



Council Report

Report Number: PUR2024-023
Meeting Date: November 19, 2024
Title: Single Source 2024-098-SS for Five Transit Buses
Author and Title: Marielle van Engelen, Buyer
Rodney Porter, Manager of Fleet and Transit Services

Recommendation(s):

That Report PUR2024-023, **Single Source for 2024-098-SS for Five Transit Buses**, be received;

That Council authorize the single source purchase of five (5) transit buses from the City of Peterborough for a total estimated cost of \$930,438.00 not including HST; and

That Public Works be authorized to issue a purchase order.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The Mayor's 2025 proposed Capital Budget, Project 991250201, includes \$ 1,000,000 for the purchase of five (5) transit buses. This project has been approved for early start, as per Report CA2024-003 "Early Start Approval for Designated Proposed 2025 Capital and Special Projects (CR2024-492).

As per the Procurement Management Directive a single source over \$121,000 must be approved by Council.

During the pandemic, the transit fleet industry faced significant supply chain issues, resulting in lengthy delays and a lack of availability for new units. In response, City Fleet and Transit staff explored available options for addressing transit fleet needs. Discussions were held with the City of Peterborough, which had eight (8) 28-foot, low-floor ARBOC transit units similar to those used by Lindsay Transit. However, the City of Peterborough was not in a position to sell the units until September 2024, when Peterborough Transit staff received approval to pursue their sale.

Recognizing the opportunity for substantial cost savings, the City of Kawartha Lakes staff identified the value of procuring these units. Purchasing these 8 buses would allow for a cost avoidance of \$114,000 per unit, totaling \$912,000 in savings compared to purchasing new comparable low floor ARBOC buses. The arrangement would be mutually beneficial, as it would provide Kawartha Lakes with needed vehicles while allowing Peterborough Transit to sell underutilized units.

In 2024, City of Kawartha Lakes staff received council approval for capital funding to purchase one transit bus under project number 994240203, with an allocated budget of \$578,000. However, in March 2024, an emergency procurement was completed to authorize the purchase of three buses from the City of Peterborough. This decision was made after three buses in the existing transit fleet experienced premature failure, and purchasing the replacement buses was deemed more cost-effective than undertaking extensive repairs on units that had exceeded their useful life.

The City of Kawartha Lakes took delivery of the new buses in September 2024 and is highly satisfied with their quality. The buses are in near-new condition and have very low mileage.

Rationale:

Transit and Fleet staff had initially planned to procure new units as part of the 2025 capital budget, which included two (2) conventional purpose-built buses and one (1) low-floor 28-foot bus, with an estimated cost of \$1.6 million. However, with the unique procurement opportunity to purchase five lightly used buses from the City of

Peterborough, staff determined this option would provide better value and lead to future cost savings for the City.

By shifting the purchasing focus to the five buses from Peterborough, staff were able to reduce the 2025 Transit Bus fleet capital request from \$1.6 million to \$1 million while also increasing the amount of new equipment purchased. This decision will allow the City to avoid expensive repairs on older buses, enabling decommissioning of aging units. The plan is to save and utilize some existing buses sparingly, make necessary repairs, and retire units as needed.

The acquisition of these five buses will also enable Transit and Fleet Services to avoid the need for new bus purchases in 2026, and potentially until 2028.

The remaining five units, which have approximately 5,000 kilometers or less, are nearly new with no damage or required repairs. These buses were originally purchased in 2021 for \$186,087.59 each, and the City of Peterborough has agreed to sell them to the City of Kawartha Lakes for the same price. Current market pricing for the same buses in 2024 is \$300,000 each, with a delivery time of 12 to 18 months. In staff's opinion, these buses represent value and purchasing them is in the City's best interest.

The estimated delivery time for these units is two to three weeks from the issuance of the purchase order. Staff recommends that the City of Kawartha Lakes proceed with the purchase of these five buses from the City of Peterborough.

Other Alternatives Considered:

No other alternative is considered as the Procurement Policy allows for single source purchase:

"For additional deliveries by the original supplier of goods or services that were not included in the initial procurement, if a change of supplier for such additional goods or services:

- i. cannot be made for economic or technical reasons such as requirements or interchangeability or interoperability with existing equipment, software, services, or installation procured under the initial procurement; and
- ii. would cause significant inconvenience or substantial duplication of cost for the City (both (i) and (ii) must apply)."

Alignment to Strategic Priorities

The purchase of used/on lot transit bus aligns with the four (4) goals listed below as part of the City's Strategic Priority

- Good Government

- as it allows the department to keep track of assets to ensure they are well maintained and managed.
- It will also help to ensure we are meeting/adhering to expected levels of service.
- A Vibrant and Growing Economy.
 - Transit continues to increase ridership and supports many businesses and residents within the Town of Lindsay
- An Exceptional Quality of Life.
 - Transit assists residents in aging at home enhancing a quality of life for persons with disabilities.
 - Improve the health and well-being of residents
 - Increase access to transportation options
- A Healthy Environment.
 - Transit ridership reduces people in cars, reduces congestion on roads and reduces greenhouse gases

Financial/Operation Impacts:

991250201 was approved for early start in the 2025 budget.

Capital Project Number	Project Budget	Other Committed Funds	Capital Project Balance	Purchase Amount (Excl. HST)	HST Payable	Total Amount	Project Balance
991250201	\$1,000,000	\$0	\$1,000,000	\$930,438	\$16,377	\$946,815	\$53,185

Any remaining surplus or deficit will be addressed through the capital close report resented to Council by the Treasury Department in accordance with the Capital Close Policy.

Consultations:

Junior Accountant
 Supervisor, Procurement Services
 Treasurer

Department Head email: brobinson@kawarthalakes.ca

Department Head: Bryan Robinson, Director of Public Works

Department File: 2024-098-SS