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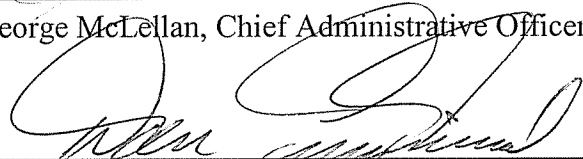
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Halifax Regional Council
February 17, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: February 11, 2004

SUBJECT: Propeller Parts - Ferries

ORIGIN

Propeller parts required for the ongoing maintenance of the ferries involves a sole source vendor, which necessitates Council approval.

RECOMMENDATION

It is recommended that Regional Council authorize the purchase of propeller parts from Voith Turbo Marine in the amount of 98,765.80 EURO (estimated at \$172,010.51 CDN), plus Net HST for a total acquisition project cost of \$193,924.81 from Capital Account CVD00436, Bi-annual Ferry Refit and Operating Account No. R955-6802, Ferry Service Operation as outlined in the Budget Implications section of this report.

BACKGROUND

The Halifax Regional Municipality has three passenger ferries that travel between Halifax and Dartmouth. To ensure continued efficient operation, these ferries require ongoing maintenance. A crucial element of the ferry maintenance program is the need for parts for the propeller units. At the present time, HRM requires parts for all of the ferries.

DISCUSSION

The parts required to maintain and overhaul the propellers are only available from one supplier, Voith Turbo Marine. Staff received a quotation from the supplier and believe the quoted price is reasonable. Many of the required parts are custom made and have a six month delivery time. To facilitate the ongoing maintenance program it is imperative that the parts be ordered promptly. As this is a sole source purchase, Council approval is required.

<u>Vendor</u>	<u>Estimated Price (Exc. Net HST & Shipping)</u>
Voith Turbo Marine	\$ 172,010.51 CDN (98,765.80 EURO)

BUDGET IMPLICATIONS

Based on the amount of \$98,765.80 EURO (\$172,010.51 CDN, plus net HST for a total of \$183,069.06 CDN) plus estimated shipping costs of \$10,200.00 plus net HST for a total of \$10,855.75 for a total estimated project cost of \$193,924.71, funding in the amount of \$150,000.00 from Capital Account CVD00436, Bi-annual Ferry Refit and \$ 43,924.71 from Operating Account No. R955-6803, Ferry Services Operation, is available and has been confirmed by Financial Services.

<u>Budget Summary:</u>	<u>CVD00436, Bi-annual Ferry Refit</u>
	Cumulative Unspent Budget \$ 150,000.00
	Less: this Sole Source Purchase <u>\$ 150,000.00</u>
	\$ 0.00

The balance of the funds in the amount of \$43,924.71 inclusive of net HST is available in R955-6802, Ferry Services Operations.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

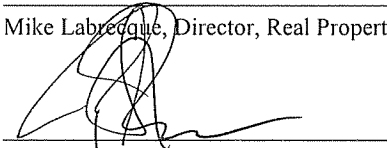
Council could choose not to award this contract. This is not the recommended approach as this would compromise the ongoing maintenance program for the ferries.

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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