

TO: **GENERAL COMMITTEE**

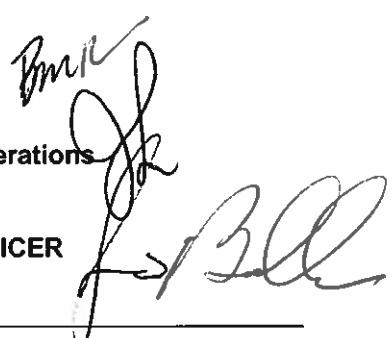
SUBJECT: **AGREEMENT WITH METROLINX FOR JOINT PROCUREMENT OF TRANSIT BUSES**

PREPARED BY AND KEY CONTACT: **G. Kaveckas, Manager of Transit , ext. 4464**

SUBMITTED BY: **B. Roth, Director of Leisure, Transit & Facilities**

GENERAL MANAGER APPROVAL: **J. W. Sales, General Manager of Community Operations**

CHIEF ADMINISTRATIVE OFFICER APPROVAL: **JON M. BABULIC, CHIEF ADMINISTRATIVE OFFICER**



RECOMMENDED MOTION

1. That the Mayor and City Clerk be authorized to enter into a Governance Agreement for the 2011-2013 Joint Procurement of Transit buses with Metrolinx.
2. That the Manager of Transit be appointed as the City of Barrie's representative to the Common Bus Purchasing Steering Committee under the Governance Agreement and the Manager of Fleet be appointed as an alternate member.

PURPOSE & BACKGROUND

3. In 2006 and 2008 the City participated in the purchasing of transit buses with other municipalities in Ontario. The project was initially coordinated through the Ministry of Transportation (MTO) and is now coordinated through Metrolinx. Metrolinx is a provincial agency with a mandate to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton area (GTAH).
4. The need to purchase transit buses will continue in the next three years to meet transit service needs. Based on the success of the common bus purchasing initiative in previous years with the purchase of seven buses, and the associated benefits outlined below, staff would like to participate in the common bus purchasing program for 2011 to 2013.
5. The Metrolinx requires that municipalities enter into a Governance Agreement for the joint procurement of Transit Buses. This agreement sets out roles and responsibilities of the parties involved including the municipality, Metrolinx and successful bus manufacturer.

ANALYSIS

6. The General Manager of Community Operations is in support of the Common Bus Purchasing process and recommends that the City enter into a Governance Agreement with Metrolinx for the added value this method of bus procurement provides as noted below.
7. Staff feel that the common bus purchasing is successful with extensive added value realized resulting in quality built buses supplied to the City. The benefits of joint procurement include the following:
 - Economies of scale from larger purchase volume resulting in lower unit price

- Increased influence over bus manufacturers to provide a higher quality of product and process
- Improved warranty periods, delivery standards and liquidated costs
- Improved and guaranteed bus delivery dates
- Development of a detailed common performance specification
- Entire procurement process built on using existing collective expertise
- Team evaluation of proposal using highly qualified transit fleet managers including services of a project engineer. A provincial fairness monitor is appointed to ensure the procurement process is sound
- On site bus manufacturing inspection services by a qualified third party is included during the manufacturing process at no cost to the City
- Provision of specialized tools and better staff training - improved coverage by sharing the training sessions enabling more sessions to be held
- Inclusion of frame testing, certification for a 12 year life cycle on the structure and corrosion standards

8. The key guiding principles as outlined in the Governance Agreement for common bus purchasing are outlined in Appendix A. Signing of the governance agreement indicates the interest of the municipality to proceed and be involved with common bus purchasing for 2011 to 2013. The agreement allows the municipality to opt-out of the common purchasing program.

9. Under the governance agreement, a steering committee is formed to oversee and administer the process to ensure the needs of transit are met. Each transit system has a representative on the committee and a vote on the steering committee. It is suggested that the Manager of Transit be appointed to the steering committee with the Manager of Fleet as an alternative member. The Manager of Transit participated on the two previous common bus purchasing programs.

10. The City's Purchasing By-law 2008-121 allows for the City to participate with other government agencies in common purchases where it is in the City's best interest to do so and such an arrangement is in compliance with the City's procurement policy. The Manager of Purchasing will be involved with this project where required.

11. The City's Legal Services have reviewed the agreement and indicate that it is a very clear document that lays out the City's rights and obligations.

ENVIRONMENTAL MATTERS

12. There are no environmental matters related to the recommendation.

ALTERNATIVES

13. There is only one alternative available for consideration by General Committee:

Alternative #1

The City not participates in the joint bus procurement initiative.

This alternative is not recommended. The City on its own initiative would have to spend considerably more money and staff resources to get the same package as being delivered under this program. Metrolinx is the lead agency which prepares all documents, advertises, coordinates evaluations and oversees the purchasing process with the assistance of a procurement fairness monitor at no cost to the City.

FINANCIAL

14. There is no financial commitment to enter into the governance agreement.
15. The funds for purchase of buses will be identified in the City's Annual Business Plan and subject to Council approval. In the next three years the Capital budget identifies 11 bus replacements and 1 expansion bus.

LINKAGE TO COUNCIL STRATEGIC PRIORITIES

16. The 2010-2014 Council's Strategic Priorities have not been established as of the time of writing of this report.

Appendix A

WHEREAS Metrolinx has been working with municipal transit managers to develop detailed common vehicle specifications for Transit Buses that can be used for a joint Procurement;

AND WHEREAS the Parties wish to:

- a. Reduce the unit cost of buses by consolidating municipal Transit Bus orders to achieve the volumes required to attain economies of scale for municipal transit systems;
- b. Avoid costs by standardizing the Procurement documents including vehicle specifications, terms and conditions;
- c. Avoid costs and reduce time associated with the bus procurement process by allowing transit systems to focus on core competency;
- d. Improve buying power and delivery schedules for municipal transit systems; and
- e. Reduce uncertainty for manufacturers through longer production runs, predictability, and performance-based specifications.

ARTICLE I: PRINCIPLES OF TRANSIT BUS PROCUREMENT

1. Key principles

This Agreement shall be guided by the following key principles:

- a. Metrolinx shall comply with all Procurement Policies which it is required to follow, in any RFP issued hereunder whereby proposals will be evaluated.
- b. Participation by Purchasers in the joint Procurement is voluntary up to five (5) Business Days following the relevant Steering Committee recommendations that Metrolinx enter into a Master Agreement with the successful Proponent(s), pursuant to section 25 (Award of a Master Agreement).
- c. The Term of the Master Agreement(s) is for one year (Fiscal Year 2011) with two consecutive one year options (Fiscal Year 2012 and Fiscal Year 2013).
- d. Subject to section 15 (The Request for Proposal (RFP) process), the decision of whether or not to exercise the Option Years and, to the extent the Option Years are exercised, the number of Transit Buses to be purchased, and rests exclusively with each of the respective Purchasers as set out in their respective Municipal Bus Purchase Agreements.
- e. Metrolinx shall work with each Steering Committee in undertaking the Procurement(s).
- f. Metrolinx will facilitate the Purchasers' procurement of Transit Buses in accordance with this Agreement.
- g. Ownership and legal obligations, including without limitation payment, for the Transit Buses shall reside exclusively with the respective Purchasers.
- h. Metrolinx and Purchasers will cooperate fully on all aspects of the joint procurement including timely sharing of information and on-going two way communication to promote informed decision making and budgeting.