

Research Results Digest 315

CENTRALIZED VERSUS DECENTRALIZED STATE PROCUREMENT OF PARATRANSIT VEHICLES FOR THE FEDERAL SECTION 5310 PROGRAM

This digest summarizes the results of NCHRP Project 20-65(9). The digest was prepared by AECOM Consult, Inc. Nathan Macek, Senior Consultant, AECOM Consult, was the Principal Investigator. He was supported by Scott Baker, Senior Consulting Manager, AECOM Consult.

Input from many states contributed to this report. Among the major contributing state departments of transportation were Arizona, Connecticut, Florida, Idaho, Illinois, Missouri, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Vermont, and Washington. Representatives from an additional 25 states completed web-based surveys for this effort. In addition, several transit agencies, vehicle vendors, and manufacturers participated in telephone interviews.

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SUMMARY OF FINDINGS

In this study, information was collected on the multiyear procurement experience of states that directly and indirectly procure paratransit vehicles applying funds from the federal Elderly Persons and Persons with Disabilities Program (49 U.S.C § 5310, hereafter referred to as Section 5310). The objective of this study was to help states improve their current procurement processes or enable them to strategically consider alternative processes for acquiring vehicles for this program.

In general, there are several major ways in which states procure vehicles for the Section 5310 program. These include the following:

- **The Centralized “Turn-Key” State Procurement Process**, in which the state has complete responsibility for paratransit vehicle purchases. The

state notifies applicants of the grant award and then handles all aspects of procurement and purchasing directly.

- **Grant Recipient Vehicle Purchase via Central State-Procured Contract**, in which the grant recipient purchases off of a central state-procured paratransit vehicle contract. The state retains responsibility for procurement of the vehicle, but the grant recipient takes responsibility for placing a vehicle order under the contract and inspecting the vehicle on delivery.
- **Dual Process**, in which Section 5310 grant recipients have the option to purchase vehicles through a centrally procured state paratransit vehicle contract or a decentralized procurement process.
- **The Decentralized Third-Party/ Consortium Procurement Process**, which includes situations in which two or more grant recipients form a

procurement consortium to purchase vehicles, the state department of transportation (DOT) designates a lead agency to conduct the procurement on behalf of some or all Section 5310 grant recipients in the state, or a third-party agency procures vehicles on behalf of grant recipients.

- **The Decentralized Independent Procurement Process**, in which a grant recipient independently develops its own vehicle specifications, usually following the guidance of the state DOT. All steps in the procurement process, including preparation of vehicle specifications, solicitation of offers, procurement, and contract award, are conducted by the grant recipient, with state oversight along the way.

Table S.1 summarizes the issues related to each procurement process from the perspective of the state DOT.

State DOTs seek to maximize their ability to manage the Section 5310 program in their states. Their ability to do so will be affected by state government resources for conducting a procurement process, monitoring grant recipients, and ensuring compliance with federal standards. At the same time, grant recipients vary in their ability to conduct compliant procurements themselves. Some states have determined that it is easier to monitor others than conduct procurements directly, while other states have reached the opposite conclusion. Each state must consider its own grantees' resources, abilities, and qualities to determine the approach that is appropriate for its situation.

The survey responses and telephone interviews conducted for this study reveal that states might want to consider several key questions in selecting a procurement process for paratransit vehicles funded by Section 5310. In order of priority, the key questions are the following:

1. **Does a centralized or decentralized procurement process make the most of available state resources?** A primary criterion for answering this question is the staff and financial resources of the state DOT. Another consideration is how comfortable the procuring agency is with managing a process compliant with federally funded transit vehicle procurement guidelines. Interviews revealed that some state agencies responsible for conducting tran-

sit vehicle procurement (generally, a central state procurement agency external to the DOT) were uncomfortable with managing a process that complied with federally funded transit vehicle procurement guidelines. If the procurement agency is cooperative and the resources are available, then a centralized procurement process is a possibility. If the procurement agency is not cooperative and the resources are not available, then a decentralized procurement process may be selected. In the middle are such options as the decentralized third-party/consortium procurement process, the grant recipient vehicle purchase via central state-procured contract, and the dual process.

2. **Are grant recipients, lead agencies, or third-party procurers able to conduct the procurement process?** To a large extent, this will depend on the nature of Section 5310 grant recipients in a given state and the resources of the state DOT available to guide the grant recipients. If it is believed that the small size and informality of many grant recipients would limit their ability to conduct a decentralized independent procurement process, then this option should be ruled out. To the extent that lead agencies or third-party procurers familiar with transit vehicle procurement are available to conduct procurements on behalf of Section 5310 grant recipients, the decentralized third-party/consortium procurement process may be considered. If the state DOT determines that conducting the procurement itself would be more cost-effective and efficient than guiding decentralized procurers, then some form of centralized procurement should be selected.
3. **What is the state's record of compliance with federal regulations governing paratransit vehicle procurements?** When a state's Section 5310-funded paratransit vehicle procurement process does not pass muster with the federal government, a change may be warranted. Whether a centralized or decentralized approach will address the issue will depend on the findings of the federal investigation, as well as the answers to Questions 1 and 2.
4. **How many vehicles will be purchased annually?** The size of the Section 5310 grant program should be considered in decisions on whether the state, grantees, a lead agency, or

Table S.1 Summary of issues related to each procurement process from the state perspective

Issues	Procurement Process				
	Centralized		Dual Process	Decentralized	
	Turn-Key	State-Procured Contract		Third-Party/ Consortium	Independent
<i>Oversight & Regulatory Compliance</i>	Eliminates need for oversight of recipients' independent procurement processes, resulting in greater regulatory compliance	State must dedicate resources to provide some oversight and assistance to grant recipients to ensure regulatory compliance	Eliminates the need for oversight of most grant recipients; however, oversight is required to ensure compliance from some grant recipients	State must dedicate resources to provide oversight and assistance to third-party or lead agencies to ensure regulatory compliance	Requires careful oversight of every grant recipient's independent procurement process to ensure compliance with regulations
<i>State Resources</i>	Requires state DOT or a central procurement agency to conduct procurement, which may require more state resources than monitoring compliance		Requires sufficient resources to both conduct procurement and monitor compliance of procuring grantees	Absolves state of responsibility for conducting procurement process, but requires resources to monitor compliance with regulations of procuring grant recipients	
<i>Vehicle Quality</i>	Provides improved vehicle quality through the in-plant vehicle inspections, allows monitoring of vehicle quality across large purchases, and provides leverage to ensure that the vendor or manufacturer makes warranty repairs when required		Provides ability to monitor quality of vehicles across large purchases, but independent grant recipients will bear this responsibility for their vehicles	Greater grant recipient responsibility for monitoring vehicle quality and approaching vendor or manufacturer regarding vehicle repairs	
<i>Vehicle Price</i>	Large purchasing pools likely result in lower per-unit prices for vehicles		Most grant recipients benefit from purchasing power of pool	Price may be lower than independent procurement, but higher than centralized procurement	Likely the least price-advantageous approach
<i>In-Plant Vehicle Inspection</i>	Direct purchase of more than 10 vehicles by state requires in-plant inspection	Direct purchase by grant recipients generally absolves state of the responsibility for conducting in-plant inspections, which have generally been credited with improving the quality of vehicles			

a third party is best equipped to manage procurement. States purchasing many vehicles annually may find that conducting a procurement serving grant recipients statewide can only be done at the level of state government; furthermore, these states may not be able to adopt a decentralized consortium process unless there are multiple lead agencies or third-party procurers. States with larger programs may also find that the sheer number of grant recipients effectively prohibits the state from adopting a decentralized independent procurement process. States with smaller programs—especially programs procuring fewer than 10 vehicles—may be able to employ a single lead agency or third-party procurer to procure on behalf of all grant recipients in lieu of the state. States with these smaller programs may have an easier time monitoring a decentralized independent procurement process than states with larger programs. A dual process may not be appropriate until a state’s program attains a minimum size of around 20 vehicles annually.

5. **To what degree should Section 5310 grant recipients be able to customize vehicles?**

The answer to this question depends on the individual circumstances and preferences of each state. If there is a large premium on permitting grant recipients to tailor vehicles to meet their specific needs, a more decentralized procurement process may be selected. If it is believed that the state can provide sufficient vehicle options to grant recipients, then a centralized procurement process may be in order. Indeed, many states have refined their contract options to enable agencies to select vehicle options and floor plans that best meet their service requirements. If there is a desire to provide grant recipients wide latitude with respect to customizing vehicles, while maintaining a centralized procurement process so that all grant recipients need not conduct their own procurements, then a dual process may be appropriate.

6. **To what degree should vendors interact with grant recipients and/or the state government?** If the preponderance of evidence in a particular state suggests that grant recipients are best served by a strong relationship between the state and the vehicle vendor—

especially when the state acts as an advocate on behalf of grant recipients for fleetwide warranty repairs—then a centralized procurement process may be appropriate. If instead a direct relationship between the vendor and the grant recipient is preferred (for ensuring vehicle specifications that match grant recipient needs and enabling vehicle-specific warranty repairs by a vendor), then a decentralized independent process may be appropriate. The central state-procured contract may present the opportunity for both the state and grant recipients to establish communication lines with vendors. Whichever process is selected, however, there should be a noticeable level of state DOT involvement in the process to ensure manufacturers’ compliance with all regulations, technical specifications, build quality requirements, and warranty provisions. As the administrator of grant funds, the state DOT is in a position to make manufacturers aware of the DOT’s oversight in all vehicle procurements.

7. **What process will minimize vehicle cost and maximize quality?**

Grant funds will provide greater benefits to state residents if they can be stretched further. Evidence indicates that processes that create purchasing pools, including the centralized processes and the decentralized third-party/consortium procurement, may provide lower costs per vehicle than procurements for just a few vehicles, such as the decentralized independent procurement process. In addition, larger vehicle pools may increase the number of vendor offers per procurement, spurring competition and lowering prices. Finally, larger pools of vehicle purchasers (which are enabled by centralized procurements and large third-party/consortium procurement processes) may be able to negotiate with vendors for better vehicle build quality, reduced maintenance costs, longer warranty periods, and extended life span, which can increase savings over the life of the vehicles.

1 INTRODUCTION AND RESEARCH APPROACH

The federal Elderly Persons and Persons with Disabilities Program (49 U.S.C § 5310, hereafter referred to as Section 5310) provides formula grants

to meet the special transportation needs of elderly persons and individuals with disabilities. These funds are apportioned to the states annually by a formula based on the number of elderly persons and persons with disabilities in each state. The program has enabled thousands of individuals to achieve greater mobility and independence.

The Elderly Persons and Persons with Disabilities Program is administered through the states, and specific funding decisions are made at the state level. Capital assistance is provided on an 80-percent federal, 20-percent local matching basis, except for vehicle-related equipment needed to meet Americans with Disabilities Act (ADA) and Clean Air Act Amendment (CAAA) requirements, which may be funded on a 90-percent federal, 10-percent local matching basis. The vast majority of funds from this program are applied to support vehicle purchases, but other capital expenditures supported by the program may include preventive maintenance, contracting for services, provision of a fixed-route paratransit service, leasing of equipment or facilities, safety equipment and facilities, facilities that incorporate community services (such as day care or health care), and transit enhancements.

Organizations eligible to receive Section 5310 funding include private nonprofit agencies, public bodies approved by the state to coordinate services for elderly persons and persons with disabilities, or public bodies that certify to the state governor that no nonprofit corporations or associations are readily available in an area to provide the service. Typical recipients include social service organizations (such as senior centers); agencies on aging; and organizations providing long-term care, rehabilitation, job training, and/or employment opportunities to individuals with physical, developmental, emotional, behavioral, and/or mental disabilities. In some instances, transit providers that are eligi-

ble for the federal Rural and Small Urban Areas Program (49 U.S.C § 5311, hereafter referred to as Section 5311) grant funds are also recipients of Section 5310 grants.

Vehicles procured with grant funds range from unmodified minivans to purpose-built, body-on-chassis vehicles longer than 30 feet, seating more than 25 passengers. Most vehicles purchased with Section 5310 grant funds are modified vans and minivans and body-on-chassis cutaway buses. Approximately 76 percent of the vehicles funded through the program have wheelchair lifts. The buses are generally less than 30 feet long and often seat no more than 14 or 15 passengers; a vehicle of this size is the largest that can be driven without a commercial driver license (CDL). The number and total value of vehicles for which Section 5310 program funds were obligated in FY 2004, the most recent year for which data are available, are reported in Table 1.1.

This study is focused on the processes applied by states to procure vehicles funded through the Section 5310 program. Procurement practices range from the highly centralized to the highly decentralized. Under the most highly centralized or “turn-key” approach, a state department of transportation (DOT) has complete responsibility for vehicle acquisition—conducting the procurement, purchasing vehicles, and completing federal pre-award and post-delivery audits and vehicle inspections. Under a highly decentralized independent approach, grant recipients have full responsibility for acquisition and conduct vehicle procurement, purchase, certification, and inspection with oversight from the state DOT. In between the most highly centralized and most highly decentralized processes are processes with varying degrees of centralization and decentralization as well as dual processes; all of these approaches have varying roles and responsibilities for state DOTs and Section 5310 grant recipients.

Table 1.1 FY 2004 obligations for section 5310 elderly and persons with disabilities program

Program Total		30–40 Ft. Buses		< 30 Ft. Buses		School Buses		Vans		Sedans/ Sta. Wagons	
#	S	#	S	#	S	#	S	#	S	#	S
1,837	\$62,387,216	24	\$2,094,201	868	\$33,541,267	1	\$55,400	938	\$26,599,850	6	\$96,498
100.0%		1.3%		47.3%		0.1%		51.1%		0.3%	

SOURCE: Federal Transit Administration 2004 Statistical Summary, Table 33–FY 2004 Obligations for Elderly and Persons with Disabilities. <http://www.fta.dot.gov/documents/t-33.xls>.

This study investigates the various approaches employed by state departments of transportation¹ to procure paratransit vehicles and outlines the decision factors states have used to determine which approach is most suitable.

Several research instruments were developed to determine each state's approach to Section 5310 paratransit vehicle procurement, as well as the reasons behind the approach. The research instruments are described below.

- A web-based survey of paratransit vehicle procurement practices was distributed to members of the Multi-State Technical Assistance Program (MTAP)—an organization affiliated with the American Association of State Highway and Transportation Officials (AASHTO) for state DOT transit staff and program managers to exchange technical information on public transportation, funding, operations, and the management of Section 5307, 5309 (49 U.S.C. §5307 and §5309), 5310, and 5311 programs. In the case of states without MTAP membership, a representative of the AASHTO Standing Committee on Public Transportation (SCOPT) was contacted. The survey asked states to provide information on the number of vehicles purchased directly by the state DOT and the number purchased by grant recipients to determine whether a state employed a centralized procurement process. In total, 38 survey responses were received out of 50 states contacted. The survey is included as Appendix A.
- A follow-up e-mail message was sent to states that opted not to participate in the web-based survey. This e-mail message asked states to respond with a brief description of the state's approach to Section 5310 paratransit vehicle procurement.
- Telephone interviews were conducted with representatives of five states reporting centralized

procurement processes, five states reporting decentralized procurement processes, and two states reporting a dual process. The centralized states were Arizona, Illinois, Missouri, North Carolina, and Ohio. The five decentralized states were Connecticut, Idaho, Pennsylvania, Texas, and Vermont. The dual process states were Oregon and Washington. The telephone interviews were aimed at understanding the details of each state's procurement process, including the Section 5310 program size and scope, the vehicle requirements, the roles and responsibilities of the DOT and the grant recipients, and the procurement flow. The interviews focused on the state DOT's perspective on the procurement process, including the advantages and disadvantages of the employed approach. States with a recent history of changing their procurement approach (e.g., from a centralized to a decentralized process or vice versa) were queried on the decision factors that formed the basis for the change and the outcome of the change. Names and contact information for grant recipients and paratransit vehicle vendors in the state were requested so that the researchers could survey other views on the state's process. As part of a concurrent investigation by the research team, interviewees were also queried regarding federal Buy America requirements. The centralized interview guide is included as Appendix B, and the decentralized interview guide is included as Appendix C.

- Telephone interviews were conducted with representatives of 10 organizations that have received Section 5310 grants for paratransit vehicles. Interviewed organizations included rural transit agencies, agencies on aging, senior centers, and nonprofit service organizations assisting individuals with disabilities. These organizations were located in states employing centralized, decentralized, and dual procurement processes. The interviewers investigated how grant recipients perceived the procurement process for vehicles funded under the program and what grant recipients perceived to be the advantages and disadvantages of each approach. The Section 5310 grant recipient interview guide is included as Appendix D.
- Telephone interviews were also conducted with representatives of six transit vehicle vendors

¹ Paratransit vehicle grant programs in most states are administered by the DOT. In some states, however, the program may be under the purview of another state agency. For example, Georgia's Department of Human Resources and Virginia's Department of Rail and Public Transportation administer these programs. Throughout this report, references to the DOT should be inferred as referring to the state agency responsible for administering a state's paratransit vehicle grant programs, regardless of whether this is actually the DOT.

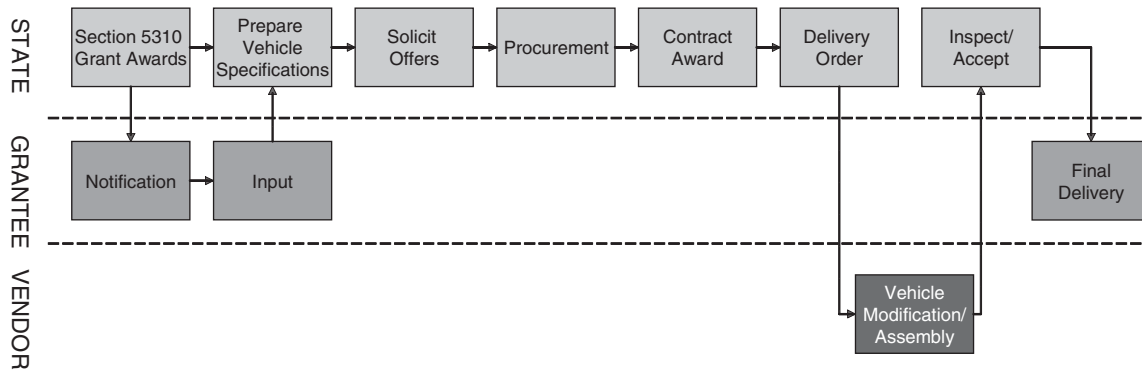


Figure 2.2 Highly centralized turn-key state procurement process.

Centralized Section 5310–Funded Vehicle Procurement

In the centralized paratransit vehicle procurement process, the state plays a central role in the procurement of Section 5310–funded paratransit vehicles. The state conducts the procurement process for vehicles, with the state DOT or state administrative services agency taking a lead role in managing the process. The actual vehicle purchase, however, may be made directly by the state DOT on behalf of grant recipients or by grant recipients themselves via a central state-procured contract.

Figure 2.2 depicts a highly centralized “turn-key” procurement process. Under this process, the state has complete responsibility for paratransit vehicle purchase. The state will notify grant recipients of a grant award and then handle all aspects of procurement and purchasing directly. Following vehicle delivery, inspection, and acceptance by the state, the state will hand the vehicle keys to the grant recipient, hence the

name of this procurement process. No oversight is required of grant recipients’ procurement processes because all responsibilities are handled directly by the state. States using this model include Arizona, Illinois, Missouri, and Ohio.

Figure 2.3 depicts a centralized procurement process in which grant recipients purchase vehicles from a central state-procured contract. Under this process, the state retains responsibility for procurement of the vehicle, but the grant recipient takes responsibility for placing a vehicle order under the contract and inspecting the vehicle on delivery. Some oversight of grant recipients is required because some responsibilities are shifted from the state. States using this process include Florida and North Carolina.

Both types of centralized processes require state government—either through the state DOT or a state administrative services or central procurement agency—to conduct a procurement process that is compliant with federal grant requirements. Procurement of federally funded transit vehicles differs from

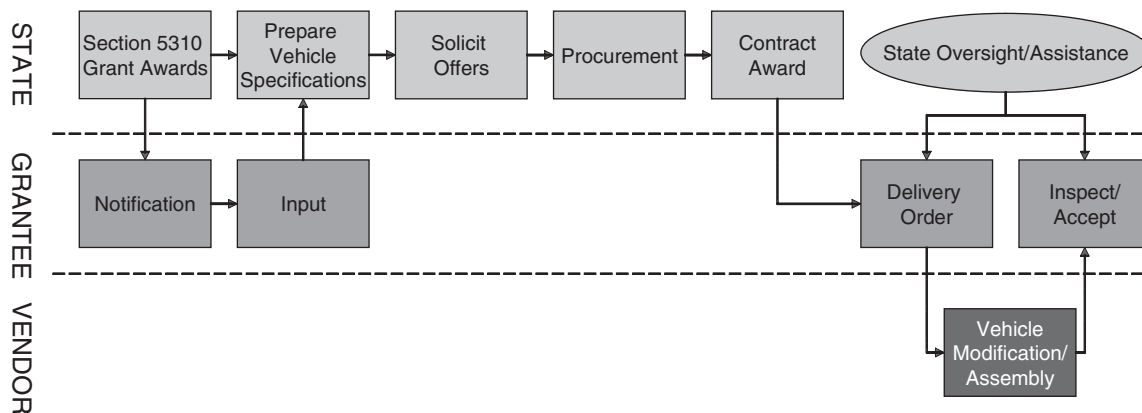


Figure 2.3 Grant recipient vehicle purchase via central state-procured contract.

procurement of similar vehicles for the state's direct use because of federal Buy America requirements and other conditions placed on transit vehicle expenditures with federal monies. The procuring agency must be capable of and amenable to managing procurement within these requirements.

Under both the highly centralized and centralized approaches, most states involve grant recipients directly in the process of developing vehicle specifications through public hearings, open houses, surveys, or focus group sessions. Some states base procurement on past practice or agency grant applications, with limited direct involvement in development of specifications by grant recipients.

The degree to which vehicles may be customized by grant recipients differs by state. Some states will procure a handful of vehicle types in which all vehicles purchased of each type are identical. For instance, in Illinois, grant recipients may select from one of four types of vehicles—a lowered-floor minivan; a light-duty, 10-passenger, body-on-chassis vehicle; a medium-duty, 14-passenger, body-on-chassis vehicle; and a 22-passenger, body-on-chassis vehicle. All the minivans are identical, as are all three of the body-on-chassis vehicles.

Some centralized procurement states procure several vehicle types, but have multiple floor plans from which grant recipients may select. Ohio, for example, procures five types of paratransit vehicles, and each has a different number of floor plans available. Two floor plans are offered for standard and modified minivans, four floor plans are offered for conversion vans, five floor plans are offered for narrow-bodied light transit vehicles, and six floor plans are offered for wide-bodied light transit vehicles. In all, 19 combinations are offered. In Missouri, 33 such combinations are available. Ohio, Missouri, and other states with a large number of vehicle types are attempting to weed out the least popular configurations in an effort to streamline options and reduce procurement complexity.

Some states allow grant recipients to customize a number of vehicle options to the degree permitted under the state's contract with its vehicle suppliers. Such options could include the number of tie-downs for passengers in wheelchairs, type of seating (vinyl or cloth), and type of fuel required (gasoline or diesel).

Most states apply a multiyear contract with vendors—an initial contract year and the option of four additional contract years—up to the 5-year maximum permitted by the Federal Transit Administration (FTA). The maximum duration of some states' multi-

year contracts may be less than 5 years, and some states must procure annually, per state procurement regulations. Thus, in most cases, the steps involved in procuring vehicles—including preparation of vehicle specifications, solicitation of offers, procurement, and contract award—are not performed annually.

Depending on the state's practice, escalation clauses may dictate the rate at which costs are permitted to grow under the contract, or offers may be made for one price over the entire duration of the contract. According to interviewees, the use of escalation clauses will generally create a savings over the term of a 5-year contract. If a contract does not contain escalation clauses, the manufacturer must safely estimate its cost increases for materials, manufacturing, subcomponents, and transportation over the multiyear duration of the contract period. This amount is typically added to the cost of each vehicle beginning in the first year of the contract, thereby protecting the manufacturer against the risk of unforeseen price increases, which may or may not occur, and increasing the unit price of the vehicles.

The duration of contracts, as well as the large number of vehicles purchased via centralized procurement, was widely perceived by interviewees to reduce the unit price of vehicles. This perception is supported by a 1999 study of the impact of purchasing pools on vehicle price by the Center for Urban Transportation Research (CUTR) at the University of South Florida, which examined savings over the first 3 years of the Florida DOT's Florida Vehicle Procurement Program.² The study found that through a pooled procurement in 1996 and a contract centrally procured by the state in 1997 and 1998, 440 vehicles were purchased at a cost of \$17.3 million, with an estimated minimum cost savings of \$4.1 million in initial pricing, administration time, and warranty enforcement.

Both types of centralized procurement create a direct relationship between the vehicle vendor and the state, which enables the state to directly communicate any broad-based vehicle defects to the vendor on behalf of grant recipients. Grant recipients have a less direct relationship with the vendor, which may impact communication of individual vehicle defects to the vendor by a grant recipient.

² Center for Urban Transportation Research. "Florida Vehicle Procurement Program Economic Benefits Report." (Prepared for the Florida DOT). 1999. University of South Florida, Tampa, FL.

Paratransit vehicles procured directly by the state DOT may be funded solely by the Section 5310 program or the funding may come from other state or federal grant programs as well, including the Section 5311 program.

Payment is generally made to vendors at final delivery by the entity placing the vehicle order. Thus, if the state is conducting a turn-key centralized procurement, the state generally pays vendors directly and will collect the local match from grant recipients before transferring the vehicle from the state to the grant recipient. This is the case for Section 5310 grants in Missouri, for example. In the case of grant recipient vehicle purchase via central state-procured contract, the grant recipient will generally make payment to the vendor at final delivery, as is the case in Oregon and North Carolina. Whether the grant recipient receives matching federal funds from the state prior to or following final delivery varies by state.

Under a centralized procurement process, the state is responsible for auditing pre-award certifications required by federal Buy America regulations; these regulations nearly always apply when vehicles are procured under a centralized process because of the quantities involved. The federally required Buy America post-delivery audit is the responsibility of the entity purchasing the vehicles. The state is responsible for this audit when it purchases vehicles directly, as is the case in Arizona, Illinois, and Missouri. The post-delivery audit is the responsibility of grant recipients when they purchase vehicles via a central state-procured contract, as is the case in North Carolina. Under Buy America regulations, agencies have the authority to delegate preparation of the audit to another entity (but not to the manufacturer or its agent), such as another organization that is purchasing or assisting with the procurement of the same vehicle. Some states take an active role in assisting grant recipients with the post-delivery audit, even when the grant recipient purchases the vehicle through a centrally procured state contract.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) requires in-plant vehicle inspections for federally funded purchases of more than 10 vehicles by a single agency unless that agency serves a metropolitan area with a population of 200,000 or less, in which case the inspection is required only when a single agency purchases more than 20 vehicles. Thus, generally, in-plant vehicle inspections are required only when the state DOT purchases vehicles

directly on behalf of grant recipients. Inspections are rarely required when grant recipients purchase through a central state-procured contract because Section 5310 grant recipients seldom purchase more than 10 grant-funded vehicles at once.

From the vendors' perspective, centralized procurement approaches offer the opportunity to supply a large number of vehicles for several years. Some surveyed vendors described centralized procurement as a "winner take all" system because the vendor selected to supply a particular model will reap the rewards for years, while suppliers not selected will be left out until the next procurement. However, this need not be the case. Some states, including Florida, make awards to two or three of the responsive vendors who are rated most highly. This creates competition among vendors for each agency's business and emphasizes the importance of the vendor's response to an agency's warranty issues and other needs. Additionally, in the event that the state must cancel a vendor's contract for nonperformance reasons, there remain other vendors from whom to procure the same type of vehicle.

Another issue with centralized procurement for vendors is that the centralized process places some distance between the vendor and the ultimate customer because the state serves as an intermediary for communications. This occasionally creates situations in which the vehicle a grant recipient receives differs from what the grant recipient expected. The increased distance between the vendor and the ultimate customer can also create additional steps for processing warranty repairs. According to one state DOT, however, discrepancies between a grant recipient's expectations for the vehicle ordered and the vehicle that is actually delivered need not occur if the DOT provides specific, understandable details and information on its order forms. To have truly informative order forms, DOT officials must understand the technical aspects of the paratransit vehicles to be procured, especially if the vehicles incorporate new designs, technologies, and/or equipment. Furthermore, the negative impacts of a centralized contract on warranty repairs may be mitigated by requiring that authorized warranty providers be within a specified number of miles of any agency or the vendor will have to provide warranty service.

Vendors reported that they prefer a request-for-proposals (RFP) process to an invitation-for-bids (IFB) process, as the RFP process permits evaluation of the merits of a product in addition to price.

Whether a procurement is conducted as an RFP or an IFB, however, depends on a given state’s procurement policies and is a consideration independent from the selection of a centralized or decentralized procurement process.

Florida, which has used the RFP process for the last decade, reports that it allows for a fair and open negotiation process. According to the Florida DOT, this is especially helpful because design and construction techniques, approaches, and quality assurance systems vary with each manufacturer, and the RFP process allows for discussion and negotiation in areas of concern.

Decentralized Section 5310–Funded Vehicle Procurement

In the decentralized paratransit vehicle procurement process, Section 5310–funded paratransit vehicle procurements are conducted by entities other than state government. Instead, an individual grant recipient, a consortium of grant recipients, or a third-party procurer conducts its own procurement process for vehicles under the general supervision of the state DOT. The actual vehicle purchase is generally made directly by grant recipients.

Figure 2.4 depicts a highly decentralized procurement process in which a grant recipient conducts an independent vehicle procurement. Under this process, a grant recipient may have the option to develop its own vehicle specifications, usually following the guidance of the state DOT. All steps in the procurement process, including preparation of vehicle specifications, solicitation of offers, procure-

ment, and contract award, will be conducted by the grant recipient with state oversight along the way. Pennsylvania uses this kind of process.

Often, two or more grant recipients will form a procurement consortium to purchase vehicles. In such instances, one grant recipient will generally be designated as the lead agency, responsible for conducting the procurement process according to state guidelines. Designation of a lead agency may be an ad hoc arrangement of convenience by two or more grant recipients, as is often the case in Texas, or the association between a lead agency and other grant recipients may be an ongoing, multiyear relationship. In some cases, such as in Idaho, the state DOT may designate a lead agency to conduct the procurement on behalf of some or all Section 5310 grant recipients in the state. Lead agencies may be non-profit organizations or governmental entities, but they must comply with all applicable state and federal procurement guidelines for all grant recipients that are parties to the procurement. Generally, this means following the guidelines that govern the most restricted party, and this entity is often the lead agency.

Another form of consortium purchase involves a third-party procurement agent. Often, this will be a transit agency or government entity that is not a Section 5310 grant recipient, but is instead a Section 5311 Rural and Small Urban Areas Program grant recipient that is procuring similar paratransit vehicles for its own use. In this arrangement, the third-party procurement agent will allow a Section 5310 grant recipient to purchase vehicles under contracts for which the third party has conducted the procurement.

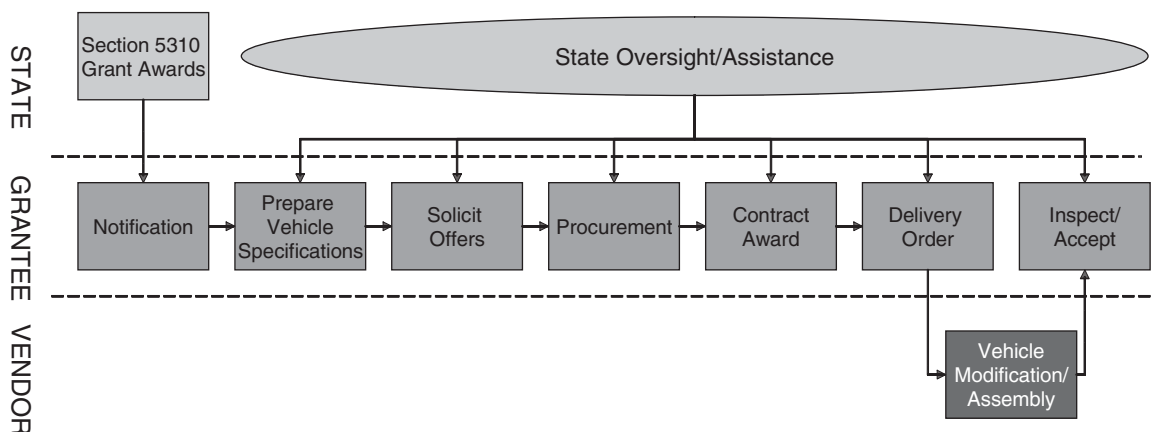


Figure 2.4 Decentralized independent procurement process.

Connecticut is an example of a state with this kind of arrangement.

In some instances, consortium purchases cross state lines. Vermont’s Section 5310 grant recipients must work with their local Section 5311 transit provider to procure vehicles, and the Section 5311 transit providers typically purchase through New York State’s central state-procured paratransit vehicle contract.

Figure 2.5 depicts a decentralized procurement process in which a lead agency or consortium conducts the procurement process.

In both a consortium procurement via lead agency and a third-party procurement, vehicles may be procured to serve Section 5310 grant recipients and other grant recipients as well, including grant recipients of the Section 5311 Rural and Small Urban Areas Program. Members of smaller vehicle procurement consortia will often work collaboratively to develop joint vehicle specifications, following DOT guidance. In the case of larger consortia, lead agency or third-party procurers’ involvement of grant recipients in the development of vehicle specifications for the procurement varies.

In some cases, a lead agency or third-party procurer may conduct its procurement independently, establishing a contract through which other agencies may purchase vehicles via an intergovernmental procurement agreement or assignment of contractual rights under the contract from the lead agency to another agency.

The decentralized independent procurement process creates a direct relationship between the vehicle vendor and the grant recipient, which enables a grant recipient to directly communicate individual vehicle defects to the vendor. The vendor may also be more proximate to the grant recipient, making it possible for any service or warranty repairs to be handled at the vendor’s garage. Federal guidelines, however, do not allow for proximity consideration in selecting vendors.

The small number of vehicles purchased in a single procurement using the lead agency or third-party consortium procurement approach may increase the unit price of vehicles relative to a centralized procurement approach and decrease the unit price of vehicles relative to the decentralized independent procurement process.

Group buying through a decentralized third-party/consortium procurement process may enable communication of broad-based, fleetwide vehicle defects to the vendor by the lead agency, third-party procurer, or other consortium partners. However, grant recipients may have a less direct relationship with the vendor, which may impact communication of individual vehicle defects to the vendor by a grant recipient. It is believed that as the quantity of vehicles purchased through a single procurement process increases, the unit price of the vehicles decreases, as was shown in the CUTR study of paratransit vehicle procurement costs in Florida previously cited.

Under a decentralized independent procurement process, grant recipients are responsible for conduct-

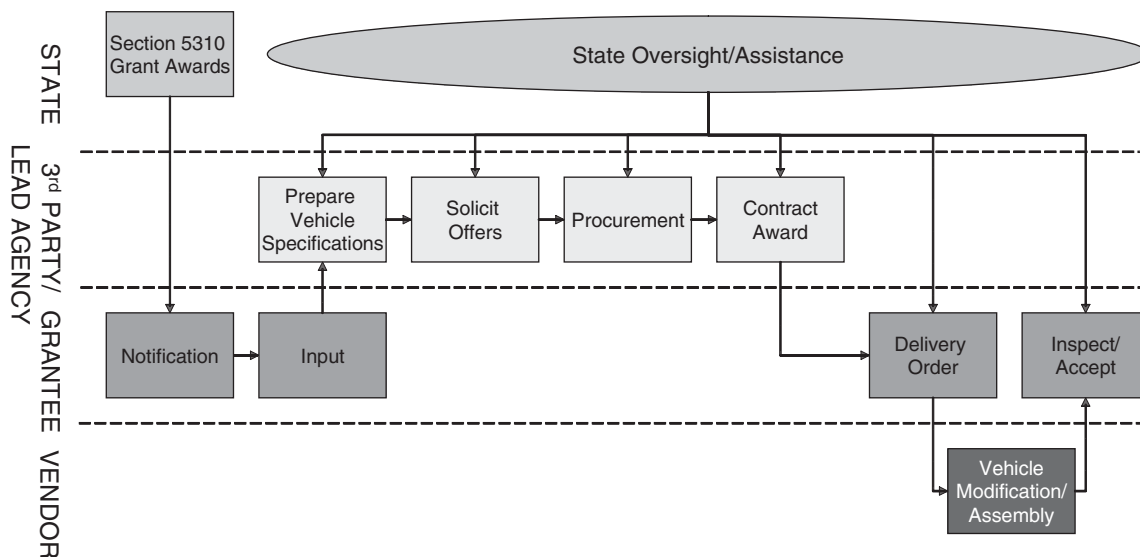


Figure 2.5 Decentralized third-party/consortium procurement process.

ing both the Buy America pre-award and post-delivery audits unless the cost of the purchase is below the \$100,000 threshold at which Buy America regulations apply. Under a decentralized third-party/consortium procurement process, if Buy America regulations apply, the lead agency may take responsibility for pre-award audits while grant recipients take responsibility for post-delivery audits. Under Buy America regulations, agencies can have an audit prepared by someone other than the manufacturer or its agent—such as another agency that is purchasing or assisting with the procurement of the same vehicle. States closely monitor compliance with Buy America and other federal regulations and may assist with the audit and/or inspection process. For example, the Idaho Transportation Department sends staff to grant recipient sites to assist with post-delivery vehicle inspections.

In-plant inspection is seldom required for vehicles procured through decentralized processes because few grant recipients procure sufficient vehicles to require it. Occasionally, a lead agency, third-party procurer, or another party to a purchasing consortium must conduct an in-plant inspection if it purchases more than 10 vehicles for its own use (or more than 20 vehicles if they will be used to serve metropolitan areas with a population of 200,000 or less). However, this situation most often occurs because vehicles funded by the Section 5311 program or other federal grant sources are being purchased by an agency through the same procurement process as Section 5310 vehicles. In such instances, it is generally only the agencies for which in-plant inspection is required that bear the cost of the inspection.

Payment to vendors is nearly always the responsibility of the grant recipient, even when party to a consortium or third-party procurement. As with the centralized procurement process, whether the grant recipient receives its matching federal funds from the state prior to or following final delivery varies by state.

According to vendors, the decentralized procurement approach offers more frequent opportunities to supply vehicles, although the procurements are generally for a smaller quantity of vehicles than procurements undertaken through a centralized system. These smaller procurements generally require less work than a large, centralized procurement, but they also generate fewer purchases.

The decentralized process places vendors in closer touch with grant recipients, which vendors report

can improve communications and reduce surprises for grant recipients at vehicle delivery.

Dual Process Approaches to Section 5310–Funded Vehicle Procurement

Some states employ a dual process for paratransit vehicle procurement, in which Section 5310 grant recipients have the option to purchase vehicles through a centrally procured state paratransit vehicle contract or to conduct their own independent vehicle procurement. This approach allows grant recipients to purchase the vehicle most able to meet their organization’s needs. This approach also allows grant recipients to avoid conducting a paratransit vehicle procurement process if that is their preference. Oregon, for example, has a central state-procured contract for five vehicle types, the largest of which is a 15-passenger van with two wheelchair stations. Grant recipients requiring larger vehicles, such as 20- or 30-passenger buses, or a vehicle configuration different from those offered on the state contract, must procure the vehicles themselves. Another state employing the dual process is Washington.

Figure 2.6 depicts a dual process approach to paratransit vehicle procurement. Note that elements of both centralized and decentralized procurement processes are present, with the grant recipient possessing the option to procure its vehicles via the state’s centrally procured vehicle contract or to conduct its own independent vehicle procurement following grant award.

The steps for the two options depicted in Figure 2.6 are similar to the centralized and decentralized processes outlined above. Under Option 1, the state contract, the state retains responsibility for procurement of the vehicle, but the grant recipient takes responsibility for placing a vehicle order under the contract and inspecting the vehicle on delivery. This option is similar to the grant recipient vehicle purchase via central state-procured contract process depicted in Figure 2.3.

Under Option 2, independent procurement, a grant recipient will develop its own vehicle specifications, usually following the guidance of the state DOT. All steps in the procurement process, including preparation of vehicle specifications, solicitation of offers, procurement, and contract award, will be conducted by the grant recipient, with state oversight along the way. This option is similar to

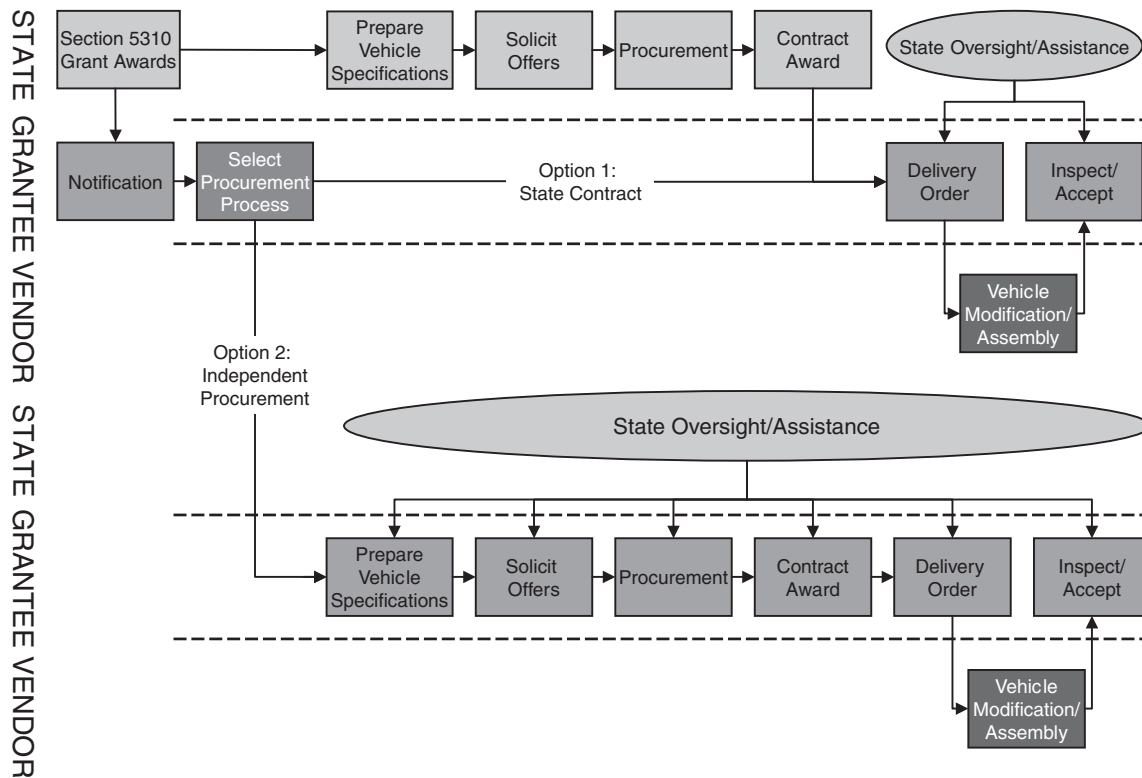


Figure 2.6 Dual process procurement approach.

the decentralized independent procurement process depicted in Figure 2.4.

In some instances, a grant recipient may also have the option to purchase via a consortium of grant recipients or a third-party procurer, similar to the decentralized third-party/consortium procurement process depicted in Figure 2.5.

3 INTERPRETATION, APPRAISAL, AND APPLICATIONS

This section describes the advantages and disadvantages of each procurement process and summarizes the issues associated with each process from the perspective of the state. The description and summary are followed by a discussion of the factors that states should take into consideration in selecting a procurement process for Section 5310–funded paratransit vehicles.

Advantages and Disadvantages of Procurement Processes

This section describes the advantages and disadvantages of each of the major procurement processes

from the perspective of major stakeholders, including the FTA and the federal government in general, the state DOT and state government in general, Section 5310 grant recipients, and paratransit vehicle vendors.

Centralized Turn-Key State Procurement Process

Under the turn-key procurement process, shown in Figure 2.2, the state has complete responsibility for paratransit vehicle purchase. The state will notify grant recipients of a grant award and then handle all aspects of procurement and purchasing directly. Table 3.1 outlines the advantages and disadvantages of this approach.

Grant Recipient Vehicle Purchase via Central State-Procured Contract

When the grant recipient purchases off a centralized, state-procured paratransit vehicle contract, as shown in Figure 2.3, the state retains responsibility for procurement of the vehicle, but the grant recipient takes responsibility for placing a vehicle order under the contract and inspecting the vehicle on delivery. Table 3.2 outlines the advantages and disadvantages of this approach.

Table 3.1 Advantages and disadvantages of centralized turn-key state procurement process

Perspective	Advantages	Disadvantages
<i>Federal</i>	<ul style="list-style-type: none"> Centralizes responsibility for program compliance with one agency 	<ul style="list-style-type: none"> None determined at this time
<i>State</i>	<ul style="list-style-type: none"> Eliminates need for oversight of grant recipients' independent procurement processes Provides improved vehicle quality through the in-plant vehicle inspections, allows monitoring of vehicle quality across large purchases, and provides leverage to ensure that the vendor or manufacturer makes warranty repairs when required 	<ul style="list-style-type: none"> Requires greater state involvement in ensuring compliance with federal regulations, including Buy America post-delivery vehicle inspections and pre-award and post-delivery audits Large number of vehicles (more than 10 or more than 20 when they will be used to serve metropolitan areas with a population of 200,000 or less) purchased directly by state requires expense of in-plant vehicle inspection Requires state DOT or a central procurement agency to conduct a full procurement process, which may require greater state resources than monitoring procurements by grant recipients State may be less accustomed than grantee to conducting FTA-compliant procurement, especially if procurement is through an agency external to DOT
<i>Grant Recipient</i>	<ul style="list-style-type: none"> Absolves state of responsibility for conducting procurement process, as well as compliance certifications such as Buy America Group vehicle purchase has price advantage over independently procured vehicles 	<ul style="list-style-type: none"> May reduce the variety of vehicles available to grant recipients or the degree to which vehicles on state contract may be customized May be difficult to communicate with vendor regarding warranty repairs if vendor is distant from grant recipient
<i>Vehicle Vendor</i>	<ul style="list-style-type: none"> Presents opportunity to sell a moderate to large number of vehicles through one sale process Creates fewer points of contact 	<ul style="list-style-type: none"> Precludes occasional opportunities to sell vehicles to individual Section 5310 grant recipients directly

Decentralized Independent Procurement Process

Working independently, as shown in Figure 2.4, a grant recipient will develop its own vehicle specifications, usually following the guidance of the state DOT. All steps in the procurement process, including preparation of vehicle specifications, solicitation of offers, procurement, and contract award, will be conducted by the grant recipient, with state oversight along the way. Table 3.3 outlines the advantages and disadvantages of this approach.

Decentralized Third-Party/Consortium Procurement Process

The decentralized third-party/consortium procurement process, as shown in Figure 2.5, includes situ-

ations in which (1) two or more grant recipients will form a procurement consortium to purchase vehicles, (2) the state DOT designates a lead agency to conduct the procurement on behalf of some or all Section 5310 grant recipients in the state, or (3) a third-party procurement agency procures vehicles on behalf of grant recipients. Table 3.4 outlines the advantages and disadvantages of this approach.

Dual Process Procurement Approach

The dual process approach for paratransit vehicle procurement, as shown in Figure 2.6, allows Section 5310 grant recipients to purchase vehicles through a centrally procured state paratransit vehicle contract or conduct their own independent vehicle

Table 3.2 Advantages and disadvantages of grant recipient vehicle purchase via central state-procured contract

Perspective	Advantages	Disadvantages
<i>Federal</i>	<ul style="list-style-type: none"> Centralizes responsibility for elements of program compliance with one agency 	<ul style="list-style-type: none"> Decentralizes responsibility for other elements of program compliance over multiple agencies
<i>State</i>	<ul style="list-style-type: none"> Eliminates need for oversight of grant recipients' independent procurement processes Improves reliability of compliance with state and federal regulations Provides improved vehicle quality through the in-plant vehicle inspections, allows monitoring of vehicle quality across large purchases, and provides leverage to ensure that the vendor or manufacturer makes warranty repairs when required Direct purchase of vehicles by grant recipients may absolve the state of responsibility for conducting an in-plant vehicle inspection, which is a cost savings 	<ul style="list-style-type: none"> Requires state DOT or a central procurement agency to conduct a full procurement process, which may require greater state resources than monitoring procurements by grant recipients State may be less accustomed than grantee to conducting FTA-compliant procurement, especially if procurement is through an agency external to DOT State must dedicate resources to provide oversight and assistance to grant recipients Vehicle quality may be compromised without in-plant vehicle inspection
<i>Grant Recipient</i>	<ul style="list-style-type: none"> Absolves grant recipient of responsibility for conducting vehicle procurement Group vehicle purchase has price advantage over independently procured vehicles 	<ul style="list-style-type: none"> Slightly greater responsibility for grant recipients to ensure compliance with state and federal regulations, including Buy America requirements May reduce the variety of vehicles available to grant recipients or the degree to which vehicles on state contract may be customized Indirect relationship between grant recipient and vendor may reduce vendor responsiveness to warranty repair needs
<i>Vehicle Vendor</i>	<ul style="list-style-type: none"> Presents opportunity to sell a moderate to large number of vehicles through one sale process 	<ul style="list-style-type: none"> Precludes occasional opportunities to sell vehicles to individual Section 5310 grant recipients directly More points of contact than with centralized turn-key state procurement process

procurement. Table 3.5 outlines the advantages and disadvantages of this approach.

The State Perspective on Issues Associated with Each Procurement Approach

Table 3.6 summarizes the issues associated with each procurement approach from the state perspective. Procurement processes are listed across the top of the table from the most centralized process to the most decentralized process. Issues, listed along the table's left margin, may be associated with two or more procurement processes.

Consideration Factors in Selecting a Procurement Process

This section outlines the factors that should be considered by state DOTs in selecting a centralized, a decentralized, or a dual process procurement approach for Section 5310-funded paratransit vehicles. There are seven factors that should be considered:

1. Resources required for the state government to conduct the paratransit vehicle procurement process versus resources required for the state government to provide program oversight.

Table 3.3 Advantages and disadvantages of decentralized independent procurement process

Perspective	Advantages	Disadvantages
<i>Federal</i>	<ul style="list-style-type: none"> • None determined at this time 	<ul style="list-style-type: none"> • Decentralizes responsibility for program compliance over multiple agencies
<i>State</i>	<ul style="list-style-type: none"> • Absolves state of responsibility for conducting procurement process • Absolves the state of responsibility for conducting an in-plant vehicle inspection, which is a cost savings 	<ul style="list-style-type: none"> • Requires careful oversight of every grant recipient's independent procurement process to ensure compliance with state and federal regulations • Vehicle quality may be compromised without in-plant vehicle inspection
<i>Grant Recipient</i>	<ul style="list-style-type: none"> • Improved variety of vehicles and options available to grant recipients • Direct relationship between grant recipient and vendor may improve responsiveness to warranty repair needs 	<ul style="list-style-type: none"> • Requires grant recipients to conduct vehicle procurement, many of whom are not well-equipped to manage such a process • Independent vehicle purchase has price disadvantage over vehicles purchased through group procurement • Greatest responsibility for grant recipients of ensuring compliance with state and federal regulations, including Buy America requirements
<i>Vehicle Vendor</i>	<ul style="list-style-type: none"> • Presents opportunity to sell vehicles to a wider number of clients • Places vendors in direct contact with the ultimate vehicle user 	<ul style="list-style-type: none"> • Eliminates opportunity to sell a moderate to large number of vehicles through one sale process • Increases the number of points of contact

2. Ability of grant recipients, a lead agency, or third-party procurer to conduct the procurement process and the amount of effort involved for each.
3. State's record of compliance with federal regulations governing paratransit vehicle procurements.
4. Number of vehicles to be purchased.
5. Vehicle options and degree of customization.
6. Importance of grant recipient and/or state government interaction with vehicle vendors.
7. Vehicle cost and quality.

Each of these factors is detailed below.

Resources required for the state government to conduct the paratransit vehicle procurement process versus resources required for the state government to provide program oversight. The primary consideration of state DOTs in selecting a Section 5310 paratransit vehicle procurement approach is deciding whether it is more efficient for the state government to conduct the procurement

itself or for the state government to provide oversight for a decentralized procurement process.

The Illinois DOT, for example, has selected a centralized procurement process in part because of the difficulty involved in supervising grant recipients and ensuring their compliance with federal requirements such as FTA Circular 4220.1E (regarding third-party procurement) and the Buy America pre-award and post-delivery audits. In the estimation of the Illinois DOT, a centralized turn-key state procurement process is more efficient than other alternatives.

On the other hand, there are agencies that have opted for a decentralized procurement process because of loss of staff and financial resources. In 2001, the Idaho Transportation Department switched to a decentralized consortium procurement process following staffing cutbacks at the agency. The agency has hired a contract coordinator to assist the lead agency and has found that given the difference in the procurement requirements of nonprofits in Idaho and the state government, the process is more efficient than centralized procurement. At the same time, the decentralized consortium procurement process is more consistent than the decentralized independent

Table 3.4 Advantages and disadvantages of decentralized third-party/consortium procurement process

Perspective	Advantages	Disadvantages
<i>Federal</i>	<ul style="list-style-type: none"> Centralizes responsibility for elements of program compliance to a limited number of agencies 	<ul style="list-style-type: none"> Decentralizes responsibility for other elements of program compliance over multiple agencies
<i>State</i>	<ul style="list-style-type: none"> Absolves state of responsibility to conduct procurement process Absolves the state of responsibility to conduct an in-plant vehicle inspection, which is a cost savings 	<ul style="list-style-type: none"> Requires careful oversight of third-party or lead-agency procurement processes to ensure compliance with state and federal regulations Vehicle quality may be compromised without in-plant vehicle inspection
<i>Lead-Agency/ Third-Party Procurer</i>	<ul style="list-style-type: none"> Vehicle purchase may have a price advantage over vehicles purchased through decentralized independent procurement process Direct relationship with vendor, which may improve responsiveness to warranty repair needs 	<ul style="list-style-type: none"> Requires increased communication between partners to compensate for the increased complexity of the relationship Requires coordination with state as well as (fellow) Section 5310 grant recipients
<i>Grant Recipient</i>	<ul style="list-style-type: none"> Enables grant recipients to rely on peers better equipped to manage the complexities of vehicle procurement Possibility for improved variety of vehicles and options available to grant recipients over centralized state-procurement process Price advantage over vehicles purchased through decentralized independent procurement process Reduced responsibility for ensuring compliance with state and federal regulations, including Buy America requirements, over decentralized independent procurement process 	<ul style="list-style-type: none"> Possibility for reduced variety of vehicles and options available to grant recipients over decentralized independent procurement process Price disadvantage over vehicles purchased through centralized state-procurement process Greater responsibility for ensuring compliance with state and federal regulations, including Buy America requirements, over centralized state-procurement process Indirect relationship with vendor, which may reduce responsiveness to warranty repair needs
<i>Vehicle Vendor</i>	<ul style="list-style-type: none"> Presents opportunity to sell vehicles to a wider number of clients than centralized state-procurement process Reduces the number of points of contact over decentralized independent procurement process 	<ul style="list-style-type: none"> Eliminates opportunity to sell a moderate to large number of vehicles through one sale process Precludes occasional opportunities to sell vehicles to individual Section 5310 grant recipients directly Increases the number of points of contact over centralized state-procurement process

procurement process employed during the early to middle 1990s.

Surveys indicate that staffing levels to support Section 5310 paratransit vehicle programs are generally similar in states with centralized and dual procurement processes; most staffing levels range from 0.5 to 2.6 full time equivalent (FTE) employees. States applying decentralized processes had a much greater range, from 0.5 to 7.4 FTEs.

Among states with centralized procurement processes, Missouri estimated that its program required 1 FTE, while Illinois estimated 1.75 to 2 FTEs, depending on the varying needs of the program. Both Missouri and Illinois applied centralized turn-key procurement processes in 2004 and procured 60 and 88 vehicles, respectively.

There was wide variance in the FTE figures of states with decentralized procurement processes.

Table 3.5 Advantages and disadvantages of dual process procurement approach

Perspective	Advantages	Disadvantages
<i>Federal</i>	<ul style="list-style-type: none"> • None determined at this time 	<ul style="list-style-type: none"> • Decentralizes responsibility for program compliance over multiple agencies
<i>State</i>	<ul style="list-style-type: none"> • Eliminates need for oversight of most grant recipients' independent procurement processes • When most grant recipients purchase through centralized state-procurement processes, the reliability of compliance with state and federal regulations is improved • Direct purchase of vehicles by grant recipients may absolve the state of responsibility to conduct an in-plant vehicle inspection, which is a cost savings 	<ul style="list-style-type: none"> • Requires state DOT or a central procurement agency to conduct a full procurement process, which may require greater state resources than monitoring procurements by grant recipients • Requires careful oversight of grant recipients' opting for independent procurement processes to ensure compliance with state and federal regulations • Vehicle quality may be compromised without in-plant vehicle inspection
<i>Grant Recipient Opting to Purchase through State Contract</i>	<ul style="list-style-type: none"> • Absolves grant recipient of responsibility for conducting vehicle procurement • Group vehicle purchase may have a price advantage over independently procured vehicles 	<ul style="list-style-type: none"> • Grant recipients have moderate responsibility for ensuring compliance with state and federal regulations, including Buy America requirements • Indirect relationship between grant recipient and vendor may reduce vendor responsiveness to warranty repair needs
<i>Grant Recipient Opting to Conduct Independent Procurement</i>	<ul style="list-style-type: none"> • Improved variety of vehicles and options available to grant recipients • Direct relationship between grant recipient and vendor may improve responsiveness to warranty repair needs 	<ul style="list-style-type: none"> • Requires grant recipients to conduct vehicle procurement, many of whom are not well-equipped to manage such a process • Independent vehicle purchase has price disadvantage over vehicles purchased through group procurement • Grant recipients have most responsibility for ensuring compliance with state and federal regulations, including Buy America requirements
<i>Vehicle Vendor</i>	<ul style="list-style-type: none"> • Presents the opportunity to sell a moderate to large number of vehicles through one sale process, while retaining occasional opportunities to sell vehicles to individual Section 5310 grant recipients directly • Fewer points of contact than decentralized independent procurement process 	<ul style="list-style-type: none"> • Increases the number of points of contact over centralized turn-key state-procurement process.

Connecticut and Idaho, which utilize third-party/consortium procurement processes, estimated 0.75 and 1 FTE, respectively, and, in 2004, procured 25 and 6 vehicles, respectively. Vermont, whose grant recipients purchase vehicles via New York State's central state-procured contract, estimated 0.5 to 1 FTE for its four-vehicle program. Pennsylvania, which uses a decentralized independent procurement process, estimated 5 FTEs for its 97-vehicle program; however,

the state is transitioning to a centralized process, with a stated goal of reducing the level of effort required to support the Section 5310 program. Texas, which applies a decentralized, DOT district-level process to manage its Section 5310 program, estimated a total level of effort of 7.4 FTEs across the DOT, including 6.4 FTEs at the district level (spread across 20 districts), and 1 FTE spread across several DOT headquarters staffers, with a total program of 20 vehicles.

Table 3.6 Summary of issues associated with each procurement process from the perspective of the state

Issues	Procurement Process				
	Centralized		Dual Process	Decentralized	
	Turn-Key	State-Procured Contract		Third-Party/ Consortium	Independent
<i>Oversight & Regulatory Compliance</i>	Eliminates need for oversight of recipients' independent procurement processes, resulting in greater regulatory compliance	State must dedicate resources to provide some oversight and assistance to grant recipients to ensure regulatory compliance	Eliminates the need for oversight of most grant recipients; however, oversight is required to ensure compliance from some grant recipients	State must dedicate resources to provide oversight and assistance to third-party or lead agencies to ensure regulatory compliance	Requires careful oversight of every grant recipient's independent procurement process to ensure compliance with regulations
<i>State Resources</i>	Requires state DOT or a central procurement agency to conduct procurement, which may require more state resources than monitoring compliance		Requires sufficient resources to both conduct procurement and monitor compliance of procuring grantees	Absolves state of responsibility for conducting procurement process, but requires resources to monitor compliance with regulations of procuring grant recipients	
<i>Vehicle Quality</i>	Provides improved vehicle quality through the in-plant vehicle inspections, allows monitoring of vehicle quality across large purchases, and provides leverage to ensure that the vendor or manufacturer makes warranty repairs when required		Provides ability to monitor quality of vehicles across large purchases, but independent grant recipients will bear this responsibility for their vehicles	Greater grant recipient responsibility for monitoring vehicle quality and approaching vendor or manufacturer regarding vehicle repairs	
<i>Vehicle Price</i>	Large purchasing pools likely result in lower per-unit prices for vehicles		Most grant recipients benefit from purchasing power of pool	Price may be lower than independent procurement, but higher than centralized procurement	Likely the least price-advantageous approach
<i>In-Plant Vehicle Inspection</i>	Direct purchase of more than 10 vehicles by state requires in-plant inspection	Direct purchase by grant recipients generally absolves state of the responsibility for conducting in-plant inspections, which have generally been credited with improving the quality of vehicles			

The dual process states of Oregon and Washington estimated 2.6 and less than 1 FTEs, for programs of 46 and 12 vehicles, respectively.

The ratio of estimated FTEs to the number of vehicles procured is illustrated in Figure 3.1. As this graph indicates, for the most part, staffing by a DOT roughly corresponds to the number of vehicles procured, with centralized procurement programs requiring slightly less effort and decentralized procurement programs requiring slightly more. In most cases, the responsibilities for Section 5310 involve more than one employee, and each state reported that its staff members work to support programs in addition to Section 5310.

States that employ consultants to support their Section 5310 programs, Idaho and Illinois, required varying levels of effort. Idaho’s consultant provides about 0.1 FTE of support to the agency’s decentralized third-party procurement process. Illinois’ consultant provides between 0.5 and 2.5 FTEs of support for the state’s centralized turn-key procurement process, depending on agency needs. Another state, Texas, reported that consultants hired by councils of government in the state to support Section 5310 program planning consume approximately 3 FTEs, with another 3 FTEs of program planning support coming from employees of academic institutions.

Some states have central procurement agencies responsible for assisting state agencies with the management of a centralized procurement. The degree to which cooperation with such an agency impacts the efficiency of program management is a paramount concern. FTA’s grant funding requirements, along with certifications and requirements exclusive to transit, hinder general procurement agencies external to DOTs that lack the knowledge to ensure compliance in these areas.

The Connecticut DOT, for example, reported that its Department of Administrative Services, which is responsible for conducting procurements on behalf of the DOT and other state agencies, was unfamiliar with federal transit vehicle procurement requirements such as Buy America. Because of this, the state did not employ a centralized procurement process. Another state reported that its Department of Management Services established an auto and light truck contract through which many of the state’s transit agencies procure passenger vans and administrative (nonrevenue) automobiles; however, the DOT has found that this department has no interest in putting nonstate requirements into boilerplate contract language and is hesitant to intercede with vendors on transit agencies’ warranty and service issues.

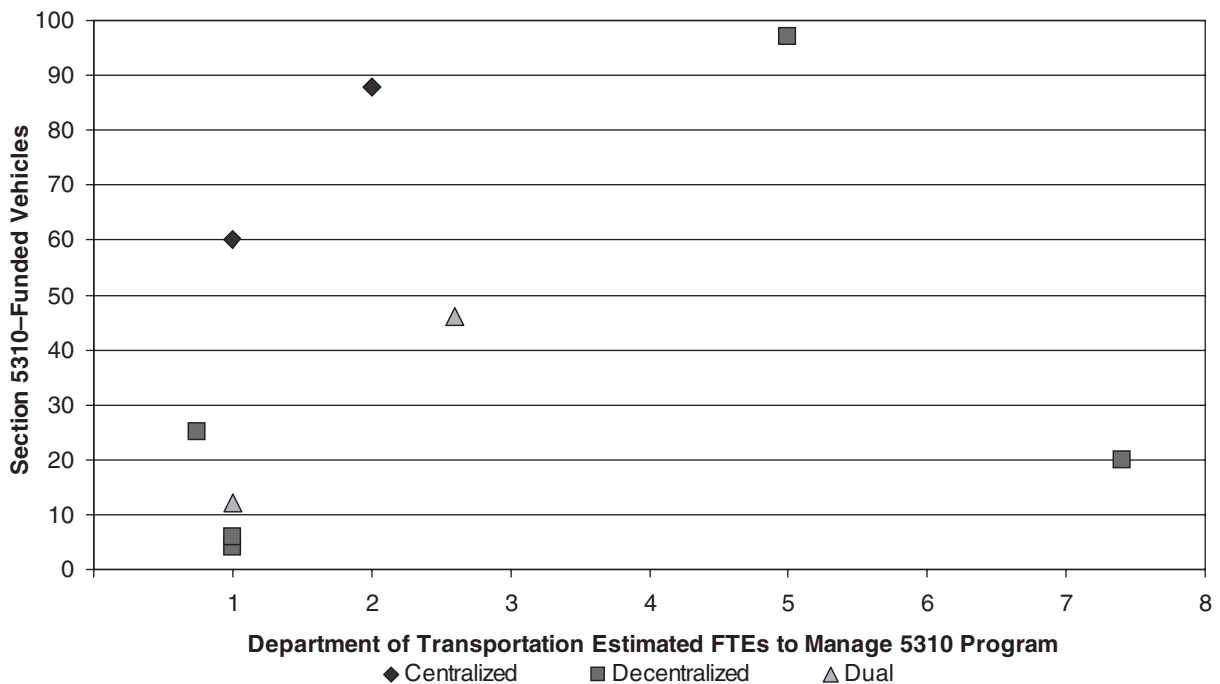


Figure 3.1 Section 5310 staffing requirements (estimated by state DOT) by number of vehicles procured.

The Texas DOT, which may only conduct centralized procurements through the Texas Building and Procurement Commission, is introducing a pilot program to make diesel cutaway buses available to grant recipients via a central contract. The agency has found, however, that the variation in transit vehicles makes it difficult for the Commission to procure them as standard commodities. Furthermore, the Commission is not equipped to handle the pre-award and post-delivery certifications required for federal Buy America compliance. Oregon, on the other hand, works with its Department of Administrative Services to procure a central state paratransit vehicle contract from which grant recipients can purchase vehicles.

Pennsylvania is currently in the process of switching from a decentralized independent procurement process to a central state-procured contract as a result of a gubernatorial initiative to streamline contracting in the state. As proposed, in the new process, the state's Department of General Services will centrally procure a paratransit vehicle contract off of which grant recipients may purchase vehicles. In the transition period, the state will employ a dual process, in which grant recipients will retain the option of conducting their own decentralized independent procurement. The switch is aimed at shifting the focus of Pennsylvania DOT staff who oversee the Section 5310 program from monitoring procurements to conducting site visits and compliance reviews. The staff believes that this shift in focus will enhance the agency's ability to serve grant recipients.

Ability of grant recipients, a lead agency, or third-party procurer to conduct the procurement process and the amount of effort involved for each. Secondary to the state's ability to manage a procurement process is the ability of grant recipients to manage a process. The entity responsible for conducting procurement—the grant recipient in the decentralized independent procurement process and the lead agency or third-party procurer in the consortium process—must be capable of managing a procurement that is compliant with federal grant requirements, including Buy America, Federal Motor Vehicle Safety Standards (FMVSS), and other requirements. In addition, a carefully written solicitation requires the procuring entity to provide clear language to offerors regarding expectations for warranty coverage and provisions, dealer responsibilities and service response, and manufacturer build quality and fleet defects.

Many Section 5310 grant recipients are small and informal entities that lack the staff and expertise to conduct a sophisticated procurement for federally funded paratransit vehicles. Furthermore, the procuring entity must be comfortable managing the procurement process. A study by the Arizona DOT found that 70 percent of grant recipients were more comfortable with the DOT handling purchasing because of the expertise required and “hassle” involved. Indeed, telephone interviews with several Section 5310 grant recipients for this study revealed limited familiarity with several federal requirements for paratransit vehicle procurement, including Buy America regulations (it should be noted that none of these grant recipients was responsible for conducting its own procurement). A representative of one grant recipient that conducts its own decentralized independent procurement process commented that he “couldn't imagine” keeping up with the procurement process if he were with a smaller agency. Another grant recipient reported that procurements work much better currently, applying a consortium process, than they did previously, using a decentralized independent procurement process. The impact of requiring grant recipients, third-parties, or lead agencies to conduct the procurement process must be compared to the impact on the state DOT of conducting the procurement process.

In many states, a third-party/consortium procurement process places the burden of procurement on agencies readily equipped to manage it instead of the state DOT or small grant recipients. The Connecticut DOT has opted to conduct a decentralized paratransit vehicle procurement process in which one of the state's larger transit agencies, the Greater New Haven Transit District, functions as a lead agency that manages the procurement process for all Section 5310 grant recipients. As a designated recipient of federal transit funds, the transit agency is familiar with conducting a federally compliant procurement process. The process offers the state DOT many of the advantages of the decentralized independent procurement process, and grant recipients get many of the advantages of a centralized procurement process.

State's record of compliance with federal regulations governing paratransit vehicle procurements. Several states have recently changed or are in the process of changing their approach to paratransit vehicle procurement as the result of issues with federal transit procurement guidelines. Several years ago, one state switched from a centralized process to a

decentralized process when concerns were raised in an FTA review. Although the agency had purchased vehicles through another state’s central state-procured contract, it did not have adequate documentation of federal Buy America pre-award and post-delivery audits. The state therefore chose to switch to a decentralized process, with stricter monitoring over grant recipients. Because the state passed a recent FTA review, it will retain this process.

In another instance, a state is amending its procurement process following an FTA triennial review of the agency. The agency will continue to apply a centralized turn-key procurement process, but will take responsibility for conducting federally required Buy America post-delivery inspections and audits itself and will change its in-plant inspection practices. The agency has not yet determined whether it will conduct the process internally or hire a consultant to manage these reviews.

Number of vehicles to be purchased. The number of vehicles to be purchased annually should factor into the decision of which procurement approach to select,

but there is limited guidance on which approach to select based simply on the number of vehicles. Indeed, states with small, medium, and large programs employ centralized processes of one type or another, and states with programs of all sizes also use decentralized and dual processes.

Figure 3.2 displays the trends in centralized, decentralized, and dual process Section 5310-funded paratransit vehicle procurement by state population and number of vehicles procured in a given year (2004 for most states). Data are presented for 33 states—21 use centralized processes, 7 use decentralized processes, and 5 use dual processes. Figure 3.3 zooms in, focusing on 30 states with populations of less than 15 million that were purchasing 100 or fewer vehicles and for which for which data were available. This effectively excludes three large states depicted in Figure 3.2 from Figure 3.3—Florida (centralized process), Texas (decentralized process), and California (dual process).

As these graphs illustrate, most states use a centralized procurement process. States using a centralized process purchased 10 to 190 vehicles in 2004, with an average procurement of 50 vehicles (or 43 vehi-

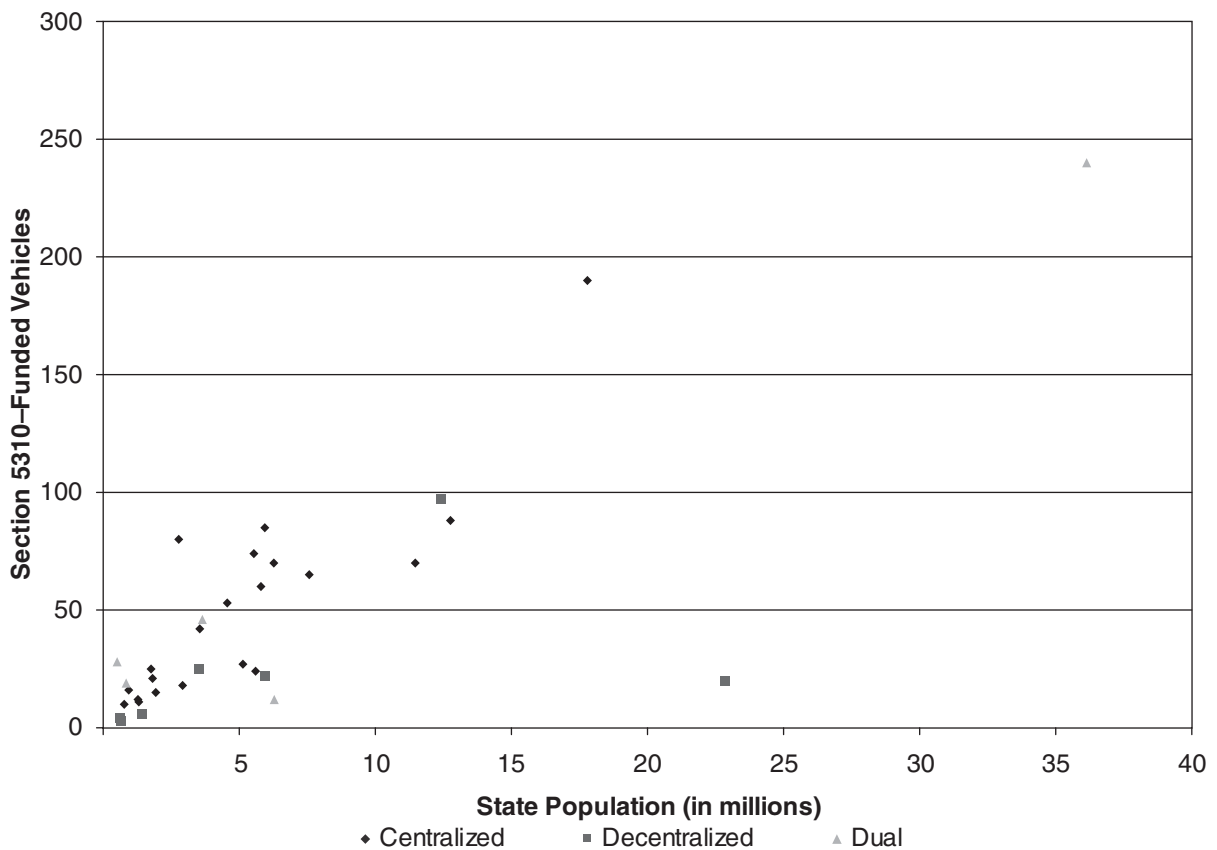


Figure 3.2 Section 5310 paratransit vehicle procurement approach by state population and number of vehicles procured annually.

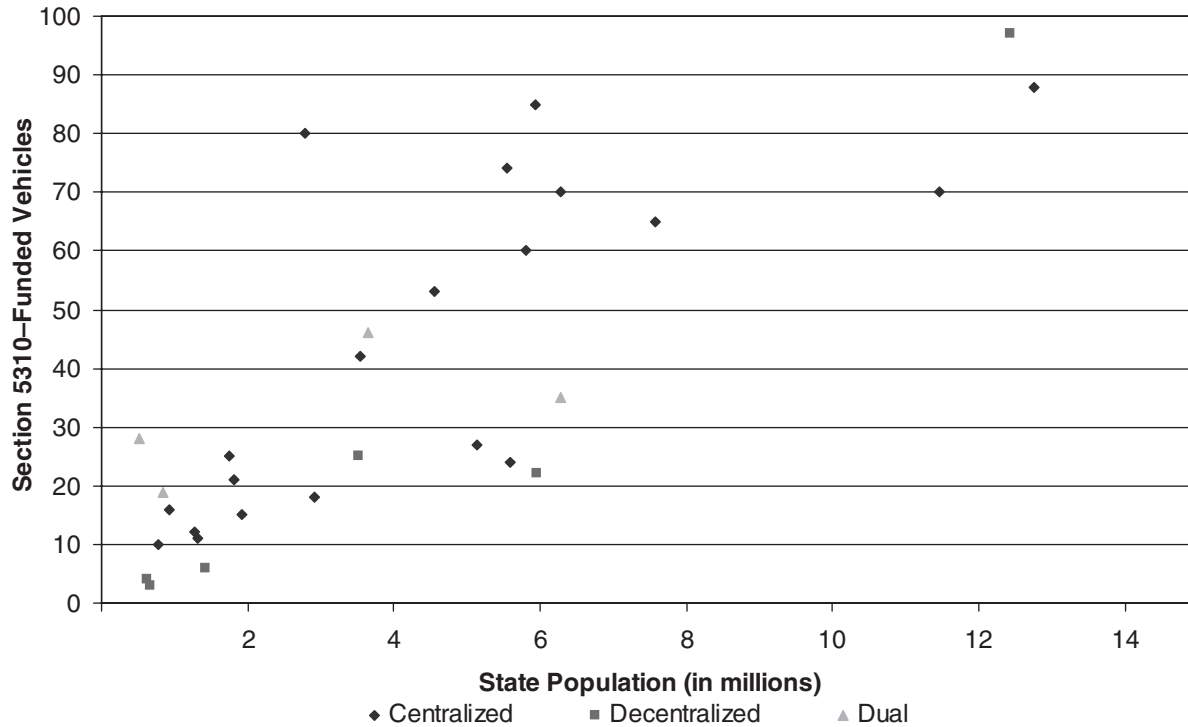


Figure 3.3 Section 5310 paratransit vehicle procurement approach by state population (< 15 million) and number of vehicles procured annually (< 100).

cles, excluding Florida’s 190). Of those applying a decentralized process, three—Vermont, Alaska, and Idaho—procured fewer than 10 vehicles in 2004. The remaining four states with decentralized processes purchased 20 to 97 vehicles, averaging 40 vehicles. States with a dual process purchased 19 to 240 vehicles and averaged 74 vehicles each (or 32 vehicles, excluding California).

States purchasing relatively few vehicles under the Section 5310 program may be able to keep close scrutiny on grant recipients, and thus the cost of a centralized state procurement may not be justified. At the same time, states with small Section 5310 programs may wish to avoid burdening grant recipients with procurement. In such instances, a decentralized third-party/consortium procurement process may be appropriate, as is the case in Idaho and Vermont. Survey results indicate that states annually purchasing a very small number of vehicles—fewer than 10—may benefit from a decentralized procurement process. Only one state annually purchasing more than 30 vehicles, Pennsylvania, with 97, uses a decentralized process (however, as has been previously noted, the state is transitioning to a centralized procurement process).

Agencies purchasing the largest number of Section 5310 vehicles annually often find a centrally procured

state contract the most effective and efficient way to manage the program. However, 10 states purchasing 10 to 30 vehicles have also opted for the centralized process, indicating that the centralized approach is not used exclusively by the largest state programs.

A dual process may not be efficient unless a state is procuring more than (approximately) 20 vehicles; Oregon’s program (procuring 19 vehicles) is the smallest program to use the dual process approach.

Vehicle options and degree of customization.

Generally speaking, grant recipients have greater opportunity to customize their vehicles if they conduct the procurement process themselves or have significant input into developing vehicle specifications. This varies by state, as the number and type of vehicles and options available from central state-procured contracts is greater in some states than in others. Whereas 33 different configurations are available in Missouri, in Illinois, grant recipients may select from one of four vehicle types, with all vehicles of each type identical. Both Missouri and Illinois are states with centralized turn-key procurement processes. Florida, which applies a central state-procured contract approach, has found that refining its contract options has enabled agencies to select options and floorplans that meet their

service requirements. Interestingly, while several grant recipients in states with centralized processes commented that conducting the procurement process would be a “significant burden” were they required to do it directly, none were concerned about a lack of vehicle options.

Even in states employing a decentralized procurement process, options may be limited. In one state that applies a decentralized independent procurement process, grant recipients must indicate 1 of 20 specification codes in their grant applications; the specification codes dictate most of the specifications the grantees take to market following grant award, with some minor customization permitted.

To some extent, the long-term (up to 5-year) duration of the contracts through which vehicles are purchased and the ad hoc (1-year) involvement of grant recipients in the program limit the ability of grant recipients to influence vehicle specifications. In one state in which a decentralized third-party/consortium procurement process is employed, the lead procurement agency invites grant recipients to meet with vendors to describe the agency’s needs and customize the grant-funded vehicle accordingly. One grant recipient in that state commented, however, that not enough time was provided for this part of the process given that the procurement represented a significant capital expenditure for their organization relative to its overall budget. In contrast, another state that annually procures Section 5310 vehicles solicits input from grant recipients via a 46-question survey that is used to develop its vehicle specifications. It should be noted, however, that this state makes only 8 to 13 grants annually.

Although it is important that the procurement process be efficient, it is also important to ensure adequate vehicle selection to meet the needs of the state’s Section 5310 grant recipients. The primary reason for states to offer a dual procurement process, in which grant recipients have the choice of purchasing through a centralized procurement process or through a decentralized procurement process, is to broaden the types of vehicles available to grant recipients. However, there are overhead costs associated with allowing both centralized and decentralized procurement processes. Although Pennsylvania plans to offer a dual process as it transitions from a decentralized procurement process to a centralized one, it plans to phase out the decentralized procurement option when the transition period is over. The Pennsylvania DOT aims to have its staff fully focused on site visits and compliance

reviews, not on managing two separate procurement processes.

Importance of grant recipient and/or state government interaction with vehicle vendors. Interviews revealed advantages associated with close state contact with vehicle vendors, as well as advantages associated with grant recipient contact with vehicle vendors. The Illinois DOT, for example, reported that the quality of its vehicles has increased “dramatically” with centralized procurements, in part because the agency takes seriously any issues that arise with vehicles and aggressively addresses with vendors any vehicle defects across the statewide fleet. The fact that Illinois employs a centralized procurement process, and the state itself has the working relationship with the vendor, enables this capability.

On the other hand, a grant recipient in a state with a decentralized third-party/consortium procurement process reported difficulty in receiving warranty service because the vehicle vendor was located across the state. The grant recipient speculated that had it conducted a decentralized independent procurement process, it would have established a relationship with a local vendor that could have more conveniently serviced the vehicle. It is also possible that this situation could have been rectified through the inclusion of warranty service language in the original procurement documents, independent of the process selected.

Whichever process is selected, however, there should be a noticeable level of state DOT involvement in the process to ensure manufacturers’ compliance with all regulations, technical specifications, build quality requirements, and warranty provisions. As the administrator of grant funds, the state DOT is in a position to make manufacturers aware of the DOT’s oversight in all vehicle procurements.

Vehicle cost and quality. A final consideration is vehicle cost and quality. A number of interviewees, including state DOT officials, grant recipients, and vendors, speculated that larger vehicle purchases (in terms of the number of vehicles purchased) would result in lower unit prices per vehicle, as was shown in the previously cited 1999 CUTR study of paratransit vehicle procurement costs in Florida, which found an estimated minimum cost savings of \$4.1 million in initial pricing, administration time, and warranty enforcement for pooled vehicle purchases over three years (1996 to 1998).

The cost of vehicles may be favorably impacted by increasing the number of vehicles to be purchased via a single procurement, which is aided through purchasing pools. The Idaho Transportation Department, which employed a decentralized independent procurement process in the early to middle 1990s, found that its grant recipients received few offers when they procured one or two vehicles at a time. The agency has since applied central state-procured contract and decentralized consortium procurement processes, both of which have resulted in a greater number of responsive suppliers.

In addition to lowering the per-unit cost of vehicles, larger pools of vehicle purchasers (which are enabled by centralized procurements and large third-party/consortium procurement processes) may be able to negotiate with vendors for better vehicle build quality, reduced maintenance costs, longer warranty periods, and extended life span, which can increase savings over the life of the vehicles.

Purchasing pools may also improve vehicle quality through the application of in-plant vehicle inspection (when required or chosen), the ability to monitor vehicle quality across large purchases, and the ability to ensure that vendors or manufacturers will make warranty repairs when necessary.

All interviewed agencies that currently conduct in-plant vehicle inspections for paratransit vehicle procurements—mainly state DOTs that conduct centralized turn-key state-procurement processes—said that even if they were not required to conduct in-plant vehicle inspections as part of compliance with Buy America regulations, they most likely would do so because they have found in-plant inspections to be a good procurement practice.

In-plant vehicle inspection has been credited by many agencies with improving the quality of the final product. Several veterans of in-plant inspections reported that the process has resulted in early detection of problems with vehicles, which are more easily resolved while the vehicle is still in the plant. The Florida DOT reports that their in-plant inspections ensure that the manufacturer correctly interprets and understands the technical specifications and creates an ongoing line of communication between the Florida Vehicle Procurement Program’s inspectors and manufacturers during the build process. Pre-delivery inspections at the agency’s Spring Hill facility serve to verify the manufacturers’ build quality and vehicle dealers’ (in Florida, the state’s contract is generally with vehicle dealers rather than manufacturers) actions in correcting any noted deficiencies.

4 CONCLUSIONS AND SUGGESTED RESEARCH

This section outlines the questions that grant recipients might want to consider in selecting a procurement process for Section 5310–funded vehicles, as well as suggested future research.

Paratransit Vehicle Procurement Process Selection Questions

State DOTs seek to maximize their ability to manage the Section 5310 program in their states. Their ability to manage a Section 5310 program will be affected by state government resources available for conducting a procurement process, monitoring grant recipients, and ensuring compliance with federal standards. At the same time, grant recipients vary in their ability to conduct compliant procurements themselves. Some states have determined that it is easier to monitor others than conduct procurements directly, whereas other states have reached the opposite conclusion. Each state must consider its own grantees’ resources, abilities, and qualities to determine the approach that is appropriate for its situation.

The survey responses and telephone interviews conducted for this study reveal that states might want to consider several key questions in selecting a procurement process for paratransit vehicles funded by Section 5310. In order of priority, the key questions are the following:

1. **Does a centralized or decentralized procurement process make the most of available state resources?** A primary criterion for answering this question is the staff and financial resources of the state DOT. Another consideration is how comfortable the procuring agency is with managing a process that complies with federally funded transit vehicle procurement guidelines. Interviews revealed that some state agencies responsible for conducting transit vehicle procurement (generally, a central state procurement agency external to the DOT) were uncomfortable managing a process that complied with federally funded transit vehicle procurement guidelines. If the procurement agency is cooperative and the resources are available, then a centralized procurement process is a possibility. If the procurement agency is not cooperative and the resources are not available, then a decen-

tralized procurement process may be selected. In the middle are such options as the decentralized third-party/consortium procurement process, the grant recipient vehicle purchase via central state-procured contract, and the dual process.

2. **Are grant recipients, lead agencies, or third-party procurers able to conduct the procurement process?** To a large extent, this will depend on the nature of Section 5310 grant recipients in a given state and the resources of the state DOT available to guide the grant recipients. If it is believed that the small size and informality of many grant recipients would limit their ability to conduct a decentralized independent procurement process, then this option should be ruled out. To the extent that lead agencies or third-party procurers familiar with transit vehicle procurement are available to conduct procurements on behalf of Section 5310 grant recipients, the decentralized third-party/consortium procurement process may be considered. If the state DOT determines that conducting the procurement itself would be more cost-effective and efficient than guiding decentralized procurers, then some form of centralized procurement should be selected.
3. **What is the state's record of compliance with federal regulations governing paratransit vehicle procurements?** When a state's Section 5310-funded paratransit vehicle procurement process does not pass muster with the federal government, a change may be warranted. Whether a centralized or decentralized approach will address the issue will depend on the findings of the federal investigation, as well as the answers to Questions 1 and 2.
4. **How many vehicles will be purchased annually?** The size of the Section 5310 grant program should be considered in decisions on whether the state, grantees, a lead agency, or a third party is best equipped to manage procurement. States purchasing many vehicles annually may find that conducting a procurement serving grant recipients statewide can only be done at the level of state government; furthermore, these states may not be able to adopt a decentralized consortium process unless there are multiple lead agencies or third-party procurers. States with larger programs

may also find that the sheer number of grant recipients effectively prohibits the state from adopting a decentralized independent procurement process. States with smaller programs—especially programs procuring fewer than 10 vehicles—may be able to employ a single lead agency or third-party procurer to procure on behalf of all grant recipients in lieu of the state. States with these smaller programs may have an easier time monitoring a decentralized independent procurement process than states with larger programs. A dual process may not be appropriate until a state's program attains a minimum size of around 20 vehicles annually.

5. **To what degree should Section 5310 grant recipients be able to customize vehicles?** The answer to this question depends on the individual circumstances and preferences of each state. If there is a large premium on permitting grant recipients to tailor vehicles to meet their specific needs, a more decentralized procurement process may be selected. If it is believed that the state can provide sufficient vehicle options to grant recipients, then a centralized procurement process may be in order. Indeed, many states have refined their contract options to enable agencies to select vehicle options and floor plans that best meet their service requirements. If there is a desire to provide grant recipients wide latitude with respect to customizing vehicles while maintaining a centralized procurement process so that all grant recipients need not conduct their own procurements, then a dual process may be appropriate.
6. **To what degree should vendors interact with grant recipients and/or the state government?** If the preponderance of evidence in a particular state suggests that grant recipients are best served by a strong relationship between the state and the vehicle vendor—especially when the state acts as an advocate on behalf of grant recipients for fleetwide warranty repairs—then a centralized procurement process may be appropriate. If instead a direct relationship between the vendor and the grant recipient is preferred (for ensuring vehicle specifications that match grant recipient needs and enabling vehicle-specific warranty repairs by a vendor), then a decentralized

independent process may be appropriate. The central state-procured contract may present the opportunity for both the state and grant recipients to establish communication lines with vendors. Whichever process is selected, however, there should be a noticeable level of state DOT involvement in the process to ensure manufacturers' compliance with all regulations, technical specifications, build quality requirements, and warranty provisions. As the administrator of grant funds, the state DOT is in a position to make manufacturers aware of the DOT's oversight in all vehicle procurements.

7. **What process will minimize vehicle cost and maximize quality?** Grant funds will provide greater benefits to state residents if they can be stretched further. Evidence indicates that processes that create purchasing pools, including the centralized processes and the decentralized third-party/consortium procurement, may provide lower costs per vehicle than procurements for just a few vehicles, such as the decentralized independent procurement process. In addition, larger vehicle pools may increase the number of vendor offers per procurement, spurring competition and lowering prices. Finally, larger pools of vehicle purchasers (which are enabled by centralized procurements and large third-party/consortium procurement processes) may be able to ne-

gotiate with vendors for better vehicle build quality, reduced maintenance costs, longer warranty periods, and extended life span, which can increase savings over the life of the vehicles.

Suggested Research

It is suggested that future research be done in four areas. First, research into the extent to which pooling purchasing for paratransit vehicles lowers per-vehicle price may be warranted. A statistical study of vehicles procured using a variety of processes, with a variety of vehicle features, and at a variety of prices could validate past studies of the price advantages of pooled purchase. Second, it would be useful to determine whether there is a size threshold at which a Section 5310 grant recipient is granted procurement responsibility under the decentralized procurement approach. A third area for study concerns the benefits of employing an RFP approach to conducting paratransit vehicle procurements instead of the common IFB approach. Such a study might examine the long-term reliability and operations and maintenance costs of fleets procured by each approach in an effort to quantify the long-term benefits of an approach that considers vehicle merit in addition to price. Finally, a fourth area of study might focus on the centralized and decentralized processes employed to procure Section 5311 vehicles, as this study focused only on Section 5310-funded vehicle procurement.

APPENDIX A: STATE PARATRANSIT VEHICLE PROCUREMENT SURVEY

As part of two studies for NCHRP Committee 20-65, AECOM Consult is conducting this brief survey of state DOTs regarding paratransit vehicle procurement. Your kind response to the questions below is appreciated. If you are not the best person within your agency to answer these questions, please forward the email message you received regarding this survey to the person(s) who is.

Please complete this online survey by Friday, March 17, 2006. Direct any questions to Nate Macek at AECOM Consult at 703/645-6849 or nathan.macek@aecomconsult.com.

Thank you for your assistance with this research.

Contact Information

Please enter your contact information below.

Name:
Title:
Agency:
State:
Email Address:
Phone Number:
Mailing Address:

Section 5310 State Vehicle Procurement Process

1. Approximately how many paratransit vehicles funded by the Section 5310 Elderly and Persons with Disabilities Program were purchased for use by agencies in your state in Federal Fiscal Year 2004?

(Please enter the total number for Federal FY 2004 below; if none in FY 2004, then provide the number of vehicles for most recent year in which Section 5310 vehicle procurement occurred and indicate the year.)

2. Of the vehicles reported in the previous question, what percentage (approximately) were procured directly by the state?
3. Were the remainder of vehicles procured by a subrecipient of the state (a state grantee) or another entity besides the state?

Yes No Don't Know Not Applicable

4. Is data available to determine how many Section 5310-funded vehicles were procured by subrecipients through a third-party procurement ("piggy backing," consortium, or some other agency process)?

Yes No Don't Know

Buy America-Compliant Paratransit Vehicle Procurement

The next set of questions refers to FTA Buy America procurement requirements for paratransit vehicles, regardless of whether they were funded through the Section 5310 program or another federal grant program.

FTA Buy America provisions require (in contracts of \$100,000 or greater) that vehicles contain no less than 60 percent domestic parts content and that final vehicle assembly occurs within the United States, unless FTA grants a waiver. Federal regulations require both a pre-award and post-delivery review.

5. Please indicate the number of the following types of paratransit vehicles for which your agency conducted a Buy America-compliant procurement process in the past two years (either calendar or fiscal), regardless of whether they were funded by Section 5310 or another grant program.

Note that for the purposes of this study:

- Stock vans are procured from the manufacturer without modification
- Modified vans are stock vans modified to include chair lifts, raised roofs and/or other features
- Cutaway vans have a chassis and partial cab obtained from a truck manufacturer and a body placed on the chassis by a specialist body builder

Sedan/Station Wagon:

Stock Van:

Modified/Cutaway Vans:

Small Bus (<30’):

Large Bus (>=30’):

School Bus:

Other (specify number and type):

6. What are the challenges your agency faces with the current Buy America compliance process for any paratransit vehicle procurements?
7. Can you suggest any changes to streamline the Buy America compliance process?
8. Are you willing to discuss Section 5310 vehicle procurement or the Buy America-compliant paratransit vehicle procurement processes with us further?

Yes

No

Please complete your survey by Friday, March 17, 2006.

Click "Done" below to submit your survey when responses are complete.

Thank you for your assistance with this research.

APPENDIX B: CENTRALIZED VEHICLE PROCUREMENT STATE DOT INTERVIEW GUIDE

Memorandum

Date: July 24, 2006
To: State DOT Paratransit Vehicle Procurement Officials
From: Nathan Macek, Principal Investigator
Subject: State Procurement of Paratransit Vehicles and Buy America

As part of two studies for NCHRP Committee 20-65, AECOM Consult is conducting telephone interviews with selected state DOTs regarding paratransit vehicle procurement practices.

The first study investigates centralized versus decentralized Section 5310 Elderly and Persons with Disabilities Program vehicle procurement in an effort to identify the advantages and disadvantages of each system, and to outline the decision factors that state DOTs should consider in selecting centralized or decentralized procurement. The second study investigates common issues faced by state DOTs and their funding subrecipients in meeting Buy America provisions in paratransit vehicle procurements regardless of the grant program through which the vehicles were funded.

I will contact you directly via telephone at the designated date and time for your interview. If you have any questions in the meantime, please contact me at 703/682-5074, or by email at nathan.macek@aecomconsult.com.

Thank you very much for your assistance with this study.

Contact Information:

Name:
Agency:
Division:
Phone:
Email:

Section 5310 State Vehicle Procurement Process

The first few questions are aimed at understanding the nature of your state's Section 5310 program.

1. Please describe the types of Section 5310 transit assistance offered by your state.
Response:
2. What is the total number of transit providers that receive Section 5310 assistance? What types of organizations are they?
Response:

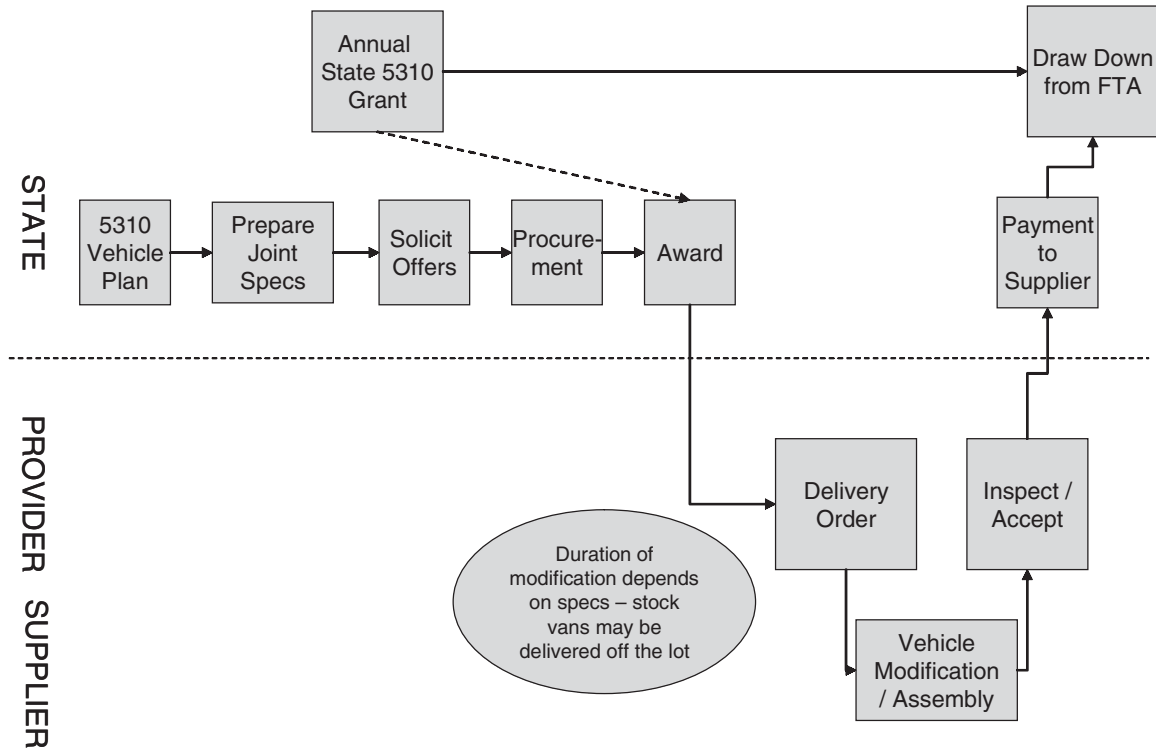
3. What is the range of vehicles required by your state's Section 5310 provider programs?
Response:
4. What is the extent to which vehicle modification is required for procurements supporting Section 5310 programs?
Response:
5. Please describe the institutional relationship between the provider programs and the state transportation program.
Response:

The next set of questions relates to the procurement process that your state employs for Section 5310 vehicles.

6. You indicated that your state employs a centralized procurement process, in which the state directly procures vehicles on behalf of Section 5310 grant recipients. Other states employ a decentralized process, in which grant recipients or third-party agencies procure vehicles instead of the state DOT. Can you provide any background on your state's choice of a centralized process?
Response:
7. What would you list as the advantages of a decentralized procurement process for the Section 5310 program? And the disadvantages? Are there grant recipients or situations where a different process would be advantageous?
Response:
8. Have you considered any advantages or disadvantages associated with the decentralized procurement process? If so, what are they?
Response:

9. The diagram below indicates the typical direct state procurement process. Can you walk me through how the process in your state differs from the typical process depicted in the diagram? If you use more than one process, why?

Direct State Procurement



Response:

10. Please describe your state's annual process to develop vehicle specifications for this program.

Response:

11. How does your state advertise and select vendors for this procurement?

Response:

12. Please describe how you ensure compliance with federal pre-award and post-delivery requirements.

Response:

13. How does your state accept vehicles?

Response:

14. As part of our study, we are interested in discussing experience of grant recipients (or local coordinating agencies) and suppliers. Please provide the contact information (name, firm, city/state, telephone number, and email address are sufficient) for one service provider for which your agency has procured vehicles under the Section 5310 program, as well as one supplier from which you have purchased vehicles.

Service Provider:

Supplier:

Buy America-Compliant Paratransit Vehicle Procurement

The next set of questions focuses on paratransit vehicles procured by the state DOT to support a variety of transit programs, including Section 5309 discretionary grants, the Section 5310 Elderly and Persons with Disabilities Program, the Section 5311 Non-Urbanized Area Formula Program, and others.

1. How many different configurations or makes/models of paratransit vehicles have you procured within the last two years? Within each configuration or make/model pair, how many different types of paratransit vehicles were procured (for example, “15-passenger Ford Econoline vans: 17 with and 12 without wheelchair lifts”).

Response:

2. From whom does your agency generally purchase paratransit vehicles—directly from the manufacturer, or from dealers? Do the firms from which you generally purchase your paratransit vehicles have any familiarity with the Buy America process?

Response:

3. How often is your agency in the market for paratransit vehicles—semi-annually, annually, bi-annually, or some other frequency?

Response:

4. Do you purchase paratransit vehicles as part of a consortium, or does your agency purchase all of its vehicles directly?

Response:

5. Have you ever combined Buy America compliance inspection efforts with other agencies? What was your experience with this?

Response:

6. What is your experience with reviews simultaneously being conducted by your agency and other agencies on the same vehicles?

Response:

7. How do you investigate Buy America compliance? Does your agency engage an auditor on a contract basis or does it conduct the compliance review internally?

Response:

8. To what extent do you document parts sourcing—to 60%, 70%, all the way to 100%, or some other percentage?
Response:
9. If your agency were not required to perform the federal Buy America inspection process, how would it certify manufacturers' compliance with the specifications of the bid?
Response:
10. Have you procured any vehicles that avoided triggering Buy America certification?
Response:
11. Have you applied for waivers to the Buy America process? Please describe your experience.
Response:
12. Do you believe the SAFETEA-LU-legislated change in in-plant inspection requirements—from purchases of 10 vehicles or more to purchases of 20 vehicles or more—will in any way impact the process by which you document compliance with Buy America?
Response:
13. Can the effort by your agency to comply with Buy America be estimated in labor hours and/or dollars of expense for the average vehicle or procurement process? Can this be further broken down into effort required for pre-award and post-delivery reviews?
Response:
14. What are the strengths associated with the current Buy America compliance process?
Response:
15. What challenges to your agency are presented by the current Buy America compliance process? Be specific about any confusion, problems, interpretations, paperwork, or other situations that have arisen.
Response:
16. Can you provide specific examples of inefficiencies borne by your agency to satisfactorily comply with Buy America?
Response:
17. What changes would you suggest to streamline Buy America compliance procedures?
Response:
18. Are there any other issues you can describe associated with Buy America provisions?
Response:

APPENDIX C: DECENTRALIZED VEHICLE PROCUREMENT STATE DOT INTERVIEW GUIDE

Memorandum

Date: July 24, 2006
To: State DOT Paratransit Vehicle Procurement Officials
From: Nathan Macek, Principal Investigator
Subject: State Procurement of Paratransit Vehicles and Buy America

As part of two studies for NCHRP Committee 20-65, AECOM Consult is conducting telephone interviews with selected state DOTs regarding paratransit vehicle procurement practices.

The first study investigates centralized versus decentralized Section 5310 Elderly and Persons with Disabilities Program vehicle procurement in an effort to identify the advantages and disadvantages of each system, and to outline the decision factors that state DOTs should consider in selecting centralized or decentralized procurement. The second study investigates common issues faced by state DOTs and their funding subrecipients in meeting Buy America provisions in paratransit vehicle procurements regardless of the grant program through which the vehicles were funded.

I will contact you directly via telephone at the designated date and time for your interview. If you have any questions in the meantime, please contact me at 703/682-5074, or by email at nathan.macek@aecomconsult.com.

Thank you very much for your assistance with this study.

Contact Information:

Name:
Agency:
Division:
Phone:
Email:

Section 5310 State Vehicle Procurement Process

The first few questions are aimed at understanding the nature of your state's Section 5310 program.

1. Please describe the types of Section 5310 transit assistance offered by your state.

Response:

2. What is the total number of transit providers that receive Section 5310 assistance? What types of organizations are they?

Response:

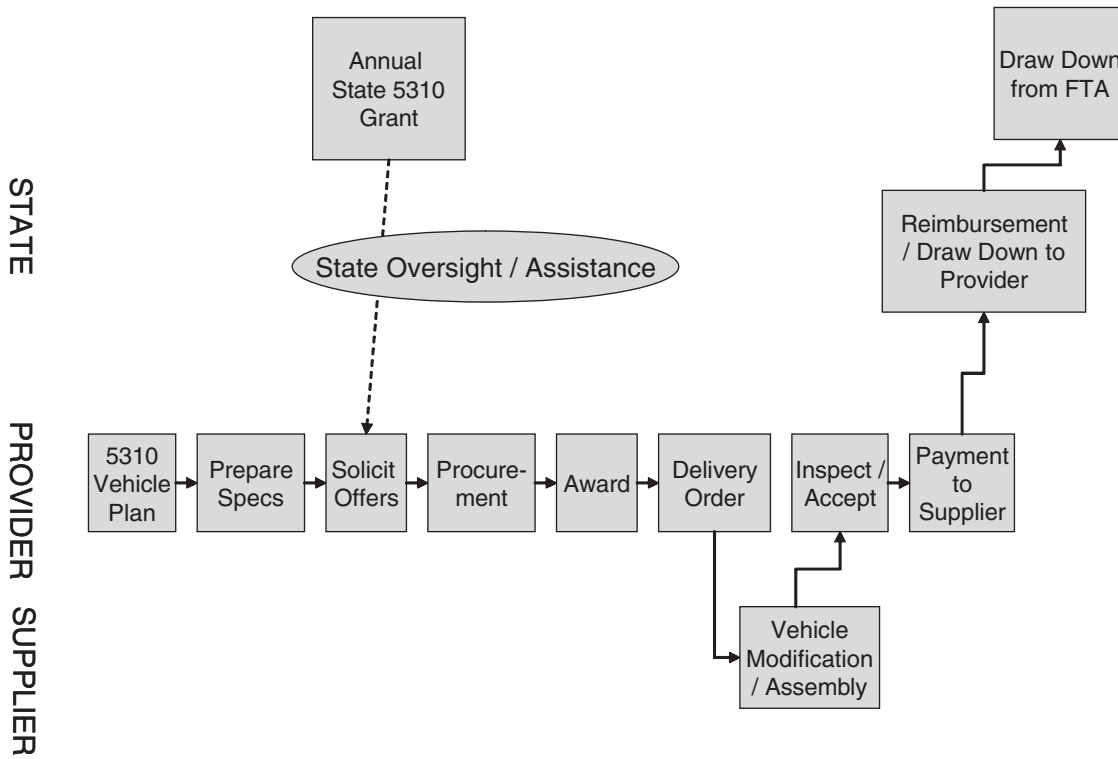
3. What is the range of vehicles required by your state's Section 5310 provider programs?
Response:
4. What is the extent to which vehicle modification is required for procurements supporting Section 5310 programs?
Response:
5. Please describe the institutional relationship between the provider programs and the state transportation program.
Response:

The next set of questions relates to the procurement process that your state employs for Section 5310 vehicles.

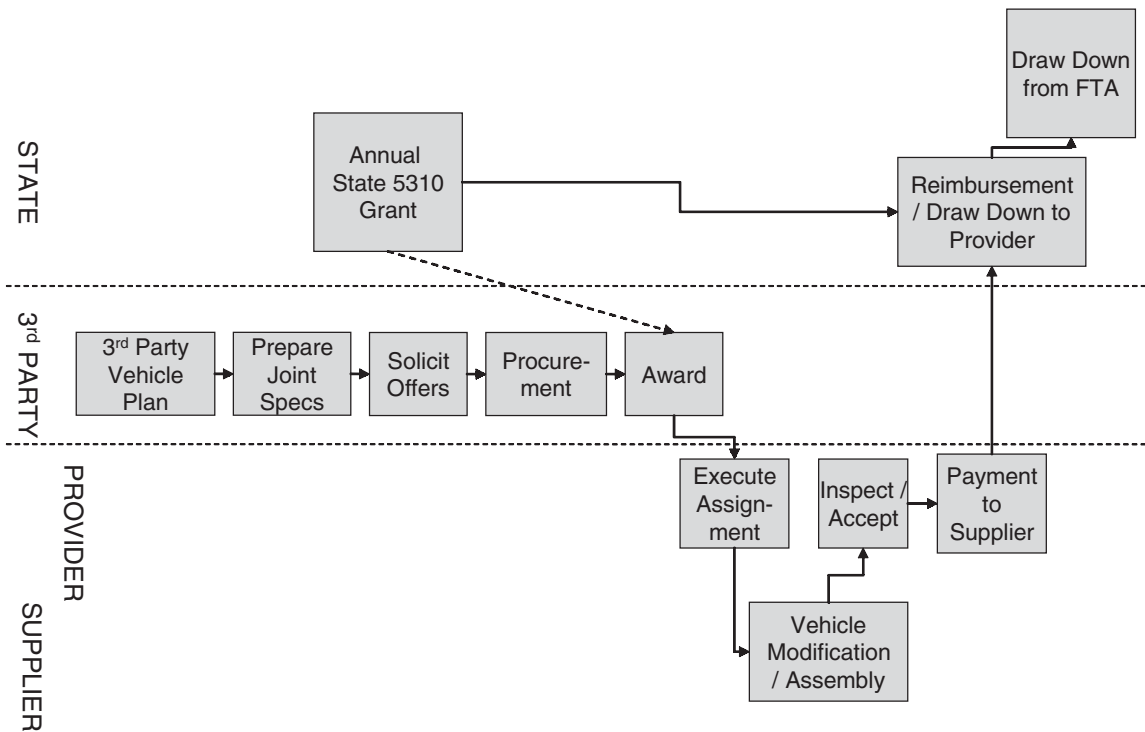
6. You indicated that your state employs a decentralized procurement process, in which vehicles are procured by grant recipients or by a third-party on behalf of grant recipients instead of the state DOT. Other states employ a centralized process, in which the state DOT procures vehicles instead of the grant recipients or third-party agencies. Can you provide any background on your state's choice of a decentralized process?
Response:
7. What would you list as the advantages of a decentralized procurement process for the Section 5310 program? And the disadvantages? Are there grant recipients or situations where a different process would be advantageous?
Response:
8. Have you considered any advantages or disadvantages associated with the centralized procurement process? If so, what are they?
Response:

9. The diagrams below indicate two models of decentralized paratransit vehicle procurement processes. Which process is most like that employed by your state—the provider procurement or the third-party procurement model? Please walk me through how the process in your state differs from the process depicted in the diagram. If you use more than one process, why?

Provider Procurement



Third-Party Procurement



Response:

10. Does the state have a standardized process to develop vehicle specifications for this program?

Response:

11. Does the state have a standardized process to advertise and select vendors for this procurement?

Response:

12. Please describe how you ensure compliance with federal pre-award and post-delivery requirements.

Response:

13. Does the state have a standardized process for accepting vehicles?

Response:

14. As part of our study, we are interested in discussing experience of grant recipients (or local coordinating agencies). Please provide the contact information (name, firm, city/state, telephone number, and email address are sufficient) for three service providers receiving Section 5310 program grants.
- Service Provider #1:*
Service Provider #2:
Service Provider #3:

Buy America-Compliant Paratransit Vehicle Procurement

The next set of questions focuses on paratransit vehicles procured by the state DOT to support a variety of transit programs, including Section 5309 discretionary grants, the Section 5310 Elderly and Persons with Disabilities Program, the Section 5311 Non-Urbanized Area Formula Program, and others. As you indicated that your state applies a decentralized paratransit vehicle process, many of these questions may not apply to your agency. However, we would like your feedback on how these issues are addressed by service providers in your state.

1. How many different configurations or makes/models of paratransit vehicles have been procured by your agency or service providers in your state over the last two years? Within each configuration or make/model pair, how many different types of paratransit vehicles were procured (for example, “15-passenger Ford Econoline vans: 17 with and 12 without wheelchair lifts”).
Response:
2. From whom are paratransit vehicles generally purchased—directly from the manufacturer, or from dealers? Do the firms from which paratransit vehicles are generally purchased have any familiarity with the Buy America process?
Response:
3. How often are your agency or service providers in the market for paratransit vehicles—semi-annually, annually, bi-annually, or some other frequency?
Response:
4. Are paratransit vehicles purchased as part of a consortium, or are all of vehicles procured directly?
Response:
5. Have Buy America compliance inspection efforts ever been coordinated with other agencies? What was your experience with this?
Response:
6. What is your experience with reviews simultaneously being conducted by your agency and/or service providers and other agencies or service providers on the same vehicles?
Response:

7. How do your agency or service providers investigate Buy America compliance? Does either engage an auditor on a contract basis or does it conduct the compliance review internally?
Response:
8. To what extent do your agency or service providers document parts sourcing—to 60%, 70%, all the way to 100%, or some other percentage?
Response:
9. If your agency or service providers were not required to perform the federal Buy America inspection process, how would they certify manufacturers' compliance with the specifications of the bid?
Response:
10. Have your agency or service providers procured any vehicles that avoided triggering Buy America certification?
Response:
11. Have your agency or service providers applied for waivers to the Buy America process? Please describe your experience?
Response:
12. Do you believe the SAFETEA-LU-legislated change in in-plant inspection requirements—from purchases of 10 vehicles or more to purchases of 20 vehicles or more—will in any way impact the process by which your agency or service providers document compliance with Buy America?
Response:
13. Can the effort by your agency or service providers to comply with Buy America be estimated in labor hours and/or dollars of expense for the average vehicle or procurement process? Can this be further broken down into effort required for pre-award and post-delivery reviews?
Response:
14. What are the strengths associated with the current Buy America compliance process?
Response:
15. What challenges to your agency or service providers are presented by the current Buy America compliance process? Be specific about any confusion, problems, interpretations, paperwork, or other situations that have arisen.
Response:
16. Can you provide specific examples of inefficiencies borne by your agency or service providers to satisfactorily comply with Buy America?
Response:
17. What changes would you suggest to streamline Buy America compliance procedures?
Response:
18. Are there any other issues you can describe associated with Buy America provisions?
Response:

APPENDIX D: SECTION 5310 GRANT RECIPIENT INTERVIEW GUIDE

Memorandum

Date: August 2, 2006
To: Section 5310 Paratransit Provider Program Officials
From: Nathan Macek, Principal Investigator
Subject: Procurement of Paratransit Vehicles

As part of two studies for the National Cooperative Highway Research Program, AECOM Consult is conducting telephone interviews with selected state departments of transportation (DOTs) and Section 5310 paratransit provider programs regarding paratransit vehicle procurement practices.

The first study investigates centralized versus decentralized Section 5310 Elderly and Persons with Disabilities Program vehicle procurement in an effort to identify the advantages and disadvantages of each system, and to outline the decision factors that state DOTs should consider in selecting centralized or decentralized procurement. The second study investigates common issues faced by state DOTs and their funding subrecipients in meeting Buy America provisions in paratransit vehicle procurements regardless of the grant program through which the vehicles were funded.

I will contact you directly via telephone at the designated date and time for your interview. If you have any questions in the meantime, please contact me at 703/682-5074, or by email at nathan.macek@aecomconsult.com.

Thank you very much for your assistance with this study.

Contact Information:

Name:
Agency:
Division:
Phone:
Email:

Section 5310 State Vehicle Procurement Process

1. Is your organization a social service agency, a non-profit, a Section 5311 rural transit provider, or another type of organization?
Response:
2. What types of services does your agency provide?
Response:

3. What is the number and range of vehicle types required to support your agency's services?
Response:
4. How often does your agency purchase new vehicles? When was the last time your agency procured vehicles?
Response:
5. Does your agency procure vehicles 1) directly and independently, 2) directly using state-procured contract, 3) via joint procurement or consortium with another agency's procurement, or 4) indirectly by the state DOT, which handles procurement and purchase on the agency's behalf.
Response:
6. How would you assess the paratransit vehicle procurement process in your state?
Response:
7. Are there any changes you would recommend making to your state's paratransit vehicle procurement process?
Response:
8. What would the impact on your agency be if the state were to switch to a different procurement process—from direct to indirect procurement or vice-versa, depending on the situation in your state?
Response:
9. As part of our study, we are interested in learning the experience of vehicle suppliers. Please provide the contact information (name, firm, city/state, telephone number, and email address are sufficient) for one supplier from which you have recently procured vehicles. *If your agency did not conduct the vehicle procurement directly (i.e., it was handled by the state DOT or peer agency), please disregard this question.*
Supplier:

Buy America-Compliant Paratransit Vehicle Procurement

1. Do you have any involvement in ensuring that the vehicles your agency purchases are Buy America compliant? If so, what is your involvement?
Response:
2. Are the state and federal guidelines that your agency follows to comply with Buy America clear and straightforward to follow?
Response:
3. If you interact with vehicle vendors, do you believe they have a clear understanding of the Buy America requirements and their role in the compliance process?
Response:

4. Do you believe the SAFETEA-LU-legislated change in in-plant inspection requirements—from purchases of 10 vehicles or more to purchases of 20 vehicles or more serving communities with populations of 200,000 or less—will in any way impact the process by which your organization complies with Buy America?
Response:
5. Can the effort by your organization to comply with Buy America be estimated in labor hours and/or dollars of expense for the average vehicle or procurement process? Can this be further broken down into effort required for pre-award and post-delivery reviews?
Response:
6. Given your exposure to Buy America requirements, what would you identify as the strengths associated with the current Buy America compliance process?
Response:
7. What challenges to your agency or service providers are presented by the current Buy America compliance process? Be specific about any confusion, problems, interpretations, paperwork, or other situations that have arisen.
Response:
8. What changes would you suggest to streamline Buy America compliance procedures?
Response:
9. Are there any other issues you can describe associated with Buy America provisions or with paratransit procurement processes or practices in general?
Response:

APPENDIX E: PARATRANSIT VEHICLE VENDOR INTERVIEW GUIDE

Memorandum

Date: August 4, 2006
To: Section 5310 Paratransit Vehicle Vendors
From: Nathan Macek, Principal Investigator
Subject: Procurement of Paratransit Vehicles

As part of two studies for the National Cooperative Highway Research Program, AECOM Consult is conducting telephone interviews with selected state departments of transportation (DOTs), transit agencies, and vehicle vendors regarding paratransit vehicle procurement practices.

The first study investigates centralized versus decentralized Section 5310 Elderly and Persons with Disabilities Program vehicle procurement in an effort to identify the advantages and disadvantages of each system, and to outline the decision factors that state DOTs should consider in selecting centralized or decentralized procurement. The second study investigates common issues faced by state DOTs and their funding subrecipients in meeting Buy America provisions in paratransit vehicle procurements regardless of the grant program through which the vehicles were funded.

I will contact you directly via telephone at the designated date and time for your interview. If you have any questions in the meantime, please contact me at 703/682-5074, or by email at nathan.macek@aecomconsult.com.

Thank you very much for your assistance with this study.

Contact Information:

Name:
Title:
Firm:
Phone:
Email:

Section 5310 State Vehicle Procurement Process

1. Please describe your firm, including a general description of the types of vehicles you sell and the types of clients you serve.
Response:
2. How would you assess the paratransit vehicle procurement process in your state?
Response:

3. Are there any changes you would recommend making to your state's paratransit vehicle procurement process?

Response:

4. What would the impact on your firm be if the state were to switch to a different procurement process—from direct to indirect procurement or vice-versa, depending on the situation in your state?

Response:

Buy America-Compliant Paratransit Vehicle Procurement

1. Do you have any involvement in ensuring that the vehicles your firm sells are Buy America compliant? If so, what is your involvement?

Response:

2. Do you have a clear understanding of the Buy America requirements and your firm's role in the compliance process?

Response:

3. Given your exposure to Buy America requirements, what would you identify as the strengths associated with the current Buy America compliance process?

Response:

4. What challenges are presented by the current Buy America compliance process? Be specific about any confusion, problems, interpretations, paperwork, or other situations that have arisen.

Response:

5. What changes would you suggest to streamline Buy America compliance procedures?

Response:

6. Are there any other issues you can describe associated with Buy America provisions or with paratransit procurement processes or practices in general?

Response:

These digests are issued in order to increase awareness of research results emanating from projects in the Cooperative Research Programs (CRP). Persons wanting to pursue the project subject matter in greater depth should contact the CRP Staff, Transportation Research Board of the National Academies, 500 Fifth Street, NW, Washington, DC 20001.

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