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YORK REGION TRANSIT BUS PROCUREMENT AUTHORIZATION

The Transit Committee recommends the adoption of the recommendations contained in the following report, August 25, 2006, from the Commissioner of Transportation and Works, subject to adding Recommendation 6 as follows:

- “6. The General Manager of Transit and the Manager of Operations be appointed to the Project Steering Committee as a member and alternate respectively.”**

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize York Region Transit staff participation in a joint procurement Request for Proposal (RFP) for 12.2 metre (40 foot) low-floor transit buses in conjunction with the Ministry of Transportation of Ontario and other participating transit agencies in the province.
2. Participation in the joint procurement RFP be subject to York Region staff approval of the final RFP document and subsequent bid analysis and pricing.
3. Staff report back to Regional Council to award the contract to the selected manufacturer of 12.2 metre (40 foot) low-floor transit buses.
4. Pre-budget approval in the amount of \$4.2 million be authorized to proceed with the supply of nine 9.1 metre (30 foot) low-floor transit buses as specified in Tender T-06-42 and as contained in the draft 2007 Business Plan and Budget.
5. The Regional Chair and Regional Clerk be authorized to sign the necessary contracts, including a governance agreement with the Ministry of Transportation and other participating transit agencies, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to seek authorization from Transit Committee and Regional Council to proceed with two bus procurement programs to ensure the delivery of conventional buses for replacement and expansion purposes in 2007 and 2008.

3. BACKGROUND

There are 267 York Region Transit (YRT) conventional transit buses and 85 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 that have reached or exceeded their design life of 18 years. The expansion buses are needed for new services, which are reviewed and approved by Regional Council as part of the annual service planning and budgeting processes. It is proposed that the 2007 bus requirements come from the two programs described below.

3.1 Joint Bus Procurement – 12.2 Metre (40 Foot) Buses

In the summer of 2005, the Ministry of Transportation (MTO) invited transit agencies to participate in an exercise to jointly develop a common vehicle specification for a 12.2 metre low-floor conventional transit bus. The goal in developing a common specification was to enable consolidation of bus orders for a number of municipalities in the province. A Steering Committee was established to oversee the development of the common transit bus specification and the development of the overall procurement process. Members of the Steering Committee included the General Manager from York Region Transit, along with other General Managers from Mississauga, London, Brampton, Barrie, Timmins and Windsor.

The Steering Committee nominated fleet managers from their respective transit agencies to form a Technical Working Group to work with staff from MTO, the Canadian Urban Transit Association and the Ontario Community Transportation Association. The Technical Working Group was assigned the task of developing the common bus specification and was assisted by an industry technical expert to reconcile the differences between industry specifications and those of the individual transit agencies.

This Ministry also conducted an extensive consultation process with transit stakeholders, including the Association of Municipalities of Ontario, Municipal Finance Officers Association, Ontario Municipal Administrators Association and the bus manufacturers.

3.2 Tender (T-06-42) – 9.1 Metre (30 Foot) Buses

Tender T-06-42 has been issued by staff for the supply of 9.1 metre buses with a closing date in September, 2006. Delivery would commence in the fall of 2007. Staff have issued a separate tender for the 9.1 metre buses because the joint procurement is for 12.2 metre buses only.

4. ANALYSIS AND OPTIONS

The draft 2007 Business Plan and Budget contains funding for the purchase of 58 conventional transit buses in 2007 and 41 buses in 2008. The number of buses needed for service expansion in 2007 assumes approval of all service growth and enhancement

initiatives currently in the draft 2007 Business Plan and Budget. Their numbers will be modified in accordance with ongoing budget deliberations. Replacement buses are needed to replace vehicles that have met or exceeded their design life of 18 years. Table 1 provides a detailed breakdown of the number and size of buses needed for expansion and replacement needs in both 2007 and 2008.

Table 1
YRT Conventional Bus Purchase Needs

Year and Bus Size Required	Expansion Buses	Replacement Buses	Total
2007 – 12.2 metre	19	10	29
2007 – 9.1 metre	24	5	29
2008 – 12.2 metre	18	10	28
2008 – 9.1 metre	8	5	13

4.1 Joint Bus Procurement

4.1.1 Provincial Role

The role of the MTO in the joint procurement of transit vehicles is to coordinate the development of the common bus specification and associated RFP document, along with common standard terms and conditions. The Ministry will also help coordinate the consolidated multi-year bus procurement contracts on behalf of municipalities which in turn will facilitate the transfer of applicable subsidies from MTO.

The Ministry has further indicated an interest in pursuing the joint procurement of other supplies and services, including parts, fuel and training.

4.1.2 Joint Procurement Objectives

The objectives of doing this form of joint bus procurement include:

- Reduced unit costs
- Cost avoidance in procurement process
- Improved delivery time
- Improved scheduling and buying power
- Increased certainty for manufacturers through longer production runs, predictability and performance-based specifications.

In addition, smaller municipalities in the province may not have the technical expertise or purchasing power of the larger agencies and would derive benefits under a joint procurement.

4.1.3 Governance Agreement

A governance agreement authorizes the Ministry of Transportation representative, through the direction of the Steering Committee, to provide contract administration on

behalf of the purchasing transit agencies. The Ministry will not have authority to execute the bus supply contract without 60% approval from the Steering Committee members.

The proposed governance agreement has been reviewed by appropriate Regional staff, including the Transit, Legal Services and Supplies and Services branches.

4.1.4 York Region Participation

The Region may withdraw from the process without cost, provided that notice is received by the Steering Committee seven days prior to the award of the contract.

4.1.5 Provincial Steering Committee Report

The Steering Committee is comprised of one Ministry representative and one representative from each of the purchasers, including York Region. The Ministry and each purchaser will have one vote each on the Steering Committee and a quorum will consist of at least 60% of the total members of the Steering Committee members attending.

4.1.6 Competitive Procurement Process

The Ministry and municipalities support the use of an open and competitive procurement process. An evaluation award (versus low bid) approach will be used in awarding the contract. An evaluation team comprised of primarily municipal representatives will be created to review proposals and award the contract. A Fairness Commissioner will be used to ensure the award decision is made fairly by monitoring the process, reviewing documentation and ensuring consistency and fairness in the weighting and application of the evaluation criteria.

4.1.7 Phasing and Schedules

A phased-in approach to the proposed joint procurement has been adopted whereby the initial joint procurement would include a limited number of municipalities, including YRT. It is anticipated the term would be for a one or two year contract and participation is voluntary. The target date to release the RFP for competitive bids is the fall of 2006. Bid evaluation would occur by the end of 2006 and anticipated deliveries would commence by the end of 2007. The results of this initial procurement will be used to structure further phases of the project and evaluate its overall effectiveness.

This procurement exercise is intended for standard 12.2 metre transit buses only and is not intended for bus rapid transit vehicles, such as those used in the Viva service, or for 9.1 metre or smaller vehicles.

4.2 Tender for 9.1 Metre Buses

The draft 2007 Business Plan and Budget contains a ten year forecast for capital expenditures, including transit fleet requirements. This is further supported by the Five Year Service Plan, which was approved Regional Council in the spring of 2006. Based on this information, a tender for the supply of 9.1 metre buses was issued and is scheduled to close in late September, 2006. Deliveries of replacement buses would be scheduled to

commence in the fall of 2007. The tender also contains options to supply additional expansion buses in 2007, and both expansion and replacement buses in 2008.

4.2.1 Proposed Bus Order and Future Options

Tender T-06-42 is for the supply of nine 9.1 metre buses in 2007, plus 20 optional buses in 2007 and 13 optional buses in 2008. Staff are seeking authorization to order all five replacement buses plus four additional expansion buses that are needed to maintain existing levels of service. The four additional buses are needed to deal with capacity problems and longer running times created by traffic congestion on existing routes. Proceeding with this order will ensure the nine buses are available for service in September of 2007. If additional services are approved by Regional Council, the replacement buses would be used to supplement the fleet until the expansion buses arrive at a later date.

The expansion bus order for 2007 would occur as an option under this tender and the quantity of buses would be dependent on what is approved in the 2007 Business Plan and Budget.

4.3 Relationship to Vision 2026

Vision 2026 includes a goal statement relating to the development of Infrastructure for a Growing Region, which states that:

“In 2026, York Region will have effective, efficient and environmentally sensitive transportation, waste management and water systems.”

To support this goal, the Region has identified specific action areas that have been considered for this report:

- Continuing to improve service and infrastructure for successfully integrated transit services.
- Promoting transit usage as a practical and wise alternative to private vehicle use.

Tendering for new YRT buses, including participation in a joint procurement program, supports Vision 2026 by improving the Region's transit services in an economical and transit supportive environment.

5. FINANCIAL IMPLICATIONS

The draft 2007 Business Plan and Budget includes a ten year capital plan for YRT expansion and replacement buses. These needs were derived from the Five Year Service Plan and the 2007 Annual Service Plan which indicate that 43 new 12.2 metre and 9.1 metre buses are needed for expansion and 15 for replacement in 2007. For 2008, 26 buses are needed for expansion and 15 buses for replacement needs.

The total cost to purchase 57 12.2 metre buses over two years is approximately \$29.6 million. It is estimated that the joint procurement exercise could result in potential savings of approximately 3% on the total purchase price. If this is realized, the savings to the Region would be approximately \$889,000 over two years. As noted earlier in this report, the Region has the right to 'opt out' seven days prior to the award of the joint bus contract.

The cost to purchase 42 9.1 metre buses in 2007 and 2008 is approximately \$19.5 million. Staff are recommending pre-budget approval in the amount of \$4.2 million to purchase five replacement buses plus four additional buses to maintain existing levels of transit service. A new purchase order would be issued for the optional buses with the quantity dependant on the service improvements approved in the 2007 Business Plan and Budget.

The Province has established a new subsidy program that replaces the former Ontario Transit Vehicle Program (OTVP). Under the new program, municipalities are eligible to receive up to one-third subsidy for buses that are needed for replacement purposes. There are a total of 30 12.2 metre and 9.1 metre buses that will need to be retired in 2007 and 2008. With this subsidy, the Region would be eligible to receive up to \$6.5 million in funding from the Province. There has been no new funding program announced for expansion buses, however, they are eligible to be funded through the existing provincial gas tax program.

6. LOCAL MUNICIPAL IMPACT

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

The potential cost savings by purchasing buses through the joint procurement process may permit the Region to purchase additional buses for replacement or expansion purposes.

7. CONCLUSION

YRT staff have participated in preparing specifications and a draft RFP document for the joint procurement of 12.2 metre low-floor transit buses. There are anticipated benefits related to cost savings and delivery timing. Staff are seeking authorization to continue participation in the joint procurement exercise and for a governance agreement to be execute relating thereto. Final award of the contract to the successful bidder would be subject to Regional Council approval. Staff have also tendered for the purchase of 9.1

metre buses and are seeking pre-budget approval in order to have nine buses delivered in time for service in the fall of 2007.

The Senior Management Group has reviewed this report.