TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Richard Butts, Chief Administrative Officer

DATE: July 15, 2013

SUBJECT: Sole Source Award – Farebox Purchase – Garival

ORIGIN

The approved Project Budget for Conventional Bus Expansion and Rural Bus Expansion.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #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 in accordance with the sole source provisions in Administrative Order 35, Procurement Policy Section 8(11A) sub-sections (a)(b) as follows:

(a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.

(b) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists;

RECOMMENDATION – CONTINUED ON PAGE 2
(RECOMMENDATION CONTINUED)

award the Sole Source Purchase of GFI Genfare fareboxes in the amount of $149,139.41 (net HST included) to Garival with funding from Project Account No. CMX01104 – Rural Community Transit and CVD00434 – Conventional Transit Bus Expansion, as outlined in the Financial Implications Section of this report; and approve Garival as the vendor for supply of the equipment for all orders of Metro Transit buses for the expansion of service and replacement of damaged equipment over the next five (5) years.

BACKGROUND

On January 20, 2009, Halifax Regional Council approved Garival as the sole source provider of farebox equipment for the expansion of the Metro Transit fleet for a period of three (3) years. The current fleet of Conventional and Rural Express buses have Garival fareboxes. Fleet Services purchases buses for use by Metro Transit based on the funding allocated through the annual capital budget. In most years, there are bus purchases for vehicle replacement and for service expansion. Upon receipt of a newly delivered replacement bus, Metro Transit Bus Maintenance removes the farebox from the retired bus and installs it on the replacement bus. Expansion vehicles do not come equipped with this equipment from the manufacturer. The units must be purchased and installed before the vehicles are fully equipped and ready for service.

DISCUSSION

Reason for Sole Source Purchase per Section 8 (11) of Administrative Order #35, specifically Section 8 (11A) sub-sections (a) and (b) as follows:

(a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.
(b) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists

The sole source purchase of the additional fareboxes is required to ensure that all the expansion vehicles are equipped with and configured in the same manner as the rest of the bus fleet. This provides Metro Transit Bus Maintenance the flexibility to interchange equipment among vehicles, reduces the need to duplicate fare collection vaults, ensures consistency within the bus fleet, and reduces the need to stock a large amount of spare equipment. Consistency amongst the fleet is critical as they are integral components of a safe and secure transit system. The cost for the purchase, supply and installation of this equipment was included in the development of the existing approved Capital Budget.

Garival is the exclusive Canadian sales agent for GFI Genfare and are a major supplier of fareboxes and after-service in Ontario, Quebec and Atlantic Canada. There are no competitive companies currently distributing or servicing the GFI Genfare farebox solution in Canada.
The immediate need is to purchase nine (9) fareboxes at a cost of $88,695.24 (net HST included) for Conventional Bus Expansion and (6) fareboxes for Rural Express Expansion at a cost of $60,444.17 (net HST included).

**FINANCIAL IMPLICATIONS**

Funding in the amount of $143,010.00, plus net HST of $6,129.41, for a net total of $149,139.41, is available in Project Account No. CMX01104 – Rural Community Transit and CVD00434 – Conventional Transit Bus Expansion. The budget availability has been confirmed by Finance Budget Summary:

**Project Account No. CMX01104 - Rural Community Transit**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cumulative Unspent Budget</td>
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<tr>
<td>Less: Sole Source Award</td>
<td>$ 60,444.17</td>
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<td>Balance</td>
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**Project Account No. CVD00434 - Conventional Transit Bus Expansion**

<table>
<thead>
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<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Cumulative Unspent Budget</td>
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<td>Less: Sole Source Award</td>
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<tr>
<td>Balance</td>
<td>$203,965.23</td>
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</tbody>
</table>

**COMMUNITY ENGAGEMENT**

No community engagement has been undertaken specifically for this project.

**ENVIRONMENTAL IMPLICATIONS**

Staff has not identified any environmental implications associated with this proposed procurement.

**ALTERNATIVES**

Council could choose to not proceed with the procurement of fare boxes or defer the purchase. However this would preclude Metro Transit from properly equipping expansion vehicles in a manner similar to the rest of the fleet.

**ATTACHMENTS**

Attachment A: Administrative Order 35 (excerpt)
A copy of this report can be obtained online at http://www.halifax.ca/council/agendasc/cagenda.html then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Philip Herritt, Manager Technical Services 490-6649

Procurement Review: Anne Feist, Manager, Procurement (490-4200)

Report Approved by: Eddie Robar, Director, Metro Transit
Attachment A
Administrative Order 35 (excerpt)

8(11) A. Sole Source/Single Source Purchases. These occur:
(a) To ensure compatibility with existing products, to recognize exclusive rights, such as exclusive licences, copyright and patent rights, or to maintain specialized products that must be maintained by the manufacturer or its representative.
(b) Where there is an absence of competition for technical reasons and the goods or services can be supplied only by a particular supplier and no alternative or substitute exists.
(c) For the procurement of goods or services the supply of which is controlled by a supplier that is a statutory monopoly.
(d) For the purchase of goods on a commodity market.
(e) For work to be performed on or about a leased building or portions thereof that may be performed only by the lessor.
(f) For work to be performed on property by a contractor according to provisions of a warranty or guarantee held in respect of the property or the original work.
(g) For the procurement of a prototype of a first good or service to be developed in the course of and for a particular contract for research, experiment, study or original development, but not for any subsequent purchases.
(h) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership
(i) For the procurement of original works of art.
(j) For the procurement of goods intended for resale to the public.
(k) For the procurement from a public body or a not-for-profit corporation.
(l) For the procurement of goods or services for the purpose of evaluating or piloting new or innovative technology with demonstrated environmental, economic or social benefits when compared to conventional technology, but not for any subsequent purchases.