



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	September 16 2024
<b>SUBJECT/REPORT NO:</b>	HSR Trans-Cab - In-House Bid for 2024 Request for Tenders (RFT) (PW24055) (Wards 9, 10 and 11)
<b>WARD(S) AFFECTED:</b>	Wards 9, 10 and 11
<b>PREPARED BY:</b>	Nick Chaloux (905) 546-2424 Ext. 6830
<b>SUBMITTED BY:</b>	Maureen Cosyn Heath Director, Transit Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the Director 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, Public Works be authorized and directed to establish an in-house bid team together with the Amalgamated Transit Union Local 107 (“ATU”), to prepare and submit a bid to the Request for Tender 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; and
- (c) 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 Request for Tenders, including a report summarizing the findings of a Fairness Monitor.

**EXECUTIVE SUMMARY**

Contained within the current Collective Agreement between the City of Hamilton and the Amalgamated Transit Union Local 107 (“ATU”) is a Letter of Understanding – Alternate Service Delivery which is attached as Appendix A to Report PW24055. This has been in the Collective Agreement since 1998 and provides ATU with the right to submit a bid in

response to procurement for the provision of unconventional transit service. The bid is to be prepared jointly by ATU and the Hamilton Street Railway (“HSR”) and submitted as specified in the Request for Tenders 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 the lowest bid received from the private sector. The General Manager, Public Works is required to obtain Council approval prior to the preparation and submission of the in-house bid.

HSR provides shared-taxi service, branded as “Trans-Cab”, to link customers in Stoney Creek and Glanbrook with HSR bus routes, with customers paying regular HSR fares and a \$.50 premium. The current contractor, Blue Line Transportation, bills HSR for a unit price, depending on Trans-Cab service zone, for each passenger trip carried. The current contract is to expire in December 2024.

Demand over the course of the contract was affected by the COVID-19 pandemic as customers shifted away from shared-ride services. HSR’s annual service investments have also impacted demand. In 2023 HSR established new fixed-route services in Stoney Creek that reduced Trans-Cab demand. As a result, demand is estimated at approximately 18,500 annual trips for 2025, with no significant increase expected in 2026, barring growth in line with overall population growth.

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 Request for Tenders or evaluating the bids received. The team members are further defined in the Staffing section of this report.

The internal bid team will not be required to meet the following requirements: possess a valid taxi licence (as they will use HSR employees); or provide bid security, insurance or indemnification; and, its bid will be given a 10% price preference. Any other advantages to which the internal bid team is entitled will be specified in the Request for Tender, per Policy 22. Pursuant to the Collective Agreement, the internal bid team will be awarded the Trans-Cab service contract if its bid is within 10% of the next lowest bid price, provided it meets all other conditions outlined in the Request for Tenders documents.

A fairness monitor, P1 Consulting, was procured by HSR to oversee the Request for Tenders development, team formation, and in-market process. They will submit a report documenting the fairness and transparency of the process to be included alongside the recommendations report based on the results of the Request for Tenders process.

### **Alternatives for Consideration – See Page 5**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: HSR Trans-Cab operating costs are contained within account #55975-530272 of the 2024 HSR Operating Budget. Total trips and expenses are shown below for 2019 through 2023 for all Trans-Cab zones:

	2019	2020	2021	2022	2023
<b>Amount Paid</b>	\$ 864,786.22	\$ 505,933.01	\$ 399,363.75	\$ 408,406.14	\$ 235,019.79
<b>Total Trips</b>	117,941	56,219	56,050	53,296	32,781

Fairness monitor expenses are contained within account #55975-55916 and were secured through low-value procurement.

Staffing: The team preparing the in-house bid will consist of the President, ATU Local 107 or their designate, the Senior Project Manager, Infrastructure (Transit Division) and the Business Administrator (Finance Division)

The team preparing the Request for Tender will consist of the Director of Transit or their designate and the Senior Project Manager – Transit Strategy & Planning and the Manager of Finance and Administration.

Both teams may draw on representatives from Procurement and Risk Management as needed to support their work.

Legal: The Procurement Policy By-law, Policy #22 – In-House Bid Submissions contains minimum requirements for ensuring a fair Request for Tenders process, such as the composition of an internal bid submission team which operates at arm’s length from the team developing the Request for Tenders.

The Request for Tenders 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 by Procurement that a fairness monitor be appointed to further support fairness in the process when an in-house bid is expected. A fairness monitor has been appointed to support accordingly.

**HISTORICAL BACKGROUND**

The contract between the City of Hamilton and Hamilton Cab for the provision of Trans-Cab service expires on December 31, 2024. Trans-Cab service has operated in Hamilton for several decades, while a Letter of Understanding permitting in-house bids by ATU 107 has existed in HSR’s Collective Bargaining Agreement since 1998.

Trans-Cab service follows a shared-ride taxi model, which is a type of demand-responsive public transit. Residents, workers, and other transit customers use Trans-Cab to access conventional fixed route bus service. Regular transit fares plus a \$.50

premium are collected from customers, per HSR's fare policies, and the Trans-Cab contractor is paid a flat fee for each customer-trip provided.

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 a Request for Proposal 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 Request for Proposal 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 the lowest bid received. For greater clarity, this means if the internal bid is up to 10% higher than the private sector bid, the internal bid wins.

## **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 Request for Tender to clearly indicate:

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

Trans-Cab service falls within the accepted definition of alternative transit service delivery. Provision for an in-house bid is consistent with the intent of Appendix "A" to Report PW24055, the Letter of Understanding – Alternate Service delivery contained within the City of Hamilton (HSR) – ATU Collective Agreement.

The in-house bid submission team will develop costing for the internal bid, which 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 Trans-Cab operations is not required, given the work would be under HSR control. The in-house bid team will not be required to submit bid security or provide performance security.

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. This ensures evaluation of the in-house bid takes into account elements of the bid that would normally be required of a submission from external bidders. The evaluation team will consider the ability of the bidder to meet City objectives and the requirements of the Request for Tender documents.

The Request for Tenders 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. 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 Request for Tender 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 Request for Tenders and will disclose them in the same manner.

## **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.

## **APPENDICES AND SCHEDULES ATTACHED**

Appendix "A" to Report PW24055 - Letter of Understanding between the Amalgamated Transit Union and the City of Hamilton