



P.O. Box 1749
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Item No. 10.1.4
Halifax Regional Council
January 24, 2012

TO: Mayor Kelly and Members of Halifax Regional Council

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SUBMITTED BY:

Richard Butts, Chief Administrative Officer

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Mike Labrecque, Deputy Chief Administrative Officer

DATE: December 15, 2011

SUBJECT: Pre-Approval of 2012-13 Project Funding for Transit Buses

ORIGIN

Request for Proposal #09-069 – Forty-Five (45) Sixty-Foot Transit Buses awarded by Halifax Regional Council to Nova Bus on September 29, 2009.

Request for Proposal #11-122 – Supply of up to 15 Forty-Foot Transit Buses awarded by Halifax Regional Council to Nova Bus on October 25, 2011.

Request for Proposal #11-121 – Supply of Para-Transit Buses awarded by Halifax Regional Council to Overland Custom Coach on September 13, 2011.

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Provide early approval of the 2012-13 Project Budget for \$3,947,445.73 in Project Account CVD00434 Conventional Transit Bus Expansion.
2. Provide early approval of the 2012-13 Project Budget for \$12,283,420.39 in Project Account CVD00435 Conventional Transit Bus Replacement.
3. Provide early approval of the 2012-13 Project Budget for \$704,314.11 in Project Account CVD00430 Access-a-Bus Replacement.

BACKGROUND

Transit vehicles must typically be ordered up to one year in advance of delivery so that the manufacturers can schedule their work. For this reason, it will always be necessary to request capital budget pre-approval in order to take receipt of the vehicles in the following year.

Metro Transit is seeking approval to order the remainder of the conventional articulated vehicles under the terms of RFP #09-069 and two of the optional six 40-foot buses under RFP #11-122. In addition, Metro Transit is also seeking approval to purchase Access-a-Bus vehicles from Overland Custom Coach based on an existing contract (RFP #11-121).

DISCUSSION

Conventional Buses:

Five 60-foot articulated conventional buses would be purchased for expansion purposes. Plans include improvements to schedule adherence on key routes and implementation of the Portland Street High Frequency Corridor project. The 2012-13 Metro Transit Annual Service Plan will provide further details on planned service improvements.

Fifteen articulated buses and two 40-foot buses would be purchased to replace older buses that are due for retirement. The replacement of these older buses has many benefits. Newer buses are more environmentally friendly, more reliable, provide accessible low-floor service and are less costly to maintain than older buses. As an example, the average annual cost to maintain a bus that is three to six years old is \$27,000. The average annual cost to maintain a bus that is 18 years old or greater is \$78,000. The result is an operational savings of more than \$860,000 per year by retiring 17 older buses, not including the further reduction in maintenance costs that HRM experiences while new buses are under warranty.

The current 2012-13 Project Budget plan includes sufficient funding for 12 articulated conventional buses. Funding previously planned for the purchase of MetroLink buses in Project Account CMU00981 would be reallocated for the purchase of an additional eight articulated buses under RFP #09-069 and two 40-foot buses under RFP #11-122. This would complete the purchase of the maximum 45 articulated buses allowed under RFP #09-069 with NovaBus.

The two 40-foot buses purchased under RFP #11-122 would be completed by exercising the option to purchase additional buses under the contract, with the buses being allocated to conventional replacement instead of MetroX. This would leave an option to purchase four buses under this contract for MetroX or other rural services.

This funding reallocation is recommended since there is no realistic potential for the Clayton Park MetroLink service to be implemented in 2012-13, and the funds can be used to accelerate the replacement of aging buses.

Access-a-Buses:

Nine buses would be purchased to replace vehicles that are due for retirement. The replacement of these older buses has many benefits. Newer buses are less costly to maintain than older buses and are more reliable.

BUDGET IMPLICATIONS

Funding is available in Project Account No's CVD00434 – Conventional Transit Bus Expansion, CVD00435 – Conventional Transit Bus Replacement, and CVD00430 – Access-a-Bus Replacement. The funding availability has been confirmed by Finance.

Budget Summary:

Project Account No. CVD00434–Conventional Transit Bus Expansion

Cumulative Unspent Budget	\$ 23,024.95
Add: 2012-13 Budget Pre-Approval	\$ 3,947,445.73
Less: Purchase of Five Conventional 60' Buses	\$ 3,820,470.68
Balance	\$ 150,000.00

Project Account No. CVD00435–Conventional Transit Bus Replacement

Cumulative Unspent Budget	\$ 8,204.15
Add: 2012-13 Budget Pre-Approval	\$ 12,283,420.39
Less: Purchase of 15 Conventional 60' Buses	\$ 11,461,412.04
Less: Purchase of Two Conventional 40' Buses	\$ 830,212.50
Balance	\$ 0.00

Project Account No. CVD00430 – Access-a-Bus Replacement

Cumulative Unspent Budget	\$ 130,265.89
Add: 2012-13 Budget Pre-Approval	\$ 704,314.11
Less: Purchase of Nine Access-a-Buses	\$ 834,580.00
Balance	\$ 0.00

The balance of funds in CVD00434 will be used for vehicle fit-up.

There are no operating costs associated with replacement vehicles, however, the five expansion buses would result in approximately \$1.1 million in operating costs. This increase will be brought forward as part of the 2012-2013 Operating Budget and Metro Transit Annual Service Plan. If Regional Council were to not approve operating funds for the expansion vehicles at that time, these vehicles would be used as replacements.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

This report has no Community Engagement implications.

ALTERNATIVES

1. Halifax Regional Council could choose not to approve the advance capital funding for the Access-a-Bus purchase and wait for the 2012-13 budget approval process to take place before committing to purchase vehicles. This would delay the acquisition of the Access-a-Buses and would result in the operation of older vehicles for a longer period of time, resulting in increased maintenance costs and reduced service reliability. Additionally, this would move HRM into the second year pricing for the Access-a-Buses, increasing the cost by approximately \$2,000 per unit.
2. Halifax Regional Council could choose not to approve the advance capital funding for the Conventional Bus purchase and wait for the 2012-13 budget approval process to take place before committing to purchase vehicles. This would require procurement to request an extension to the existing contract with NovaBus for 60-foot articulated conventional buses to ensure pricing does not increase. This alternative would delay the acquisition of the buses, delaying the implementation of service improvements and replacement of older buses, resulting in increased maintenance costs and reduced service reliability.

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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