Agenda - Executive Policy Committee - April 14, 2004

Report - Standing Policy Committee on Public Works - April 6, 2004

Item No. 1 Award of Contract - Supply and Delivery of Transit Diesel Buses
File GL-9

STANDING COMMITTEE RECOMMENDATION:

On April 6, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submits the following to Council:

1. That the contract for the Supply and Delivery of Transit Diesel Buses be awarded to New Flyer Industries Limited, the qualified Bidder who submitted the lowest evaluated responsive bid, following Alternative A, which requires the supplier to supply and deliver transit buses with a standard seven-year warranty on the structure.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.

Agenda - Executive Policy Committee - April 14, 2004

Report - Standing Policy Committee on Public Works - April 6, 2004

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On April 6, 2004, the Standing Policy Committee on Public Works concurred in the recommendation and submitted the matter to the Executive Policy Committee and Council.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 21, 2004, the Executive Policy Committee received as information the recommendation of the Standing Committee on Fiscal Issues and referred the amendment to the Transit Department's Bus Fleet Management Plan to allow for purchasing contracts up to a maximum term of ten (10) years to the Administration for appropriate action.

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2004, the Standing Committee on Fiscal Issues did not concur in the administrative recommendation and recommended the following to Executive Policy Committee:

1. That the policy on bus purchasing be amended, in this instance, to allow the Transit Department to enter into a bus purchasing contract up to a maximum term of ten (10) years.

REPORT

RE:	**Supply and Delivery of Transit Diesel Buses Tender 24-2004**
FOR SUBMISSION TO:	**Standing Policy Committee on Public Works**
ORIGINAL REPORT SIGNED BY:	**R.L. Borland, Director of Transit**
REPORT DATE:	**March 17, 2004**

RECOMMENDATION(S):
That the contract for the Supply and Delivery of Transit Diesel Buses (Alternative A Tender 24-2004) be awarded to New Flyer Industries Limited, the qualified Bidder who submitted the lowest evaluated responsive bid.

REPORT SUMMARY:

Key Issues:
1. A tender for Supply and Delivery of Transit Diesel Buses outlined in this report, Tender No: 24-2004, closed at 12:00 noon, Thursday, February 19th, 2004.
2. New Flyer Industries Ltd. is the responsible and qualified Bidder submitting the lowest evaluated responsive bid.

Implications of the Recommendation(s):

General Implications:

	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
x	Involves a multi-year contract

Comment: The contract is structured to ensure that the City is not committed to expenditures from future budgets.

Policy implications:

x	No
	Yes

Comment:

Environmental Implications:

x	No
	Yes

Comment:

Human Resources Implications:

x	No
	Yes

Comment:

Financial Implications:

x	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment: Goods will not be ordered until capital budgets are approved for each year.

REASON FOR THE REPORT:

Approval of City Council is required to award this contract as the total amount to be paid by the City, including PST and GST, exceeds $1,000,000 and it is a multi-year contract.

HISTORY:

At its meeting of January 13th, 2004 the Standing Policy Committee on Fiscal Issues considered a report from the Transit Department regarding a long term tender for bus replacements, and recommended to Executive Policy Committee that the policy on bus purchasing be amended, in this instance, to allow the Transit Department to enter into a bus purchasing contract up to a maximum term of ten (10) years. Subsequently at its meeting of January 21st, 2004 the Executive Policy Committee received the recommendation of Fiscal Issues as information, and referred the amendment to the Transit Department's Fleet Management Plan to the Administration for appropriate action.

Tender No: 24-2004 includes the following provisions:

1. Supply and delivery of approximately 30 buses for the year 2004, and buses for the years 2005 and 2006.
2. The option to renew the contract on an annual basis for the years 2007 to 2013.

3. Firm unit prices for 2004, and subsequent prices to be adjusted based on:
   a. Annual prices adjustments for inflation to be no more than that indicated in Statistics Canada Product Price CANSIM Matrix V1575599, Canadian Market, North American Heavy Trucks;
   b. Price adjustment for government mandated build changes or environmental enhancements to be demonstrably equivalent to or lower than competitor manufacturers, for the class of unit;
   c. Price adjustment 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 requirements;
   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.
5. From 2007 to 2013, either party may terminate the contract with nine (9) months written notice.

Benefits from a 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.

DISCUSSION:

Tender No. 24-2004 is structured to include two alternative transit bus arrangements. Alternative A requires the supplier to supply and deliver transit buses with a standard seven-year warranty on the structure. Alternative B requires the supplier to supply and deliver transit buses with an eighteen-year warranty on the structure. Bidders were not required to bid on both alternatives.

Tender Number 24-2004 for the Supply and Delivery of Transit Diesel Buses closed at 12:00 noon, Thursday February 19, 2004 with 3 bids being received as follows:

1. New Flyer Industries Ltd. Alternative A: $10,647,000.00
   Excluding all taxes.

   New Flyer Industries Ltd. Alternative B: $11,190,000.00

Excluding all taxes.

2. Orion Bus Industries – Insufficient Performance Security*

3. Nova Bus – Insufficient Performance Security*

*The Manager of Materials determined that the bids from Orion Bus Industries and Nova Bus were non responsive because both bids provided an insufficient Agreement to Bond.

Bids are open for acceptance for 90 calendar days until May 19, 2004.

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

1. Compliance by the Bidder with the requirements of the Tender Package (Pass/Fail);
2. Qualifications of the Bidder (Pass/Fail);
3. Evaluated Bid Price, of Alternative A or Alternative B;
4. Economic Analysis of any approved Alternative

New Flyer Industries Ltd. submitted a responsive Bid. Although New Flyer Industries Ltd. did not submit a separate Form N - Vehicle Data, for each Alternative Bid this informality is not material as the form details vehicle data and they bid the same vehicle for each alternative.

Based on the criteria listed above, it is recommended that a contract be awarded to New Flyer Industries Ltd. on the basis of Alternative A.

The Transit Department has reviewed the work with the recommended Bidder and is of the opinion that it has the necessary resources and experience to perform all of the work in accordance with the requirements of the specifications.

The Manager of Materials has advised that New Flyer's tender submission was accompanied by a Bid Bond and an Agreement to Bond. The Legal Services Division has certified the Bid Bond and Agreement to Bond.

There are sufficient funds in an approved budget to order 30 buses in 2004.

Project Name: Supply and Delivery of Transit Diesel Buses

Date: March 17, 2004 First Year of Program: **2004**

(in thousands of dollars)

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ 11,712				
Less: Existing Budgeted Costs	13,893				
Additional Capital Budget Required	$ (2,181)	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ 3,878				
Debt - External					
Grants (Identify)					
Reserves, Equity, Surplus	7,015				
Other - Provincial UCPA	3,000				
Total Funding	$ 13,893	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ (2,181)				
Total Additional Debt Required	$ 3,878				
Current Expenditures/Revenues					
Direct Costs					
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts					
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Capital Expenditures Required (see above) of $11,712 is $10,647 plus 7% PST and 3% GST (net of rebate).

J Ruby

A/Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH, AND CONCURRENCE BY:

Legal Services Division, Corporate Services Department
Materials Management Division, Corporate Finance Department

THIS REPORT SUBMITTED BY:

Department: Transit
Division: Plant and Equipment
Prepared by: Tim VanDekerkhove
File No.

2008