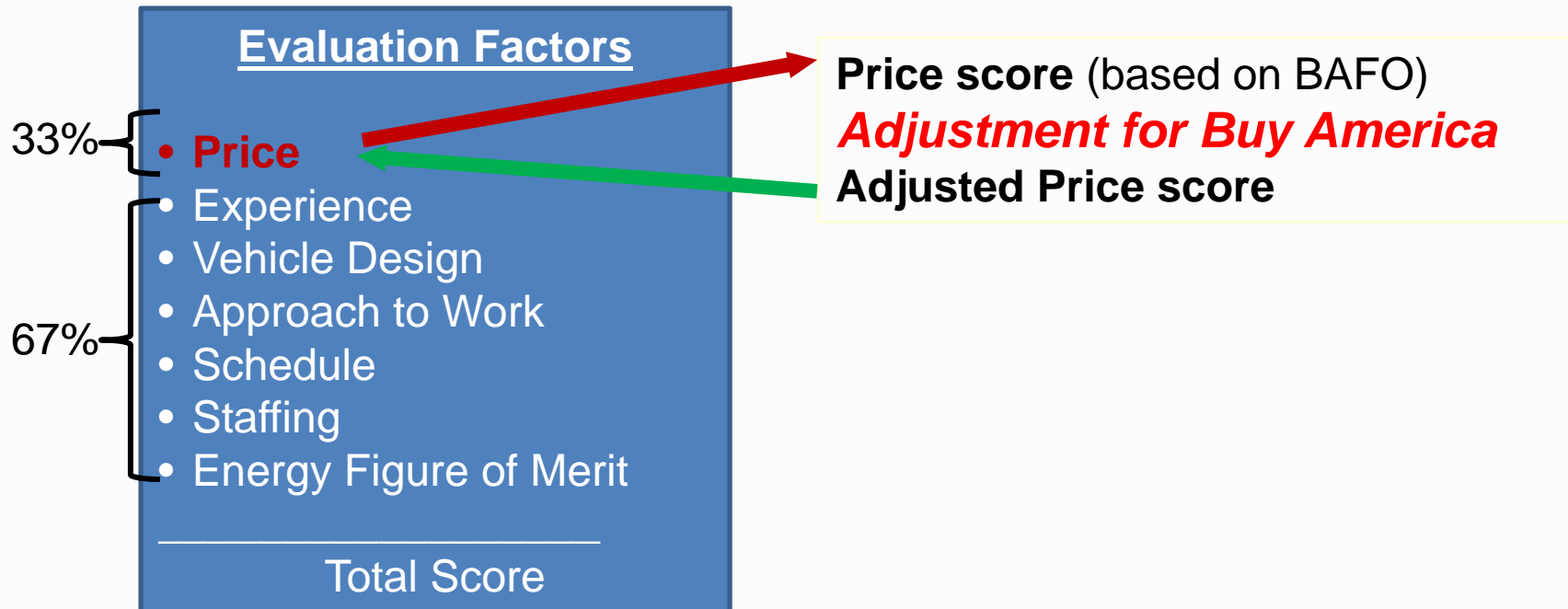


- **Request For Proposals Released – September 2009**
- **California Legislation Passed AB 1097 – October 2011  
(Allowing Buy America Preference)**
- **Best And Final Offer (BAFO) Release – November 2011**
- **AB 1097 Becomes Law – January 2012**
- **BAFOs Received – February 2012**
- **Award of Contract – May 2012**

# Introducing Preference - Managing Risk

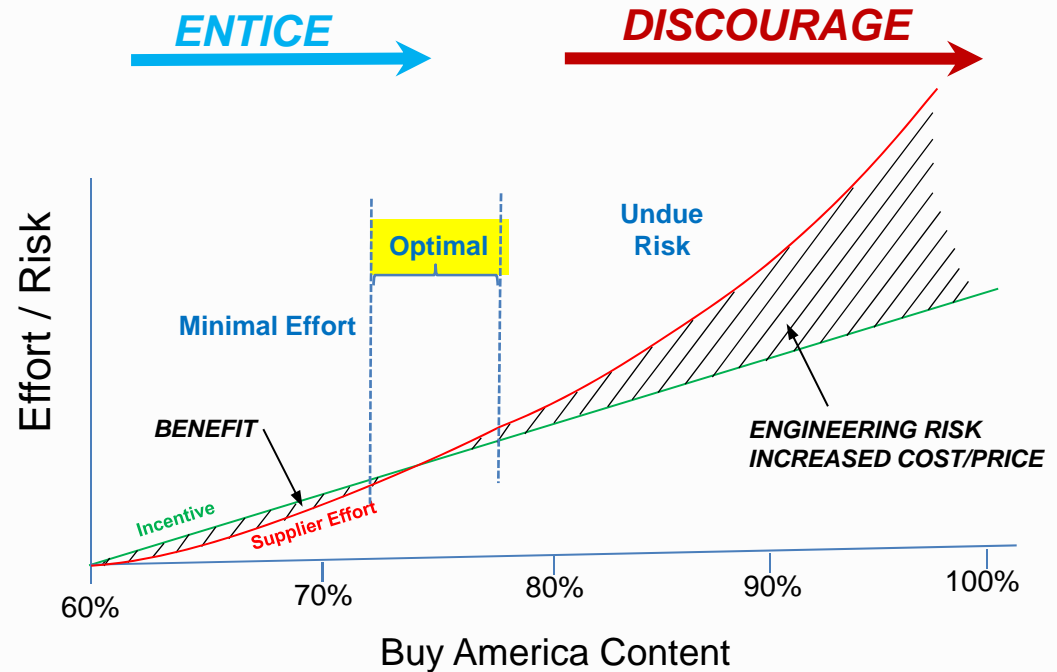


- Minimize protest and legal risk by not changing the overall evaluation factors or their relative weights
- Buy America bid preference is applied to Price for evaluation purposes



# Right Sizing Preference

- Enough to entice proposers to achieve more than FTA 60% requirement
- Not so big that it provokes unreasonable risk
- Consider that not all car builders had the same flexibility to respond at the BAFO stage



**A maximum 10% reduction of BAFO price for Buy America (0.25% for every 1% Buy America content above FTA required 60%)**

**Example: BAFO Price = \$2.1M**

**Buy America = 70%**

**Buy America Price Reduction:  $10\% \times 0.25 = 2.5\%$**

**Price for Evaluation:  $\$2.1M - (.025 \times \$2.1M) = \$2.048M$**



# Proposers BAFO Prices



	ALSTOM	BOMBARDIER	ROTEM
<b>BAFO Price</b>	<b>\$1,727,025,189</b>	<b>\$1,543,192,904</b>	<b>\$2,791,394,850</b>
<b>Variance from Low Price</b>	<b>+\$183,832,285</b>	<b>Low Price</b>	<b>+\$1,248,201,946</b>

# Buy America Adjusted Evaluation Price



<b>CARBUILDER (% Domestic Content)</b>	<b>ALSTOM (95%)</b>	<b>BOMBARDIER (66%)</b>	<b>ROTEM (70%)</b>
<b>BAFO Price</b>	<b>\$1,727,025,189</b>	<b>\$1,543,192,904</b>	<b>\$2,791,394,850</b>
<b>Value of Buy America Adjustment</b>	<b>\$151,114,704</b>	<b>\$23,147,893</b>	<b>\$69,784,871</b>
<b>Adjusted Price*</b>	<b>\$1,575,910,485</b>	<b>\$1,520,045,011</b>	<b>\$2,721,609,979</b>

- **Of the three BAFO Proposals Bombardier had the highest combined score:**
  - Lowest price (i.e., highest price score)
  - Highest technical score
- **The low price allowed us to award both the base contract (260 cars) and the first option (150 cars) for a total of 410 cars**
- **We are well positioned to be able to procure all 775 vehicles**

# QUESTIONS



# Back-up slides

# Traditional Price Scoring



A traditional price score is calculated as follows

$$\frac{\text{Low Price}}{\text{Bid Price}} \times \text{Price Weight} = \text{Price Score}$$

Example (**Bidder X**: Bid = \$2.1 billion = *Lowest Bid*)

$$\frac{\$2.1 \text{ billion}}{\$2.1 \text{ billion}} \times 50 = 50 \text{ Price Score} \quad \text{Lowest Bid} = \text{Full Score}$$

Example (**Bidder Y**: Bid = \$2.2 billion)

$$\frac{\$2.1 \text{ billion}}{\$2.2 \text{ billion}} \times 50 = 47.7 \text{ Price Score} \quad \text{Highest Bid} = \text{Partial Score}$$

# Buy America Preference Price Scoring



A Buy America Preference on Price is calculated in two steps

## *Step 1: Price Adjustment:*

**Bid Price - Buy America Discount = Adjusted Bid Price**

**Buy America discount = 10% Maximum  
or 0.25% discount per 1% increased Buy America content**

## *Step 2: Score Adjustment:*

**$\frac{\text{Adjusted Low Price}}{\text{Adjusted Bid Price}} \times \text{Price Weight} = \text{Adjusted Price Score}$**

# Buy America Preference Price Scoring

## Step 1: Price Adjustment



Example (**Bidder X**: Bid = \$2.1 billion, Buy America 70%) *(Originally Lowest Bid)*

*(Buy America of 70% = 10 % increased content X 0.25 Preference*

*= 2.5% Buy America Bid Preference)*

**\$2.1 billion - 2.5% preference = \$2.048 billion Adjusted Bid Price** *(Now Highest Bid)*

Example (**Bidder Y**: Bid = \$2.2 billion, Buy America 90%) *(Originally Highest Bid)*

*(Buy America level of 90% = 30% increased content X 0.25 preference*

*= 7.5% Buy America Bid Preference)*

**\$2.2 billion - 7.5% preference = \$2.035 billion Adjusted Bid Price** *( Now Lowest Bid)*



# Buy America Preference Price Scoring

## Step 2: Score Adjustment



### Example Bidder X:

Base Bid = \$2.1 billion (*Buy America level of 70% = 2.5% Buy America Bid Preference*)

Adjusted Bid Price = \$2.048 billion

$$\frac{\$2.035 \text{ billion}}{\$2.048 \text{ billion}} \times 50 = 49.7 \text{ Price Score} \quad \text{Highest Bid} = \text{Lower Score}$$

### Example Bidder Y:

Bid = \$2.2 billion (*Buy America level of 90% = 7.5% Buy America Bid Preference*)

Adjusted Bid Price = \$2.035 billion

$$\frac{\$2.035 \text{ billion}}{\$2.035 \text{ billion}} \times 50 = 50 \text{ Price Score} \quad \text{Lowest Bid} = \text{Full Score}$$

*In this example, a proposal that was 5% higher priced was able to overcome the difference through a 20% higher Buy America commitment*