

**TO:** Mayor Kelly and Members of Halifax Regional Council



**SUBMITTED BY:**

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Dan English, Chief Administrative Officer



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Wayne Anstey, Deputy Chief Administrative Officer

**DATE:** November 25, 2008

**SUBJECT:** Early Tender Transit Vehicles

**ORIGIN**

The report originates from the 5 Year Approach to Transit Enhancements presented to Halifax Regional Council in April 2008.

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

- 1) Approve the early tender of 60 foot articulated transit vehicles for the 2010/11, 2011/12 and 2012/13 budget years and;
- 2) Approve 100% advanced capital funding for 2010-11 in the amount of \$16,180,000 as per the table contained in the discussion section of this report.

## **BACKGROUND**

In April 2008, Strategic Transportation Planning, in conjunction with Transportation & Public Works, presented the 5 Year Approach to Transit Enhancements. This presentation identified that there was a high degree of interdependency among projects as outlined in Appendix A attached, primarily as they relate to the construction of a new transit facility. With the recent Council approval of the Ragged Lake site, staff are focussing on the other plan elements related to the commissioning of the garage. The estimated completion date of the new facility is the summer of 2010, or roughly 19 months from present. Expansion and replacement vehicles have been identified in the Approach and in the 2008/09 Approved Capital Plan with planned capital expenditures in 2009/10, 2010/11, 2011/12 and 2012/13. The estimated lead time to tender for, and acquire transit vehicles is also approximately 19 months as described below:

- Once council authorizes staff to tender the expansion and replacement vehicles, Fleet Services will work with Procurement and Metro Transit to prepare the Request For Proposal (RFP) document.
- Fleet Services will prepare the specifications document which will include the detailed description of the vehicle including engine type and size, seating configuration, and all items necessary to customize the vehicle to meet Halifax Regional Municipality's (HRM) needs.
- The document will then be reviewed by Procurement to ensure that all legal requirements are met before final sign off by Metro Transit.
- The RFP is issued and vendors have approximately 4 weeks to seek clarification and prepare their response. Once the bids are received there is a bid evaluation process involving Fleet Services, Metro Transit, and Procurement. The bids are evaluated and scored and then a report is prepared for Council approval. The tender process takes between 3 and 5 months.
- Once Council approves the tender award, a Purchase Order (PO) is created and the vendor will put the order into their production schedule. It takes approximately 12 months to manufacture and deliver the vehicles and a further 2 months to ready them for service.

The tender and evaluation process is lengthy but necessary to ensure that the vehicles are designed to meet the needs of HRM and that they will be able to serve the needs of the organization for approximately 20 years. There are also a limited number of transit vehicle manufacturers and consequently the production times are lengthy. Fleet Services typically puts out the RFP for vehicles based on a 3 year commitment for the following reasons:

- The process is far too onerous to be done every year
- It ensures continuity in vehicle design and maintenance characteristics over the three year contract
- The potential for larger vehicle orders ensures the best pricing possible as it allows the vendor to spread the cost of engineering work over a larger order

## **DISCUSSION**

The new transit garage is a critical element to ensuring that transit service can be expanded in 2010 and beyond. The new garage was approved in the 2008-09 Capital Budget, a site has been selected and approved by Council, and the project is well underway. With the anticipated completion of the transit garage in the summer of 2010, Metro Transit is planning service expansion for August 2010, August 2011 and August 2012. The lag time between facility commissioning and service expansion is for the following reasons:

- Coincides with traditional increased seasonal demand related to re-opening of universities, colleges and schools.
- Provides a few months post commissioning so staff have adequate time to adapt to the new operating and maintenance facility
- Complies with Collective Agreement provisions requiring Metro Transit to conduct operator work selections on a periodic basis.

During the 2009/10 fiscal year there is no opportunity to expand peak hour service as there is no longer adequate maintenance and storage capacity for additional transit vehicles. Ever increasing demands on public transit has placed a significant strain on the current conventional system and will require Metro Transit to react immediately upon the commissioning of the new garage in order to address identified needs. Metro Transit will be tendering for articulated (60 foot) vehicles. These articulated vehicles will be deployed on high volume routes so that conventional 40ft vehicles can be redeployed elsewhere throughout the system. With a 19 month lead time for the tendering and manufacturing of the transit vehicles as outlined in attached Appendix B, Metro Transit is seeking pre-approval to commit capital funds assigned to vehicle purchases in the 2010/11 as well as tender for a three year term spanning 2010/11, 2011/12 and 2012/13 from the following accounts:

<b>Project Number</b>	<b>Project Description</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
CVD00434	Conventional Transit Bus Expansion	\$ 7,000,000	\$ 7,000,000	\$ 7,500,000
CVD00435	Conventional Bus Replacement	\$ 3,200,000	\$ 4,400,000	\$ 7,200,000
CMU00981	MetroLink	\$ 5,100,000	\$ 5,100,000	\$ 0
CVD00429	Access-A-Bus Expansion	\$ 440,000	\$ 0	\$ 0
CVD00430	Access-A-Bus Replacement	\$ 440,000	\$ 450,000	\$ 450,000
		<b>\$16,180,000</b>	<b>\$16,950,000</b>	<b>\$15,150,000</b>

## **BUDGET IMPLICATIONS**

Pre-approval of a portion of the total 2010/11 capital budget will allow HRM to place a vehicle order into the production queue. Although capital funding will not be spent until vehicles are delivered to HRM in 2010/11 and beyond, this report is permanently earmarking future capital funding of \$16,180,000 for this initiative.

There are no 2008/09 or 2009/10 operating budget implications. However, there is a requirement to bolster the operational budget in 2010/11 to meet the needs of the expanded service. Service increases have been identified for 2010/11 and consist of Conventional Service, Downtown Shuttle, Rural Express, Harbour Link Shuttles (subject to approval of the Business Plan by Council) and Access-A-Bus. In 2010/11, it is estimated the service expansion will be in operation for 8 months of that fiscal year creating a need for about \$3.4 M in operating funding, net of revenues. In subsequent full years of operation it is estimated that \$5.048 M will be required.. This figure includes 51 conventional transit operators, 5 Access-A-Bus operators, 2 supervisors and 12 fleet personnel. Currently there is no council approved measure to generate funding to cover this budget gap. However, during the November 18, 2008 Committee of the Whole meeting, Council passed a motion which recognized that closing the operating funding gap is necessary to grow services and directed staff to develop funding options and return to Council in January. Through approval of this report, Council is obligated to approve measures to eliminate the funding gap in 2010/11.

Subsequent fiscal years will be subject to the normal budgeting procedures and will be presented during budget deliberations.

## **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

The Municipality's Multi-Year Financial Strategy requires that capital spending funded by debt be restricted to 80% of the previous years debt payments. If this report is approved, there will be \$16,180,000 already allocated for the 2010/11 fiscal year. There are no restrictions within the Capital Spending Policy as approved in the Multi-Year Financial Strategy (MYFS) which precludes the pre-approval of these funds. And this earmarking does meet a capital spending strategy related to the Municipality's goals and priorities and Council's Focus Areas. The associated operating budgets are not approved at this time and staff have been instructed to bring forward a plan to fund the ongoing operating costs of the vehicles which are creating new service capacity.

## **ALTERNATIVES**

Halifax Regional Council could choose to wait for the budget approval process to take place before tendering vehicles. Waiting until April 2010 to proceed with tendering would mean that delivery of the vehicles would not take place until late 2011 (Appendix B). With the commissioning of the transit facility in 2010, this would delay service expansion another year, further increasing the gap between the service provided and the demand on the conventional transit system.

**ATTACHMENTS**

Attachment 1 - 5 Year Approach to Transit Enhancements

Attachment 2 - Transit Vehicle Delivery Timelines

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.

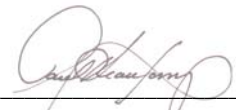
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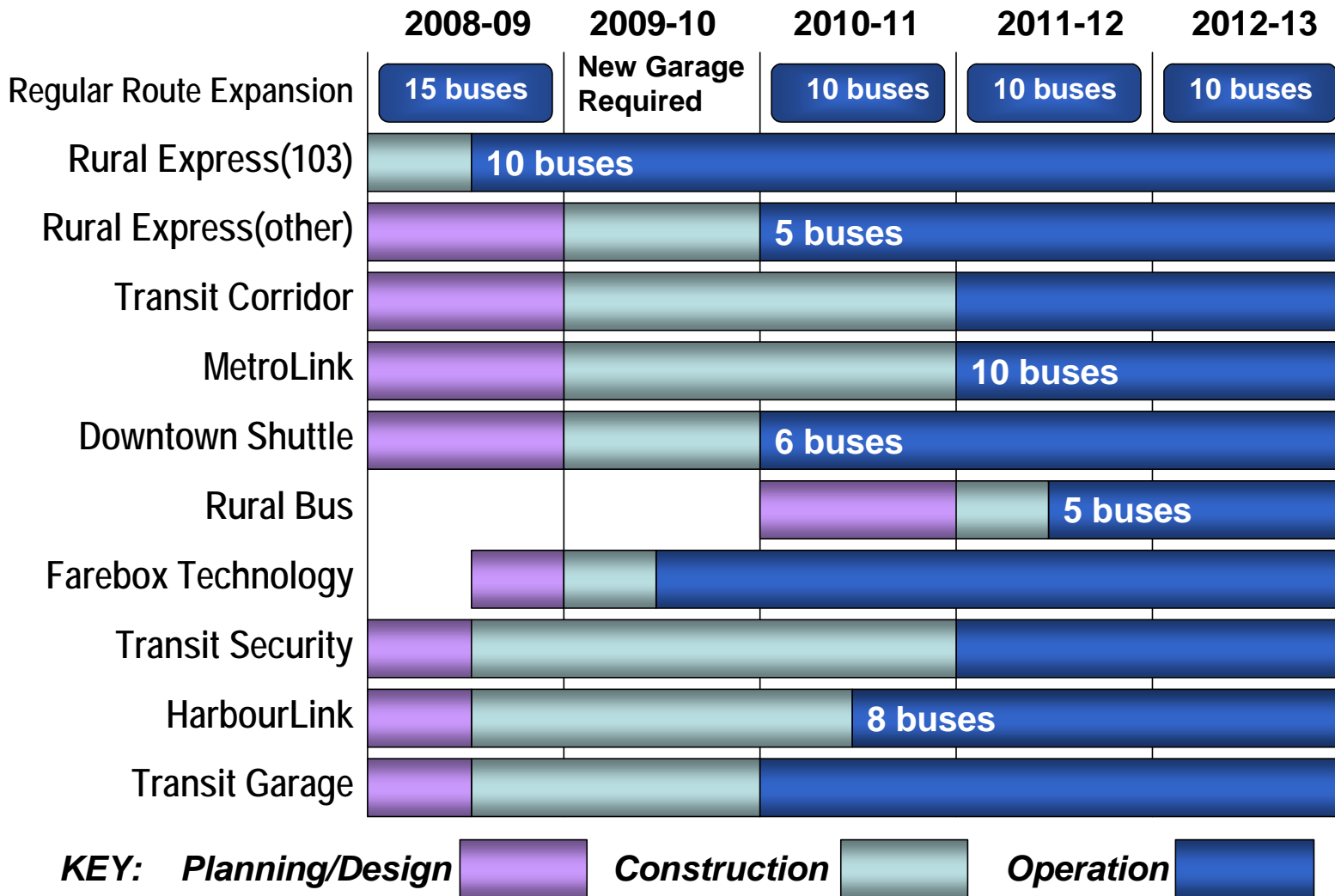
Catherine Sanderson, Senior Manager, Financial Services, 490-1562

Report Approved by:



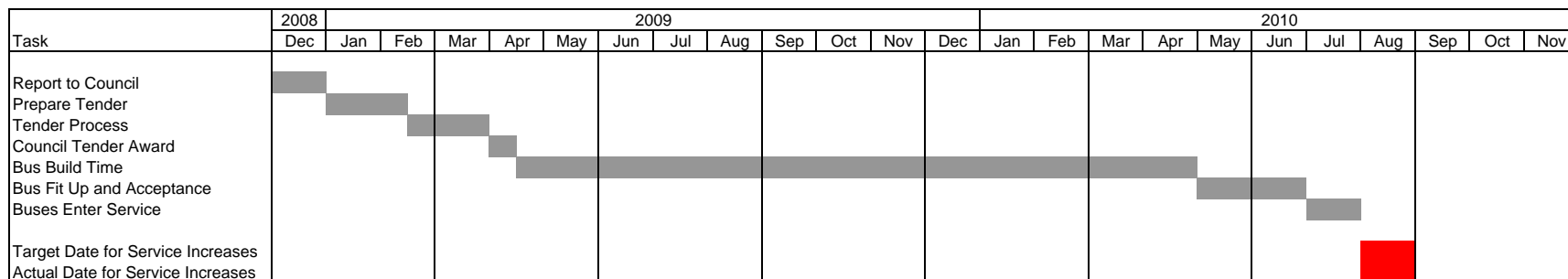
Mike Labrecque, Director Transportation & Public Works, 490-4855

## 5 Year Approach to Transit Enhancements



## Appendix B - Transit Vehicle Delivery Timelines

### Recommendation (Advanced Funding Approval)



### Alternative (Traditional Funding Approval)

