

7

**CONTRACT AWARD
9.1 METRE BUS RFP**

The Transportation Services Committee recommends the adoption of the recommendations contained in the following report dated October 21, 2009, from the Commissioner of Transportation Services.

1. RECOMMENDATIONS

It is recommended that:

1. The supply of five low-floor, 9.1 metre (30 foot) conventional transit buses be awarded to City View Truck and Bus at a price not to exceed \$2,520,500 plus GST, in accordance with Request for Proposal No. OSS - 076940, a joint procurement initiative with 12 Ontario transit systems, Metrolinx and the Ontario Ministry of Transportation.
2. The Municipal Bus Purchase Agreement be executed between the Region and City View Truck and Bus as a prerequisite of the joint bus procurement initiative.
3. Pre-budget approval in the amount of \$2,520,500 plus GST, be authorized to proceed with the supply of 9.1 metre (30 foot) low-floor transit buses as contained in the draft 2010 Business Plan and Budget.
4. The Chief Administrative Officer be authorized to exercise the option in the Municipal Bus Purchase Agreement to purchase additional buses in 2010 on behalf of the Region, subject to funding availability, to accommodate future service needs.
5. The Regional Chair and Regional Clerk be authorized to sign the necessary contracts, including the Municipal Bus Purchase Agreement and any renewal thereof, subject to terms and conditions acceptable to the Commissioner of Transportation Services 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 9.1 metre (30 foot) low-floor conventional transit buses needed to replace older units for York Region Transit (YRT).

3. BACKGROUND

YRT participated in a joint bus procurement exercise with MTO, Metrolinx and other Ontario transit agencies

Following the success of the initial joint bus procurement program in 2006, YRT participated in a joint procurement Request for Proposal (RFP) for 9.1 metre (30 foot) and 12.2 metre (40 foot) low-floor transit buses. Participants include the Ministry of Transportation of Ontario (MTO), Metrolinx and 12 other transit agencies in the province.

4. ANALYSIS AND OPTIONS

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

There are currently 306 YRT conventional transit buses and 101 Viva bus rapid transit vehicles 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, most of which are at least 18 years old and have reached or exceeded their design life.

The new joint procurement process follows 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.

Metrolinx undertook an internal review to determine the overall cost savings by participating in the joint bus procurement. The review compared the overall administrative and bus costs under the joint procurement with buses of similar specifications purchased through other procurement processes at that time. The review identified an overall savings of approximately 15%.

Given the success of the initial program, Regional Council authorized staff to participate in a new joint procurement program with MTO, Metrolinx and 12 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, on the evaluation team which evaluated the bids, and on 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 retained and monitored the process, reviewed documentation and ensured consistency and fairness in the weighting and application of the evaluation criteria.

The bid process supports an award to City View Truck and Bus

There were two bids downloaded electronically and one bid submission at the time of closing. There are only two known bus manufacturers having plants in the United States which supply 9.1 metre conventional buses in Ontario. The bus manufacturer not submitting a bid requested relief on specifications which, after review, was not granted. There are three Canadian firms that manufacture conventional buses in the Canadian market. Two firms do not manufacture a bus of this size and the third firm does not meet certain regulations governed by the Province.

Following the bid evaluation and approval from the Steering Committee, Metrolinx executed a Master Agreement with City View Truck and Bus for the purchase of 9.1 metre, low-floor conventional transit buses. Each participating transit system will be required to enter into a Municipal Bus Purchase Agreement directly with City View Truck and Bus. 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.

The Ministry of Transportation, Ontario has exempted conventional buses less than 12 metres in length from the Canadian content policy as there is no suitable Canadian supplier. As such, the 9.1 metre buses supplied by City View are exempted.

City View Truck and Bus is one of the suppliers of 9.1 metre buses in the Ontario market. Following a series of competitive bid processes, the Region has awarded past contracts for the supply of buses to City View since 2005.

The base price per bus from City View Truck and Bus totalled approximately \$431,400 plus GST.

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 to be ordered with the bus to meet current YRT bus standards. These items include computer aided dispatch/automatic vehicle location system (CAD/AVL), security cameras, tires, fareboxes, air conditioning, passenger seating, block heaters, grab rails and safety guards. The value of these options is approximately \$68,000 per unit, plus GST. In addition, there is a one-time cost of \$23,500 plus GST for training, manuals and special tools. The total cost per unit will be approximately \$499,400, plus GST. There are exchange rate discounts which are reviewed further in this report.

The draft 2010 Business Plan and Budget contains funding for the purchase of nineteen 9.1 metre conventional transit buses for both expansion and replacement in 2010

The number of buses needed for service expansion in 2011 is identified in the 2010 budget as delivery takes approximately one year. Replacement buses are needed to retire vehicles that are 18 years or older and have exceeded their original design life of 12 years. Table 1 provides a breakdown of the number of 9.1 metre long buses that are identified in the draft 2010 budget.

Table 1
YRT Conventional Bus Purchase Needs

Year and Bus Size Required	Expansion Buses	Replacement Buses	Total
2010 – 9.1 metre	6	13	19

It is proposed that five of the 13 low-floor buses be purchased initially to replace buses that have reached or exceeded the design life. The remaining eight replacement buses are not being pursued at this time as they may need to be replaced with a standard size 12 metre long bus due to capacity needs on certain routes. Proceeding with the order of five buses will ensure that buses are available for service in the fall of 2010. As service needs in 2011 requires further analysis, expansion buses will be ordered upon approval of the 2010 Business Plan and Budget. As an interim measure, the replacement buses can 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 2010. Council authorization is being requested to allow the Chief Administrative Officer to order these additional optional buses subject to service needs and funding availability.

Pre-budget approval is required to take advantage of cost savings of approximately \$43,000 per bus and have timely delivery in 2010

There are provisions in the contract to lower the base price of the bus based the exchange rate between the Canadian and US dollar. This price break is only applicable on orders received on or before December 31, 2009. The Region saves \$3,000 per bus if the Canadian dollar is equal to 79 cents US. The Region saves an additional \$4,000 per bus for each additional Canadian to US dollar exchange point gain. Therefore, the Region would save \$43,000 off the price assuming that one Canadian dollar is equal to 90 cents US. Although the 2010 Capital Budget is scheduled to be approved before year-end, staff are requesting pre-budget approval on this order should the budget not be approved by that time frame.

The number of expansion buses needed in 2010 is subject to change as service improvements are under review as part of the upcoming Business Plan and Budget process. However, staff are proposing the Region purchase five replacement buses now to allow for timely delivery in 2010. Additional buses can be ordered for expansion purposes once service expansion plans have been approved as part of the 2010 Business Plan and Budget.

5. FINANCIAL IMPLICATIONS

Staff are seeking pre-budget approval to order five replacement buses needed to replace buses which are at or exceed the 12-year design life.

The proposed contract with City View Truck and Bus for 9.1 metre (30 feet) indicates a unit cost of approximately \$499,400 plus GST as well as \$23,500 in one-time costs. Pre-budget approval is being requested for five buses with a total value of approximately \$2,413,500 plus GST. There are provisions in the contract for a limited period to reduce the base cost of the vehicle based on the prevailing exchange rate between the Canadian and US dollar. The Region would save \$43,000 per vehicle based on the Canadian dollar at \$0.90 to \$1.00 United States. The exchange rate discount is established within seven days following issuance of the purchase order. As future exchange rates are unknown at this time, no discount has been assumed in the report recommendation.

Provincial subsidy has historically been provided to support the cost for bus replacement but the funding level has not yet been confirmed for 2010

The Province has a subsidy program, which is administered by the Ministry of Transportation Ontario (MTO), to financially assist municipal transit systems, which is known as the Ontario Bus Replacement Program (OBRP). Under this program, the largest nine transit systems, including York Region Transit, are eligible to receive subsidy of up to one third the cost for buses that are eligible for replacement. The subsidy is paid to the municipalities over a 12-year period, inclusive of interest. The level of

funding for 2010 is not known at this time. The subsidy level in 2008 and 2009 was 33.3%.

Municipalities receiving replacement program funding from MTO 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. The Region has provided this information to MTO's satisfaction on an annual basis.

The Region is eligible to receive up to approximately \$0.8 million in subsidy funding from the Province with the order, assuming that a subsidy level of 33.3% is available for the five replacement buses.

6. LOCAL MUNICIPAL IMPACT

The local municipal residents who use public transit will benefit from replacement of older buses with new low-floor buses equipped with air conditioning, improved accessibility features, engines that meet stringent 2007 emission standards and improved service reliability.

7. CONCLUSION

Following a competitive bus procurement process, it is recommended that City View Truck and Bus be awarded the contract to supply five low-floor (9.1 metre long) transit buses in 2010. Also, the Region reserves the option to purchase additional buses under this contract for future needs. Pre-budget approval is being recommended in the amount of approximately \$2.5 million to take advantage of significant cost-saving opportunities that expire on December 31, 2009.

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

The Senior Management Group has reviewed this report.