

Date: 2020-09-28

Subject: **Request to Begin Procurement**

Secondary Title Request to Begin Procurement – For the Supply and Delivery of Transit Bus Brake Components, Diesel Exhaust Fluid and Refurbishment Services

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Report Number: Brampton Transit-2020-246

Recommendations:

1. That the report titled; **Request to Begin Procurement - For the Supply and Delivery of Transit Bus Brake Components, Diesel Exhaust Fluid and Refurbishment Services (EG.x/2020)**, to the Council meeting of October 28, 2020, be received; and
2. That the Purchasing Agent be authorized to begin procurement for the Supply and Delivery of Transit Bus Brake Components, Diesel Exhaust Fluid and Refurbishment Services.

Overview:

To obtain authorization to begin procurement for the below noted goods and services:

- **Supply and Delivery of Transit Bus Brake Components for a three (3) year period with one (1) optional one (1) year renewal period.**
- **Supply and Delivery of Diesel Exhaust Fluid for a three (3) year period with two (2) optional one (1) year renewal periods.**
- **Midlife Refurbishment Services on 40 and 60-foot Transit Buses for a three (3) year period with two (2) optional one (1) year renewal periods.**
- **Articulated Joint Refurbishments on 60-foot Transit Buses for a three (3) year period with two (2) optional one (1) year renewal periods.**

Background:

There are current existing contracts for the Supply and Delivery of Diesel Exhaust Fluid and Midlife Refurbishment Services on Transit Buses. These contracts were established with upset limits, allowing Transit staff to acquire the required repair services, parts and consumables on an as-and-when required basis. Subject to Council approval, new contracts will include replacements of the above as well as a Supply and Delivery contract for Transit Bus Brake Components and a service contract for Articulated Joint Refurbishments on 60-foot Transit Buses.

Current Situation:

With Brampton Transit's service levels incrementally increasing as we approach 2021, the need for a seamless supply of transit bus parts, consumables and maintenance services is imperative to Transit's operation.

Supply and Delivery of Transit Bus Brake Components

Brake components for Transit buses are currently sourced through existing blanket purchase orders established for the supply and delivery of various OEM (Original Equipment Manufacturer) and Aftermarket bus parts. Due to large quantities of brake parts purchased regularly, Transit staff is requesting to implement separate contracts, exclusive to the supply and delivery of these components. It is expected that specialized contracts will result in lower unit pricing in comparison to prices available through existing blanket contracts, since vendors that specialize in distributing brake and drivetrain components are more likely to offer deeper contractual discounts, over those distributing a wide range of transit bus parts. This approach is also consistent with several other Transit agencies, seeking attractive unit pricing on specific bus parts. An additional benefit in having standalone contracts for these components is a more streamlined warranty process. With specialized contracts, staff can better track any warranty claims to ensure full recoument of associated funds.

The upset limit estimate for new contracts is based on historical usage and Transit's anticipated growth over the next three (3) to five (5) years. Staff is requesting a three (3) year contract with a one (1) optional one (1) year renewal period.

Supply and Delivery of Diesel Exhaust Fluid for Transit Buses

Diesel Exhaust Fluid (DEF) is introduced in commercial diesel engines to reduce emissions ensuring compliance with federal emissions guidelines. Due to governmental mandates in recent years and an overall increase in focus on carbon footprint reductions in commercial vehicle fleets, the usage of DEF has become a new standard as a carbon compound inhibitor in heavy-duty equipment and vehicles, including urban transit buses.

Brampton Transit buses manufactured prior to 2010 are not equipped with DEF systems, due to their age. However, as these buses approach the end of their useful life cycle, they will be replaced with vehicles which have DEF after-treatment systems. Based on the forecasted quantities of diesel bus purchases over the next several years, Brampton Transit will be seeing a substantial increase in the usage of DEF. While plans for eventual fleet electrification are being explored through the Electric Bus Pilot program, Brampton Transit will continue to source and operate clean diesel vehicles (both replacement and growth) into the foreseeable future, necessitating continued demand for diesel exhaust fluid. Staff is requesting to implement a standard supply and delivery contract for three (3) years, with two (2) optional one (1) year renewal periods.

Midlife Refurbishments of 40 and 60-foot Transit Buses

The remaining scope of Brampton Transit's current contract for major bus refurbishments includes 27 40-foot buses manufactured in 2008, with completion anticipated by mid to late 2021. Staff is requesting to engage a qualified supplier through a competitive procurement process, to commence refurbishments of 2009 and newer 40-foot and 60-foot buses. Subject to Council approval to begin procurement, the multi-year contract scope would be set up as follows (all bus quantities estimated):

- **Year 1 of contract (2021 budget year):** Major refurbishment of 26 Conventional diesel buses manufactured in 2009;
- **Year 2 of contract (2022 budget year):** Major refurbishment of 25 Hybrid buses manufactured in 2010;
- **Year 3 of contract (2023 budget year):** Major refurbishment of 30 Conventional buses and 16 Hybrid buses manufactured in 2011.

Staff is requesting to establish a standard service contract for three (3) years, with two (2) optional one (1) year renewal periods. It is expected that a multiyear contract will drive greater efficiencies for the supplier, and result in better value for the City. Optional year(s) to be exercised, subject to successful negotiations by both parties, referencing actual bus quantities at the time of renewal.

Articulated Joint Refurbishments on 60-foot Transit Buses

Brampton Transit currently maintains a fleet of 90 articulated urban Transit buses, servicing Brampton Rapid Transit (BRT) routes with Züm branded vehicles. While these larger 60-foot buses have greater revenue potential due to the additional available passenger seating, they incur greater operating costs to maintain specific components not found on conventional 40-foot buses. The most notable driver to these additional costs is the upkeep of the articulated joint, which allows the 60-foot bus to navigate turns safely, without breaching the confines of the roadway.

Subject to Council approval to begin procurement, the multiyear contract scope would be established as follows (all bus quantities estimated):

- **Year 1 of contract (2020 and 2021 budget years):** Refurbishment or replacement of articulated joints on 30 buses manufactured in 2012 and 2014;
- **Year 2 of contract (2022 budget year):** Refurbishment or replacement of articulated joints on 18 buses manufactured in 2015;
- **Year 3 of contract (2023 budget year):** Refurbishment or replacement of articulated joints on 8 buses manufactured in 2016.

Based on the information above, staff is requesting to establish a standard service contract for three (3) years, with two (2) optional one (1) year renewal periods. The procurement process would ensure that only highly qualified and experienced vendors be considered for contract award. Optional year(s) to be exercised, subject to successful negotiations by both parties, referencing actual bus quantities at the time of renewal.

Corporate Implications:

Establishing new blanket contracts will ensure Brampton Transit will have the necessary resources available to properly maintain and service its fleet of urban Transit buses. Furthermore, these services will ensure an adequate number of buses are available at all times to meet the operational requirements needed to provide efficient Transit services to the citizens of Brampton, as service levels return to normal.

Purchasing Comments:

Supply and Delivery of Transit Bus Brake Components

A public Procurement Process will be conducted and the lowest compliant Bid will be eligible for contract award.

Supply and Delivery of Diesel Exhaust Fluid for Transit Buses

A public Procurement Process will be conducted and the lowest compliant Bid will be eligible for contract award.

Midlife Refurbishments of 40 and 60-foot Transit Buses

A public Procurement Process will be conducted and the Proposal submissions shall be evaluated in accordance with the published evaluation process within the Bid Document.

Articulated Joint Refurbishments on 60-foot Transit Buses

A public Procurement Process will be conducted and the Proposal submissions shall be evaluated in accordance with the published evaluation process within the Bid Document.

All purchase approvals shall be obtained in accordance with the Purchasing By-law. All communication with Bidders involved in the procurements must occur formally, through the contact person(s) identified in the Bid Documents.

Financial Implications

Supply and Delivery of Transit Bus Brake Components

Funding for year one (1) of the contract is available from Operating Accounts 200214.001.2305.0001 and 200214.001.2805.0001, which have 2020 budget of \$11,360,374.

This amount represents Transit's total combined budget for Vehicle Repairs and Maintenance and sufficient funds within that budget have been identified for the Supply and Delivery of Transit Bus Brake Components. Transit staff will ensure budget availability in future years, subject to Council approval.

Supply and Delivery of Diesel Exhaust Fluid for Transit Buses

Funding for year one (1) of the contract is available from Operating Accounts 200213.001.2305.0001 and 200213.001.2805.0001, which have a 2020 budget of \$16,857,922.

This amount represents Transit's total combined budget for Diesel Fuel and sufficient funds within that budget have been identified for the Supply and Delivery of DEF. Transit staff will ensure budget availability in future years, subject to Council approval.

Midlife Refurbishments of 40 and 60-foot Transit Buses

Due to the capital nature of these costs, Brampton Transit recently received funding under the Investing in Canada Infrastructure Program (ICIP), with Federal and Provincial contributions at 40% and 33.3% respectively.

Funding for year one (1) of the contract is available from Capital Account 214680.001 which will have a 2021 budget of \$8,288,000, subject Council approval. Transit staff will ensure budget availability in future years, subject to Council approval.

Articulated Joint Refurbishments on 60-foot Transit Buses

Similar to bus refurbishments, replacements or refurbishments of articulated joints on 60-foot buses are backed by funds approved under ICIP, as Transit's capital expenditures.

Funding for year one (1) of the contract is available from Capital Accounts 204680.005 (approved) and 214680.005 (subject to Council approval), which will have a combined budget of \$2,290,000. Transit staff will ensure budget availability in future years, subject to Council approval.

Term of Council Priorities:

This report achieves the Strategic Plan of Move and Connect by keeping people moving efficiently by maintaining Transit’s fleet of urban Transit buses in a state of good repair, ensuring seamless delivery of Transit services to the community.

Living the Mosaic – 2040 Vision

This report directly aligns with the vision that Brampton will be a mosaic of safe, integrated transportation.

Conclusion:

To ensure continuous maintenance of the City’s Transit buses to meet operational demands, it is recommended that Council authorize the Purchasing Agent to commence procurements, as described in this report.

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