



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	November 16, 2015
<b>SUBJECT/REPORT NO:</b>	Pre-approval of 2016 Conventional Bus Replacement (PW15080) - (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Mark Selkirk (905) 546-2424, Extension 5968
<b>SUBMITTED BY:</b>	Gerry Davis, CPA, CMA General Manager Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the 2016 Capital expenditure for the purchase of 18 replacement buses submitted as part of the 2016 Capital budget and that the purchase of 14 expansion Conventional (HSR) Transit Buses previously approved by Council in the Ten Year Local Transit Strategy Report (PW14015a), at a total estimated cost of \$19,200,000 be approved and funded from the following sources: Federal Gas Tax Reserve (#112213) - \$3,000,000, Development Charge Reserves (#110310, #110311) - \$3,000,000, HSR Vehicle Replacement Reserves (#110030) - \$13,200,000;
- (b) That this purchase and all subsequent purchases of replacement and expansion Conventional (HSR) Transit Buses be made through the Council approved Governance Agreement (PW13092) until the conclusion of the Metrolinx contract on March 31, 2017 (Metrolinx RFP-2013-TPI-008);
- (c) That for the balance of the Metrolinx contract ending March 31, 2017 all Conventional (HSR) Transit buses shall be purchased from the successful bidder, Nova Bus, Division of Volvo Group Canada Inc.

**EXECUTIVE SUMMARY**

In 2014, the City of Hamilton was offered the opportunity to participate in a joint procurement of 40 and 60 foot Transit buses with Metrolinx and other Ontario municipalities. The City Of Hamilton joined this procurement agreement in 2008 under Council's approval for acquisition of the 2008 Transit replacement Fleet and has continued to procure Transit buses under subsequent Metrolinx led tenders.

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The most recent tender for the years 2014 to 2016 was issued by Metrolinx and awarded to the successful bidder, Nova Bus, Division of Volvo Group Canada Inc. Council has previously approved Hamilton's participation in this joint procurement. The 18 replacement and 14 expansion buses for 2016 will be purchased under this agreement (City of Hamilton/Metrolinx Multi-Year Governance Agreement (PW13092)). These buses will begin arriving in late Q2/Q3 2016.

This report recommends Council's pre-approval of 18 replacement, and 14 expansion, 40-foot, CNG powered, conventional transit buses for 2016 through the Metrolinx Procurement bid award (Metrolinx RFP-2013-TPI-008).

***Alternatives for Consideration - See Page 3***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Appendix A attached to Report PW15080 contains a summary of the Transit Vehicle Reserve which shows that there are sufficient funds to allow for the purchase.

Staffing: There are no staffing implications.

Legal: There are no legal implications.

**HISTORICAL BACKGROUND**

The procurement initiative, facilitated by Metrolinx, involves fourteen transit systems including: Hamilton, Burlington, York Region, Durham Region, Barrie, North Bay, Milton, Cobourg, Elliot Lake, Sarnia, St. Catharines, Thunder Bay, Cornwall, and Orillia.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

City of Hamilton entering into a procurement agreement with the successful vendor of the recent Metrolinx procurement for 12/18 metre Transit buses (Nova Bus, Division of Volvo Group Canada Inc.).

City Of Hamilton Policy for Cooperative Purchasing, Policy # 12 Section 4.12 permits co-operative purchasing as follows:

1. The City may participate with other government agencies or public authorities in cooperative acquisition ventures for goods and/or services when it is in the best interest of the City to do so. Such cooperative acquisition ventures shall require the prior written approval of the Manager of Purchasing.
2. The purchasing procedures and policies of the government agency or public authority initiating the procurement process will be followed.
3. The City and each government agency or public authority will issue its own purchase order or contract for their respective Goods and/or Services.

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The purchase of low emission CNG powered buses that are equipped with engines meeting the EPA 2013 emission standard; ensure the lowest tailpipe emissions in accordance with the Public Works Strategic Plan commitment to be a leader in the “greening” of the City.

**RELEVANT CONSULTATION**

Staff has consulted with participating municipalities for the Metrolinx 2014 to 2016 procurement.

The Corporate Services Department: Procurement, Finance & Administration were consulted and are in agreement with the recommendations.

**ANALYSIS AND RATIONAL FOR RECOMMENDATION**

The 40-foot low floor CNG fleet is being recommended with the key reasons being:

- lowest risk for the City;
- lowest operating cost;
- meets commitment to 12-year life cycle timing.

It is necessary for the Vendor (NOVA) to receive a Purchase Order as soon as possible to ensure delivery of the buses to the City in Q2/Q3 2016, at the current 2015 price. In addition, within the Metrolinx contract there is a provision for an annual PPI (Product Price Increase) which is tied to the CPI (Consumer Price Index) of the buses themselves, as well as any fluctuation in the Canadian dollar.

Essentially, the sooner the buses are ordered and delivered, the sooner the City can begin to realize the reduction in fuel costs as well as avoiding any increases in the capital cost of the vehicles.

**ALTERNATIVES FOR CONSIDERATION**

Council could direct that this approval be deferred to consideration of the overall City capital budget in 2016. This is not recommended as it would require that Diesel fuel continue to be used in a portion of the fleet that could be operating on less expensive CNG fuel. The City may also incur increases in the cost of the vehicles due to market and currency fluctuations.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

- 1.2 Continue to prioritize capital infrastructure projects to support managed growth and optimize community benefit.

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- 1.4 Improve the City's transportation system to support multi-modal mobility and encourage inter-regional connections.
- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.2 Improve the City's approach to engaging and informing citizens and stakeholders.
- 2.3 Enhance customer service satisfaction.

**Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.*

**Strategic Objective**

- 3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.
- 3.2 Build organizational capacity to ensure the City has a skilled workforce that is capable and enabled to deliver its business objectives.
- 3.3 Improve employee engagement.
- 3.4 Enhance opportunities for administrative and operational efficiencies.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix A – Summary of Transit Vehicle Reserve