SUBJECT: GTA Fare System Project
   HSR Replacement Fare Box System
   (PW04117d) - (City Wide)

RECOMMENDATION:

(a) That Request for Proposal No. RFP2007-001 issued by the City of Brampton, on behalf of The Hamilton Street Railway Company, The Corporation of the City of Brampton and The Corporation of the City of Burlington, be awarded to Garival Inc. in the amount of $3,226,054 (subject to applicable adjustment for PST) for the supply of a replacement fare box system for the Transit fleet and such associated implementation services as are contemplated;

(b) That subject to proper Board authorization, The Hamilton Street Railway Company be authorized and directed to execute all agreements related to the replacement fare box system (including, without limiting the foregoing the Joint Procurement Agreement, the Memorandum of Understanding for IBI Consulting Services, the Vendor Agreement, the Software Licence Agreement, the Maintenance and Support Agreement and the Escrow Agreement) in a form(s) acceptable to the City Solicitor;

(c) That subject to proper Board authorization, the General Manager of The Hamilton Street Railway Company be authorized and directed to negotiate, execute and implement any necessary Change Orders and/or ancillary documents as may arise during project implementation, provided that such Change Orders conform to City of Hamilton Purchasing Policies and that, as a result of such Change Orders, the approved project Capital Budget of $4,500,000.00 (Capital Fund Account 5300351100) is not exceeded;
(d) That, when required, the Mayor and City Clerk be authorized and directed to execute all agreements and/or ancillary documents related to the replacement fare box system in a form(s) acceptable to the City Solicitor.

Scott Stewart, C.E.T.
General Manager
Public Works

**EXECUTIVE SUMMARY:**

Recommendation h) of Report PW04117a, authorized staff to: “proceed with the necessary internal procurement activities to acquire new electronic registering fare boxes for the HSR in conjunction with the GTA Fare System Project, and in accordance with the 2003 Capital Budget allocation of $4,500,000.00 (Capital Fund Account 5300351100).”

HSR chose to pursue a joint procurement strategy with Brampton Transit and Burlington Transit, resulting in a Request for Proposals issued by The City of Brampton on behalf of the agencies.

There was only one respondent to the RFP. The submission by Garival Inc. was less than independent cost estimates, was well within an acceptable competitive range under evaluation, and was satisfactory or better under most evaluation criteria. The submitted proposal cost of $3,226,054 (subject to applicable adjustment for PST), in addition to anticipated project management and re-engineering costs, is within the approved budget of $4.5M for the project.

As agreed to by Brampton, Burlington and HSR, each of the agencies will recommend award to its respective Council or Board, and each will contract with the vendor under separate agreements.

It is expected that the new fare boxes will be installed in or around March 2008, although Garival Inc. has indicated a willingness to expedite its schedule, subject to the duration of activities around award and contract signing.

**BACKGROUND:**

The information/recommendations contained within this Report have City wide implications and relate to matters/facilities/programming/property within the entire City.

The existing electronic registering fare boxes used by HSR have reached the end of their service life and need replacement. This fare collection system was implemented in 1986 and was expected to have a service life of about 15 years. The reliability of the equipment is deteriorating and maintenance costs are increasing each year. A capital budget allocation of $4.5 million has been approved by Council in 2003 and subsequently carried forward as a Capital Budget WIP for the replacement of the fare boxes.
As part of the development of this project, and as previously reported to Council, a number of different fare system options to meet Hamilton’s needs had been investigated. The recommended option, approved by Council in Report PW04117a, is to implement new registering fare boxes in conjunction with implementation of the GTA Fare System.

Recommendation h) of Report PW04117a, authorized staff to: “proceed with the necessary internal procurement activities to acquire new electronic registering fare boxes for the HSR in conjunction with the GTA Fare System Project, and in accordance with the 2003 Capital Budget allocation of $4,500,000.00 (Capital Fund Account 5300351100).” These procurement activities were delayed while Hamilton’s participation in the GTA Fare System was resolved, this resolution being obtained through approval of Report PW04117b in June 2006.

Staff at HSR determined that there might be significant cost advantages in carrying out a joint procurement of fare boxes with other local municipalities who were also looking to replace their fare box systems. Brampton, Burlington, and The Hamilton Street Railway Company (“HSR”) retained IBI Group to carry out a feasibility study and to develop the framework for a joint procurement. With the concurrence and assistance of City of Hamilton Financial Services (Purchasing), and the assistance of Legal Services, Request for Proposal No. RFP2007-001 entitled “To Procure a Farebox Collection System for the Transit Fleets of Brampton Transit, The Hamilton Street Railway Company (HSR) and Burlington Transit” (the “RFP”) was developed. The RFP was issued by the City of Brampton on behalf of the three participating agencies. The RFP included a comprehensive functional specification that met the common needs of all three agencies, while including some requirements that were specific to each agency. As well, a Joint Procurement Agreement was developed to be executed by the participating agencies and City of Hamilton. Further, a common set of vendor agreements were developed, to be executed by the vendor with each agency upon award and completion of the any necessary contract negotiation.

Nine potential vendors picked up a copy of the RFP, but only one vendor responded, that being Garival Inc. of Laval, Quebec. Garival is the Canadian distributor for GFI Genfare, the leading supplier of fare boxes to the North American market. City of Brampton staff corresponded on inquiries from three other fare box manufacturers, but each quoted reasons for not responding to the RFP. Staff at all three agencies agreed to proceed with the opening of the submission for evaluation. The evaluation included criteria in the areas of vendor qualifications and resources, project management plan, system solution, and system compliance. Cost was included in the evaluation criteria, and was weighted at 25% of the total score.

The submission from Garival Inc. provides for a high quality, proven fare box at a cost that is substantially below two independent estimates that have been carried out by HSR over the past three years. This favourable cost may be largely attributed to the joint procurement strategy and the resulting economies of scale.

**ANALYSIS/RATIONALE:**

The recommendation to award a contract to Garival Inc. is in keeping with City of Hamilton Purchasing Policies. The submission by Garival Inc. was less than
independent cost estimates, was well within an acceptable competitive range under evaluation, and was satisfactory or better in most respects. The submitted cost of $3,226,054 (subject to applicable adjustment for PST), along with anticipated project management and re-engineering costs, is within the approved budget of $4.5M for the project.

**ALTERNATIVES FOR CONSIDERATION:**

There are no alternatives for consideration, as the existing electronic registering fare boxes used by HSR have reached the end of their service life and need replacement. The joint procurement process that was carried out ensured that any potential electronic registering or validating farebox solution that could have been proposed would be considered. There are no further cost effective solutions to the required fare box system replacement.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

There is a positive financial implication resulting from recommendations within this report, as the project will be delivered within Capital Budget of $4.5M approved by Council.

There are no staffing implications associated with the recommendations.

Legal Services has been involved in the development of the RFP and has provided assistance throughout the joint procurement process.

**POLICIES AFFECTING PROPOSAL:**

City of Hamilton Purchasing Policy - Section 4.12, Policy for Cooperative Purchasing, allowing for cooperative acquisition ventures with other government agencies or public authorities, was observed.

**RELEVANT CONSULTATION:**

Staff members from Finance & Corporate Services (including Financial Services [Purchasing], and Finance and Administration), City Manager’s Office (Legal Services) and Public Works have been involved in the procurement process and/or the preparation of this report. As well, extensive consultation was carried out with staff from Brampton and Burlington, the GTA Fare System Project Office, and with the Project Consultant, IBI Group.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Replacement of the HSR fare box system, in coordination with participation in the GTA Fare System, will provide a positive benefit to the community through broad access to Transit fares and interoperability with other GTA Transit providers.
Environmental Well-Being is enhanced.  ☑ Yes  ☐ No
Improved means of access to local and other GTA Transit systems leads to greater transit use, resulting in a positive environmental impact.

Economic Well-Being is enhanced.  ☑ Yes  ☐ No
The Transit fare program is maintained at a favourable and sustainable cost level over the 10 years or more of expected system life cycle.

Does the option you are recommending create value across all three bottom lines?

  ☑ Yes  ☐ No
Community, environmental, and economic impacts are positive.

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

  ☑ Yes  ☐ No
Deployment of advanced technologies, such as the proposed fare collection systems for HSR, presents a positive growth opportunity for employees.