

To: York Region Rapid Transit Corporation Board of Directors
From: Mary-Frances Turner, President
Subject: Vehicles Contract Award

Recommendation

It is recommended that:

1. The Vehicle Contract Award report for VivaNext vehicles be received for information.

Purpose

The purpose of this report is to:

- Inform the YRRTC Board of the York Region and YRRTC joint recommendation to award fifteen 18.2 metre rapid transit vehicles to Nova Bus in the amount of \$14,060,010, plus GST, with the option of purchasing additional buses in future years.

Background

The Transportation Services report outlining the Request for Proposal process and outcome was on the October 7, 2009 Agenda for that Committee

- The report contains the following three recommendations:
 - 1) Request for Proposal P-08-102 for the supply of fifteen low-floor, 18.2 metre (60 foot) articulated rapid transit vehicles be awarded to Nova Bus, a division of Volvo Group Canada Inc., in the amount of \$14,060,010, plus GST, conditional on a letter from the Minister of Transport Canada confirming funding under the FLOW announcement on an equal basis between York Region and the Federal Government.

- 2) The Chief Administrative Officer be authorized to exercise the option in the contract to purchase additional buses in future years on behalf of the Region, based on prices identified in the contract and body of this report, subject to funding availability to be confirmed by York Region Rapid Transit Corporation, to accommodate future service needs.
- 3) The Regional Chair and Regional Clerk be authorized to sign the necessary contracts, subject to terms and conditions acceptable to the Commissioner of Transportation Services and the President of York Region Rapid Transit Corporation and the approval of Legal Services as to form and content.

Nova Bus was the successful bidder

- New Flyer Industries and Nova Bus submitted bids in response to an RFP.
- Evaluation process included a review of the bid submissions, request for additional information, testing of a demonstrator vehicle and site visit to view the vehicle in operation and/or production.
- The Fairness Commissioner has reported that the Viva Bus procurement process was fair and open
- Nova Bus was the only of the two vendors that met Canadian Content requirements under the Province of Ontario Canadian Content policy. As a result, Nova Bus was the only proponent that advanced to the final stage of evaluation.
- Nova Bus also had the highest technical score and the lowest price submission.
- RFP contains options to order additional buses to the year 2014.
- The 2009 Business Plan and Budget contains funding for these vehicles, which are scheduled for delivery in 2010.
- The report from the Commissioner of Transportation Services to the York Region Transportation Services Committee on October 7, 2009 is attached (see Attachment 1).

Finance

Rapid Transit Vehicles are funded through the \$255 million FLOW/Provincial announcement

- Confirmation of funding from the Federal Government is expected before the end of October 2009.
- The Federal government has committed to funding 50% of \$44.2 million to the year 2014. The remaining 50% funding is to be provided by York Region through the issuance of debentures.
- The Region's commitment to fund its 1/3 share of the FLOW/Provincial/Regional \$255 million program has been approved in prior year capital budgets.

For more information on this report, please contact, Susan Tuckey, Chief Finance and Strategy Officer/Treasurer, York Region Rapid Transit Corporation at 905-886-6767, Ext. 1015.

Mary-Frances Turner
President

Date signed

Attachment (1)

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THE REGIONAL MUNICIPALITY OF YORK

Transportation Services Committee
October 7, 2009
Report of the
Commissioner of Transportation Services

CONTRACT AWARD VIVA BUS RFP P-08-102

1. RECOMMENDATIONS

It is recommended that:

1. Request for Proposal P-08-102 for the supply of fifteen low-floor, 18.2 metre (60 foot) articulated rapid transit vehicles be awarded to Nova Bus, a division of Volvo Group Canada Inc., in the amount of \$14,060,010, plus GST, conditional on a letter from the Minister of Transport Canada confirming funding under the FLOW announcement on an equal basis between York Region and the Federal Government.
2. The Chief Administrative Officer be authorized to exercise the option in the contract to purchase additional buses in future years on behalf of the Region based on prices identified in the contract and body of this report, subject to funding availability to accommodate future service needs.
3. The Regional Chair and Regional Clerk be authorized to sign the necessary contracts, subject to terms and conditions acceptable to the Commissioner of Transportation Services and the President of York Region Rapid Transit Corporation and the approval of Legal Services as to form and content.

2. PURPOSE

This report seeks authorization to award a contract for the supply of 18.2-metre (60 foot) articulated low-floor conventional transit buses needed to expand future Viva services.

3. BACKGROUND

Council provided authorization to issue a Request for Proposal to purchase additional rapid transit vehicles for VivaNext

Council, at its January 2008 meeting, authorized staff to issue a Request for Proposal (RFP) for the purchase of up to 51 Viva rapid transit vehicles including an option to purchase further vehicles through to 2013. These vehicles are needed to accommodate

forecasted travel demands during this period. Since that time, there have been several information reports which provided updates and planned amendments to the RFP. The amendments included extending the option to purchase further vehicles to the year 2014, and inclusion of Canadian content provisions in the procurement process.

There are currently 101 Viva vehicles in the fleet consisting of 41 18-metre long articulated vehicles and 60 12-metre long vehicles. These vehicles were purchased in 2004 from Van Hool who manufactures the buses in Belgium. A suitable bus rapid transit vehicle was not available from Canadian bus manufacturers at that time.

4. ANALYSIS AND OPTIONS

Viva rapid transit vehicles need to remain 'state-of-the-art'

Overall, the bus manufacturing industry has progressed considerably and a wider range of bus rapid transit vehicle suppliers is now available. The primary attributes of the initial Viva vehicles remain applicable today.

The key Viva vehicle design objectives which have been incorporated into the RFP are:

- Advanced aesthetics and styling for the exterior and interior of the bus.
- Advanced customer amenities including modern, comfortable seating.
- Smooth, excellent ride qualities.
- Low interior and exterior noise levels.
- Advanced propulsion technology to minimize emissions and noise.
- Advanced body design to minimize passenger/driver compartment noise.
- Intelligent transportation system features for vehicle diagnostics, customer information and communications.
- Superior maintainability.

Additional vehicles are required to accommodate ridership growth

Based on current ridership projections and the build-out of vivaNext, 51 additional bus rapid transit vehicles are required over the next 5 years as illustrated in Table 1. As the system is implemented, the final number of vehicles to be ordered per year will be adjusted to reflect ridership growth, congestion on the system and the actual implementation of the vivaNext infrastructure.

Table 1
Rapid Transit Vehicle Delivery and Quantity

Delivery Year	Quantity
2010	15
2011	6
2012	3
2013	17
2014	10

Canadian content policy for transit vehicle procurement was followed in the RFP

In March 2008, the Province of Ontario announced that most conventional transit buses purchased with provincial funding must have 25% Canadian content. This was done to promote economic development and protect skilled manufacturing jobs. As reported to Council earlier, the RFP contained Canadian content provisions as defined by the Province.

The RFP evaluation process included input from senior management from York Region

RFP P-08-102 for the supply of up to 51 rapid transit vehicles over a five year term was released in the spring 2009 and advertised on the Biddingo website. Seven interested companies picked up the bid document and the RFP closed on May 21, 2009. Two bids were received and evaluation commenced.

An evaluation team was assembled from technical staff from York Region Transit (YRT) and the York Region Rapid Transit Corporation office with monitoring provided by Supplies and Services and an independent fairness commissioner from Meyers Norris Penny (MNP). A management review panel, which included the Commissioner of Transportation Services, the General Manager, York Region Transit, and the President, York Region Rapid Transit Corporation, also participated in the evaluation process. The role of the panel was to review the evaluation team's score, provide comment and request further investigation if necessary.

The evaluation process included a review of the bid submissions, request for additional information, testing of demonstrator vehicles and a site visit to view the vehicle in operation and/or production. Table 2 indicates the technical, Canadian content and financial scores for both bid submissions.

Table 2
Evaluation of Submissions by Bidder

Company	Technical Score	Canadian Content	Financial Score
Nova Bus	72.0%	47.6%	100%
New Flyer Industries	63.7%	21.5%	N/A

Following review of the technical scores, the financial envelopes were opened for both proponents as each met the technical score threshold of 60 percent of the technical points assigned. Total bid price for Nova Bus to provide 15 buses in 2010 and an additional six vehicles in 2011 totalled approximately \$18,971,660, plus GST. The total bid price from New Flyer totalled \$20,730,883, plus GST. In keeping with the evaluation process, the financial scores were not calculated until opening and assessing the Canadian Content Declaration and Consent Forms.

The Canadian Content Declaration and Consent Forms submitted by the two proponents were opened. In keeping with the Canadian content policy, the financial scores were calculated only on the bid submissions that met or exceeded 25 percent Canadian content. As the New Flyer submission did not meet the minimum 25 percent Canadian content as verified by the Region's Bid Review Committee, their financial score was not calculated and therefore was not evaluated further. An exception to the Canadian content requirement could have been applied for and a grant might have been given if none of the bids had met the Canadian content policy.

After evaluating the bid submissions, Nova Bus is the contractor with the highest technical score and only financial score and is therefore being recommended

The bid submission with the highest technical and only financial score, for the reasons noted above, was from Nova Bus. The base price per bus from Nova Bus was \$902,234, plus GST, for vehicles delivered in 2010. There is an increase of approximately 1.7 percent for vehicles delivered in 2011 at a unit cost of \$917,551, plus GST. Should the Region decide to purchase additional buses between the years 2012 and 2014, the price will be negotiated based on the previous years unit price, inflationary factors and currency exchange rate at the time the order is placed. The RFP was designed to allow the bidders to explore innovative design and equipment concepts. As such, there are optional items that will be ordered with the bus to meet or exceed current high Viva fleet standards, including enhanced warranty provisions, upgraded passenger seats, provisions for door boarding plates and specialty tools. The value of these options is approximately \$35,100 per unit, plus GST.

The bid submission by Nova bus continues to exhibit superior exterior and interior styling.

A report will be submitted by the President of the York Region Rapid Transit Corporation to the Board which concurs with the recommendation to purchase the bus rapid transit vehicles from Nova Bus. A copy of the Board report is included as *Attachment 1*.

The Fairness Commissioner has reported that the Viva Bus procurement process was fair and open

A fairness commissioner from Myers Norris Penny was retained by the Region through the Internal Audit Services Branch. The fairness commissioner is an independent and impartial third party whose role was to observe and monitor the bus procurement process by York Region to ensure that a vendor was selected using a process that was fair, open, transparent and accessible to all bidders. They also ensured that York Region followed the appropriate procurement policies and by-law. The fairness commissioner has provided a report which indicates that the Viva bus procurement process was fair and open.

The RFP contains options to order additional buses to the year 2014

In order to have consistency in the type of vehicles operating the Viva service and to minimize operating costs, there are provisions in the contract to purchase additional vehicles beyond the 2009 order. In order to expedite future vehicle delivery, it is recommended that the Chief Administrative Officer be authorized to award future orders in keeping with the contract terms, and as vehicle demand and budget permits.

5. FINANCIAL IMPLICATIONS

The 2009 Business Plan and Budget contains funding for the purchase of 15 18.2-metre articulated rapid transit buses for delivery in 2010

The unspent amount of \$14.3 million in the 2009 York Region Rapid Transit Capital Budget for vivaNext vehicles is adequate to cover the cost of 15 vehicles. The unit cost for each bus, including options, is \$937,334, Canadian plus GST. The total cost for all 15 vehicles is \$14,060,010, Canadian plus GST. Buses to be procured through this award to Nova Bus are to be funded equally by the Federal Government and York Region, to a maximum of \$44.2 million under the FLOW \$255 million announcement, to 2014, conditional on the earlier of a letter from the Minister of Transport Canada confirming the funding for this specific program or entering into a contribution agreement. The Region's 50% contribution is to be funded from debentures. A total of \$85 million in Region debt has been carried in the capital budget for the Region's one-third share of the \$255 million FLOW/Provincial 2007 announcement .

Sufficient funds are available in the York Region Rapid Transit Corporation Capital Budget to proceed with this initial order.

6. LOCAL MUNICIPAL IMPACT

The order of additional buses will allow for service enhancements on Viva routes to accommodate continued growth.

7. CONCLUSION

A Request for Proposal was issued to accommodate future requirements for up to 51 advanced bus rapid transit vehicles for Viva services over the next five years. Following a thorough evaluation process and oversight by a fairness commissioner, it is recommended that the RFP be award to Nova Bus for an initial order of 15 vehicles at a total cost of approximately \$14.1 million.

For more information on this report, please contact Rick Takagi, Manager, Capital Assets at Ext. 5624.

The Senior Management Group has reviewed this report.

Recommended by:

Approved for Submission:

Kathleen Llewellyn-Thomas, P. Eng.
Commissioner of Transportation Services

Bruce Macgregor
Chief Administrative Officer

September 17, 2009
Attachment - 1

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