Minutes – Executive Policy Committee – September 17, 2014

Minute No. 554
Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 9, 2014

Item No. 3 Award of Contract for the Supply and Delivery of Heavy-Duty 40 Ft. Low-Floor Transit Buses

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works and submitted the following to Council:

1. That a contract for the Supply and Delivery of Heavy-Duty 40 Ft. Low-Floor Transit Buses, Bid Opportunity No. 631-2014, for the period of 72 weeks from date of award be awarded to New Flyer Industries Canada ULC, the responsible and qualified Bidder submitting the lowest evaluated responsive Bid.

2. That the Director of Transit be authorized to issue a purchase order for 58 Heavy-Duty 40 Ft. Low Floor Transit Buses in the amount of $27,343,056.00, GST and MRST extra as applicable.

3. That the Proper Officers of the City be authorized to do all things necessary to achieve the intent of the foregoing.

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 9, 2014

DECISION MAKING HISTORY:

Moved by Deputy Mayor Swandel,

That the recommendation of the Standing Policy Committee on Infrastructure Renewal and Public Works be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION:

On September 9, 2014, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: **Award of Contract for the Supply and Delivery of Heavy-Duty 40 Ft. Low-Floor Transit Buses, Bid Opportunity 631-2014**

Critical Path: **Standing Policy Committee on Infrastructure Renewal and Public Works – Executive Policy Committee – Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
G. Kuhl	D. Wardrop	M. Ruta	M. Jack A/CAO

RECOMMENDATIONS

1. That a contract for the Supply and Delivery of Heavy-Duty 40 Ft. Low-Floor Transit Buses, Bid Opportunity No. 631-2014, for the period of 72 weeks from date of award be awarded to New Flyer Industries Canada ULC, the responsible and qualified Bidder submitting the lowest evaluated responsive Bid.

2. That the Director of Transit be authorized to issue a purchase order for 58 Heavy-Duty 40 Ft. Low Floor Transit Buses in the amount of $27,343,056.00, GST and MRST extra as applicable.

3. That the Proper Officers of the City be authorized to do all things necessary to achieve the intent of the foregoing.

REASON FOR THE REPORT

Council approval is required for the award of contract because there are insufficient funds in a Council approved budget for the award of contract based on the approximate quantities used for evaluation purposes.

IMPLICATIONS OF THE RECOMMENDATIONS

Financial Implications

(X) Within approved capital budget

The number of buses to be ordered under this contract has been reduced to 58 from the anticipated 64 as a result of an increase in the unit costs of the buses based on market conditions. This reduction in the number of buses reduces the purchase order commitment from $30,171,648 to $27,343,056.

Funds for the purchase are from the 2013 and 2014 Transit Buses Capital Projects and a surplus from the 2012 Transit Buses Capital Project.

HISTORY

Bid Opportunity 631-2014 includes the following provisions:

1. Supply and delivery of approximately 64 buses for the year 2014.
2. The option to renew the contract on an annual basis for the years 2015 to 2018.
3. Firm unit price for 2014, and subsequent prices to be adjusted based on:
    a. Annual price adjustment for inflation to be no greater than that indicated in Statistics Canada Monthly Industrial Product Price Index CANSIM 33612: Heavy-duty truck manufacturing (V53384949). The price adjustment is calculated as the percentage change in the average of the monthly index within the previous two (2) years.
    b. Price adjustments for government mandated build changes or environmental enhancement to be demonstrably equivalent to or lower than competitor manufacturers, for the class of unit.
    c. Price adjustments for technological improvements to be justifiable on a life cost basis and demonstrably equivalent to or lower than competitor manufacturers, for the class of unit.
4. Provisions are included as follows:
    a. The City shall have no obligation under the Contract to purchase any quantity of any item in excess of its actual operational requirement.
    b. The City will have, at its sole discretion, the right to vary the amounts, or to not place an order, in any year if budgets or operational changes occur, or if it is in the best interest of the City to vary the amounts.

Benefits from a potential long-term contract include:

1. Advantageous pricing: the Contractor becomes reasonably sure of regular orders over a number of years.
2. Protection from rapid price increases: prices are tied to a published industry index.
3. Regular delivery schedule: the Contractor will have more time to schedule production dates.
4. Long-term stability in bus design: the City can minimize technical training requirements, and minimize spare parts inventory.

Bid Opportunity 631-2014, Supply and Delivery of Heavy-Duty 40 Ft. Low-Floor Transit Buses, closed at 16:00, Wednesday, August 20, 2014 with 2 bids being received as follows:

1.	New Flyer Industries Canada ULC	$30,171,648.00
2.	Nova Bus, a Division of Volvo Group Canada Inc.	$31,190,720.00

These prices were based on the approximate quantity of 64 buses. The Bid Opportunity indicated that those quantities would be used for the purpose of comparing bids.

The bid submitted by New Flyer Industries Canada ULC is responsive.

Bids are open for acceptance for 90 calendar days until November 18, 2014.

The bid evaluation criteria identified in the bid are as follows:

1. Compliance by the Bidder with the requirements of the Bid Opportunity, or acceptable deviation therefrom (pass/fail):
2. Qualifications of the Bidder and the Subcontractors, if any, pursuant to B10 (pass/fail);
3. Total Bid Price.

New Flyer Industries Canada ULC is deemed to be the lowest responsive bidder.

The Transit Department is of the opinion that New Flyer Industries Canada ULC has the necessary resources and experience to perform all of the work in accordance with the requirements of the specifications. If additional funding becomes available during the term of this contract, approval of the orders for additional buses will be in accordance with the delegated award authorities in the Materials Management Policy and Administrative Standard FM-002.

The requirements for Bid Securities and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Standard FM-002.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 3, 2014

Project Name:

First Year of Program: 2014

Award of contract for the Supply and Delivery of Heavy Duty 40 Ft. Low-Floor Transit Buses - Bid Opportunity 631-2014

	2014	2015	2016	2017	2018
Capital					
Capital Expenditures Required	$ 27,343,056	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	27,343,056	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs		$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	50,000	50,000	-	-	-
Net Cost/(Benefit)	$ (50,000)	$ (50,000)	$ -	$ -	$ -
Less: Existing Budget Amounts	(50,000)	(50,000)			
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures reflect award of contract to New Flyer Industries Canada ULC for a 58 bus purchase to be funded by the 2013 and 2014 Transit Buses Capital Projects. Incremental revenue reflects overhead to be charged to the capital project and the Provincial cost sharing on this amount.

original signed by

Tanis Yanchishyn, CA
Manager of Finance & Administration

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to Legal Issues)
Materials Management Division, Corporate Finance Department
Corporate Support Services

SUBMITTED BY

Department:	Transit
Division:	Plant & Equipment
Prepared by:	Glen Kuhl, Superintendent of Vehicle Overhaul
Date:	September 3, 2014
File No.	631-2014