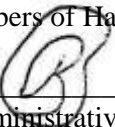



Item No. 11.1.2
Halifax Regional Council
May 20, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: May 01, 2014

SUBJECT: Award - Tender No. 14-020, Construct Two New Passenger Ferries

ORIGIN

The proposed 2014/15 Project Budget for New Passenger Ferries.

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 Administrative Order 35, Section 8(11A), Sub-sections (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"* and (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,"* award the sole source procurement for construction and inspection services to EYE Marine Consultants for an estimated amount of \$78,626.43 (net HST included with funding from Project No. CM000001, as outlined in the Financial Implications section of this report; and

- 1) Award Tender No. 14-020 for Two New Passenger Ferries to the lowest bidder meeting specifications, A.F. Theriault & Son Ltd., for Total Tender Price of \$8,835,527.06 (net HST included); with planned delivery of the first and second ferries in April 2015 and April 2018 respectively; and
- 2) Authorize an expenditure from Project No. CM000001 – Ferry Replacement in the amount of \$4,417,763.53 (net HST included) for the construction of the first ferry in fiscal year 2014/15 as indicated in the Financial Implications Section of this report.

BACKGROUND

Metro Transit's existing ferries were constructed in 1978 (Dartmouth III and Halifax III) and 1986 (Woodside I). As such, these ferries are approaching the end of their economic lifespan.

Recapitalization of the aging ferry fleet is recommended in the Council-Approved *Metro Transit Five-Year Strategic Operations Plan* and further in the *Strategic Ferry Operations Plan*. Ferries produced under the planned recapitalization effort will incorporate the design of the vessels of the existing ferry fleet. Ferries of this type have proven to be efficient and reliable, and they were designed to integrate with the unique terminal infrastructure that is featured at Metro Transit ferry terminals. As the Halifax III underwent extensive planned maintenance in autumn 2013, it is likely that the Dartmouth III will be the first vessel replaced under the recapitalization program.

EYE Marine Consultants are co-owners (with HRM) of the designs of the existing ferries. For the ferry Christopher Stannix, Metro Transit engaged EYE Marine Consultants for design, construction and inspection services, to work as agent on the final build, and to verify compliance with all mandated Canadian Marine regulations. EYE Marine Consultants also performed design work related to the pontoon infrastructure, and have extensive insight to the integration of ferries with the pontoons and the practical concept of operations. As such, they are well placed to continue to provide construction and inspection services in support of the first vessel under a Sole Source arrangement.

DISCUSSION

Tenders were publically advertised on the Province of Nova Scotia website and closed on April 15, 2014.

Representatives from four (4) shipyards attended the Bidders Conference, and bids were received from the following companies:

Company	<u>Construct Two Ferries</u> <u>Bid Price (net HST included)</u>	<u>First Ferry</u> Due April 30, 2015 Funding: Fiscal year 2014/15
A.F. Theriault & Son*	\$8,835,527.06	\$4,417,763.53
Aecon Atlantic	\$11,440,695.63	
Ocean Industries	\$14,082,912.84	

***Recommended Bidder**

The scope of work for this tender includes construction, fit out, the certification of one New Passenger Ferry, and crew training.

If this award is approved, A.F. Theriault and Son Ltd. will commence work on the first ferry on notification of award, with an anticipated delivery date of April 30, 2015; anticipated delivery of the second ferry is in April, 2018.

A standing offer will be established for the construction of two ferries with A.F. Theriault & Son. Capital funding is available for the first ferry. Funding for the second ferry is currently planned within Metro Transits multiyear capital budget. The construction of the second ferry will not commence until Regional Council approves the capital budget for this project. HRM reserves the right to cancel the construction of the second ferry and to terminate the contract (without compensation to the Contractor for any lost profits) if Regional Council does not approve the budget for such construction, or if HRM

determines in its sole discretion that proceeding with the construction of the second ferry is not in the best interests of the municipality.

FINANCIAL IMPLICATIONS

Based on the lowest tendered price of \$8,835,527.06 (net HST included) funding is available in the Approved 2014/15 Project Budget from Project Account No. CM000001 – Ferry Replacement for the first ferry in the amount of \$4,236,200.00 plus net HST of \$181,563.53 for a net total of \$4,417,763.53.

Based on the sole source provision for construction and inspection services to EYE Marine Consultants for an estimated amount of \$78,626.43 (net HST included) with funding from Project No. CM000001– Ferry Replacement.

The budget availability has been confirmed by Finance.

Budget Summary: Project No. CM000001 – Ferry Replacement

Cumulative Unspent Budget	\$6,009,495.12
Less: First Replacement Ferry (FY 14/15)	\$4,417,763.53
Less: Construction & Inspection Services (FY 14/15)	<u>\$ 78,626.43</u>
Balance	\$1,513,105.16

Funding for the second ferry is currently planned within Metro Transits multiyear capital budget. The construction of the second ferry will not commence until Regional Council approves the capital budget for this project.

COMMUNITY ENGAGEMENT

No community engagement has been undertaken specifically for this project; however, the Metro Transit Five Year Strategic Operation Plan study did include public consultation.

ENVIRONMENTAL IMPLICATIONS

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

ALTERNATIVES

As alternatives to the recommendations in this report, Council could:

- 1) Choose not to proceed with the procurement of New Passenger Ferries; however this would preclude Metro Transit from pursuing its ferry recapitalization program, and necessitate continuation of the service with ferries that are becoming progressively more difficult to maintain;
- 2) Defer the purchase of the first ferry to a subsequent fiscal year; or

- 3) Choose not to award the sole source procurement for construction and inspection services to EYE Marine Consultants and require staff to put this work to tender; given the existing relationship with EYE Marine Consultants and their detailed knowledge of the ferries and their operation, this option would delay work on the first ferry and could result in the involvement of a firm that is less invested in the operation.

ATTACHMENTS

Administrative Order 35, Section 8(11A) subsections (a) and (b) attached – Appendix A

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: Glen Bannon, Manager, Transit Operations (490-1505)

Metro Transit Review: Eddie Robar, Director, Metro Transit, (490-6720)

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

Report Approved by: Greg Keefe, Director Finance and ICT/CFO (490-6308)

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.
- (1) 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