

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** September 27, 2012

**SUBJECT:** NOTICE OF AWARD –  
PROCUREMENT AUTHORIZATION -  
PURCHASE OF 60-FOOT LOW FLOOR CLEAN DIESEL  
ARTICULATED BUSES

## INFORMATION ITEM

---

### RECOMMENDATION

It is recommended that the Commission receive the notice of award of Vice-Chair De Baeremaeker, Commissioner Parker and the Chief Executive Officer authorizing the award of Contract to Nova Bus, a Division of Volvo Group Canada Inc. (Nova), in the total authorized amount of \$25,070,000.00 inclusive of all applicable taxes, related to recommendations 1 and 2 below:

1. The award of a contract to Nova Bus, a Division of Volvo Group Canada Inc. (Nova), in the amount of \$24,392,745.00 inclusive of all applicable taxes for the purchase of 27 60-Foot Articulated Low Floor Clean Diesel Buses (Articulated Buses) for delivery in 2013. Note that upon approval of the 2013-2022 Capital Budget, it is staff's intention to seek authority to proceed with the award of an additional 126 articulated buses for delivery in 2014 at a cost of \$119.4 million.
2. The expenditure of funds up to a total allowance amount of \$677,255.00 inclusive of all applicable taxes with respect to the 27 Articulated Buses, for the following:
  - a. Potential Contract Amendments
  - b. Options
  - c. Alternatives
  - d. Recommended Special Tools
  - e. Recommended Maintenance Parts

### FUNDING

Sufficient funds for the initial order of 27 Articulated Buses are available in the 2012-2016 Capital Program, which was approved by the Commission on December 14, 2011, and by City Council on January 17, 2012. Funding for the project is included under 4.11 Purchase of Buses under the Good Repair/ Safety category. Funding for an additional 126 Articulated Buses, bringing the total Articulated Bus fleet to 153, will be sought through the 2013 Capital Budget process.

## **BACKGROUND**

At its meeting of July 14, 2010, the Commission approved the revisions and updates to the Authorization for Expenditures and Other Commitments Policy, effective August 1, 2010, which states that *“The Commission delegates authority to the Chair, Vice-Chair and the Chief Executive Officer to authorize items that would normally be authorized by the Commission when the approval is required before the next Commission meeting. If the Chair and/or Vice-Chair are not available, authority would be deemed to be delegated to any two (2) Commissioners and the Chief Executive Officer.”* These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information.

The approved Bus Fleet Plan calls for 27 Articulated Buses in 2013, and 56 and 70 Articulated Buses in 2014 and 2015, respectively. As described in the Funding statement, approved funds are available to award a contract to procure the initial batch of 27 Articulated Buses in the 2012-2016 Capital Program.

Through the 2013 capital budget cycle, staff will request the advancement of the 2015 Articulated Buses to 2014, (see Appendix A) to take advantage of the increase in capacity and the related operating savings as a result of a reduction in the required number of operators to provide the same service (refer to “Appendix B” for pricing summary).

## **DISCUSSION**

The benefits of higher capacity buses have long been recognized. Smaller 40-foot buses limit the TTC’s ability to transport large passenger loads to and from major stations at peak times, and are more costly to operate on high ridership routes due to the increase in the bus operators needed to operate the service. Each Low Floor Articulated Bus replaces roughly 1.35 40-foot Low Floor Buses. Further, it is expected that on some high ridership routes, such as 29 DUFFERIN, 36 FINCH WEST, and 25 DON MILLS, larger capacity vehicles will allow service to be provided more reliably than at present while being able to accommodate the growing ridership demand on these routes.

To address TTC’s need for new buses in the next few years, specifications were prepared and a Request for Proposals (RFP) was publicly advertised by posting on the Commission’s Web site as of February 8, 2012 with a closing date of April 24, 2012. The three known major bus manufacturers were issued copies of the Proposal Documents out of which two submitted a Proposal.

The RFP submissions were based on offering pricing for Articulated Buses meeting the TTC’s Canadian Content requirement of 35% Canadian Content and 50% direct assembly

labour.

Proponents were required to provide pricing based on the Bus Fleet Plan included with the RFP. The Bus Fleet Plan consisted of two scenarios, both of which required the delivery of the same quantity of Articulated Buses (153) however, the delivery of Articulated Buses would occur over a three year period for the Base Contract and over a two year period for the Specified Option.

The RFP included a four step process for the evaluation of Proposals for this RFP:

- Step 1 consisted of a commercial compliancy review;
- Step 2 consisted of the evaluation of Pass/Fail criteria. Proponents were required to achieve a Pass in all seven critical criteria in order to continue to Step 3 of the evaluation process;
- Step 3 consisted of a technical evaluation assessment (all Proponents who scored 80% or higher were deemed to be qualified); and
- Step 4 consisted of the evaluation of the separately submitted sealed pricing information.

A Fairness Monitor, John Campbell of JD Campbell and Associates, was retained by the Commission to provide an independent third party observation to ensure that the procurement process took place in accordance with the requirements established as set out in the RFP and to ensure fairness and transparency during the process. The report provided by JD Campbell and Associates confirms the fairness of the process based on their observations.

Upon review of the Proposal submitted by New Flyer Industries Canada ULC (New Flyer) it was determined that their submission was non-compliant by the TTC's Legal Department and the Fairness Monitor concurred.

Nova's Proposal was reviewed by the TTC evaluation team made up of representatives from Materials and Procurement, and Bus Maintenance Departments. Nova successfully met the evaluation criteria for Step 1 and Step 2. A qualitative technical evaluation of Nova's Proposal was completed in accordance with Step 3. As a result of the acceptable scoring achieved by Nova, the pricing was evaluated in accordance with Step 4 of the evaluation process. Nova did not state any commercial exceptions or qualifications and their proposal is considered to be commercially acceptable.

The current proposed price per bus submitted by Nova represents an Articulated Bus that is 84% compliant with TTC Specifications; however changes will result from the design review

process which may increase the unit price per bus in order for the vehicle to be 100% compliant with TTC Specifications. It is anticipated that after the design review takes place, and the necessary changes are made to the Articulated Bus, the final price per bus will be within the estimate prepared by the Bus Maintenance Department.

Further, the current proposed price per bus submitted by Nova was found to be fair and reasonable when compared to the prices paid for Articulated Buses by other transit agencies such as York Region, City of Brampton and the City of Vancouver in the last 3 years.

Nova is the only qualified Proponent meeting all the specified evaluation criteria. A contingency allowance has been included in the award value for the Contract for the required recommended maintenance parts, recommended special tools, options, alternatives and any contract amendments which can be drawn upon on an as required basis.

Moving forward with an initial batch of 27 Articulated Buses later in 2013 will allow for operator training, bus/ garage interface assessment, and an opportunity to realize early operating savings resulting from the reduction in operator requirements without a change in service quality.

### **JUSTIFICATION**

The use of 60-foot Articulated Low Floor Buses in place of 40-foot Low Floor Buses will result in better service, and immediate operating savings as a result of the reduction in drivers required to operate the smaller quantity of buses to achieve an equivalent ridership capacity. This will result in a payback for the premium costs of Articulated Buses after approximately three years of operation. Upon introduction of the full complement of 153 Articulated Buses, staff expect to realize annualized operator savings in excess of \$9.0 million dollars. It is prudent to proceed with the procurement of Articulated Low Floor Buses as soon as possible to take advantage of the improved service that they can provide, as well as the operating savings that would be realized immediately upon release for service.

-----

July 11, 2012  
05-71-91

Attachments: Appendix A – Bus Fleet Plan (2013 - 2022)  
Appendix B – Pricing Summary

## APPENDIX A

### BUS FLEET PLAN (2013 – 2022) Proposed – July 2012

MODEL	<2003	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
RETIRED FLEETS	1195	110	118	242	233	213	111	68	58	42											
ORION V LE DSL (1996/97)	185											185									
NOVA RTS LE DSL (1998)	52		37	99	49	50	2								52						
FLYER LF DSL (1999)	51						30	21		1						50					
ORION VII LF DSL		100	120	262						1	60	180	240	1		62	120	120	180	100	120
ORION VII LF CLN DSL					80	100							1	90	89						
ORION VII LF HYB					150								1	149							
ORION VII LF HYB NG						224	190	130		1	2				1	151	240	120	29		
ORION VII LF CLN DSL NG												223				51		245	245		
REQUIRED (STANDARD LENGTH)									120	35	62	<del>36</del>	<del>170</del>	<del>0</del>	<del>10</del>	<del>65</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
PROCURE (STANDARD LENGTH)															10	65					
PROCURE (ARTIC)												27	126								1
AVAILABLE (40' Equivalents)	1483	1473	1475	1495	1492	1603	1682	1744	1806	1797	1857	1893	1878	1878	1836	1851	1851	1851	1851	1751	1631
Peak Service (Service Planning - 4 May 2012)									1496	1489	1522	1544	1566	1566	1583	1596	1609	1585	1504	1406	1419
Maintenance Spares (12 % + Rebuild/Warranty)									232	225	241	258	249	245	245	246	241	207	191	179	181
REQUIRED									1728	1714	1763	1802	1815	1811	1828	1842	1850	1792	1695	1585	1600
CONTINGENCY									78	83	94	91	63	67	8	9	1	59	156	166	31

<u>Base Order</u>	<u>Quantity of Buses</u>	
60-Foot Low Floor Articulated Buses for Delivery in 2013	27	\$24,392,745.00
Allowance for Base Order		<u>\$ 677,255.00</u>
	<b>Total Amount</b>	<u><b>\$25,070,000.00</b></u>

<u>Future Contract Amendment</u> *	<u>Quantity of Buses</u>	
60-Foot Low Floor Articulated Buses for Delivery in 2014 Including Allowance	126	<u>\$119,419,831.20**</u>
	<b>Total Amount</b>	<u><b>\$119,419,831.20**</b></u>

\* Subject to funding approval in 2013 Capital Budget

\*\* To be approved at a later date