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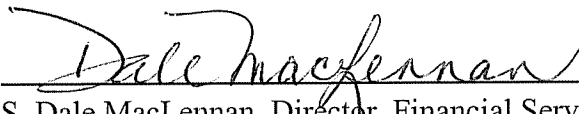


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Halifax Regional Council
November 9, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


S. Dale MacLennan, Director, Financial Services

DATE: 19 October 2004

SUBJECT: Purchase - BRT Buses

INFORMATION REPORT

ORIGIN

On July 13, 2004 Regional Council passed a motion to authorize the Mayor and Clerk to execute a Contribution Agreement with Transport Canada for the Bus Rapid Transit Showcase Project in conjunction with the Urban Transportation Showcase Program, and approve an increase to the Capital Budget to accommodate the funding of the project.

BACKGROUND

As part of the Bus Rapid Transit (BRT) Showcase Program for HRM , a project which establishes two BRT corridors, there is a requirement to purchase 20 new bus vehicles that provide greater comfort (air conditioning and better quality seating) than conventional bus vehicles.

Given that there is a lengthy lead time on the delivery of these buses, it is imperative that these buses be ordered shortly to meet the anticipated August, 2005 start up date for the BRT project.

DISCUSSION

In August 2003 following a RFP process, HRM entered into an agreement with New Flyer Industries to supply conventional 40 foot buses at specified unit prices for a three year period. The agreement was intended to enable HRM to purchase buses as part of its replacement and expansion program of the transit fleet subject to annual capital budget allocation.

HRM has exercised its option to purchase buses from this agreement for the last two years at favourable unit prices in accordance with corresponding Capital Budget approvals. For the 2004/2005 budget year, the expansion program of the conventional bus fleet was suspended for a one year period and replaced by a one time allocation of funds for BRT buses as part of the BRT Showcase Project. In total, an allocation of \$9.0 Million (Transport Canada to cost share 1/3 of cost) was set aside for the purchase of BRT vehicles.

It is staff's intention to purchase the required 20 BRT buses using the existing agreement with New Flyer Industries. The agreement provides a unit cost for the basic conventional bus including air conditioning, and staff are negotiating the final changes that will occur on the assembly line. The cost associated for the required upgrades will be paid for through the identified 5 % allowance.

The replacement/expansion program for the conventional fleet will be restored in subsequent budget years. The agreement with New Flyer Industries provides an option to extend the term of the agreement by an additional year. Staff will consider the options and may return to Council seeking authorization to exercise this option and purchase additional buses under the agreement.

BUDGET IMPLICATIONS

The unit cost for the BRT buses is \$386,135.00 with a cost for 20 vehicles of \$ 7,722,700.00 plus an allowance of 5% and Net HST for a total cost of \$ 8,386,886.95. The balance of this account will be used to purchase fare collections and communications equipment for the 20 buses purchased.

An allowance is required for any changes that must take place during final assembly of the vehicles to comply with the most recent requirements of URB regulations and provide for the upgrades required of BRT vehicles.

Funds are available as follows:

Budget Summary	Capital Account No. CB300628 - Bus Rapid Transit Showcase	
	Cumulative Unspent Budget (Vehicles)	\$ 8,889,206.55
	Proposed Purchase 20 BRT Vehicles	<u>\$ 8,386,886.95</u>
	Uncommitted Budget	\$ 502,319.60

The budget availability has been confirmed by Financial Services.

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.

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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