

**Item No. 11.1.6**  
**Halifax Regional Council**  
**March 19, 2013**

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

**SUBMITTED BY:** Original Signed  
Mike Labrecque, Acting Chief Administrative Officer  
Original Signed  
Eddie Robar, Director, Metro Transit

**DATE:** February 18, 2013

**SUBJECT:** Sole Source Award – Voith Schneider Propeller Unit Parts - Voith Turbo GmbH & Co.

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**ORIGIN**

The approved Project Budget for Biennial Ferry Refit.

**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 the Sole Source Policy (Administrative Order 35, Section 8(11A) sub-sections (a) and (b) attached), award the Sole Source purchase of Voith Schneider propeller unit parts Metro Transit ferries, for the estimated amount of \$59,255.29 (Cdn, Net HST included) to Voith Turbo GmbH & Co., with funding from Project No. CVD00436 – Biennial Ferry Refit, as outlined in the Budget Implications section of this report.

**BACKGROUND**

Metro Transit’s existing ferries were constructed in 1978 (Halifax III and Dartmouth III) and 1986 (Woodside I). All three ferries feature Voith Schneider propeller units.

**DISCUSSION**

The Biennial Ferry Refit project supports a regular program of preventive maintenance for Metro Transit ferries, and permits inspections and work that can only be accomplished while a ferry is in dry dock. Typical work includes shell plating repair, Voith Schneider propeller maintenance, hull and superstructure paint work, and engine repair or replacement. One of Metro Transit’s three ferries is scheduled for this work each calendar year on a rotating basis.

The Halifax III is scheduled for dry dock and maintenance in September 2013. The Voith Schneider propeller unit parts to be procured under this quote are required in support of propeller maintenance activities during this refit. As Voith Turbo requires a lead time in the order of several months to deliver, procurement of the propeller parts is now necessary.

As per Appendix “A”, the subject sole source purchase from Voith is in accordance with HRM’s Procurement Policy (Administrative Order 35), **Sole Source/Single Source Purchases** - Section 8(11A) sub-sections (a) and (b) as follows:

- (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.

<b>Company</b>	<b>Quotation</b>	<b>Quoted Price</b>
Voith Turbo GmbH & Co.*	<b>Quotation No.</b> <b>SQ002204</b>	\$59,255.29

**Recommended\***

**BUDGET IMPLICATIONS**

Based on a substantive quote of \$56,820.00 Cdn plus net HST in the amount of \$2,435.29 for a total project cost of \$59,255.29 Cdn net HST inclusive, funding is available in the approved Project Budget from Project No. CVD00436 – Biennial Ferry Refit. The budget availability has been confirmed by Finance.

**Budget Summary: Project No. CVD00436 Biennial Ferry Refit**

Cumulative Unspent Budget	\$433,868.19
Less: Voith Turbo	<u>\$ 59,255.29</u>
Balance	\$374,612.90

The balance of funds will be used for the Biennial Ferry Refit projects.

**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.

**ALTERNATIVES**

Council could choose to not proceed with the procurement of Voith Schneider propeller unit parts for the Halifax III Ferry or defer the purchase. However this would postpone preventative maintenance on the propeller units until the next dry docking opportunity (2016).

**ATTACHMENTS**

- 1) Appendix A – Halifax Regional Municipality Administrative Order #35 Procurement Policy, Amendment #5, May 15, 2012
- 2) Voith Turbo Quote No. SQ002204

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, Ferry Operations, Metro Transit. 490-1505

Procurement Review: Original Signed  
Anne Feist, Manager, Procurement, 490-4200

Report Approved By: Original Signed  
Eddie Robar, Director, Metro Transit, 490-6720

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**Appendix “A”**

**Halifax Regional Municipality Administrative Order # 35 Procurement Policy, Amendment # 5, May 15, 2012.**

**Section (11), Alternative Procurement Practices** may be used as follows:

**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.
- (l) 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.

The terms and conditions of a sole source/single source purchase shall be negotiated. Sole source/single source purchases over \$25,000 and not exceeding \$50,000 shall be approved by the CAO.



Voith Turbo

Voith Turbo, 171 Ambassador Drive Unit 1, Mississauga, ON L5T 2J1

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www.canada.voithturbo.com

HALIFAX REGIONAL MUNICIPALITY  
ATTN: ACCOUNTING DEPT  
PO BOX 1749  
HALIFAX, NS B3J 3A5

Customer No. 6019384  
Your Reference VSP DARTMOUTH  
Administrator Aaron Paloscia  
Phone Direct 905 670 3122  
Contact Person McElroy, Scott  
Phone Direct 905-670-3122 EX 23  
Fax  
E-Mail scott.mcelroy@voith.com  
Date 2013-Jan-09  
Valid Until  
Incoterms 2000 EXW

Quote No.: SQ002204

Please indicate in all correspondence

Your Inquiry dated 2013-Feb-14

Description	Quantity	Unit Price CAD	Amount CAD
H82.002248 RING, GLAND 145/12/X35	16 Each	518.03	8,288.48
182.2127931000 SHAFT SEAL RING	32 Each	603.90	19,324.80
182.20072010 RING, PACKING 243/160X37	8 Each	394.296	3,154.37
H01.008023 O-RING	16 Each	1.22	19.52
H01.008035 O-RING	32 Each	1.65	52.80
H01.034134 O-RING	16 Each	2.20	35.20
H01.008024 O-RING	2 Each	5.70	11.40
H01.008028 O-RING	2 Each	5.70	11.40
H01.008024 O-RING	2 Each	5.70	11.40

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GST NO: 143043123  
PST EXEMPTION NO: 429628562  
QST NO: 1022520837

Voith Turbo  
a division of Voith Canada Inc  
5100-64th Avenue SE, Unit 10  
Calgary, AB T2C 4V3  
V: 403-236-7399  
F: 403-236-3989

# VOITH

Voith Turbo

Quote No.: SQ002204

Please indicate in all correspondence

Voith Turbo  
a division of Voith Canada Inc  
171 Ambassador Drive Unit 1  
Mississauga, ON L5T 2J1

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Description	Quantity	Unit Price CAD	Amount CAD
H01.008028 O-RING	2 Each	5.70	11.40
H01.037214 O-RING	2 Each	5.70	11.40
H01.037214 O-RING	2 Each	5.70	11.40
182.2221851000 control bush/-pin	1 Each	12,493.98	12,493.98
182.2068621000A control bush/-pin	1 Each	12,493.98	12,493.98
H01.008024 O-RING	1 Each	5.70	5.70
H01.008028 O-RING	1 Each	5.70	5.70
H01.037214 O-RING	1 Each	5.70	5.70
H01.008024 O-RING	1 Each	5.70	5.70
H01.008028 O-RING	1 Each	5.70	5.70
H01.037214 O-RING	1 Each	5.70	5.70
182.2053431000 KEY E 16X10X97	1 Each	54.48	54.48
H82.009407 BUSH	1 Each	312.77	312.77
182.2053431000 KEY E 16X10X97	1 Each	54.48	54.48
H01.007008 SLOTTED HEAD SCREW	1 Each	5.54	5.54
182.2053431000 KEY E 16X10X97	1 Each	54.48	54.48

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Description	Quantity	Unit Price CAD	Amount CAD
H01.022564 PRESSURE GAUGE --	2 Each	39.20	78.40
H01.022565 pressure gauge --	2 Each	110.24	220.48
H01.007008 SLOTTED HEAD SCREW	1 Each	5.54	5.54
H90.108510 ARTIC.JOINT BEARING	1 Each	68.10	68.10
<b>Total Price</b>			<b>56,820.00</b>
HST NS			8,523.00
<b><u>Quote Value CAD</u></b>			<b><u>65,343.00</u></b>

**Shipping Agent:**  
SEE TEXT

**Payment Terms:**  
NET 30 DAYS

**WE ARE SELLING TO OUR STANDARD TERMS AND CONDITIONS OF SALE  
AVAILABLE ON [www.canada.voithturbo.com](http://www.canada.voithturbo.com)**

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