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Item No. 11.1.2
Halifax Regional Council
August 17, 2021

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: July 21, 2021

SUBJECT: Award 21-058 Request for Quotation, Transit Bus Parts

ORIGIN

The requirement for the supply and delivery of Transit Bus Parts for Halifax Transit Bus Fleet on a valid standing offer agreement.

LEGISLATIVE AUTHORITY

HRM Charter, Section 79A

- (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if
- (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality;
 - (b) the expenditure is in respect of an emergency under the Emergency Management Act; or
 - (c) the expenditure is legally required to be paid.

Administrative Order 2020-004-ADM, the *Procurement Administrative Order*

The recommended contract award complies with all of the pre-requisites for awarding contracts as set out in section 26 of Administrative Order 2020-004-ADM, the *Procurement Administrative Order*.

Section 28 of the *Procurement Administrative Order* provides that Halifax Regional Council may approve contract awards, of any amount, for a Competitive Procurement – Establishment of a Standing Offer.

RECOMMENDATION ON PAGE 2

RECOMMENDATION

It is recommended that Regional Council approve the award of a standing offer agreement resulting from RFQ 21-058, Transit Bus Parts, to The Aftermarket Parts Company LLC (doing business as NFI Parts) for the supply and delivery of Transit Bus Parts with a maximum value of \$7,100,000 (net HST included) and such agreement will have an initial term of 2 years with an option to extend the agreement for an additional 4 years.

BACKGROUND

Halifax Transit fleet currently consists of 356 conventional vehicles. To effectively and efficiently maintain the Transit fleet, parts are needed within appropriate timeframes. Managing inventory of parts is essential for maintenance of the Transit fleet, since proper maintenance of the fleet helps to ensure the service levels are maintained as needed. All bus maintenance parts are distributed through Procurement's Inventory Division. The resulting standing offer agreements are a product of a strategic undertaking by the Inventory Division. The standing offer approach for replacement bus parts and components provides efficiency for the purchase and supply of new components through Inventory for Halifax Transit on an "as needed" basis while ensuring Procurement Policy compliance.

DISCUSSION

RFQ No. 21-058, Standing Offer for Transit Bus Parts was publicly advertised on the Nova Scotia Public Tenders portal on March 4, 2021 and closed on June 18, 2021.

Bids have been reviewed by Halifax Transit and Procurement staff and the recommendation for award will result in multiple awards with maximum values as detailed below:

- The Aftermarket Parts Company LLC dba NFI Parts - \$7,100,000 net HST included
- Prevost, A Division of Volvo Inc - \$4,500,000 net HST included
- Baker Transit Parts Inc - \$3,400,000 net HST included
- CBM NA Inc - \$2,950,000 net HST included
- North American Transit Supply Corporation - \$1,900,000 net HST included
- Mohawk Mfg & Supply Co - \$1,300,000 net HST included

Upon review, staff decided that as contemplated in the published RFQ, HRM will achieve best value through awards to multiple vendors. Each of the six (6) vendors offered best value per category of parts. This report recommends that Council award the highest value standing offer to the Aftermarket Parts Company at a maximum cost of \$7,100,000. In addition, the five other vendors identified as providing best value to HRM are within the Director of Procurement's award authority of \$5,000,000 for Standing Offer, and will be awarded as such.

Options if executed will be dealt with under the constraints of the Procurement Administrative Order.

FINANCIAL IMPLICATIONS

There is no commitment of funds in the creation of a Standing Offer. Funds will be committed based on the material requirements for any agreement period. The recommended award reflects the maximum spend over the term of the standing offer and is not a commitment.

Funding for draws from the standing offer for inventory will be paid using Inventory accounts 1575 (Fleet Inventory – Metro Transit) and 1578 (Fleet Inventory – Ragged Lake). Transit Fleet will realize the expenses as goods are issued from inventory and applied to their operating accounts. Budget availability will continue

to be confirmed prior to any materials engagement.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this report. The risk is considered low. To reach this conclusion, consideration was given to financial, legal and compliance, and service delivery risks.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

ALTERNATIVES

Regional Council could choose not to approve the recommendation. This would result in increased costs of procuring bus parts, inability for the Inventory Division to meet service delivery targets, and service delays for Halifax Transit.

ATTACHMENTS

There are no attachments associated with this report.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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