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Item No. 14.1.4
Halifax Regional Council
May 10, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed by 

SUBMITTED BY:

John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: April 21, 2016

SUBJECT: Award - RFP 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

Halifax Transit's 2016/17 approved capital budget.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79 Halifax Regional Council may expend money for municipal purposes. Administrative Order No. 35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for tenders and RFP's.

The following report conforms to the above Policy and Charter.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Award RFP P15-344 for up to 60 buses over a three year period with option to renew for up to 40 additional buses over two additional one year periods to the highest scoring proponent, Nova Bus Ltd;
2. Authorize a total purchase of \$16,900,996 (net HST included) with funding from CM020002 - MetroX Replacement and CV020004 - Conventional Bus Replacement for the purchase of 30 buses as outlined in the Financial Implications section of this report.; and
3. Authorize staff to purchase up to a total of 30 - 12.2 meter Transit Buses in years two and three of the agreement with funding from CV020003 - Conventional Bus Expansion and CV020004 - Conventional Bus Replacement, subject to approval of the 2017/18 and 2018/19 Project Budgets by Halifax Regional Council.

BACKGROUND

A three year contract with New Flyer Industries (12-123), concluded with the delivery of nine conventional vehicles received in May 2015.

Halifax Transit initiated the Request for Proposal process in the summer of 2015 with objectives of:

- Specifying a stainless steel frame to minimize impact to lifecycle and operating budget;
- Maximize bumper to bumper, frame and OEM warranty; and
- Obtain costing for compressed natural gas vehicles should a decision be made to shift away from diesel.

Halifax Transit currently operates on an 18 year replacement strategy with a goal of moving to a 14 year replacement strategy for its conventional bus fleet. Replacing vehicles at the 14 year mark reduces maintenance costs, improves reliability and reduces the requirement to maintain a high spare ratio. However, the reality is that Halifax Transit continues to operate vehicles as old as 21 years and many of these vehicles are non-accessible because of their age.

The planned use of the buses over the duration of this contract, as set out in Halifax Transit's 10 year capital plan will be:

- Reducing the age of the fleet; the oldest vehicles in the fleet at the completion of three years of the contract will be 17 years;
- Eliminating all high-floor vehicles and the majority of non-accessible low floor vehicles; and
- Replacement of the five MetroX cab and chassis vehicles with 12.2 meter conventional vehicles to increase seating capacity, improve comfort, provide more interchangeability in routing and increase vehicles lifecycle; cab and chassis have an eight year replacement point owing to durability.

DISCUSSION

Request for Proposals No. P15-344 was called and posted to the Province of Nova Scotia's Procurement website on November 23, 2015 and closed on February 16, 2016. It called for the supply of up to 60 12.2 meter Transit Buses over a three year period with options to purchase an additional 40 buses in years four and five.

Submissions were received from the following two proponents:

- 1. Nova Bus Ltd.**
- 2. New Flyer Industries**

The proposal submissions were evaluated by staff from Halifax Transit, and facilitated by Procurement. Proposals were evaluated in five key areas: (1) Technical, (2) Durability, (3) Operating (Fuel Economy), (4) Bus Operations and (5) Costs.

The RFP was evaluated using a two envelope process. Envelope one was the technical component of the RFP. Envelope two consisted of the lump sum project cost for this project. Only those proponents that received 75% or better on the Technical Submission (52.5 points out of a maximum score of 70 points) from envelope one, had their cost envelopes opened and evaluated.

After completion of the envelope one process, the submissions from both proponents met the required 75% on the Technical Submission, as per the Terms and Conditions of the RFP, and had their cost envelope opened.

Please refer to Appendix A which provides a scoring summary and overall pricing detail for the proposals, with the Nova Bus Ltd. proposal receiving the highest overall score. Staff is recommending award of the agreement to Nova Bus Ltd.

The final scoring was as follows:

<u>Proponent</u>	<u>Scoring (Max 100)</u>
Nova Bus Ltd.	90.33
New Flyer Industries	88.57

The following vehicles will be removed from the Fleet and sold through the HRM surplus process in the execution of the first year of this contract.

Year	Garage	Vehicle Make	Vehicle Model	Halifax Transit Bus Number Range	Total Number of Buses
1994-1996	RLTC	NOVA	TC40102N	966 - 985	11
1999-2000	RLTC	NOVA	L034. L069	986 - 1000	13
2005-2009	RLTC	New Flyer	D40LF	1141 (fire damage)	1
2009	RLTC	GMC	TC5500	516 – 525 (5of 10)	5
Total Decommissioned					30

FINANCIAL IMPLICATIONS

Based on the highest scoring proponent's cost of \$16,206,390 plus net HST of \$694,606 for a net total of \$16,900,996 (net HST included), funding is available in the Approved 2016-17 Project Budget from project Account CV020004 – Conventional Bus Replacement (\$12,175,996), and CM020002 – MetroX Bus Replacement (\$4,725,000) Budget availability has been approved by Finance.

Budget Summary:

Project Account No. CV020004 – Conventional Bus Replacement
 Cumulative Unspent Budget: \$ 12,613,884
 Less: RFP No. 15-344 (30 vehicles): \$ 12,175,996
Balance \$ 437,888

Project Account No. CM020002 – MetroX Bus Replacement
 Cumulative Unspent Budget: \$ 4,725,000
 Less: RFP No. 15-344 (30vehicles): \$ 4,725,000
Balance \$ -

Subject to Regional Council approval, the balance of funds will be used to complete the Fleet Vehicle Replacement Program through subsequent budget cycles.

The purchase of up to 30, 12.2 meter transit buses in years two and three of the agreement will be subject to the approval of the 2017/18 and 2018/19 Project Budgets by Halifax Regional Council.

The 16/17 procurement is for replacement of older, non-accessible vehicles only; therefore there is no impact on the Moving Forward Together (MFTP) or on the requirement for operating cost of capital (OCC).

The 17/18 and 18/19 procurements project a total of 15 expansion vehicles from capital account CV020003. It is estimated that the total OCC request for these years will be \$3,300,000 or \$220,000* per vehicle; however, these numbers will be refined as part of the MFTP implementation planning and

budgeting process. Any changes to the requirement for expansion vehicles will be revised during the budget process and/or brought to Audit and Finance Committee for consideration.

* Estimate based on 14/15 OCC expansion request.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate low.

The recommended vendor is financially solvent having operated in the province of Quebec since 1979. Nova Bus Ltd. has provided documentation within their submission to support this assertion.

ENVIRONMENTAL IMPLICATIONS

The buses flagged for replacement through this RFP consist of 2-stroke engines (966-985), and pre-emissions controlled engines (986-1000, 505, 507, 516-525). These engines do not have the exhaust after treatment made compulsory on modern engines resulting in 96% higher NOX emissions.

ALTERNATIVES

Council could choose to defer the procurement recommendations. This alternative is not recommended as the older stock of vehicles is not reliable, non-accessible, and is costly to maintain. Deferral could also potentially jeopardize provincial and federal program funding which is committed to replacement of old, non-accessible infrastructure.

ATTACHMENTS

Appendix A – Scoring Results

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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Procurement Review:

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Report Approved by:

Dave Reage, A/Director, Halifax Transit 902.490.5138

Appendix A – Scoring Results

Criteria	Max points available	Summary (considerations may include but are not limited to the following)	Nova Bus	New Flyer
Evaluator			Average	Average
Technical	30	Compliance with performance evaluation, body/structure/interior/doors, power train, suspension, steering, communication information system, electrical, HVAC, etc.	27	27.67
Miscellaneous	20	Durability (Altoona and other product testing information), delivery, warranties, and preventative maintenance schedules.	17.33	17.67
Operating	10	Fuel Economy	8.67	8
Bus Operation	10	Work station ergonomics, ease of operation, driveability and vehicle controls	7.33	7.33
Subtotal (Technical Proposal)			60.33	60.67
		Total cost of estimated bus purchases over initial 3 years as per RFP document	\$ 33,498,190.00	\$35,836,860.90
Cost	30		30	27.91
	100		90.33	88.57