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Audit and Finance Standing Committee
May 15, 2013

TO: Chair and Members of the Audit and Finance Committee
Original Signed

SUBMITTED BY: Richard Butts, Chief Administrative Officer

DATE: May 9, 2013

SUBJECT: Award - Tender No. 13-100, EMP MiniHybrid Kits

ORIGIN

Authority: At the Committee of Whole on June 22, 2004, Regional Council approved the Business Case for the Sustainable Communities Reserve (Q127) including "a staff governance role around project review and selection from the reserve".

LEGISLATIVE AUTHORITY

HRM Charter, Power to expend money, (1) (o) public transportation services.

Halifax Regional Municipality Council approved, Dec 11, 2012, that all budget increases are to be presented to the Audit and Finance Standing Committee, prior to submission to Council.

Halifax Charter, section 93(1) - The Council shall make estimates of the sums that are required by the Municipality for the fiscal year; Halifax Charter, section 79(1) - Specifies areas that the Council may expend money required by the Municipality; Halifax Charter, section 35(2)(d)(i) - The CAO can only authorize budgeted expenditures or within the amount determined by Council by policy; Halifax Charter, section 120(6) - The Municipality may maintain other reserve funds for such purposes as the Council may determine; Halifax Regional Municipality policy on Changes to Cost Sharing for Capital Projects - Changes requiring Council approval; and the Halifax Regional Municipality Reserve Policy - No reserve funds will be expended without the CAO's recommendation and Council approval.

RECOMMENDATION

It is recommended that the Audit and Finance Committee:

1. Recommend that Regional Council approve an increase to CM020006 Emission Reduction – Public Transit Buses, by \$130,331.43 (net HST included), with funding from Sustainable Communities Reserve (Q127); and
2. Recommend that Regional Council approve Award Tender No. 13-100, EMP MiniHybrid Kits, to the lowest bidder meeting specifications, Cummins Eastern Canada, for a Total Tender Price of \$130,331.43 (net HST included), with funding from CM020006 Emission Reduction – Public Transit Buses, as outlined in the Financial Implications section of this report.

BACKGROUND

Since January 2010, HRM has installed 15 EMP minihybrid systems on Metro Transit fleet.

The system replaces a transit bus traditional hydraulic fan with a slide-in, controllable electric fan package. The retrofit per bus provides a number of benefits, including:

- Annual Fuel Reduction of 3,800 litres (approx. \$2,500 in cost)
- Annual Reduction in Maintenance Costs of approx. \$2,000
- Annual Reduction in Total Operating Costs of approximately \$4,500
- Reduced GHG emissions
- Contribution to GHG Reduction Commitment of 0.09% per bus
- Reduces the risk of Hydraulic Failures or Fire Incidents
- Reduces Noise
- Payback period is approximately five years

This purchase is fully funded by the Sustainable Communities Reserve (Q127), a ten year legacy program of the Harbour Solutions Project, which puts interest savings from a \$10 million loan from Green Municipal Fund towards projects annually approved by Federation of Canadian Municipalities Staff. This project has been approved, as per the terms of the Reinvestment Agreement, by FCM.

DISCUSSION

Tender No. 13-100, for five (5) MiniHybrid Thermal systems, was publically advertised on the Province of Nova Scotia website on January 4, 2013, and Closed on January 22, 2013.

There was a single response from Cummins Eastern Canada at \$24,995.00, plus net HST, per unit supplied and installed. Cummins Eastern Canada is the lone local supply and installer of the minihybrid thermal systems for transit style buses.

This purchase will supply and install five (5) units before March 31, 2014.

Assessment of Technology Efficacy

The staff assessment of the efficacy of the technical solution is based on three components:

1. References;
2. 2009 Federal Government Study (Transport Canada): <http://www.stm.info/en-bref/raptechhybride.pdf>; and
3. Fleet Services Assessment on tested units

There have been numerous proven installations and fleet deployments of this technology, which was originally introduced in 2006, including early installations at: Capital Area Transit Authority (Lansing, Michigan), Metro Boston Transit Authority, New York City Transit. There are now over 150 municipalities in North America with installed minihybrid kits.

Fleet Technical services experience on the 15 units installed to date, proves the fuel savings expectations by examining mileage and fuel consumption information.

Full Fleet Approach:

Approval of the 13 / 14 Project Budget includes \$897,000 for funding of the first of a three year, up to 100 bus, fleet retrofit project. The full fleet retrofit will reduce HRM GHG emissions by approximately 1000 tonnes per year and save fuel and maintenance costs by \$450,000 per year.

FINANCIAL IMPLICATIONS

Funding for the five (5) EMP MiniHybrid units, \$130,331.43 (net HST included), will come from Q127, Sustainable Communities Reserve.

As part of the Harbour Solutions Project, HRM secured a ten year, \$10 million low interest loan from the FCM Green Municipal Fund. The interest savings are required to fund the reserve annually and expended on projects approved by the Green Municipal Fund.

This 5 bus purchase was approved by FCM in December 2012.

The budget availability has been confirmed by Finance.

Budget Summary: Project Acct. No. CM020006 Emission Reduction – Public Transit Buses

Cumulative unspent Budget	\$867,000.00
Add: Increase from Q127	\$130,331.43
Less: Tender No. 13-100	<u>\$130,331.43</u>
Balance	\$867,000.00

Budget Summary: Q127, Sustainable Communities Reserve:

March 31, 2014 Projected balance	\$344,315.00
Less withdrawal for Recommendation 1	<u>(130,331.43)</u>
New Projected March 31,2014 balance	\$213,983.57

ENVIRONMENTAL IMPLICATIONS

This purchase progresses HRM towards lower corporate GHG emissions as per the Corporate GHG Emissions Reduction Plan.

ALTERNATIVES

Council may choose to not award this tender.

ATTACHMENTS

None

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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