

## ALLISON TRANSMISSION SOLE SOURCE APPROVAL

### RECOMMENDATION

That a sole source agreement, as outlined in the October 26, 2022, City Operations report CO01476, for an amount not to exceed \$1.9 million CAD including GST, for a four-year term beginning January 1, 2023, through to December 31, 2026, with fixed pricing, between the City of Edmonton and Integrated Distribution Systems LP, be approved, and that the agreement be in form and content acceptable to the City Manager.

<b>Requested Council Action</b>	Decision required		
<b>ConnectEdmonton's Guiding Principle</b>	<b>ConnectEdmonton Strategic Goals</b>		
<b>CONNECTED</b> This unifies our work to achieve our strategic goals.	n/a		
<b>City Plan Values</b>	n/a		
<b>City Plan Big City Move(s)</b>	n/a	<b>Relationship to Council's Strategic Priorities</b>	Mobility Network Conditions for service success
<b>Corporate Business Plan</b>	Managing the corporation		
<b>Council Policy, Program or Project Relationships</b>	N/A		
<b>Related Council Discussions</b>	N/A		

### Executive Summary

- As per City Administration Bylaw 16620, all sole source (non-competitive) agreements exceeding \$1 million require approval by the appropriate Council committee.

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- Administration requires approval to enter a sole source agreement with Integrated Distribution Systems LP (Integrated Distribution) to purchase transmissions over the next four-year budget cycle.
- Safe and well-maintained buses are key to realizing the goals of ConnectEdmonton and The City Plan.
- Over the 2023-2026 time period, 120 mechanical midlife refurbishments are scheduled.
- The original equipment manufacturer (OEM) recommends the City of Edmonton's transmissions include a specific brand and size, and Allison Transmissions are industry leaders for transmissions.
- Integrated Distribution Systems LP is the City's current supplier and the only supplier within the region that can provide Allison Transmissions for the entire bus fleet.
- Transmissions replaced outside of the Midlife Refurbishment Program are considered an operating expense and funded from Edmonton Transit Service's (ETS) existing base operating budget.

## REPORT

This report outlines Administration's Allison Transmission purchase requirements and rationale for a sole source agreement between the City and Integrated Distribution . This report requests approval to execute a contract with Integrated Distribution for the purchase of Allison Transmissions over the 2023-2026 budget cycle.

City Operations is responsible for the preventative maintenance, repairs and daily cleaning of approximately 1,000 City of Edmonton buses and ensures that the bus fleet is safe, reliable, clean and meets the transportation needs of riders. Comprehensive transmission maintenance or replacement is required to ensure reliability, reduce maintenance costs and optimize the lifecycle cost of transit buses.

There are currently two programs (one capital and one operational) providing the maintenance or replacement of transit bus transmissions:

1. Capital: The Midlife Refurbishment Program increases reliability and extends the bus lifecycle from 12 years to 18-20 years through mechanical and body replacements to ensure optimal capital investment in the City's buses. The Midlife Refurbishment Program is funded by the existing Bus Fleet and Equipment Rehab and Replacement Capital Profile (CM-66-3600) that is recommended for funding in the 2023-2026 Capital Budget.
2. Operational: In addition to the capital program, regular maintenance that addresses unplanned transmission failure replacements that are not covered under warranty and do not qualify for the Midlife Refurbishment Program, either due to mileage, the age of the bus, or other types of failure, is funded through the approved Edmonton Transit Services (ETS) operating budget. OEM transmissions are available from Integrated Distribution and have advantages over other transmission manufacturers, including performance warranty.

Administration is in the process of replacing the transit fleet with buses that use non-diesel fuels. This involves new purchases, significant infrastructure investments and upgrades to support this shift in fleet composition. During this transition, the City must continue to make the best use of

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the existing fleet. Engine-replacement extends the useful life and maximizes the investment in existing assets to keep transit service operational at levels that Edmontonians need and expect. Approval of this agreement does not deviate from the journey towards electrification and energy transition.

### **2023-2026 Transmission Requirements**

The majority of the current fleet of conventional 30, 40 and 60-foot low-floor buses are equipped with Allison transmissions. As these buses are manufactured with this specific transmission brand and size, it is not possible to change the transmission size or model due to the associated costs and engineering and design limitations. No alternatives are available from other suppliers that meet the City's fleet requirements, as this is a proprietary product with defined distribution networks. Regular bus maintenance and the Midlife Refurbishment Program both involve a transmission replacement. However, the midlife refurbishment is planned and extends the useful life of the bus.

Over the 2023-2026 time period, 120 mechanical midlife refurbishments are scheduled. This report requests approval to continue a four-year sole source agreement with Integrated Distribution for the 2023-2026 budget cycle.

### **Budget/Financial Implications**

Bus Fleet and Equipment rehabilitation profiles are included in each multi-year capital budget as a necessary component of maintaining the City's bus fleet. In 2022, funding for the Midlife Refurbishment Program is available through the Bus Fleet and Equipment Rehab and Replacement Capital Profile (CM-66-3600). Transmissions replaced outside of the Midlife Refurbishment Program are considered an operating expense and funded from ETS' existing base operating budget.

### **Legal Implications**

As per the City Administration Bylaw 16620, procurement agreements over \$1 million that do not arise from a competitive procurement process require approval by the appropriate Council committee.

The City is subject to trade agreements that require an open competitive process for procurements of this value, unless a trade agreement exemption applies. For this procurement, the sole source exemption in each trade agreement applies.

## **COMMUNITY INSIGHT**

Edmontonians value safe, reliable and convenient transit service. As Edmonton grows in both geography and population, the demand for increased transit service continues to grow. Key to the success of the transit system is well maintained vehicles and the availability of new units.

### **GBA+**

Approving the sole source agreement for Allison Transmissions will support reliable transit, often depended on by equity seeking groups. Essential workers on shift schedules, women and

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students may solely depend on transit to connect them with their places of work, education and medical support, therefore reliable transit is critical to their quality of life to access childcare or make their appointments and work shifts on time. A key component to providing a robust transit service are clean, well-maintained buses that are able to be deployed on time and remain in service with as little downtime as possible. Transmission procurement is a pivotal component of the overall success of the transit fleet maintenance program.