



STAFF REPORT ACTION REQUIRED

Procurement Authorization Amendment – Purchase of 108 Forty Foot Low Floor Clean Diesel City Buses

Date:	July 29, 2015
To:	TTC Board
From:	Chief Executive Officer

Summary

This report recommends the TTC Board approve a procurement authorization amendment to exercise an option to purchase 108 new forty-foot low-floor clean diesel city buses.

The TTC is currently in contract with Nova Bus, a Division of Volvo Group Canada Inc., for the supply of 105 buses. This amendment would allow TTC to exercise an option under that contract.

Recommendations

It is recommended that the Board:

1. Authorize the amendment to contract C32PM13774 (Supply of Forty Foot Low Floor Clean Diesel City Buses) with Nova Bus, a Division of Volvo Group Canada Inc. (Nova), in the amount of \$67,215,995.56 as follows:
 - a. \$63,447,995.56 inclusive of all applicable taxes to exercise an option for the purchase of 108 additional buses for delivery in 2016 and early 2017 which includes options, alternatives, and changes as a result of the design review process.
 - b. \$3,768,000 inclusive of all applicable taxes as an upset limit change allowance for potential contract amendments, options, alternatives, escalation costs, special tools and maintenance parts pertaining to the buses.

- c. Establish a delivery schedule with Nova to allow for the delivery of the additional 98 buses in 2016, and 10 buses in January, 2017 as detailed in Appendix A. Deliveries will be subject to the assessment of liquidated damages by TTC.

Financial Summary

The TTC's 2015-2024 Capital Budget and Bus Fleet Plan as approved by City of Toronto Council on March 10/11, 2015 includes sufficient funds for exercising the option to the Nova contract for 108 buses to be delivered in 2016 and early 2017; as such, there is no financial impact beyond what has already been approved as the Estimated Final Cost (EFC) remains unchanged at \$255.9 million. As a result, the finalization of costs for the recommended amounts is sufficient for this purchase.

The Chief Financial & Administration Officer has reviewed this report and agrees with the financial impact information.

Accessibility/Equity Matters

All buses to be procured are fully accessible and compliant with all Federal and Provincial regulations.

Decision History

On February 2, 2015, the TTC Board approved the 2015 Operating and 2015-2024 Capital budgets allowing for the purchase of the additional buses to support the current bus fleet plan attached as Appendix B.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_2/Reports/2015_TTC_AND_WHEEL_TRANS_OPERATING_BUDGETS.pdf

As detailed in Appendix B, ninety eight (98) buses are required in 2016 for ridership growth, service reliability and to increase the bus fleet spare ratio from 12% to 18%. It is intended to purchase 98 buses for delivery in 2016, and 10 buses for delivery in 2017, as approved in the 2015-2024 Bus Capital Budget. The remaining buses (97 of 107) approved for purchase in 2017 will be addressed in a future report to the Board.

The proposed 2016-2025 Bus Fleet Plan attached as Appendix C, therefore, identifies the following bus deliveries in 2015, 2016 and 2017:

2015	2016	2017*
Original bus order: 55 buses	Option exercised in amendment No. 1: 26 buses of 50 bus order	Option to be exercised in this amendment: 10 buses of 108 bus order
Option exercised in amendment No.1: 24 buses of 50 bus order	Option to be exercised in this amendment: 98 buses of 108 bus order	Total 2017 deliveries: 10 buses
Total 2015 deliveries: 79 buses	Total 2016 deliveries: 124 buses	

*refers to 2017 bus deliveries only covered under this contract amendment to exercise an option

Issue Background

A competitive bid process took place in 2013 for the supply of 55 buses for delivery in 2015 for which proposals were received from Nova and New Flyer Industries Canada (New Flyer). As a result of this competitive bid process, a contract was awarded to Nova on April 30, 2014 for the 55 buses which also included optional pricing for additional buses for delivery in 2016, 2017 and 2018 to be exercised at the TTC's sole discretion.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/April_30/Reports/40ft_Low_Floor_Clean_Diesel_Buses.pdf

At the Board Meeting of August 19, 2014, TTC staff submitted a report with recommendations to improve transit service in Toronto. These recommendations were supported by the Board.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/August_19/Supplementary_Reports/Opportunities_to_Improve_Transit_Service_in_Toronto.pdf

As part of the Mayor's initiative to commence improvements to transit in 2015, it was identified that fifty (50) buses would be required in addition to the previously approved fifty five (55) buses scheduled for delivery in 2015.

On February 2, 2015 as part of the 2015 Capital and Operating budget deliberations, City Council approved \$95 million in transit service enhancements beginning in 2015.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_2/Reports/2015_TTC_AND_WHEEL_TRANS_OPERATING_BUDGETS.pdf

A procurement authorization amendment report was approved at the February 25, 2015 Board meeting to exercise the option for the supply of an additional 50 buses for delivery in 2015 and early 2016 to improve bus express routes as identified in the August 19, 2014 Board Report.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/February 25/Supplementary Reports/Procurement Authorization Amendment Purchase 50 Buses.pdf](http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2015/February_25/Supplementary_Reports/Procurement_Authorization_Amen_dment_Purchase_50_Buses.pdf)

Comments

The contract awarded to Nova included optional pricing for additional buses for delivery in 2016, 2017, and 2018 to be exercised at the TTC's discretion. Nova offered firm pricing subject to an escalation adjustment for each of the optional years. The escalation adjustment will be calculated in accordance with the formula set-out in the contract which is based on the percent change in the Bus and Truck Body Producer Price Index included for escalation at the request of the bus Manufacturers at the time of bidding.

On June 14, 2015, Nova confirmed that they could supply 108 buses for delivery in 2016 and early 2017 to support TTC's needs as identified in the Bus Fleet Plan, and provided a proposed Bus Delivery Schedule attached as Appendix A.

There are only two known bus manufacturers, Nova and New Flyer, that have the ability to meet TTC's Canadian Content requirements for the supply of buses. In the past, the TTC was unable to consider New Flyer's proposal as a result of their proposal being commercially non-compliant. Meetings between TTC staff and New Flyer are ongoing to review and discuss the issues that have prevented them from submitting a compliant proposal with the goal of obtaining competitive proposals. In the event that TTC and New Flyer agree on mutually acceptable commercial terms and conditions and technical requirements, TTC may be able to obtain competitive proposals prior to the expiry of the optional pricing in Nova's contract.

Contact

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Attachments

Appendix A: Delivery Schedule
Appendix B: Approved Bus Fleet Plan
Appendix C: Proposed Bus Fleet Plan

APPENDIX A – DELIVERY SCHEDULE

Bus	Quantity	Delivery by
Additional 108 Buses		
1	1	September 2, 2016
2-9	8	October 7, 2016
10-17	8	October 14, 2016
18-24	7	October 21, 2016
25-32	8	October 28, 2016
33-40	8	November 4, 2016
41-48	8	November 11, 2016
49-56	8	November 18, 2016
57-64	8	November 25, 2016
65-72	8	December 2, 2016
73-80	8	December 9, 2016
81-88	8	December 16, 2016
89-96	8	December 23, 2016
97-98	2	December 30, 2016
99-103	5	January 13, 2017
104-108	5	January 20, 2017

APPENDIX B – APPROVED BUS FLEET PLAN

Base Approved - FLEET PLAN - BUS 2015 - 2024

MODEL	<2003	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
RETIRE FLEETS																								
DAVE BSL (1996/97)	1195	110	118	242	233	213	111	68	58	42														
NOVARTS DSL (1998)	152			99	49	50	2																	
FLYER LF DSL (1999)	51						30	21		1														
ORION VII LF DSL		100	120	262						1	60	180	240	1		50	81	73	74	254	180			
ORION VII LF CLN DSL					80	100								1									12	67
ORION VII LF HVB					150						1			60	89									
ORION VII LF HVB											1	149												
ORION VII LF HVB NG										1	151	240	120	29										
ORION VII LF CLN DSL NG										2	51	245	245											
REQUIRED (STANDARD LENGTH)											70	70	77	120	97									
FUNDED PROCUREMENT																								
UNFUNDED PROCUREMENT																								
PROCURE (ARTIC)																								
PROCURE (STANDARD LENGTH)																								
PROCURE (STANDARD LENGTH)																								
AVAILABLE (40' Equivalents)	1483	1473	1475	1495	1492	1603	1682	1744	1806	1797	1857	1872	1878	1908	2029	2090	2119	2156	2192	2027	2000	2016	2024	
Peak Service Required with Construction Needs																								
Buses for SRT Replacement																								
Buses for Customer Service Initiatives																								
Operating Maintenance Spares (18% from 2016)																								
Capital Spares (Rebuild/Warranty/Retrofit/Programs)																								
REQUIRED																								
SURPLUS (DEFICIT)																								

APPENDIX C - PROPOSED BUS FLEET PLAN

FLEET PLAN - BUS 2016 - 2025 - Base - With Service Planning Bus Requirements of May 15, 2015

MODEL	<2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
RETIRED FLEETS		1305	118	242	233	213	111	68	58	42														
ORION V LE DSL (1996/97)		185	99	49								185												
NOVA RTS LE DSL (1998)		52			50	2							52											
FLYER LF DSL (1999)		51				30	21		1						50									
ORION VII LF DSL		100	120	262					1	60	180	240	1			60	180	74	297	101	10			
ORION VII LF CLN DSL				80	100							1	179					90	90				75	
ORION VII LF HYB				150						150				1	149	35	39	76						
ORION VII LF HYB NG					224	190	130		1	2			1	151	240	120	29					89	198	28
ORION VII LF CLN DSL NG											223	318				51	245	245						
REQUIRED (STANDARD LENGTH)									120	35	62		1	59	60	97/60	60	97			70	70	77	
PROCURE (ARTIC)									11	142			82	121	111	110	120	76	53	50	50			
PROCURE (STANDARD LENGTH)																		120	82	103	118	120/82	120/103	
PROCURE (STANDARD LENGTH)																		120	120	120	120	120	120	120
AVAILABLE (40' Equivalents)	1473	1475	1495	1492	1603	1682	1744	1806	1797	1857	1872	1878	1908	2029	2090	2165	2246	2216	2039	2058	2079	2001	2018	
Peak Service with Construction, Ridership Growth and Service Reliability					1496	1489	1540	1563	1614	1567	1603	1666	1729	1789	1828	1681	1698	1714	1645	1658				
Service Changes									0	0	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0
Buses for Customer Service Initiatives									0	0	42	22	34	33	0	0	0	0	0	0	0	0	0	0
Operating Maintenance Spares (18% from 2016)					180	179	185	188	194	263	296	304	317	328	329	303	306	309	296	298				
Capital Spares (Rebuild/Warranty/Retrofit/Programs)					52	46	40	54	77	77	102	87	85	96	59	55	55	56	59	61				
REQUIRED					1728	1714	1765	1805	1885	1908	2042	2079	2165	2246	2216	2039	2059	2079	2000	2017				
SURPLUS / (DEFICIT)					78	83	92	67	(7)	0	(14)	11	0	0	0	0	0	0	0	0	0	0	0	0