



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Transit Division

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| TO: | Chair and Members Public Works Committee |
| COMMITTEE DATE: | August 14, 2019 |
| SUBJECT/REPORT NO: | HSR TransCab - In-House Bid for 2019 Request for Tenders (RFT) (PW19071) (Wards 6, 9, 10 and 11) |
| WARD(S) AFFECTED: | Wards 6, 9, 10 and 11 |
| PREPARED BY: | Jason Vander Heide (905) 546-2424 Ext. 2390 |
| SUBMITTED BY: | Debbie Dalle Vedove Director, Transit Public Works Department |
| SIGNATURE: | |

RECOMMENDATION(S)

- (a) That the Manager of Procurement be authorized and directed to issue a Request for Tenders (RFT) for the provision of shared ride taxi (Trans-Cab) services between locations in designated neighbourhoods;
- (b) That the General Manager of Public Works be authorized and directed to establish an in-house bid team together with the Amalgamated Transit Union (ATU), to prepare and submit a bid to the RFT with the potential to transfer the Trans-Cab services from a contracted service provider to an in-house service as outlined in the City's Procurement Policy #22 – In-House Bid Submission;
- (c) That staff retain a Fairness Monitor to assist in ensuring fairness in the RFT process;
- (d) That staff report back to the Public Works Committee with recommendations based on the results of both the in-house bid and external bids received in response to the RFT.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

EXECUTIVE SUMMARY

Contained within the current City of Hamilton (HSR) – ATU Collective Agreement is a Letter of Understanding – Alternate Service Delivery. This letter provides ATU with the right to submit a bid in response to an RFP call for the provision of unconventional transit service. The bid is to be prepared jointly by ATU and HSR and submitted as specified in the RFT documents issued by the City. The Letter of Understanding requires the contract to be awarded to the ATU if their bid is within 10% of lowest bid received from the private sector. The General Manager of Public Works is required to obtain Council approval prior to the preparation and submission of the in-house bid.

HSR TransCab provides shared-taxi service to link customers in eastern Stoney Creek and Glanbrook with HSR bus routes. Currently, customers paying regular HSR fares and a \$.50 premium take approximately 110,000 TransCab annual passenger trips with the contractor, Hamilton Cab, which bills HSR for a unit price, depending on TransCab service zone, for each passenger trip carried.

Under the current contract, which is to expire in September 2019, a scheduled shuttle service is also provided to connect employees of five Red Hill Business Park (RBHP) businesses with HSR bus routes for work trips. The existing shuttle service facilitates approximately 77,000 annual passenger trips, which the contractor bills at a unit price per hour.

At the expiration of the current contract the scheduled shuttle service will be replaced with a hybrid model of both HSR bus service, through the extension of route #22 Upper Ottawa service during a.m. and p.m. weekday peak service hours, and TransCab during off peak weekday and weekend service periods.

A joint team consisting of HSR and ATU staff will prepare the in-house bid. The bid team will not be involved in developing the RFT or evaluating the bids received.

The internal bid team will not be required to possess a valid taxi licence or provide bid security, insurance or indemnification, and its bid will be given a price preference. Any other advantages to which the internal bid team is entitled will be specified in the RFT. Pursuant to the collective agreement, the internal bid team will be awarded the TransCab service contract if its bid is within 10% of the next lowest bid price, provided it meets all other conditions outlined in the RFT documents.

Alternatives for Consideration – See Page 5

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: HSR TransCab operating costs are contained within account #55975-530270 of the 2019 HSR Operating Budget.

Staffing: The team preparing the HSR-ATU in-house bid will consist of the President, ATU Local 107 or his designate, the Senior Project Manager – Transit Network Review, and the Business Administrator – Transit Division. The team preparing the RFT will consist of the Director of Transit or her designate and the Senior Project Manager of Transit Planning Strategy and the Senior Project Manager of Specialized Transit.

Legal: The Procurement Policy By-law, Policy #22 – In-House Bid Submissions contains minimum requirements for ensuring a fair RFT process, such as the composition of an internal bid submission team which operates at arm's length from the team developing the RFT. The RFT will advise external bidders that an in-house bid submission will be considered and any special cost considerations. Though not required by the Procurement Policy By-law, it is recommended that a fairness monitor be appointed to further support fairness in the process.

HISTORICAL BACKGROUND

The contract between the City and Hamilton Cab for the provision of TransCab service in designated lower density neighbourhoods and scheduled shuttle service to select employers in the RHBP expires on September 30, 2019. Prior to issuing an RFT to establish a new contract, Council direction to allow submission of an in-house bid is required.

Shared-ride taxi is a type of demand-responsive public transit. Residents, workers, and other transit customers use TransCab to access conventional fixed route bus service. Regular transit fares plus a \$.50 premium are collected from customers and the TransCab contractor is paid a flat fee for each customer provided service.

Canada Bread and Countrywide Recycling, located within the RHBP, were previously served by TransCab. In 2012, the service was converted (PW13-009) to a scheduled shuttle. Maple Leaf employees started using the service in November 2013, with Navistar and Fibrecast employees being added thereafter.

At the expiration of the current contract scheduled shuttle service will be replaced with a hybrid model of both HSR bus service, through the extension of route #22 Upper Ottawa service during a.m. and p.m. weekday peak service hours, and TransCab during off peak weekday and weekend service periods.

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The Letter of Understanding requires the contract to be awarded to the ATU if their bid is within 10% of lowest bid received from the private sector.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

City of Hamilton Procurement Policy By-law, Policy #22 – Policy for In-House Bid Submissions will be followed.

RELEVANT CONSULTATION

Procurement Section and Legal and Risk Management Services were consulted during the preparation of this report.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The Procurement Policy By-law, Policy #22 – In-House Bid Submissions requires the General Manager of the Department to obtain Council approval prior to submitting an in-house bid. The report to Council seeking such approval shall include as a minimum:

- the members of the in-house bid submission team
- which costs will be included in the bid and how costs will be determined; and
- the rationale for submitting an in-house bid.

The Procurement Policy By-law, Policy #22 – In-House Bid Submissions requires the RFT to clearly indicate:

- an in-house bid is being considered for the RFT
- any advantages that the in-house bid will have over other bidders by virtue of it being an in-house bid.

TransCab service falls within the accepted definition of alternative transit service delivery. Provision for an in-house bid is consistent with the intent of the Letter of Understanding – Alternate Service delivery contained within the City of Hamilton (HSR) – ATU Collective Agreement.

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The members of the in-house bid submission team are:

- Eric Tuck – President – Amalgamated Transit Union
- Sebastian Stula – Senior Project Manager – Transit Network Review
- Craig Webb – Business Administrator – Transit Division

Costing of the ATU-HSR bid includes operator wages and benefits, vehicle operating and maintenance costs and overhead costs to cover the management and delivery of the telephone dispatching and street operation functions the HSR will supply in-house. Separate insurance to cover TransCab operations is not required, given the work would be under HSR control. However, it will be required to provide insurance for services proposed to be performed by subcontractors in its bid.

The in-house bid team will not be required to submit bid security or provide performance security. However, it will be required to include the cost of performance security and any labour and material bonding for Services proposed to be performed by subcontractors in its bid.

Where not already identified in the in-house bid, additional internal City costs will be added by the evaluation team into the bid, such as insurance, storage costs, payroll/pension/administration for required finance and administration staff, and a percentage of any additional overhead costs required to deliver the service. The evaluation of the in-house bid will take into account elements of the bid that would normally be required of a submission from external bidders and will evaluate the ability of the bidder to meet the objectives of the City and the requirements of the RFT documents.

The RFT requirement that the successful bidder shall obtain and keep in good standing all licenses and permits that are required under provincial and municipal laws, regulations, and all other applicable laws for the conducting of business and the provision of the Transit services specified in the contract will be waived when reviewing the in-house bid. In accordance with the collective agreement, the in-house bid will receive a 10% price preference when the evaluation team reviews the prices submitted by the qualified proponents. These concessions will be stated in the RFT documents issued to all potential bidders.

Staff will assess any other additional costs and special considerations applicable to the in-house bid during the preparation of the RFT and will disclose them in the RFT.

ALTERNATIVES FOR CONSIDERATION

Due to requirements within the City of Hamilton's Purchasing Policy #22 – Section 4.22 and the collective agreement between the City of Hamilton and the Amalgamated Transit Union, there are no suitable alternatives for consideration.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

None