SUBJECT: ATS Fleet Replacement (PW07144b) - (City Wide)

_recommended by:_

(a) That, in accordance with Purchasing Policy - Single Source, Section 4:11 (e), the General Manager of Public Works and the Manager of Purchasing or their designates be authorized and directed to negotiate for the purchase of up to twenty (20) accessible low floor specialized transit buses from Creative Carriage Inc. (Arboc Mobility Bus) with the understanding that this purchase will be fully funded through the previously approved 2007 and 2008 Capital budgets as follows, $2,059,000 project ID: 5310782100 (2007) and $1,436,000 ID: 5310882100 (2008);

(b) That the item relating to Specialized Transit Fleet Tender be removed from the Public Works Committee Outstanding Business List.

_Gerry Davis, CMA_
 Acting General Manager
 Public Works Department

EXECUTIVE SUMMARY:

This report recommends a single source purchase of up to twenty (20) specialized transit accessible low floor ramp equipped buses as an interim emergency measure.

Staff, in consultation with DARTS and ACPD, is recommending a single source purchase of the “Mobility Bus” sold by Creative Carriage Inc. from three available buses...
for purchase at this time. All are new products and new to the Canadian market in the past year. Staff is recommending a “one-time” sole source purchase of the mobility bus as it is viewed by Staff and DARTS to have the highest potential for safe and reliable lifetime performance while maximizing user acceptance given that there is no life-cycle history for any of the three vehicles to draw upon for an objective evaluation.

Sole sourcing of the “Mobility Bus” is being recommended for purchase by Staff and DARTS due to the unique features of this vehicle in that it is built on a standard GM chassis, is rear wheel drive, and employs a simplistic drive train/chassis. In contrast, the two alternatives available rely on front wheel drive technology which is substantially more complicated in design and subsequently prone to substantively higher vehicle maintenance and repair costs and downtime. The City’s existing low floor fleet is front wheel drive, albeit supplied by a different manufacturer, and has been subject to repair costs well in excess of the comparable rear wheel drive train of the high floor fleet.

Council has an existing policy of purchasing only low floor ramp equipped accessible transit buses. The alternative is a high floor lift equipped bus. Passenger surveys and consultation with Council’s Accessibility Committee for Person’s with Disabilities (ACPD) indicate that low floor buses generally provide a better overall ride and are preferred by passengers and operators when boarding or alighting while high floor buses are roughly half the capital cost of low floor.

Canada’s only supplier of low floor buses for specialized transit went out of business in 2006 and staff, in consultation with DARTS and ACPD, adopted a short-term “wait-and-see” strategy of deferring replacement fleet purchases pending a new low floor vendor entering the market. As such, no replacement buses were purchased beyond 2005.

As a low floor specialized transit bus vendor did not emerge in the short term and the risk of service failure became unacceptable, staff reported to Council with an interim recommendation to purchase 10 high floor lift equipped buses (PW07044(a) dated March 7 2008) contrary to the wishes of specialized transit clients and ACPD, representing the 2006 planned vehicle replacement. The buses were received and went into service in the last quarter of 2008.

We continue to be behind on our 2007 through 2009 replacement fleet purchases and again are recommending to Council an interim course of action, to mitigate our unacceptable exposure to missed service due to a high level of fleet failure. This further delay in the acquisition of ATS replacement fleet has not been without consequence. In consultation with DARTS, Staff and DARTS agreed to a short term strategy of budget overruns attributed to higher maintenance costs to retain fleet in service that is beyond its replacement life cycle. A deficit in the order of $350K is forecast for 2008. “One-time” reserve funding is available to offset this variance which will be reported in the Transit year-end budget variance report.

**BACKGROUND:**

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

A tender for ATS low floor fleet was issued in the fourth quarter of 2008 in order to explore the availability of low floor fleet. This round of tendering was again hindered by gaps in the manufacturing and supply industry. There were three bid submissions, all bids were deemed to be non-compliant and the tender was cancelled. One bidder
offered only 2005 engines and chassis deemed unacceptable to staff due to not offering an engine that would meet 2007 engine emission standards. The second and third bidders were deemed to be non-compliant with our technical standard and/or warranty requirements.

All three vendors are new to the Canadian market. Demonstration vehicles from each vendor have been on sight and were examined by HSR and DARTS fleet/operating staff. The preference from both groups, as an interim measure while a competitive market develops, was the “Mobility Bus” provided by Creative Carriage Inc., as is being recommended by staff in this report.

An alternate vendor, American Bus Products Inc. (Friendly Bus) has an offer for sale of nine (9) vehicles being built on 2008 chassis. This vendor has been awarded a contract for the supply of buses to the TTC which are expected to begin arriving in February/March. Staff is of the opinion that these buses, similar in construction to our existing low floor fleet, could be expected to have higher ongoing maintenance costs due to a more complex drive train, and lower acceptance by City and DARTS staff albeit based on very limited experience.

**ANALYSIS/RATIONALE:**

Staff is recommending proceeding with procuring up to twenty (20) low floor buses in the alternative to: incurring continuing vehicle maintenance variances arising from operating the existing fleet beyond its scheduled life cycle and a rapidly escalating risk of fleet failure and service cancellation; or further purchases of high floor lift equipped fleet.

**ALTERNATIVES FOR CONSIDERATION:**

Do not order buses at this time and continue to operate existing fleet. This option is not recommended by staff, as continuing to operate existing fleet will certainly lead to cost over runs in the fleet operational budget and an unacceptable risk of fleet failure resulting in service cancellation.

Purchase the nine (9) buses offered by American Bus Products Inc. This option is not recommended by staff as its acceptance by City and DARTS staff was not as high as the bus being recommended. Also, its more complex drive line could contribute to higher life cycle costs.

Council could cap the staff recommendation for sole sourcing at the equivalent of one years purchase or ten (buses) which would satisfy the 2007 replacement requirements.

A tender could be issued for high floor lift equipped fleet. A competitive market does exist for this type of fleet. This is not recommended as the key program stakeholders ACPD and DARTS strongly recommend the purchase of low floor ramp equipped fleet. Additionally, the response time on a Tender places the City outside of an acceptable risk of fleet failure and resulting service loss.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial - There is an approved Capital budget to fund the staff recommendation. There is no budget for continued DARTS fleet maintenance operating budget overruns associated with the “do nothing” alternative.

Fleet replaced at the approved life cycle dates is the most effective approach to achieving the lowest possible life cycle costing. As has been the experience from retaining fleet beyond the manufacturers recommended life cycle, maintenance operating costs are exceeding budget.

Staffing - There is no staffing implications associated with the staff recommendation.

Legal - While there may be objections to the staff recommendation from alternate vendors, Council approved policy allows for single source purchases as is being recommended by staff in this report.

POLICIES AFFECTING PROPOSAL:

The recommendations support to the extent of the recommended risk tolerance, a commitment to Council’s Green fleet policy, Transit Master Plan, and the purchase of replacement fleet within the capacity of the current capital budget contribution for Transit complies with the Public Works Strategic plan ensuring that work is undertaken at approved service levels with budgets that match.

RELEVANT CONSULTATION:

DARTS and ACPD have been consulted and are in support of the staff recommendation. Corporate and Transit Division finance staff and the Purchasing Department have been consulted.

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
Low Floor bus is the technology of choice for the DARTS ridership and ACPD.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Replacement of fleet at the manufacturers recommended life cycle ensures that the City is investing in the most current engine technology. The fleet being recommended in this report meet or exceed 2007 EPA emissions standards.

Economic Well-Being is enhanced. ☑ Yes ☐ No
ATS/DARTS fleet maintenance variances costs are mitigated to the greatest extent possible.

Does the option you are recommending create value across all three bottom lines?
Fleet that meets or is below the most current emission standards (2007) supports Council’s strategic commitment to minimize our environmental footprint. DARTS riders will be provided with the most convenient and safe bus for boarding and alighting. Unproductive boarding and alighting times are minimized with low floor fleet. There are inherent benefits from OEM based vehicle versus “cutaway”, thus mitigating ongoing maintenance operating costs and the risk of premature failure.

☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

☐ Yes ☑ No