



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	April 29, 2020
SUBJECT/REPORT NO:	Metrolinx Transit Initiative Program (PW20027) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Mark Selkirk (905) 546-2424 Ext. 5968
SUBMITTED BY:	Debbie Dalle Vedove Director, Transit Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the participation of the City of Hamilton in the upcoming Metrolinx Transit Procurement Initiative (TPI) for Joint Transit Bus Procurements and other procurements Facilitated by Metrolinx for the years 2020 to 2024, pursuant to a Metrolinx Multi-Year Governance Agreement (M-Y GA) and Terms of Reference (ToR) in a form satisfactory to the City Solicitor and content satisfactory to the General Manager of Public Works be approved; and
- (b) That the Outstanding Business List item pertaining to the “Transit Program Initiative” be removed from the Audit, Finance and Administration Committee Business List.

EXECUTIVE SUMMARY

The City of Hamilton joined the Metrolinx Transit Procurement Initiative (TPI) agreement in 2008 with Council’s approval for the acquisition of the 2008 Transit bus replacement Fleet and has continued to procure Transit buses under subsequent Metrolinx-led tenders. During the 2014-2016 Metrolinx contract, the HSR purchased ninety-seven 40-foot Compressed Natural Gas (CNG) powered buses as part of the Transit fleet

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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replacement program and the City's Ten-Year Local Transit Strategy. The most recent tender issued by Metrolinx for the years 2017 to 2020 was awarded to Nova Bus, Division of Volvo Group Canada Inc. The City did not participate in this contract. The current contract expired on March 31st, 2020. The upcoming Metrolinx TPI is for the years 2020 through to 2024.

City Procurement staff has reviewed with Metrolinx the proposed terms and conditions of the upcoming TPI Request For Proposals (RFP) for buses. The RFP will be constructed such that there is one technical proposal evaluation for the bus, and a separate evaluation for the propulsion system with costing exercises and awards based on the various propulsion systems described in the RFP. City Procurement staff have indicated this is the optimal way to award such a contract.

This award provision would ensure that the HSR receives the best product and price based on the propulsion system ordered.

The consolidating of transit needs achieves economies of scale, collaboration and reduces the time and costs associated with the public procurement process by standardizing the procurement documents thereby allowing transit systems to focus on core competencies.

Furthermore, Metrolinx expressed the possibility of procuring Battery Electric Buses and has indicated that they would begin this work in Q4 2020.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There is the potential for Transit bus pricing to increase because of (or dependent on) market pressures. The economies of scale achieved through participation as a member of TPI reduces administrative time and financial costs on the part of the City.

Legal: The City will be required to enter into a Multi-Year Governance Agreement (M-Y GA) and Terms of Reference (ToR) with Metrolinx to participate in joint transit procurements. Legal review of the M-Y GA and (ToR) will be required on form as well as content. By signing the M-Y GA, the City will be a member of TPI and eligible to purchase under the terms and conditions of TPI procurement.

Staffing: N/A

HISTORICAL BACKGROUND

The Transit Procurement Initiative (TPI) program was initiated in 2006 through the Ministry of Transportation of Ontario, and through the transfer of the program to Metrolinx in 2008, was designed to assist Transit Authorities in the Province to procure Transit buses using economies of scale to reduce costs.

The HSR has purchased diesel and CNG powered buses through the Metrolinx led procurements for over a decade. In 2013 Council approved the return to CNG as the primary propulsion source for all transit buses based on environmental concerns and at that time, the volatile cost of diesel fuel. The HSR currently operates 51% (137 buses) of the 267 Transit bus fleet on CNG.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Participating in the TPI would be in accordance with Procurement Policy #12, Section 4.12 Cooperative Procurements.

RELEVANT CONSULTATION

The following groups have been consulted and are supportive of the recommendation.

Corporate Services – Procurement Section/Financial Section/Legal Section

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The “at no charge” benefits to the City as a member of the Metrolinx consortium include:

- Industry knowledgeable and experienced TPI staff to develop detailed technical specifications, develop the Request for Proposal (RFP) and manage the procurement process and contract award;
- Enhanced contract terms and product warranties;
- An Evaluation Committee made up of transit participants;
- Cost savings based on economies of scale and standardization of the procurement process.

The above benefits substantially reduce the amount of staff time required to prepare, award, and manage the contract. The construction and management of a standalone RFP issued by the City is time consuming and does not guarantee that contract pricing will be consistent with pricing obtained through the Metrolinx consortium.

In December 2019, Procurement staff reviewed with Metrolinx TPI staff the proposed RFP for 2020-2024 and determined that Metrolinx’s proposed RFP is aligned with the

requirements of both Procurement and Transit and has improved upon previous RFP's issued through the TPI.

Funding however for the TPI program has become more restrictive and there will be participation fees implemented for some previous no charge benefits. Based on the number of buses that the HSR will require for replacement and expansion, this fee will top out at \$40,000/year in each contract year that buses are purchased. This participation fee is substantially less than the cost of an additional FTE, and the staff time required, to develop specifications, construct the RFP, participate in the procurement process and manage the contract as required.

The City of Hamilton remains one of the larger municipalities that has continued to participate in the consortium.

The price differential from the 2014/2016 contract to the current contract was over \$100,000/bus. This price differential was also present in the HSR's Single Source procurement of 60' CNG powered buses (PW-18029) as approved by Council on April 16, 2018. Securing the best price and best product is paramount for the HSR to continue to provide excellent customer service in the most cost-effective manner. Over the next 2 years (2020/2021) the HSR will be procuring 73 replacement vehicles. As per the 10-year local transit strategy, and pending council approval, year 5 will require 13 expansion vehicles to be procured in 2020, and Year 6 will require 14 expansion vehicles to be procured in 2021.

ALTERNATIVES FOR CONSIDERATION

Council could direct the Transit Division to construct and publish a Request for Proposal (RFP) for the procurement of 30, 40, and 60-foot Compressed Natural Gas (CNG)-powered urban Transit buses. This alternative would also require increased and ongoing assistance from the Procurement section as well as 1 Full Time Employee (FTE) to develop detailed technical specifications, develop the RFP, support the procurement process and manage the contract.

It should be stated that there is no assurance that the price of a bus would differ substantially or at all from vehicles that could have been purchased within the Metrolinx TPI contract and, in fact, could be a higher purchase price.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

N/A