SUBJECT: Procurement of 2010 Replacement Conventional Transit (HSR) Buses - (PW09058) - (City Wide)

RECOMMENDATION:

That the 2010 Capital expenditure for the purchase of 17 replacement Conventional (HSR) Transit Buses at an estimated cost of $8,838,290 be pre-approved and funded from the following fleet replacement sources: Ontario Bus Replacement Program; Transit Provincial Gas Tax Reserve 112204; and HSR Vehicle Replacement Reserve 110030 as identified in the Financial Section of this report.

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Bryan Shynal
Acting General Manager
Public Works Department

EXECUTIVE SUMMARY:

In 2007, the City of Hamilton was offered the opportunity to participate in a joint procurement of 40 foot Transit buses with the Province of Ontario and other Ontario municipalities. The City Of Hamilton joined this procurement agreement in 2008 under Council's approval for acquisition of the 2008 Transit replacement Fleet.

A subsequent tender for the years 2009/2010 was issued by the Province of Ontario, now in the proprietorship of Metrolinx. Council has previously approved Hamilton's participation in this joint procurement. The 17 replacement buses for 2009 have been purchased under this agreement. These buses will begin arriving in September 2009.

This report recommends Council’s pre-approval of 17 replacement 40-foot conventional transit buses for 2010 through the Provincial Procurement bid award. For 2010, there will be a price increase of $10,000 per bus. This increase can be avoided through
issuing a Purchase Order in 2009, at 2009 pricing, for delivery in 2010 that will result in a cost avoidance of $170,000 to the City.

**BACKGROUND:**

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

The procurement initiative, facilitated by Metrolinx, involves thirteen transit systems; Hamilton, Burlington, York Region, Durham Region, Barrie, London, North Bay, Milton, Cobourg, Elliot Lake, Sarnia, St. Catharines, and Orillia.

**ANALYSIS/RATIONALE:**

An evaluation metric comprised of 22 criteria was developed in 2006 to assist in arriving at the report recommendation. Overall, the 40-foot low floor diesel fleet had the best scores by a substantive margin, the key reasons being:

- lowest risk for the City;
- lowest capital cost;
- no associated supplementary capital costs related to facility expansion or hoist purchase;
- no Operator or Fleet Maintenance staff training required;
- meets commitment to 12-year life cycle timing.

It is necessary for the Vendor (New Flyer Industries) to receive a Purchase Order as soon as possible to ensure delivery of the buses to the City early in 2010.

**ALTERNATIVES FOR CONSIDERATION:**

Council could direct that approval be deferred to consideration of the overall City capital budget in 2010. Although there are sufficient reserves available, this is not recommended as it would forego $170,000 in cost avoidance.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

As per the chart below, there is sufficient reserve to fund the full cost of the purchase.

<table>
<thead>
<tr>
<th>2010 Replacement Costs for Conventional (HSR) Fleet</th>
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<tbody>
<tr>
<td><strong>Replacement Costs for Replacement of 17 Conventional Fleet Buses</strong></td>
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<tr>
<td>Base Price</td>
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<td>Options</td>
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<tr>
<td>Make Ready Costs</td>
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<td>Radio Communications Equipment</td>
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<td>PST</td>
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<td><strong>Total Costs</strong></td>
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<th><strong>Funding for Replacement of 17 Conventional Fleet Buses</strong></th>
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<tr>
<td>OBRP</td>
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<tr>
<td>Provincial Gas Tax</td>
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<tr>
<td>From HSR Vehicle Replacement Reserves</td>
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<tr>
<td><strong>Total Funding</strong></td>
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POLICIES AFFECTING PROPOSAL:

City of Hamilton entering into a procurement agreement with the Province of Ontario.

City Of Hamilton Policy for Cooperative Purchasing, Policy # 12 Section 4.12 permits co-operative purchasing as follows:

1. The City may participate with other government agencies or public authorities in cooperative acquisition ventures for goods and/or services when it is in the best interest of the City to do so. Such cooperative acquisition ventures shall require the prior written approval of the Manager of Purchasing.

2. The purchasing procedures and policies of the government agency or public authority initiating the procurement process will be followed.

3. The City and each government agency or public authority will issue its own purchase order or contract for their respective Goods and/or Services.

The purchase of low emission diesel powered fleet that meets the latest increased emission standards, and are equipped with particulate filters to ensure the lowest tailpipe emissions is in accordance with Innate Now (Public Works Business Plan) commitment to be a leader in the “greening” of the City.

Purchase of replacement fleet within the capacity of the current capital budget contribution for Transit complies with Innate Now (Public Works Business Plan) ensuring that work is undertaken at approved service levels with budgets that match.

RELEVANT CONSULTATION:

Staff has consulted with the participating municipalities for the 2009/2010 procurement and most properties in the Consortium intend to purchase their 09/10 orders in 2009 to take advantage of the cost savings of $10,000 per bus.

Corporate Finance.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, 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
A modern fleet adds to the customer acceptance and support of the Transit program. Increased automobile usage contributes to traffic congestion, high number of vehicular and pedestrian accidents.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
A low-emission Diesel fleet is recommended to the greatest reasonable extent as an effective and measurable contributor to lower emissions.

Economic Well-Being is enhanced. ☑ Yes ☐ No
2009/2010 and future Fleet Maintenance Budget extraordinary cost increases associated with fleet maintenance are mitigated to the greatest extent possible through; the purchase of like vehicles (New Flyer 40’ Low Floor Diesel buses), Diesel buses still represent the most economic technology, and competitive pricing through the Ontario Joint Bus Procurement process.
Does the option you are recommending create value across all three bottom lines?  
☑ Yes  ☐ No

100% of the Fleet will be Low Floor/Accessible. The new Low Emission Diesel engines will meet the most stringent emission requirements. Diesel buses still represent the most economic Transit technology.

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☑ Yes  ☐ No

Staff is engaged. Staff is empowered to be innovative and seek out new ways of doing business.