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YORK REGION TRANSIT CONTRACT AWARD - JOINT BUS PROCUREMENT

The Transit Committee recommends that Council adopt the recommendations contained in the following report dated December 17, 2008, from the Commissioner of Transportation Services.

1. RECOMMENDATIONS

It is recommended that:

1. The supply of 68 low-floor, 12.2 metre long (40 foot) conventional transit buses be awarded to New Flyer Industries Canada in the amount of \$31,829,000, plus GST, in accordance with Request for Proposal No. OSS - 076914, a joint procurement initiative of 16 Ontario transit systems, Metrolinx and the Ontario Ministry of Transportation.
2. Eighteen 12.2 metre buses be ordered immediately to meet confirmed service needs and that additional buses be ordered as necessary upon approval of funding to implement the 2009 transit service plan as identified in the draft 2009 Business Plan and Budget.
3. The General Manager, Transit, be authorized to exercise the option in the Municipal Bus Purchase Agreement to purchase additional buses in 2009 for delivery in 2010 on behalf of the Region, subject to funding availability, to accommodate future service needs.
4. Regional Council authorize entering into a contract with INIT Inc., for the supply, installation, integration and testing of Computer Aided Dispatch and Automatic Vehicle Location systems for the new buses in the amount of \$2,478,600 (\$1,983,000 US), plus applicable taxes, pursuant to the sole source provisions of the Purchasing By-law.
5. The Regional Chair and Regional Clerk be authorized to execute the contract between the Region and New Flyer Industries, including the Municipal Bus Purchase Agreement and any renewal thereof, and between the Region and INIT Inc., subject to the approval of Legal Services as to form and content.

2. PURPOSE

This report seeks authorization to award a contract for the supply of low-floor conventional transit buses needed to replace older units and expand services for York

Region Transit (YRT). In addition, authorization is being sought to enter into a contract with INIT Inc., vendor of the Computer Aided Dispatch (CAD) and Automatic Vehicle Location (AVL) system, for the installation of CAD/AVL systems on the proposed 68 bus order.

3. BACKGROUND

Council authorized staff to participate in a joint bus procurement exercise with MTO, Metrolinx and other Ontario transit agencies

Regional Council, at its June 2008 meeting, authorized staff to participate in a joint procurement Request for Proposal (RFP) for 12.2 metre (40 foot) low-floor transit buses. Participants include the Ministry of Transportation of Ontario (MTO), Metrolinx and 16 other transit agencies in the province. Also, staff was to report back to Regional Council on the award of the contract.

The CAD/AVL system supplied to the Region by INIT has been in operation in York Region on Viva buses since the initial system launch in September 2005, following a competitive bid process. The INIT in-vehicle system and other components are installed on 90 Viva buses and installation is ongoing on the entire YRT bus fleet. INIT's integrated central system consolidates the various functionalities and other software solutions for analyzing, planning, implementing and improving internal operating processes with the mobile system in each vehicle.

4. ANALYSIS AND OPTIONS

The purchase of buses is necessary to retire older units and meet new service initiatives

There are 307 YRT conventional transit buses and 101 Viva bus rapid transit vehicles currently in the Region's transit fleet. YRT buses are normally ordered every year for delivery in the following year and consist of both replacement and expansion buses. The replacement buses replace older ones which are at least 18 years old and have reached or exceeded their design life. The expansion buses are needed for new services, which are reviewed and approved by Regional Council as part of the annual service plan and budgeting processes.

The new joint procurement process will follow the success of the initial program

In 2006 and 2007, York Region Transit and other Ontario transit agencies participated in an Ontario Ministry of Transportation initiative to jointly develop specifications and competitively procure 12.2 metre low-floor conventional transit buses.

The key objectives of doing this type of joint bus procurement include:

- Reduced unit costs.
- Cost avoidance in procurement process and bus assembly inspection.
- Improved scheduling and buying power.

Given the success of the initial program, Regional Council authorized staff to participate in a new joint procurement program with MTO, Metrolinx and 16 other transit agencies. Metrolinx has assumed the responsibility of the joint procurement program from MTO.

YRT staff participated in the Technical Committee which developed the specifications, the evaluation team which evaluated the bids, and the Steering Committee which oversaw the procurement process.

A competitive procurement process was used and monitored by a Fairness Commissioner

The RFP document to jointly procure the buses was released to potential bidders in September 2008 and subsequently closed in November 2008. An evaluation team was created to review and evaluate the proposals and was comprised of a Metrolinx staff member and a representative from several of the transit agencies. A Fairness Commissioner was used to ensure the award decision was made fairly by monitoring the process, reviewing documentation and ensuring consistency and fairness in the weighting and application of the evaluation criteria.

The bid evaluation supports an award to New Flyer Industries which received the highest score and lowest base price

Two bid submissions were received at bid closing. Both submissions were fully evaluated on the merits of meeting mandatory compliance, scoring of rated items and price evaluation. The results of the bid evaluation are noted below in Table 1. Note that each transit system will add on optional items which will increase the actual unit purchase price.

Table 1
Bid Evaluation

Bidder	Score	Base Price per Bus plus GST
New Flyer Industries Canada	3,325	\$431,989
Daimler Buses North America	3,180	\$481,357

Following the bid evaluation and approval from the Steering Committee, Metrolinx executed a Master Agreement with New Flyer Industries for the purchase of 12.2 metre, low-floor conventional transit buses. Each participating transit system will be required to

enter into a Municipal Bus Purchase Agreement directly with New Flyer. This Agreement will provide details of each transit system's delivery times, options and other terms and conditions consistent with the Master Agreement. The transit systems will be entitled to engage in the joint procurement to the extent permitted by the amount of funding approved in their respective budgets.

It will be necessary to add on options to the base bus design

The joint procurement was designed to allow each transit agency to order equipment specific to their individual needs. As such, there are optional items that will be ordered with the bus to meet current YRT bus standards. These items include air conditioning, passenger seating, block heaters, grab rails and S1 safety guards, training program and specialty tools. The value of these options is approximately \$36,000 per unit, plus GST.

The 2009 Capital Budget contains funding for the purchase of 80 conventional transit buses in 2009

Of the 80 buses included in the 2009 Capital Budget, 68 are 12.2 metre low-floor transit buses. The 12 remaining buses are smaller 9.1 metre long units and are being procured through a separate tendering process. Council authorization has already been granted to order seven of the smaller 9.1 metre long units through an earlier contract. The number of buses needed for service expansion in 2009 assumes approval of the service expansion plan as currently identified in the draft 2009 Business Plan and Budget. Replacement buses are needed to replace vehicles that have met or exceeded their design life of 18 years. Table 2 provides a breakdown of the number of 12.2 metre long buses needed for expansion and replacement needs in 2009. New Flyer has reserved production slots for these vehicles and delivery is scheduled prior to the end of 2009.

Table 2
YRT Conventional Bus Purchase Needs

Year and Bus Size Required	Expansion Buses	Replacement Buses	Total
2009 – 12.2 metre	54	14	68

It is proposed that 18 low-floor buses be purchased initially to replace 14 buses that have reached or exceeded the design life and that four additional expansion buses be purchased to deal with schedule compliance concerns caused by traffic congestion. Proceeding with this order will ensure that buses are available for service in late 2009. If service improvements are approved by Council for 2009, additional expansion buses would be ordered accordingly. As an interim measure, the replacement buses would be used to temporarily supplement the fleet until the expansion buses arrive at a later date.

The contract contains an option for the Region to order additional buses in 2009 for delivery in 2010. Council authorization is being requested to allow the General Manager,

Transit, to order these additional optional buses subject to service needs and funding availability.

It is beneficial to consider the purchase of diesel-electric hybrid buses in 2009

The joint bus procurement initiative includes an option for diesel-electric hybrid buses. Diesel-electric hybrid technology for buses is relatively new and was first introduced in large scale in Canada in 2005. Although the 2008 Capital Budget and Business Plan identifies funding to purchase five diesel-electric hybrid demonstration buses, there is a need to provide sufficient facilities and training prior to the introduction of this new technology into the fleet. Also, the Toronto Transit Commission experience with hybrid diesel-electric buses indicates that the operating costs are higher than expected and that fuel economy is lower than expected.

The Region is developing a new operations and maintenance facility in the southwest area of York Region. This facility is scheduled for completion in the spring of 2010 and provisions are being made in the design to accommodate hybrid buses. The opening of the facility coincides with the start of a new operations and maintenance contract for this Division. As such, there is benefit to deferring the order of hybrid buses until 2009 when a facility and contractor will be ready to work with this new technology. This time will also allow staff to further investigate the experience of other transit systems on the costs and benefits of hybrid diesel-electric buses.

There is justification to enter into a sole source contract to supply the CAD/AVL system on the proposed YRT bus order

The entire YRT and Viva vehicles will be equipped with a CAD/AVL system supplied by INIT Inc. by early next year. The supply and delivery of the INIT system was included as an option in the bus procurement document. However, the bid price to outfit each bus was approximately \$115,484, plus taxes, which is substantially higher than the unit cost if the system was purchased directly from INIT. As such, there is significant advantage to purchasing the units separately to outfit the proposed vehicle order. The following are some of the key advantages to sole source this order.

- The unit costs under the proposed sole source order is substantially lower than the bid price from the bus manufacturer
- Cost savings such as system design documentation, testing, spare parts, project management and future upgrades have already been achieved.
- Staff training on operations and maintenance currently exists.
- The CAD/AVL system is currently interfaced with another scheduling software and the variable message signs at each Viva station.

5. FINANCIAL IMPLICATIONS

The draft 2009 Business Plan and Capital Budget contains funding for 68 12.2 metre buses in the amount of \$35.4 million. It is proposed that the buses be procured under the joint procurement program at a total cost of approximately \$31.8 million, plus GST. The unit cost for each bus, including options, is approximately \$468,000.

It is estimated the joint procurement has saved York Region approximately \$15,000 per bus. The total savings for the 2009 joint procurement 68 bus order equates to \$1,020,000.

Provincial subsidy has historically been provided to support the cost for bus replacement but has not yet been confirmed for 2009

The Province has updated their subsidy program known as the Ontario Bus Replacement Program (OBRP).

Under the updated program, the largest nine transit systems, including York Region Transit, are eligible to receive subsidy for buses that are eligible for replacement. The subsidy is paid to the Region over a 12-year period, inclusive of interest. The level of funding for the 2009 OBRP is not known at this time. The subsidy level in 2008 was 33.3% and approximately 24% in 2007. The Ministry has advised that the level of subsidy for 2009 will be impacted by the current economic climate as well as the demand for replacement buses by Ontario transit systems. A decision on the 2009 OBRP is unlikely until the Provincial budget is released in the spring of 2009.

Municipalities receiving OBRP funding are expected to have an asset management plan which supports their bus replacement program, as well as records which support that the vehicles are maintained in a good state of repair.

With this subsidy, the Region would be eligible to receive up to approximately \$2.2 million in funding from the Province, assuming that a subsidy level of 33.3% is available for the 14 replacement buses. Expansion buses are eligible to be funded through the existing provincial gas tax program.

The cost for the supply, installation, integration and testing of the Computer-Aided Dispatch and Automatic Vehicle Location system for the new buses is based on the existing contract with INIT Inc. for the installation of such systems on the conventional YRT buses, and totals approximately \$1,983,000 (US), plus GST. This is equivalent to \$2,478,600 in Canadian funds, assuming an exchange rate of \$1.25 CAD to \$1 USD.

Sufficient funds are included in the 2009 Business Plan and Capital Budget to proceed with the bus purchase and purchase of the INIT CAD/AVL system.

6. LOCAL MUNICIPAL IMPACT

The local municipal residents who use public transit will benefit from improved transit service through the replacement of older buses with new low-floor buses equipped with air conditioning, improved accessibility features and cleaner operating engines.

7. CONCLUSION

Based on a competitive bus procurement process, it is recommended that New Flyer Industries be awarded the contract to supply up to 68 low-floor (12.2 metre long) transit buses in 2009. Also, it is recommended that the Region reserve the option to purchase additional buses under this contract for 2010 needs.

Further, it is recommended that a sole source contract be awarded to INIT Inc. for the supply of the CAD/AVL system for the buses.

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

The Senior Management Group has reviewed this report.