



City of  
**Peterborough**

---

**To:** **Members of the Committee of the Whole**

**From:** **W.H. Jackson, Director of Utility Services**

**Meeting Date:** **February 6, 2017**

**Subject:** **Report USTR17-001**  
**Authorization to Join Metrolinx Transit Procurement Initiative**

---

## **Purpose**

To seek approval to sign an agreement to join the Metrolinx Transit Procurement Initiative.

## **Recommendations**

That Council approve the recommendations outlined in Report USTR17-001 dated February 6, 2017, of the Director of Utility Services, as follows:

- a) That staff be authorized to sign a Multi-Year Governance Agreement for Joint Procurements facilitated by Metrolinx, 2013-2018 for the purpose of purchasing certain transit system vehicles, equipment, technology, facilities and related supplies and services on an exclusive basis from suppliers selected pursuant to public procurement processes facilitated by Metrolinx, on terms and conditions set out in the relevant procurement documents; and
- b) That staff be authorized to perform any action, and provide any required recommendations, instructions and approvals to complete the procurements within the scope of the Governance Agreement.

## **Budget and Financial Implications**

There are no direct budget and financial implications to approving this report.

Based on the results of procurements already completed by Metrolinx it is estimated that municipalities have saved an average of 3-5% on the average capital cost of a bus purchased through Metrolinx, not including the internal savings from the elimination of the procurement process, which can add up to 6 months to the delivery schedule for acquiring new transit vehicles.

Transit equipment purchases contemplated under this agreement would continue to require funding approval as part of the annual capital budget process.

## **Background**

The Ministry of Transportation (MTO) initiated the Transit Procurement Initiative (TPI) program in 2006 with six municipalities including Barrie, Burlington, Durham, London, North Bay and York Region. Over the past ten years, municipal transit agency participation has steadily grown across Ontario. As of December 31, 2016 the number of participating municipalities has reached 36. To date TPI has facilitated 16 joint procurements covering conventional and specialized buses, various bus parts, and Intelligent Transportation technology. These activities help Ontario transit systems achieve best value for their money by facilitating joint procurements for goods and services that support transit operations. Based on figures supplied by Metrolinx, it is estimated that Ontario taxpayers have saved approximately \$16 million by procuring transit equipment in volume quantities, as well as benefiting from an end to end procurement cycle and post award contract management, including on-site inspection services.

Metrolinx's TPI program is one of North America's largest, most innovative transit procurement programs driven entirely by voluntary participation amongst the member agencies. Through cooperative tendering of larger, pooled orders and capitalizing on the specialized expertise of the various member agencies, TPI delivers a range of benefits to municipalities and other clients, including lower unit costs, performance-based technical specifications, product warranty enhancements, improved quality control of bus manufacturing through in-plant inspection and independent Fairness Commissioner oversight of the procurement process.

### **TPI's Governance Structure**

The Governance Agreement (GA) is an important document established between Metrolinx and each participating transit agency outlining the roles and obligations of its partners. In accordance with the GA, a Steering Committee is established that includes representatives from participating transit agencies for every project. Key decisions on aspects of the procurement process, from commercial strategy, technical specifications, evaluation criteria and approval of the winning supplier are made by the Steering Committee.

In 2013, TPI introduced a streamlined Multi-Year GA with a five-year term covering up to the end of December 2018. The Agreement is governed in accordance with the laws of the Province of Ontario and those of Canada applicable in the Province of Ontario. The GA governs all joint procurements that Metrolinx facilitates relating to transit goods and services on behalf of transit municipal partners for the five-year period. The unique terms of each procurement contract are addressed as schedules to the main agreement.

To participate in a TPI procurement, each member agency must nominate a representative to the Steering Committee who would be authorized to manage the City's participation in TPI, participate in the individual procurements, and be authorized with signing authority on behalf of the City with respect to the various aspects of the Governance Agreement, including early termination options. Initiating purchases through the TPI would still be subject to Council approval of annual capital budgets and through established internal purchase order processes. Given the extent of involvement in all aspects of the TPI program, it is proposed that the Manager of Transportation be the designated representative to the Steering Committee who could have signing authority relative to the City's participation in the TPI Governance Agreement.

The City is not obligated to participate in all procurements, nor is the City obligated to purchase from the Supplier awarded a contract under a procurement that we do participate in, provided that we exercise our option to "Termination Without Cause by A Purchaser" within the timeframes outlined in the Governance Agreement. This provides the City with the flexibility to choose which procurements we wish to participate in and provides us the option to opt out of a procurement if the commercial terms or supplier chosen by the group are not consistent with the best interests of the City. Opting out of a procurement does not inhibit our ability to purchase the same product or service from another supplier using our own tendering process, but it does restrict us from purchasing the same product or service from the same supplier that was awarded the joint procurement contract.

Currently there is no direct cost to the City to participate in the Transit Procurement Initiative, outside of staff time to participate in the Steering Committee for various procurements. The Governance Agreement does contemplate the potential for a future "Participation Fee" to cover some of the administrative costs incurred by Metrolinx on behalf of the participating transit agencies, however to date this fee has not been charged to member agencies. The current Governance Agreement expires December 1, 2018, at which time the City will evaluate our interest in continued participation in the TPI program.

---

## **Procurements of Interest to the City**

The TPI has established joint procurement contracts for 8m, 12m and 18m buses along with a recently awarded procurement for ITS equipment.

In the past, the City had considered joining Metrolinx for the 12m bus procurement, however it did not make sense at that time as we had contracts in place with our current bus supplier that provided favourable terms for contract extensions to purchase additional vehicles. Up until 2015, Metrolinx did not have a contract in place for purchase of the 8m buses we use for our Handi-vans, so our last purchase of Handi-vans in 2012 relied on the extension of our 2008 contract to purchase replacement vehicles. This contract expired in 2013.

Since we do not have a current contract in place to cover the purchase of replacement Handi-van vehicles, and given that Metrolinx awarded a contract in 2015 for these types of vehicles, staff assessed the feasibility of joining TPI for this procurement. At this time the City is primarily interested in joining the joint procurement for 8m buses, which would provide the new low floor Community Bus vehicle recommended for purchase as part of Report USTR16-009, and the 5 Handi-van replacement vehicles recommended in Report USTR16-010, approved by Council at their meeting of October 3, 2016.

Utilizing the joint procurement for this contract allows the City to capitalize on the bulk purchasing power of the member agencies to obtain competitive pricing for these new vehicles while avoiding the lengthy process of developing customized specifications for both types of vehicles and running our own duplicate procurement process, which in total can take up to 6 months from start to contract award. By joining TPI, the City can place our order for these new buses immediately, so that the service improvements can be implemented much sooner than otherwise possible.

## **Compliance with City Purchasing Policies**

Section 14.3 of the City Purchasing By-law 14-127, includes a provision for the City to participate with other government agencies in co-operative purchases when it is in the best interest of the City to do so as determined by the Director of Corporate Services.

Under the by-law each participating agency is responsible for obtaining appropriate purchase approvals, preparing and executing appropriate purchase agreements, and ordering, receiving, inspecting and paying for goods and/or services it uses.

The Director of Corporate Services has reviewed this procurement approach and has confirmed that it is in the City interest to participate in the TPI program and that the program is consistent with the City's approved purchasing policies.

## Summary

Metrolinx's TPI program is one of North America's largest, most innovative transit procurement programs. Through cooperative tendering of larger, pooled orders and capitalizing on the specialized expertise of the various member agencies, TPI delivers a range of benefits to municipalities and other clients, including lower unit costs, performance-based technical specifications, product warranty enhancements, and improved quality control of bus manufacturing through in-plant inspection process that an smaller municipality cannot hope to match.

Joining the Transit Procurement Initiative provides flexibility for the City to participate in selected joint procurements that are in the best interest of the City and are consistent with the current purchasing policies. Joint procurement affords the opportunity to take advantage of bulk purchasing power or the sharing of technical resources and specifications that can result in program savings, procurement efficiencies, or enhanced delivery timeframes due to a reduction in duplication of purchasing processes.

Submitted by,

W. H. Jackson  
Director, Utility Services

Contact Name:  
Kevin Jones  
Manager, Transportation  
Phone: 705-742-7777 Ext. 1895  
Fax: 705-876-4621  
E-Mail: [kjones@peterborough.ca](mailto:kjones@peterborough.ca)