SUBJECT: Accessible Transit Fleet Tender C11-57-07 (PW07144) - (City Wide)

RECOMMENDATION:

(a) That staff be authorized to cancel Tender C11-57-07 for the supply and delivery of heavy duty high-floor and/or low floor para-transit vehicles;

(b) That staff be directed to report back on a proposed course of action for the replacement of Accessible Transit fleet prior to the end of the first quarter of 2008.

EXECUTIVE SUMMARY:

This report recommends cancelling the current Tender C11-57-07 for the supply of Accessible Transit replacement fleet.

Early in 2007, staff from Transit, DARTS Administration and Corporate Purchasing worked jointly to prepare and issue a tender document for the replacement of Accessible Transit fleet. This tender was issued in January 2007 and included a request for bids on both High Floor Lift Equipped fleet and Low Floor Ramp Equipped fleet. This was the second consecutive occasion that staff had requested bids for both Low Floor and High Floor Fleet. In the last round of purchasing in 2006, a combination of 9 Low Floor and 9 High Floor fleet was purchased to afford staff the opportunity to pilot a representative number of High Floor fleet. These dual fleet type bid requests were initiated in reaction to the rapid escalation in the cost of Low Floor fleet in recent years to over $200,000 per vehicle, almost double the historical cost and the established Capital budget contribution for this fleet. The rapid cost escalation was believed to have been associated with a monopoly market for this type of vehicle.
This 2007 round of Tendering for specialized transit fleet has also been extraordinarily hindered by major changes in the manufacturing and supply industry. For example; the long term provider of the current fleet went out of business in 2006. A new manufacturer from the United States has entered the market and is building an entirely new and purpose built Low Floor bus. This is significant as the previous manufacturer had been re-constructing an existing high floor chassis into a low floor bus. In addition, this new manufacturer, through authorized Canadian dealers, is quoting a price substantially reduced from the 2006 Low Floor purchase, albeit still approximately 50% higher than the High Floor buses, but within the capacity of our current contribution to fleet reserve. Lastly, since the close of the Tender, newer engine models have become available which are expected to have substantially reduced emissions.

Staff view the higher capital cost of the recently introduced Low Floor bus relative to the High Floor bus worth the investment given the Low Floor Ramp equipped bus is the most acceptable choice of ATS clients, our primary stakeholder, when considering the superior ergonomics of low floor vehicles.

However, at the time of this report there are no Canadian users of the new Low Floor fleet, other than the City of Edmonton which began to receive the first Canadian order in only late July of this year. As the current Tender proposed to replace approximately 30% of the existing fleet, it is important that the right decision be made with respect to those vehicles.

Given the above, it is recommended that the current Tender be cancelled at this time. This will allow the following events to unfold:

1. Sufficient time to elapse to hire a consultant to conduct market research on the performance and industry satisfaction of the new Low Floor buses that are now in the Canadian market.

2. The opportunity to revisit the specifications for the vehicles, for example, the most recent models of engines that are now available are expected to have substantially reduced emissions.

3. The development of a clear strategy for the replacement of the Accessible Transit fleet which would be brought back to Committee prior to the end of the first quarter of 2008.

**BACKGROUND:**

The information/recommendations contained within this report have city wide implications.

Past Practice and Stakeholder Survey Results;

Prior to these Tenders, Hamilton had a practice of purchasing exclusively Low Floor fleet. In general, among the mid and large population municipalities, Toronto, York
Region and Hamilton had a long history of purchasing Low Floor, Ottawa purchased a mix, while most other municipalities purchased High Floor.

At the time of this writing, we were advised that Toronto is experiencing similar circumstances to Hamilton and is continuing to explore alternatives, including a custom built bus to their specifications.

Staff made a commitment to Council in purchasing High Floor to survey the various stakeholders, ATS clients, DARTS drivers, DARTS maintenance staff and the Accessibility Committee for Persons with Disabilities. Two surveys were conducted, one broader in scope than the other with no conclusive outcome in preference for one vehicle over the other. For example, the High Floor has the advantage of a softer ride due to conventional suspension appreciated by some clients of DARTS and rejected by others due to the sway from the high centre of gravity, depending on the nature of their disability. The primary passenger concerns about the High Floor have to do with anxiety of non-ambulatory passengers associated with the use of the external lift to board and alight the bus, and the difficulty for ambulatory passengers of climbing and descending the vehicle steps. Advantages of the Low Floor bus, for example, are easier and quicker boarding and de-boarding due to the absence of the lift, and improved productivity for Drivers associated with quicker loading and unloading times. Drawbacks to the Low Floor bus included much higher capital and ongoing maintenance costs, rougher ride from reduced suspension travel, and increased WSIB claims resulting from back injuries to drivers incurred when pushing wheelchair clients up and down the vehicle ramp.

It should be noted that among ATS clients, our primary stakeholder, the Low Floor bus was the preferred vehicle.

**ANALYSIS/RATIONALE:**

As noted above, the cancellation of the Tender at this time will allow the following events to unfold:

1. Sufficient time to elapse to conduct market research on the performance and industry satisfaction of the new Low Floor buses that are now in the Canadian market.

2. The opportunity to revisit the specifications for the vehicles, for example, the most recent models of engines that are now available are expected to have substantially reduced emissions.

3. The development of a clear strategy for the replacement of the Accessible Transit fleet which would be brought back to Committee prior to the end of the first quarter of 2008.

**ALTERNATIVES FOR CONSIDERATION:**

The alternatives to the recommendations contained in this report are:
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1. Award the Tender to the lowest compliant bid for a High Floor bus for a purchase of only High Floor buses. The bids received for the High Floor buses are the lowest bids received on this Tender.

2. Award the Tender to the lowest compliant bid for a Low Floor bus for a purchase of only Low Floor buses; or;

3. Award the Tender for a combination of High Floor and Low Floor buses.

These suggested alternatives are not recommended by staff at this time until the viability of the recently introduced Low Floor buses has been fully explored.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Staff from Transit, after having consulted with Purchasing, and Legal Services, is recommending the cancellation of the existing Tender.

Cancellation of the current Tender C11-57-07 has no legal implications and is permitted under the wording of the Tender. However, should Committee and/or Council wish to explore any of the options contained in the “Alternatives for Consideration” section of this report, Legal Services should be requested to speak to the matter so that the legal implications are fully understood.

There may be financial implications to the recommended approach. In consultation with the Executive Director of DARTS, he advises it is likely that ATS will incur higher maintenance costs in 2008 arising from keeping vehicles that were scheduled for retirement in service up to a year beyond their scheduled replacement. Should extraordinary costs materialize, Transit staff will report back to Council with a mitigation plan if in that event offsetting savings cannot be identified.

It is also thought that there are longer term maintenance cost implications to the use of accessible Low Floor buses, but these cannot be determined until there is greater industry experience with the present generation of paratransit vehicles.

As well, it is expected that once a decision is made on the replacement strategy for the ATS fleet, the newer engine models with substantially reduced emissions will likely come at an increased cost. While there is no experience in this market to quantify the increase at this time, by comparison the cost increase associated with 2007 engines for Conventional Transit fleet is in the order of $7,000. The associated cost for a truck engine as used in the ATS fleet would be less.

The Executive Director of DARTS does confirm that the current fleet is viable for the next 12 months.

POLICIES AFFECTING PROPOSAL:

The City’s right to cancel a tender is consistent with the provisions of the City’s Purchasing Policies and Procedures.
RELEVANT CONSULTATION:

Staff has reached the recommendations contained in this report in consultation with Corporate Purchasing and Legal Services and all are in agreement with the recommended course of action. There has also been consultation with the Executive Director of DARTS.

CITY STRATEGIC COMMITMENT:

Deferring this purchase to 2008 will result in the acquisition of fleet with engines that comply with the higher EPA emissions standards introduced in 2007 demonstrating Public Works strategic commitment to Green fleet.

By evaluating the “Triple Bottom Line”, (community, environment, and economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
ATS clients receive the benefit of preferred fleet type.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
The replacement fleet will have 2007 engines with higher EPA emissions ratings.

Economic Well-Being is enhanced. ☐ Yes ☑ No

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No
Staff is working co-operatively in a team environment to arrive at a recommendation that serves the best interest of the community.