



City of
Peterborough

To: **Members of the General Committee**

From: **Cynthia Fletcher**
Commissioner of Infrastructure and Planning Services

Meeting Date: **January 20, 2020**

Subject: **Report IPSTR20-002**
Authorization to Renew Agreement for Metrolinx Transit Procurement Initiative

Purpose

A report to seek approval to sign a renewal agreement for the City to continue participation in the Metrolinx Transit Procurement Initiative.

Recommendations

That Council approve the recommendations outlined in Report IPSTR20-002 dated January 20, 2020, of the Commissioner of Infrastructure and Planning Services, as follows:

- a) That the Manager of Transportation be authorized to sign a Multi-Year Governance Agreement for Joint Procurements facilitated by Metrolinx, 2019-2024 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 the Manager of Transportation 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 \$31.5 million since 2006, or 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 duplicate procurement process, and the benefit of a reduced delivery schedule for acquiring new transit vehicles and associated equipment.

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

Background

The City entered into the original agreement as per Report USTR17-001 Authorization to Join Metrolinx Transit Procurement Initiative. This report recommends and seeks authorization to renew the agreement.

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. Following its inception, the TPI program has been operating as division of Metrolinx. As of March 31, 2019, the number of participating municipalities has reached 48; with a mix of large agencies like TTC, OC Transpo (in Ottawa), London Transit and a number of small to medium sized agencies like Peterborough, Kingston, and Sarnia.

To date TPI has facilitated 22 joint procurements covering conventional and specialized buses, various bus parts, Intelligent Transportation technology, and on-board camera systems. 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 \$31.5 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, ability to secure enhanced product warranties, improved quality control of bus manufacturing through in-plant inspections, 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 2019, TPI members worked on developing an updated Multi-Year GA for an additional five-year term covering up to the end of December 2024. 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 and award reports. Given the extent of involvement in all aspects of the TPI program, it is recommended that the Manager of Transportation continue to be the designated representative to the Steering Committee who would 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 for Termination from a specific procurement 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.

To date there has been 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 new Governance Agreement does allow for the assignment of a "Participation Fee" to cover some of the administrative costs incurred by Metrolinx

on behalf of the participating transit agencies. For joint procurements going forward, Metrolinx has indicated that “participation fees” will apply, however the amount will vary based on the number of members and the volume of purchases made by each member agency. The intent of the “participation fee” is to recover a portion of the internal costs for Metrolinx to run the program.

Procurements of Interest to the City

The TPI has established joint procurement contracts for 8m, 9m, 12m and 18m buses along with a recently awarded procurement for ITS equipment, on-board camera systems, and various bus parts.

In the past, the City had considered joining Metrolinx for the 12m bus procurement (our typical conventional buses), 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. This contract expired with our most recent bus purchase in 2019.

The City did participate in the joint procurement for 8m buses, which we used to purchase the new low floor Community Bus vehicle, and the 5 Handi-vans replaced in 2017. Utilizing the joint procurement for these contracts allowed 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, saving us an estimated 6 months.

Going forward, the City is interested in participating in a joint procurement for bus batteries and in the upcoming renewal of the 12m and 18m bus procurement contracts.

Compliance with City Purchasing Polices

Section 3.5 of the City Procurement By-law 18-084, 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 Treasurer.

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 Treasurer has reviewed this procurement approach and has confirmed that it is in the City’s interest to renew our agreement to participate in the TPI program and that the program is consistent with the City’s approved purchasing polices.

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 a smaller municipality cannot hope to match.

The City's participation in the Transit Procurement Initiative to date has been positive, and on an overall basis, member agencies report an overall 93% satisfaction with the services provided by Metrolinx. Renewing our agreement with Metrolinx provides flexibility for the City to participate in selected joint procurements that are in the best interest of the City and are consistent with our current purchasing policies. Joint procurement affords the opportunity to take advantage of bulk purchasing power, and 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,

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