



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Maria Öberg
Jim Shannon

SUBJECT: Actions Related to the
Purchase Order with Gillig
LLC for Electric Buses

DATE: November 24, 2025

Approved

Date:

12/3/25

COUNCIL DISTRICT: Citywide

RECOMMENDATION

(a) Adopt a resolution authorizing the City Manager or her designee to:

- (1) Execute a purchase order with Gillig LLC (Livermore, CA) for two new 40' low floor plus electric buses with a 290" wheelbase beginning on or about December 16, 2025, and ending on or about December 15, 2026, for a not-to-exceed amount of \$2,569,301;
- (2) Approve a contingency of \$280,000 for unanticipated modifications to the electric buses order and specifications, subject to the appropriation of funds; and
- (3) Exercise up to six one-year options to extend the term of the purchase order, with the last option ending on or about December 15, 2032, subject to the appropriation of funds.

(b) Adopt the following 2025-2026 Appropriation Ordinance amendments in the Airport Renewal and Replacement Fund:

- (1) Increase the Zero Emissions Buses Appropriation to the Airport Department by \$333,000; and
- (2) Decrease the Ending Fund Balance by \$333,000.

SUMMARY AND OUTCOME

The San José Mineta International Airport (Airport) intends to replace aging compressed natural gas-powered buses with full electric buses. Full electric buses will continue to provide passenger transportation between airport terminals, rental car facilities, and remote parking lots while leveraging an environmentally sustainable mode of transportation. Based on current utilization, the Airport Department estimates that full

electric buses will save approximately 31,200 gallons (equivalent) of compressed natural gas annually. The Airport Department intends to primarily fund the purchase of these full electric buses through a \$1.8 million Federal Aviation Administration (FAA) Zero Emissions Vehicle (ZEV) Grant.

BACKGROUND

The Airport has run complimentary shuttle bus services in support of inter-terminal connections, consolidated rental car facility connections, and remote parking lot connections for over 30 years. These shuttle bus services are vital in providing timely, safe, and environmentally sustainable transportation within the Airport for departing and arriving passengers. Additionally, these shuttle bus services directly support the Airport's parking and rental car programs, both vital in contributing to the Airport's overall revenue. The current shuttle bus fleet is 12 buses (three leased compressed natural gas buses and nine owned electric buses) that support these vital routes and programs. This fleet is currently short two buses that were previously retired and growing maintenance needs of the remaining buses has led to less reliable shuttle services on these routes. Replacement of the Airport's aging shuttle bus fleet is essential to continue offering reliable transportation services to the traveling public.

Replacement buses have recently been procured. On December 17, 2024,¹ City Council approved a purchase order with Gillig LLC for four new 40 foot low floor plus electric buses with a 290 inch wheelbase, for a not-to-exceed amount of \$4,722,000.

Due to FAA ZEV Grant procurement requirements, another solicitation was required to obtain two additional electric buses, the subject of this memorandum, that are being funded by a separate FAA ZEV Grant for \$1.8 million. Per FAA ZEV Grant requirements, each ZEV Grant must have a unique competitive procurement, specific to the products listed in that grant. This requirement did not allow for "options" from an existing agreement to be leveraged using funds from a separate ZEV Grant.

ANALYSIS

In July 2025, a competitive Request for Bids was facilitated by the Finance Department to procure these products. The Request for Bids provisioned for a one-year initial term and an additional six one-year options for the City to extend the term. One responsive bid was submitted.

¹ 2024 Memo: <https://sanjose.legistar.com/View.ashx?M=F&ID=13618606&GUID=C848A860-C5AB-46AF-A47E-DE2746327598>

Local and Small Business Enterprise Preference: In accordance with San José Municipal Code Section 4.12.320B, bidders who requested and qualified for the local business preference would be given a 2.5% credit of the cost bid and bidders who requested and qualified for the small business preference would be given an additional 2.5% credit of the cost bid. The sole bidder did not qualify for the local or small business enterprise preference.

Protest: The City's Request for Bid process included a 10-day protest period that began when the City issued the Notice of Intended Award on August 11, 2025. No protests were received.

Award: Staff recommends award to Gillig LLC as the sole, responsive, and responsible bidder pursuant to the bidding procedures of the San José Municipal Code, Section 4.12.310B(1).

Approval of this recommendation ensures the City receives these essential products.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

COST SUMMARY/IMPLICATIONS

The total cost is \$2.8 million and will be funded by the ZEV Grant through the Airport Capital Improvement Fund (\$1.8 million) and the Airport Renewal and Replacement Fund (\$1.0 million). The Airport Renewal and Replacement Fund will provide funding for the local grant match of \$755,000 and \$280,000 for the contingency. The purchase of these new buses will bring the total number of buses back to 14 and will not require any increases to the Airport Department's operations and maintenance budget.

BUDGET REFERENCE

The table below identifies the funds and appropriations to fund the actions recommended as part of this memorandum.

Fund #	Appn. #	Appn. Name	Total Appropriation	Rec. Budget Action	Amount for Contract	2025-2027 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
520	400G	Zero Emissions Buses	\$2,015,000		\$1,814,301	806	6/17/2025 31230
527	400G	Zero Emissions Buses	\$702,000	\$333,000	\$755,000	806	10/21/2025 31252
527	8999	Ending Fund Balance	\$7,091,922	(\$333,000)	N/A	773	10/21/2025 31252

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Airport Department and Public Works Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 16, 2025, City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no changes to the physical environment.

HONORABLE MAYOR AND CITY COUNCIL

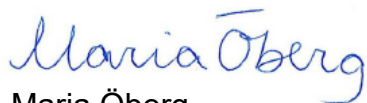
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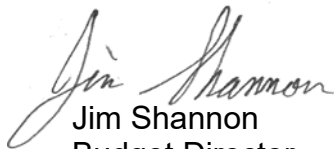
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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Maria Öberg
Director of Finance



Jim Shannon
Budget Director

For questions, please contact Albie Udom, Deputy Director of Purchasing and Risk Management, Finance Department, at Albie.Udom@sanjoseca.gov or (408) 535-7059.