



Item No. 11.1.1
Halifax Regional Council
March 26, 2013

TO: Mayor Savage and Members of Halifax Regional Council

Original signed by 

SUBMITTED BY:

Richard Butts, Chief Administrative Officer

Original Signed by 

Mike Labrecque, Deputy Chief Administrative Officer

DATE: February 28, 2013

SUBJECT: Award - Tender No. 13-009, New Passenger Ferry

ORIGIN

The proposed 2013/14 Project Budget for a New Conventional Ferry.

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.

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

This report has not followed the approved required process.

RECOMMENDATION

It is recommended that Halifax Regional Council:

- 1) Award Tender No. 13-009 for a New Passenger Ferry to the lowest bidder meeting specifications, A.F. Theriault & Son Ltd., for Total Tender Price of \$ 4,158,299.96 (net HST included) with funding from Project No. CMX01123 – New Conventional Ferry, as outlined in the Financial Implications section of this report;
- 2) Authorize an increase to the project budget for Project No. CMX01123 – New Conventional Ferry in the amount of \$1,450,000 with funding as a withdrawal from the Ferry Replacement Reserve (Q129) as indicated in the Financial Implications Section of this report; and,

- 3) In accordance with the Sole Source Policy (Administrative Order 35, Section 8(11A) sub-sections (a) and (b) attached- Appendix “A”), award the sole source procurement for construction and inspection services to E.Y.E. Marine Consultants for an estimated amount of \$78,626.43 (net HST included) with funding from Project No. CMX01123, as outlined in the Financial Implication section of this report.

BACKGROUND

Metro Transit currently operates three passenger ferries (Dartmouth III, Halifax III and Woodside I).

A fourth passenger ferry has been identified as a priority investment to improve the harbour ferry service between Woodside and Downtown Halifax. The fourth ferry is also recommended in the Council approved Metro Transit Five Year Strategic Operations Plan, and further recommended in the Strategic Ferry Operations Plan. This ferry will permit Metro Transit to double the peak hour service and add new off peak service on the Woodside route; these service improvements cannot be achieved with three vessels.

DISCUSSION

Tenders were publically advertised on the Province of Nova Scotia website and closed on February 22, 2013.

Representatives from four (4) Nova Scotia shipyards attended the Bidders Conference, but only one (1) bid was received from the following company:

Company	Bid Price	H.S.T.	Total
A.F. Theriault & Son*	\$3,987,400.00	\$170,899.96	\$4,158,299.96

***Recommended Bidder**

The other attendees to the meeting were contacted and cited a lack of capacity at present.

The scope of work for this tender includes construction, fit out, the certification of one New Passenger Ferry, and crew training.

If this award is approved, A.F. Theriault and Son Ltd. will commence work on notification of award, with an anticipated delivery date of April 1, 2014.

On May 15, 2012, the Chief Administrative Officer approved E.Y.E Marine Consultants (CAO report attached, Appendix B) to provide design services for a new Metro Transit ferry, for a total cost of \$49,947.78 (net HST included). E.Y.E Marine Consultants have completed the specifications of new Passenger Ferry of which is the basis for this tender. Further, E.Y.E performed the design work for the vessels of the existing ferry fleet (and incorporated the updated new design of the new ferry with the existing fleet), pontoon infrastructure and is co-owners of this design with HRM. Therefore, it is recommended that E.Y.E Marine Consultants provide construction and inspection services related to the new ferry. (Quote included as an attachment to this report, Appendix C).

As per Appendix “A”, the subject sole source procurement for construction and Inspection services 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.

FINANCIAL IMPLICATIONS

Based on the lowest tender price of \$3,987,400 plus net HST of \$170,899.96 for a total cost of \$4,158,299.96 and construction and inspection services for the estimated amount of \$75,395.00 plus net HST of \$3,231.43 for a total estimated cost of \$78,626.43, there is currently insufficient funds in the project budget.

This project is currently in the proposed 2013/14 Project Budget with funding from the Ferry Replacement Reserve, Q129. The availability of funds to award this contract is currently insufficient to award the contract, and therefore, we are seeking Council’s approval to increase the 2012/13 project budget in the amount of \$1,450,000 so the award of the project can be finalized.

Budget Summary: Project No. CMX01123 – New Conventional Ferry

Cumulative Unspent Budget	\$ 2,787,811.12
Add: Increase per recommendation #2	\$ 1,450,000.00
Less: New Passenger Ferry	(\$4,158,299.96)
Less: Construction & Inspection Services	(\$ 78,626.43)
Balance	\$ 884.73

Budget Summary: Ferry Replacement Reserve Q129

Projected balance March 31/13 as at Feb 28/13	\$ 6,364,232.00
Less: Reserve Withdraw (Q129)	(\$1,450,000.00)
Projected net Available Funds March 31/13	\$ 4,914,232.00

If approved, this will increase the 2012/13 Gross Project Budget, and withdrawals from reserves.

ENVIRONMENTAL IMPLICATIONS

A fourth passenger ferry will greatly improve the harbour service between Woodside and Downtown Halifax. The ferry will permit Metro Transit to double the peak hour service and add new off peak service on the Woodside route. By offering an alternate route to the downtown

Halifax area residents will be encouraged to use Metro Transit as opposed to using their private vehicles thus both reducing vehicular traffic and greenhouse gas emissions.

ALTERNATIVES

Council could choose not to proceed with the procurement of a New Passenger Ferry for Metro Transit or defer the purchase. However, this would prohibit or postpone planned improvements to service on the Woodside ferry route.

ATTACHMENTS

- Appendix A – Administrative Order 35 – Procurement Policy (excerpt)
- Appendix B – CAO Award Report, E.Y.E. Marine for Design, Approved May 15, 2012
- Appendix C – Quote- E.Y.E. for Design & Construction

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: W.L. (Larry) Hilton, Coordinator Tech. & Admin. Services - Corporate Fleet & Equipment

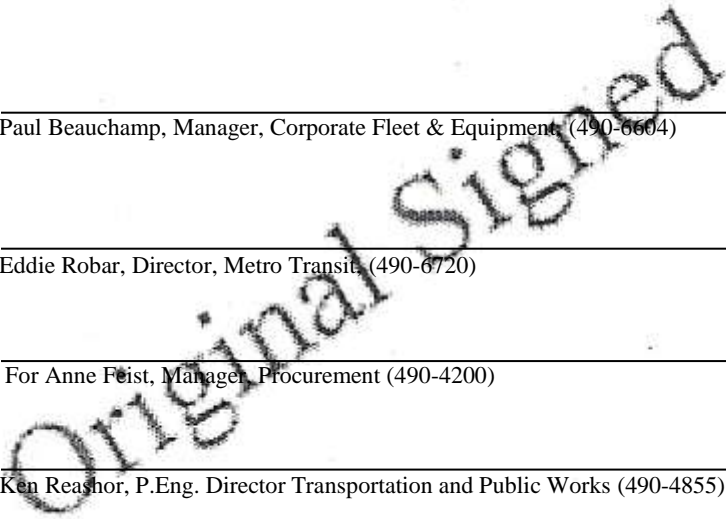
Corporate Fleet Review: _____
Paul Beauchamp, Manager, Corporate Fleet & Equipment (490-6604)

Metro Transit Review: _____
Eddie Robar, Director, Metro Transit (490-6720)

Procurement Review: _____
For Anne Feist, Manager, Procurement (490-4200)

Report Approved by: _____
Ken Reashor, P.Eng. Director Transportation and Public Works (490-4855)

Report Approved by: _____
Greg Keefe, Director Finance and ICT/CFO (490-6308)



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.
- (1) 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.



P.O. Box 1749
Halifax, Nova Scotia
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CAO Award Report

TO: Richard Butts, Chief Administrative Officer

Original Signed

SUBMITTED BY:

Eddie Robar, Director, Metro Transit

DATE: May 1, 2012

SUBJECT: Sole Source Award – E.Y.E. Marine Consultants

ORIGIN

The approved Project Budget for construction of a New Conventional Ferry.

In accordance with Administrative Order #35, The Procurement Policy, Section 9 (4), which was approved by Regional Council on June 8, 2004, and most recently amended on July 5, 2011, the CAO may approve the award of contracts where the award conforms to the Procurement Policy and does not exceed \$50,000 for sole/single source, \$500,000 for tender, RFQ's and RFP's, where the funds and programs have been approved by Regional Council as part of the annual business planning and budget process, and the expenditure will not result in an over-expenditure of the entire budget.

The following report conforms to the above Procurement Policy.

RECOMMENDATION

It is recommended that, in accordance with the Sole Source Policy (specifically Section 8(11) (a) of Administrative Order # 35 – Appendix A of this report), the Chief Administrative Officer approve E.Y.E Marine Consultants to provide design services for a new Metro Transit ferry, for a total cost of \$49,947.78 (net HST included) with funding from Project No. CMX01123 – New Conventional Ferry, as outlined in the Budget Implications section of this report.

APPROVED:

Original Signed

Original Signed

Mike Labrecque, DCAO

Richard Butts, CAO

Date: 15 May 2012

Date: 15 May 2012

BACKGROUND

Metro Transit's existing ferries were constructed in 1978 (two vessels) and 1986 (one vessel). As such, these ferries will soon approach the end of their economic lifespan. Unlike most other vehicle purchases, the opportunity does not exist to purchase ferries "off the shelf".

A fourth conventional ferry has been identified by staff as a priority investment to improve the harbour ferry service between Woodside and Downtown Halifax. The fourth ferry is also recommended in the Council-Approved *Metro Transit Five-Year Strategic Operations Plan* and further in the *Strategic Ferry Operations Plan*. This ferry will be used to double the frequency of peak-hour service and add new off-peak service on the Woodside route.

As the initial step in a new build programme, Metro Transit therefore requires a new ferry design to serve as the foundation for recapitalization of the current fleet and an additional vessel for the Woodside service.

DISCUSSION

After extensive analysis of a variety of options for ferry vessels in the context of Metro Transit's strategic plans, staff has recommended to proceed with a new build ferry project that incorporates the design of the vessels of the existing ferry fleet. Ferries of this design have proven to be efficient and reliable, and they were designed to integrate with the unique terminal infrastructure that is featured at Metro Transit ferry terminals. Further, the design has sufficient potential to incorporate new system technologies and improvements based on years of operational experience.

E.Y.E Marine Consultants performed the design work for the vessels of the existing ferry fleet. They also performed the design work related to the pontoon infrastructure, and as such have extensive insight to the integration of ferry with pontoon and the practical concept of operations. E.Y.E Marine Consultants are co-owners of this design with IIRM; if awarded the design work, they have agreed to waive related royalties for the construction of the first vessel.

Previously issued purchase orders, related to this design work, to Sagaris Nautical Inc. and Lengkeek Vessel Engineering Inc. have been Terminated for Convenience by HRM.

BUDGET IMPLICATIONS

Based on a substantive cost estimate (attached) of \$47,895.00 from E.Y.E Marine Consultants plus net HST in the amount of \$2,052.78 for a total project cost of \$49,947.78 (net HST inclusive), funding is available in the approved Project Budget from Project No. CMX01123 – New Conventional Ferry. The budget availability has been confirmed by Finance.

Budget Summary: Project No. CMX01123 New Conventional Ferry

Cumulative Unspent Budget	\$3,364,365.56
Less: EYE Marine	<u>\$ 49,947.78</u>
Balance	\$3,314,417.78

The balance of funds will be used for the construction of the New Conventional Ferry.

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

Appendix A
Administrative Order 35
Procurement Policy Section 8 (11)
Sole Source/Single Source Purchases

(11) **Sole Source/Single Source Purchases:** The terms and conditions of a sole source/single source purchase shall be negotiated. A sole source/single source purchase occurs:

- (a) To ensure compatibility with existing products, facilities or service, 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, for technical reasons, there is an absence of competition and the goods or services can be supplied 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 a property by a contractor according to the 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 procurement of a good or service for testing or trial use.
- (i) For the purchase of goods under exceptionally advantageous circumstances such as bankruptcy or receivership, but not for routine purchases.
- (j) For the procurement of original works of art.
- (k) For the procurement of goods intended for resale to the public.
- (l) Where the Municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality.
- (m) Notwithstanding anything in this policy, where a purchase is determined by Council to be fair and reasonable and is made from a nonprofit corporation supported by the Municipality, such a purchase may be made as a single source purchase.
- (n) Where items are offered by sale by tender, auction or negotiation such purchase will be deemed to be a single source purchase and the CAO may authorize the submission of a bid or the conduct of negotiations where the CAO determines the purchase to be clearly in the best interest of Halifax Regional Municipality.
- (o) Where goods or consulting services regarding matters of a confidential or privileged nature are to be purchased and the disclosure of such matters through an open tendering process could reasonably be expected to compromise government confidentiality, cause economic disruption or otherwise be contrary to the public interest. Purchases of this nature must be approved by the CAO
- (p) Where compliance with an open tendering process may interfere with the Municipality's ability to maintain security or order or to protect human, animal or plant life or health.

HFX City Ferry Inspection Services

Item	Unit Cost	# of Inspections	Total Amount
1.0 Inspections			
Structural weld, steel fitting and dimensional (Based on bi-weekly visits over 6 mth build)	\$680.00	12	\$8,160.00
Outfit and progress inspections (Based on bi-weekly visits over 6 mth build)	\$680.00	12	\$8,160.00
Drawing Review (1/2 day per week over 9 mth build)	\$340.00	36	\$12,240.00
PO Review (1/2 day per week over 9 mth)	\$340.00	36	\$12,240.00
Final Vessel Inspection (1 visit at end of build)	\$1,360.00	1	\$1,360.00
1.0 TOTAL			\$42,160.00
2.0 Reports			
Monthly Progress Reports	\$255.00	9	\$2,295.00
Design Check Review and Report	\$3,400.00	1	\$3,400.00
2.0 TOTAL			\$5,695.00
3.0 SUPPORT, MEETINGS & Misc.			
Kick-off Meeting (2 people)	\$1,360.00	1	\$1,360.00
Monthly Meetings (2 people)	\$1,360.00	9	\$12,240.00
Support and Correspondence	\$1,700.00	9	\$15,300.00
3.0 TOTAL			\$27,540.00
TOTAL			\$75,395.00

Notes:

- 1) Based on 9 month ferry build
- 2) All travel to the shipyard considered extra as it is unknown where vessel will be built.