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# ADDITIONAL VEHICLES FOR VIVA FLEET

**The Rapid Transit Public/Private Partnership Steering Committee recommends the following:**

1. **The presentation by Mary-Frances Turner, Vice President, York Region Rapid Transit Corporation and Terry Gohde, Senior Project Director, YC2002, be received; and**

2. **The recommendations contained in the following report February 2, 2006, from the Vice President, York Region Rapid Transit Corporation, be adopted:**

## 1. RECOMMENDATIONS

It is recommended that:

1. Council authorize staff to purchase five (5) additional 60 ft. articulated rapid transit vehicles under agreement reference 20040126 at a total cost of $3,882,793 plus applicable taxes, from Van Hool N.V. of Belgium.

2. Council authorize staff to either negotiate a sole source contract or to acquire the equipment through a change order to the Design-Build contract for the supply of intelligent transportation system equipment for the five (5) additional 60 ft. vehicles from INIT at a cost of $250,000 plus applicable taxes.

3. The funding for the acquisition of these vehicles is as follows:

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|---|---|
| Vehicle acquisition | $3,882,793 plus applicable taxes |
| INIT equipment | $250,000 plus applicable taxes |
| Sub-total | $4,132,793 plus applicable taxes |
| | |
| Ontario Transit Vehicles Program Subsidy | $1,450,000 |
| 2006 Federal Gas Tax Revenues | $2,682,793 |
| Total | $4,132,793 |

## 2. PURPOSE

This report outlines the need and justification to acquire five (5) additional 18-metre rapid transit vehicles (RTV's) for the Viva fleet.

## 3. BACKGROUND

On December 17, 2003 the Rapid Transit Board endorsed the award for the supply of 85 vehicles to Van Hool N.V. of Belgium in an amount not to exceed $57.6 million, subject to execution of Federal and Provincial funding agreements and negotiation of an appropriate bus procurement contract with Van Hool.

On March 24, 2004 York Region entered into an agreement with Van Hool for the supply of fifty-five (55) 40 ft. and twenty-two (22) 60 ft. vehicles at a total cost of $43,002,608. That agreement contained provision for the supply of additional vehicles at the same per unit price as the original order, provided that an order was placed prior to December 31, 2004, and also contained a further provision to supply additional vehicles after December 31, 2004 at the original vehicle price plus a cost adjustment for inflation.

On December 16, 2004 Council affirmed its earlier authorization of the purchase agreement between York Region and Van Hool N.V. of Belgium for the purchase of 85 vehicles. Council further authorized staff to exercise the option in the purchase agreement for three (3) additional 60 ft. and five (5) additional 40 ft. vehicles at a further total cost of $5,360,000, including INIT equipment at the initial purchase price. The portion of this cost associated with the Van Hool agreement was $4,638,347.

The initial Viva vehicle order of 85 vehicles was estimated to be sufficient to provide service, recovery times and spare ratios for the planned Viva service design up to August 2006 as follows:

- Twenty-five (25) 60 ft. articulated RTV's for service on the Yonge (blue) route, including 5 spares; and
- Sixty (60) 40 ft. standard RTV's for the other four routes, including 8 spares.

In September 2005, York Region's Viva rapid transit service routes commenced on two lines. Additional routes have opened and the entire fleet of 85 RTV's is now in service.

## 4. ANALYSIS AND OPTIONS

**Ridership**
Since Viva service commenced in September 2005, ridership has grown steadily and the service enjoys excellent public response for systems of its type.

By the start of Viva's second contract year (September 2006), ridership and congestion growth in the Yonge corridor will require thirty (30) 60 ft. vehicles to cover the service and provide an appropriate spare ratio of 18%.

Further augmentation of the Viva fleet will almost certainly be required in calendar 2007, although in light of operating experience to date, it is premature to estimate how many vehicles, or when they will be required. Staff will continue to analyze future vehicle requirements and will report back to Committee and Council at a later date in this regard.

**Service Levels**

As the first three stages of the Viva service implementation proceeded (September 4 to November 20, 2005), it became apparent that traffic congestion in several areas would challenge some aspects of the service to perform as originally planned.

The Yonge Street service, originally planned to be operated with twenty-one (21) 60 ft. vehicles, plus four (4) spare vehicles for a total of twenty-five (25) 60 ft. vehicles, actually requires twenty-three operating, plus four spare vehicles for a total of 27. As a result the service is presently operating with two (2) 40 ft. vehicles as spares. These 40 ft. vehicles are not available to the other Viva service routes and as a result, service on those routes has been impacted.

The additional five (5) 60 ft. vehicles requested will provide adequate fleet size to operate the Yonge Street service and provide for 40 ft. vehicles to be used on all other routes at service levels needed to meet the September 2006 YRT system board period.

**Procurement of Additional Vehicles**

It is proposed that five (5) additional 60 ft. articulated vehicles and associated INIT intelligent transportation system (ITS) equipment be acquired for Viva. The March 24, 2004 agreement with Van Hool includes a provision to supply additional vehicles at the per unit price in the agreement, plus a cost adjustment for inflation.

Clause 13.1 (c) of the York Region purchasing by-law stipulates that “Where goods, services or construction have been purchased under this by-law, no similar, additional or related goods, services or construction shall be purchased from the same contractor, whether by way of contract extension, renewal, or separate purchase, unless the total cost of the additional goods, services or construction does not exceed twenty percent (20%) of the total cost of the original contract”. The total cost of the original Van Hool contract plus the authorized additional amount in December 2004 is $47,640,955. The cost of the proposed five (5) additional vehicles is $3,882,792.45, which is well within the 20% envelope set out in the purchasing by-law.

Van Hool and INIT have successfully combined their technologies and we are very satisfied with the performance of the vehicles systems. INIT is the exclusive supplier of the ITS equipment used by Viva. Integration of non-INIT equipment with the existing INIT equipment would be problematic and is a major consideration in the choice of the supplier of ITS equipment for the additional vehicles. Clause 10.1 of the York Region purchasing by-law states that, “A sole source purchase may be made for the procurement of goods, services or construction without issuing a call for bids where the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration." The estimated cost for the supply of INIT equipment is $50,000 per unit for a total cost of $250,000.

The original INIT equipment was procured through the Design-Build contract with Kiewit EllisDon (KED). There are two possible means of procuring the ITS equipment required for the five (5) additional vehicles: as a change order with KED; or as a separate contract between York Region and INIT. These two options are being investigated by staff and the option most financially favourable to the Region will be selected.

In addition to the supply of vehicles and ITS equipment, it will be necessary to conduct quality assurance testing on the new vehicles. Although the cost of testing and commissioning the INIT equipment is included in the $50,000 per unit cost of the quality assurance testing service is $15,000 in total.
The additional vehicles, if ordered prior to March 1, 2006, would be contracted for delivery prior to December 31, 2006 and would most likely arrive by mid to late summer 2006.

## 5. FINANCIAL IMPLICATIONS

The 2006 budget proposed the acquisition of these vehicles conditional on funding cost sharing of one-third Federal government, one-third Provincial government and one-third Region of York. As these vehicles are required to support existing services, regardless of senior government cost sharing, the proposed funding is proposed to reflect this revision.

Recent information from Van Hool places the total cost per vehicle, if ordered prior to March 1, 2006, at $776,558.49 plus taxes. This price reflects a 4.72% increase to the unit price paid for the original twenty-five (25) 60 ft. vehicles. The price adjustment is in keeping with the price adjustment formula in the vehicle purchase agreement and reflects material and service cost increases incurred by Van Hool since the original vehicle bid submission was placed in March 2004.

In addition, each vehicle must be outfitted with INIT electronic equipment valued at a cost of $50,000 plus taxes. Hence, the totally outfitted cost for the five (5) additional 18-metre articulated vehicles is in the order of $4,132,793, plus applicable taxes.

This vehicle acquisition, at a cost of $4,132,793 plus applicable taxes has been included in the forecast for Ontario Transit Vehicles Program (OTVP) subsidy. Therefore, with an estimated subsidy of $1,450,000 from OTVP, the Region's net cost for this acquisition will be $2,682,793 plus applicable taxes. Proposed funding for this acquisition is from the allocation to Rapid Transit of the Federal Gas Tax revenues as approved in the 2006 budget.

## 6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

## 7. CONCLUSION

This report recommends acquiring five (5) additional 60 ft. rapid transit vehicles from Van Hool N.V. of Belgium at cost of $776,558.49 per unit, and associated INIT equipment at a per unit cost of $50,000. Application for OTVP subsidy will be made for these vehicles, which will reduce the Region's cost to $2,682,793 plus applicable taxes. These vehicles will enable Viva to meet current and short-term ridership growth and maintain operating schedules. The total cost can be funded from the 2006 rapid transit capital budget allocation of Federal Gas Tax revenues. Quality assurance testing is estimated to cost an additional $15,000.

The senior management group has reviewed this report.