

HALIFAX

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Item No. 14.1.2
Halifax Regional Council
February 12, 2019

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: December 20, 2018

SUBJECT: **Increase to Contract - Tender No. 15-344, Supply and Deliver up to 60 Buses over a Three-Year Period with Option to Renew for up to 40 Additional Buses over Two, One Year Periods**

ORIGIN

Council awarded RFP No 15-344 at its May 10, 2016 session. The RFP had a original three-year term from June 2016 to June 2019 with the option to renew the contract for two additional one-year periods. Halifax Transit will exceed the upper limit of 100 vehicle purchases allowed for in the contract terms, and wishes to increase the contract from 100 buses to 127 buses with vendor Nova Bus to accommodate required vehicle purchases to meet service targets in the 2019-2020 fiscal year.

Motion approved by Halifax Regional Council on January 16, 2019: "Approve the list of 2019-20 advanced tender projects as per Attachment 2."

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79(O) Halifax Regional Council may expend money required for public transportation services.

Administrative Order #2016-005-ADM – Procurement Policy requires that Council approve amendments to contracts greater than 20% of original contract amount.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Approve an increase to the contract with Nova Bus Ltd. for the supply of 12.2 m conventional buses from 100 buses to 127 buses, as per the terms and conditions outlined in this report.
2. Approve the transfer of approved funding in the amount of \$400,000 from capital Project Account No. CV020006 (Conventional Bus Replacement) to Project Account No. CM180008 (Moving Forward Together Plan Implementation).

3. Authorize a total purchase of \$22,732,980 (net HST included) with funding from CM180008 (Moving Forward Together Plan Implementation) and CV020006 (Conventional Bus Replacement) for 35 vehicles as outlined in the Financial Implications section of this report, to enable a January purchase of conventional transit buses in line with the targets set forth in the multi-year plan.

BACKGROUND

Request for Proposals 15-344, *Supply and Deliver up to 60 Buses over a Three Year Period with Option to Renew for up to 40 Additional Buses over Two One Year Periods* was issued in May 2016 to Nova Bus Ltd. This RFP was significant for transit, as it was the first procurement where Halifax specifically identified the requirement for a stainless-steel frame to increase the durability of the conventional buses subject to the Atlantic Canadian climate.

The RFP required proponents to commit to a three-year pricing structure, with the option of extending the term (at a revised price) for an additional two one-year terms. The original contract began June 2016, with the three-year term closing June 2019.

During the contract period, transit has had a significant need for replacement conventional buses, due to a combination of aging fleet and continued use of non-accessible high floor buses. Available federal infrastructure funding allowed the replacement program to accelerate purchases and make the conventional fleet 100% accessible.

As a result of the additional purchases made beyond the initial forecast, Transit will exceed the original 100 bus upper limit of the contract negotiated terms during the 2019-2020 fiscal year (year 4 of the contract). Combining the 92 historical purchases and 35 required purchases to meet service targets in the 2019-2020 fiscal year, Transit will need to purchase a total of 127 vehicles before the end of the 4th contract year.

DISCUSSION

To date, Halifax has purchased 92 buses under the specifications outlined in RFP 15-344, across Nova Bus builds LA11, LA27, LB61 and now LB70. There have been no unusually significant reliability, serviceability or quality issues reported with the buses received. As a result, HRM's vehicle specification has stayed largely the same during this order period.

Some improvements to the vehicle design have been made in conjunction with the vendor throughout this period, including but not limited to the following:

- Fabric seat inserts are now being used instead of plastic seating inserts.
- A Q'Pod integrated wheelchair securement system is being built into the street and curb side of every bus.
- The Obsolete CCTV system has been replaced with current technology.
- Minor hardware changes have been made to support ongoing Halifax Transit Technology Program.

Prior to fiscal 2015/2016, Halifax Transit replaced vehicles based on an eighteen-year (18) asset lifecycle. With changes in technology and other environmental factors, buses have become cost prohibitive to maintain after fourteen (14) years in service. Buses beyond 14 years in service increase downtime dramatically; requiring a higher ratio of spare buses and therefore increasing the cost of the operation. Other incentives to maintain this replacement strategy are: the reduction of environmental impacts of the operation due to decreased emissions, increased reliability of services promoting increased ridership and increased accessibility.

The current fleet of 40 and 60-foot buses maintained by Halifax Transit ranges in age from 0 to 16 years of age, as broken down in the following table:

Years in use	Count of buses
16	9
15	0
14	26
13	42
12	25
11	23
10	22
9	8
8	15
7	10
6	31
5	28
4	15
3	9
2	30
1	39
0	8
TOTAL	340

Due to the recent delivery of 2018 model-year buses, Transit staff are in the process of decommissioning 15 of the 35 buses currently beyond their useful 14-year service life. As a result, staff anticipate that there will be 25 additional buses that need replacement in the 2019/2020 fiscal year. The final decision to replace each individual vehicle is made after a detailed assessment of condition. Based on current condition reports, staff recommends reducing the replacement count to 23 buses. The 2 highest rated 'end-of-life' buses will be kept for an additional year, to maximize asset utilization and reduce capital investment.

In addition to replacement vehicles, Transit will require the purchase of 12 expansion vehicles as outlined in the proposed multi-year budget in order to achieve service target commitments as described in the 2016 Halifax Transit *Moving Forward Together Plan* and the 2019/20 Annual Service Plan. In order to ensure that service described in the proposed 2019/20 Halifax Transit Annual Service Plan is implemented as anticipated, expansion buses will be required in August 2019 to enter into service for November 2019.

Authorizing an increase to the current conventional bus contract for an optional year will offer additional benefits for Halifax Transit. Purchasing similar vehicles to those already in the fleet allows for efficiency in stocking parts, training of mechanics and technicians and consistency in passenger experience. The Nova Bus LFS is now a proven platform with a successful history of operation at Halifax Transit.

FINANCIAL IMPLICATIONS

Nova Bus has provided a guaranteed unit price of \$615,258 plus net HST \$26,370 for a total of \$641,628 per bus for the optional year. This is a 3.66% increase over the price of last order of buses received (build

LB70). Expansion buses will require an up-fit to the new farebox technology being implemented as part of the Halifax Transit Technology Program, at an estimated cost of \$23,000 per bus (net HST included).

Funding is to be drawn from project accounts CM180008 (Moving Forward Together Plan Implementation) and CV020006 (Conventional Bus Replacement). \$8,160,000 in Public Transit Infrastructure Fund (PTIF) funding is included in the planned funding for the two projects. \$2,000,000 in PTIF funding for the MFTP Implementation project has been approved. The Municipality will be applying for \$6,160,000 in funding for the Bus Replacement project, when the PTIF Phase 2 application process opens. There is no information at this time on when a call for PTIF applications will be made. A call for applications may not be made in 2019. If this PTIF funding does not become available, staff will return to Council with alternative funding options.

The current account balances have been confirmed by the finance department.

Budget Summary:

<u>Project Account No. CM180008 – Moving Forward Together Plan Implementation</u>	
Cumulative Unspent Budget:	\$ 23,376
Plus Requested Advanced Funding:	\$ 7,601,000
Plus transfer of funding from CV020006	\$ 400,000
Less 12 Expansion Buses and Up-fit Costs	(\$ 7,975,536)
Balance	\$ 48,840

Budget Summary:

<u>Project Account No. CV020006 – Conventional Bus Replacement</u>	
Cumulative Unspent Budget:	\$ 334,174
Plus Requested Advanced Funding:	\$ 15,400,000
Less transfer of funding to CM180008	(\$ 400,000)
Less 23 Replacement Buses	(\$ 14,757,444)
Balance	\$ 576,730

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risks considered rate low. To reach this conclusion, consideration was given to the following:

- The Nova Bus LFS has already been integrated into the Halifax Transit Fleet
- Halifax Transit fleet staff have no significant concerns about the parts network, after sales support or training available from Nova Bus for the LFS platform. The Nova Bus has been well received by operators and customers.
- There is a low risk that Halifax Transit will miss out on potential savings by publicly soliciting a new conventional bus supply contract for the 2019-2020 fiscal year. Initiating the specification review, solicitation and contract development process now could cause significant delay to planned service expansions without a guaranteed savings to the organization.

ENVIRONMENTAL IMPLICATIONS

Replacing vehicles that have reached their earliest replacement point (ERP) reduces service impacting breakdowns that may result in cancelled trips; reducing operating cost and GHG production.

Halifax Transit is actively investigating alternative fuel technologies for the conventional fleet through initiatives such as the Alternative Fuels Study (2018) and Battery Electric Bus Feasibility Report (2017). Based on the results of these studies and Regional Council's direction, Transit staff will prepare a procurement and implementation road map to influence future procurements. However, at this point Halifax Transit is not sufficiently prepared to begin replacing diesel service buses with alternative propulsion technologies.

ALTERNATIVES

Regional Council could decide not to approve the one-year increase of the existing Nova Bus contract and subsequent purchase of conventional transit buses. This is not the recommended course of action, as it would delay vehicle replacement and implementation of the Moving Forward Together Plan, negatively impacting maintenance costs and service delivery.

ATTACHMENTS

None.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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