
Request to Exceed in Excess of 25% of PO 360837, Cummins Engine Repairs and/or Parts

Recommendation

That the Standing Policy Committee on Transportation recommend to City Council:

1. That the Administration be given approval for PO 360837 with Cummins Western Canada for repair of engines and/or engine parts for Transit Bus engines to exceed 25% of the blanket order value and be extended by \$1,092,295.08 including taxes; and
2. That Purchasing Services issue the appropriate change order.

Topic and Purpose

The purpose of this report is to request City Council approval for PO 360837 with Cummins Western Canada (Cummins) to exceed 25% of the original purchase order value.

Report Highlight

1. To continue to meet operational needs, PO 360837, Cummins Engine Repairs and/or Parts must be extended by \$1,092,295.08 (including taxes).
2. The requirement for support has grown with the technological changes to Saskatoon Transit propulsion systems over the last few years.

Strategic Goals

This report supports the Strategic Goal of Moving Around through strategically moving people around the city and providing an accessible and safe transit system. This report also supports the Strategic Goal of Asset & Financial Sustainability by strategically maintaining assets in order to minimize total costs.

Background

Saskatoon Transit has 145 buses in the fleet with 136 buses having engines built by Cummins. Since 2002, all new diesel powered transit buses, regardless of manufacturer, have been delivered with Cummins engines. Since 2008, Cummins has been the only provider of engines approved to meet North American emissions requirements.

Report

Purchase Order Contract

In March 2015, Saskatoon Transit entered into a blanket purchase order supply contract with Cummins for the supply of parts and services for bus engines. The contract was for five years; with a yearly value of \$300,000 totalling \$1,500,000. The contract is in year four and, to date, has exceeded the original purchase order value by \$600,000 or 40%.

Operational Needs

In 2018, Saskatoon Transit replaced nine bus engines and in working through the process to replace a tenth engine, the over expenditure was flagged. 2018 engine replacements were double that of 2017 and the projection for 2019 will be approximately ten, based on the average age of engine failure for the 39 buses purchased in 2006, 2007, and 2008.

Options to the Recommendation

There are no options as Cummins is the only engine supplier that meets the North American emissions standards.

Policy Implications

The recommendation is in accordance with the Corporate Purchasing Procedure (Council Policy C02-045) where the request for extension exceeds 25% of the approved purchase order value and requires City Council approval.

Financial Implications

Details of the costs pertaining to PO 360837 with Cummins are as follows:

Original Contract Cost	\$1,351,351.35
Over Expenditure (to date)	533,599.17
Additional Estimate 2019 Replacements	450,450.45
GST	116,770.28
PST	140,124.06
Total	<u>\$2,592,295.31</u>

There is sufficient funding in the Transit Maintenance Operating Budget, and Capital Project #1194 – TR-Engine Overhaul to fund the additional costs.

The above shows that PO 360837, Cummins Engine Repairs and/or Part exceeds 25% of the original contract amount and therefore requires City Council approval.

Other Considerations/Implications

There are no public and/or stakeholder involvement, communication, environmental, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion

Prior to completion of this blanket purchase order at the end of 2019, the Administration will undertake a comprehensive review to consider all options for engine replacement in the future.

Public Notice

Public notice pursuant to section 3 of Policy No. C01-021, Public Notice Policy, is not required.

Report Approval

Written by: Paul Bracken, Maintenance Manager, Saskatoon Transit
Reviewed by: James McDonald, Director of Saskatoon Transit
Approved by: Angela Gardiner, Acting General Manager, Transportation &
Construction Department

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