

# HALIFAX

P.O. Box 1749  
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**Item No. 14.1.1**  
**Halifax Regional Council**  
**December 6, 2016**

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

**SUBMITTED BY:** Original Signed by   
\_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

Original Signed by   
\_\_\_\_\_  
Jane Fraser, Acting Deputy Chief Administrative Officer

**DATE:** November 4, 2016

**SUBJECT:** Tender 16-095 – Construct Two Passenger Ferries

## **ORIGIN**

September 7, 2016 – Audit & Finance Federal Infrastructure Funding: Halifax Transit Project Budget Amendments.

## **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:

1. Award Tender No. 16-095 to Construct Two Passenger Ferries to the lowest bidder meeting specifications, A.F. Theriault & Son Ltd., for Total Tender Price of \$9,802,884 (net HST included); and
2. In accordance with the Sole Source Policy (Administrative Order 35, Section 8(11A) subsections (a) and (b) attached – Appendix A), award the sole source procurement for construction and inspection services to EYE Marine Consultants for an estimated amount of \$98,926 (net HST included) with funding from Project No. CM000001, as outlined in the Financial Implications section of this report.

## **BACKGROUND**

On September 20<sup>th</sup>, 2016, Halifax Regional Council approved a list of 2017/18 projects for advanced funding for the purposes of advanced tendering with funding contributions provided under the Public Transit Infrastructure Fund program. Included in the list of approved projects are two new passenger ferries for Halifax Transit, with one ferry delivered in 2017 and 2018 respectively. The two oldest ferries in the fleet are now past their predicted service lives and are becoming more difficult to maintain; while Halifax Transit had plans to recapitalize these vessels in future years, the funding provided under the Public Transit Infrastructure Fund will facilitate replacement now.

EYE Marine Consultants are co-owners (with HRM) of the designs of the existing ferries. For the ferries Christopher Stannix, Craig Blake and Viola Desmond, Halifax Transit engaged EYE Marine Consultants for design, construction and inspection services, to work as agent on the final build, and to verify compliance with all mandated Canadian Marine regulations. EYE Marine Consultants also performed design work related to the pontoon infrastructure, and have extensive insight to the integration of ferries with the pontoons and the practical concept of operations. As such, they are well placed to continue to provide construction and inspection services in support of the next two vessels under a Sole Source arrangement.

## **DISCUSSION**

Tenders were publicly advertised on the Province of Nova Scotia website and closed on October 21<sup>st</sup>, 2016.

Bids were received from the following companies:

<b>Company</b>	<b>Bid Price</b>	<b>H.S.T.</b>	<b>Total</b>
<b>Canadian Maritime Engineering</b>	\$11,842,776	\$507,581	\$12,350,357
<b>Ocean Industries</b>	\$10,517,302	\$450,772	\$10,968,074
<b>A.F. Theriault &amp; Son*</b>	\$9,400,000	\$402,884	\$9,802,884

### **\*Recommended Bidder**

The scope of work for this tender includes construction, fit out, the certification of two Passenger Ferries. A related sole source procurement of Voith Schneider propellers for these ferries was approved by Halifax Regional Council on November 8, 2016.

If this award is approved, A.F. Theriault and Son Ltd. will commence work on the first ferry on notification of award, with an anticipated delivery date of October 31, 2017 for the first ferry.

## **FINANCIAL IMPLICATIONS**

Based on the lowest bidder meeting specifications for \$9,802,884 (net HST included) and \$98,926 in construction and inspection services funding is available in Project Account No. CM000001 – Ferry Replacement. Tender 16-095 is a multi-year project with payments cash flowed in accordance with the milestones set out in a contract schedule. Budget availability has been confirmed by Finance.

**Budget Summary: Project No. CM000001 – Ferry Replacement**

Cumulative Unspent Budget	\$12,569,903
Less: Sole source construction inspection	\$ 98,926
<b>Less: Tender 16-095</b>	<b><u>\$ 9,802,884</u></b>
Balance	\$ 2,668,093

**RISK CONSIDERATION**

There are schedule and financing related risks associated with this purchase. The first and second ferries are scheduled for completion in October 2017 and August 2018 respectively. Under the funding parameters related to the Public Transit Infrastructure Fund program, all projects are to be invoiced by March 31, 2018 or the associated federal contributions are at risk. While this risk was communicated during the application and approval process, and HRM received satisfactory acknowledgement of the project schedule from provincial counterparts to proceed, time is of the essence in the initiation of this procurement.

**COMMUNITY ENGAGEMENT**

No community engagement has been undertaken specifically for this project.

**ENVIRONMENTAL IMPLICATIONS**

Staff have not identified any environmental implications associated with the procurement of two new passenger ferries.

**ALTERNATIVES**

Council could choose to not proceed with the procurement of two new passenger ferries or defer the purchase. However this would preclude Halifax Transit from recapitalizing the final two older ferries in the ferry fleet and the Municipality would forfeit the contributions award via the Federal Government's Public Transit Infrastructure Fund as outlined in Table 1 below. Further, as the contract for Voith Schneider propellers for these ferries has been executed, the Municipality could be subject to legal liability as a result of cancellation of that procurement.

**Table 1: Funding Source Summary – Ferry Replacement Project**

FERRY	HRM FUNDING	PTIF FUNDING	TOTAL
Ferry One	\$3,017,500	\$3,017,500	\$6,035,000
Ferry Two	\$3,017,500	\$3,017,500	\$6,035,000

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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