


HALIFAX

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Item No. 11.1.1
Halifax Regional Council
July 21, 2015

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Mike Labrecque, Acting Chief Administrative Officer

Original Signed
Jane Fraser, Acting Deputy Chief Administrative Officer

DATE: July 21, 2015

SUBJECT: Halifax Transit Sole Source Award – Voith Schneider Control System Upgrade for the Woodside I Ferry - Voith Canada Inc.

ORIGIN

The approved Project Budget for the refit of Halifax Transit Ferries.

LEGISLATIVE AUTHORITY

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. Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. 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 a Voith Schneider Control System Upgrade for the Woodside I ferry to Voith Canada Inc, for a total cost \$ \$ 341,765.95 (net HST included), with funding from Project No. CVD00436 – Biennial Ferry Refit, as outlined in the Financial Implications section of this report.

BACKGROUND

Halifax Transit's existing ferries were constructed in 1978 (Dartmouth III and Halifax III) and 1986 (Woodside I). Due to their age and the increasing difficulty in maintaining them, the Dartmouth III and the Halifax III are approaching the end of their economic lifespan. Recapitalization of the aging ferry fleet is recommended in the Council-Approved *Metro Transit Five-Year Strategic Operations Plan* and further in the *Strategic Ferry Operations Plan*.

Halifax Transit is currently engaged in a Council approved project to recapitalize the ferry fleet, with two new ferries in built and scheduled to enter service, one (Craig Blake) in the summer of 2015 and the other (unnamed) in the summer of 2016.

DISCUSSION

Ferries produced under the planned recapitalization effort will incorporate the same hull and operating design of the vessels of the existing ferry fleet, with numerous updates as mandated by regulatory requirements and the knowledge and experience gained over years of operation. Ferries of this type have proven to be efficient and reliable, and they were designed to integrate with the unique terminal infrastructure that is featured at Halifax Transit ferry terminals.

Currently serving and new build vessels of the fleet each feature two Voith Schneider propellers as components of the main propulsion system. The unique characteristics of these units contribute to the efficiency and manoeuvrability of the ferries (which permits them to operate safely in relatively high winds), and they have proven to be extremely reliable in operation. Maintenance of commonality in propulsion systems across the ferry fleet simplifies training, maintenance and sparing, as operators will have to maintain proficiency with a single propulsion arrangement only.

The older ferries in the fleet (Dartmouth III, Halifax III and Woodside I) feature a dated, mechanical control system, no longer manufactured by Voith Schneider, for their respective propeller units. The Christopher Stannix features an improved and modernized "fly by wire" control system; the Craig Blake and the follow on ferry will feature the same updated control system.

In order to deploy the four ferries required to support the ferry service schedule and as only three ferries have been procured under the recapitalization program, Halifax Transit will have to maintain the Woodside I as part of the ferry fleet until funding is approved for a replacement. As the Woodside I will remain in service for the foreseeable future, an upgrade and modernization of the Voith Schneider control system is necessary for several reasons:

1. a control system that is common across all ferries in the fleet will improve operator proficiency and ultimately safety, as the risk of an accident will decrease;
2. the control system featured in the Woodside I is becoming increasingly difficult to support for planned and corrective maintenance; the modernized control system featured in the new ferries features remote diagnostics that will vastly improve technical service response and potentially reduce downtime from a significant defect; and
3. the upgraded control system contemplated represents a significant ergonomic improvement over the currently fitted system, reducing operator fatigue and the risk of strain related injuries.

As per Attachment "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.

Lead time to produce the components for the Voith Schneider Control System Upgrade is in approximately 7 months. A tender to implement the structural modifications necessary to support the upgraded control system, as well as improvements to the lifesaving arrangements and passenger cabin, will be issued in August 2015, with the associated work conducted over a two month period during winter 2015/16. In order to ensure the components for the upgrade are available for timely integration with the Woodside I's Voith Schneider units and modified wheelhouse arrangement, it is necessary to procure the components now. Following Council's approval of this award, HRM will issue a letter of "Intent to Purchase" to Voith Canada Inc., for a total cost of \$327,719.88, plus net HST of \$14,046.07, and related matters will be reviewed by Procurement and Legal Services to finalize the terms and conditions of sale and purchase, including warranty and payment terms, before a purchase order is issued.

	Quotation	Quoted Price (Net HST Included)
VoithTurbo Canada Inc.*	Quotation No. RQ000529	\$341,765.95

Recommended*

FINANCIAL IMPLICATIONS

Based on the Voith Canada Inc. cost of \$327,719.88 plus net HST of \$14,046.07 for a total cost of \$341,765.95 (net HST included), funds are available 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	\$866,482.94
Less: Voith Canada Inc.	<u>\$341,765.95</u>
Balance	\$524,716.99

The cost of this project was originally estimated at \$500,000.

The balance of funds in CVD00436 will be used for the upcoming refit of the Woodside I.

ENVIRONMENTAL IMPLICATIONS

Staff has not identified any environmental implications associated with recapitalization of the ferry fleet or this proposed procurement.

ALTERNATIVES

Council could choose to not proceed with the procurement of Voith Schneider Control System Upgrade components for the Woodside I or defer the purchase. However this would preclude Halifax Transit from upgrading the Woodside I to feature the same control system as the new ferries of the recapitalized ferry fleet.

ATTACHMENTS

Appendix A - HRM Administrative Order #35, Procurement Policy Section 8(11)(A)

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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Original Signed

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

(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.