

MEETING DATE: November 28, 2001

SUBJECT: Procurement Authorization - Supply Of Low Floor Diesel City Buses

RECOMMENDATION

It is recommended that the Commission authorize the award of a contract to Orion Bus Industries, A Division of Freightliner Ltd., in the amount of \$113,421,246.88 for the supply of 220 forty foot low floor diesel city buses, subject to City of Toronto project funding approval.

FUNDING

Funds for the purchase of low-floor buses are included in the 2001-2005 Capital Program 4.11 Purchase of Buses under Project #6816 – Replacement of Forty-Foot Diesel Buses or Equivalent (set out on pages 777-779) as approved by the Commission on September 25, 2001. The funding is subject to City of Toronto project funding approval.

BACKGROUND

The 220 buses recommended for procurement include the bus requirements for 2003 and 2004. The two-year quantity is proposed due to the lengthy lead times for delivery, including pilot bus development, of up to two years and the operating efficiencies associated with a larger portion of our fleet being of the same configuration.

DISCUSSION

The procurement entails the supply of 220 low floor diesel city buses for the years 2003 and 2004 with the option to supply up to 250 additional low floor diesel city buses in 2005. The option for the additional buses will remain open for acceptance by the Commission until July 1, 2004 to ensure delivery in 2005.

Specifications and drawings were prepared and a Request for Proposals (RFP) was publicly advertised in the Passenger Transport on May 28, 2001 for the Supply of Low Floor Diesel City Buses.

Thirteen companies were issued copies of the proposal documents out of which four companies expressed interest during the proposal period; these proponents being Nova Bus Ltd., Neoplan U.S.A. Corp., New Flyer Industries and Orion Bus Industries. Neoplan withdrew due to their concerns regarding their inability to comply with the proposal requirement for an 18-year minimum design life. Nova advised they were unable to respond to our request at this time.

The remaining companies, New Flyer and Orion, both submitted proposals on June 27, 2001.

The proposal documents issued contained numerous Specified Options and Specified Alternatives. A key Specified Option was the submission of either a \$10 million performance bond or irrevocable letter of credit which staff viewed as essential, given the duration of the contract specified warranty periods. One of the major technical requirements was that the bus frame be designed and constructed using only inherently corrosion resistant materials.

As the two submitted proposals contained numerous commercial and technical exceptions/qualifications, permission was requested and received from the Chief General Manager on July 25, 2001, to cancel this Request for Proposals and to negotiate in an attempt to reach an acceptable agreement.

Orion proposed a bus frame design that is comprised entirely of stainless steel with an eighteen year design life and therefore considered compliant with this key requirement of the specification.

New Flyer's proposal was initially based on the provision of a D40i Envero model that offered a frame design comprised of a combination of carbon and stainless steel. This proposed design was considered technically non-compliant by staff. In addition, New Flyer could not commit to the provision of a performance bond or letter of credit as per required by the RFP and is therefore considered commercially non-compliant.

During negotiations New Flyer resubmitted a revised proposal which was based on the provision of two distinctly separate bus designs; 100 D40LF units for 2003 delivery; and 120 D40i Envero units similar to their initial submission for 2004 delivery. The newly proposed D40LF model offers a frame design comprised totally of carbon steel and is therefore also considered technically non-compliant.

In addition, New Flyer has been unable to provide proof of bonding or a letter of credit and are therefore considered commercially non-compliant.

As a result of negotiations with Orion, all commercial and technical exceptions have either been withdrawn or have been clarified /modified to be mutually acceptable to staff and Orion.

Orion will be required to provide a \$ 10 million performance bond as specified.

Refer to attached Appendix "A" for pricing , including applicable taxes, for both submitted proposals.

Orion has satisfactorily completed work of a similar size and nature for the Commission and other transit properties in the past. They are considered commercially and technically acceptable.

JUSTIFICATION

Due to the lead-time required for bus procurements of 18-24 months, it is critical that a contract be awarded in 2001 to ensure the delivery of new forty-foot low floor buses in 2003.

November 12, 2001

9-113-28

Attachment – Appendix ‘A’

APPENDIX ‘A’

PROCUREMENT OF LOW FLOOR DIESEL CITY BUSES

PROPOSAL ANALYSIS

DESCRIPTION	QUANTITY OF BUSES	ORION	NEW FLY 1ST SUBMIS
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Base Order (delivery in 2003 and 2004) Low Floor Diesel City Buses	220	\$113,372,978.40	\$118,647,54
Specified Options/Alternatives	220	(\$800,492.00)	N/A **
Bonding/Training & Diagnostics Equip./ Power Train Assemblies	-	\$848,760.48	N/A **
TOTAL AMOUNT		\$113,421,246.88	

** New Flyer's submission did not provide requested pricing for numerous options/alternatives/equipment/assemblies