SUBJECT: Stoney Creek Trans-Cab ~ In-House Bid for 2006 Tender (PW06050) - (City Wide)

RECOMMENDATION:

That the General Manager of Public Works be authorized to direct designated Transit Division staff to prepare an in-house bid, upon the request of and in conjunction with Amalgamated Transit Union (ATU) officials, in response to the 2006 tender call for the Stoney Creek Trans-Cab service.

EXECUTIVE SUMMARY:

Stoney Creek Trans-Cab provides shared-ride taxi service to link customers with Transit bus routes. Customers paying regular transit fares and a 50-cent premium take approximately 72,000 Trans-Cab passenger trips annually with the contractor, Hamilton Cab, billing the Transit Division $5.00 for each passenger trip carried.

The contract between the Transit Division and Hamilton Cab is expired and a tender will be issued in 2006. The Amalgamated Transit Union (ATU) has the option under its collective agreement with the City to tender a Bid to deliver the service in-house. The General Manager of Public Works is required to notify Council prior to the preparation and submission of the in-house Bid.

A joint team consisting of Transit and ATU staff will prepare the in-house Bid. The Bid team will not be involved in developing the tender or evaluating the Bids received.
ATU will not be required to possess a valid taxi licence and their Bid is given a price preference. ATU will be awarded the Stoney Creek Trans-Cab contract if their tendered Bid is within 10% of the next lowest Bid price, provided they meet all other conditions outlined in the tender documents.

BACKGROUND:
The contract between the Transit Division and Hamilton Cab for the provision of shared-ride taxi service in lower density Stoney Creek neighbourhoods has expired and a tender is required in order to establish a new three year contract through to 2009.

Shared-ride taxi 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 fifty cent premium are collected from customers and the Trans-Cab contractor is paid a flat fee for each passenger carried.

Contained within the current City-ATU Collective Agreement is a Letter of Understanding - Alternative Service Delivery. This letter provides ATU with the right to submit a Bid in response to a call for tenders for the provision of non-conventional transit service. The Bid is to be prepared jointly by ATU and the Transit Division and submitted as specified in the tender documents issued by the City. The Letter of Understanding allows the contract to be awarded to the ATU if their Bid is within 10% of the lowest Bid received from the private sector.

ANALYSIS/RATIONALE:
Purchasing Section policy requires a Department General Manager to obtain Council approval prior to submitting an in-house Bid for a public tender.

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 the Letter of Understanding - Alternative Service Delivery contained within the City-ATU Collective Agreement.

Costing of the ATU-Transit Division 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 Transit Division will supply in-house. Separate insurance to cover Trans-Cab operations is not required, since the work is under the Transit Division’s control.

The tender requirement that the successful Bidder possess and maintain a valid City Taxi Licence will be waived when reviewing the ATU-Transit Division in-house Bid. The ATU-Transit Division Bid will receive a 10% price preference when the Bid evaluation team reviews the prices submitted by the qualified Bidders. These concessions will be stated in the tender documents issued to all potential Bidders.

ALTERNATIVES FOR CONSIDERATION:
Trans-Cab operations can be phased-out and replaced with conventional fixed route transit. Lower land use density in the existing Trans-Cab service zones would create an increase in net Transit operating costs, with a corresponding increase in the Stoney
Creek area rate for transit. An increase in capital costs would result, since additions to the conventional bus fleet would be required in order to extend routes.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial - Stoney Creek Trans-Cab operating costs of $360,000 are contained within account #55975-530150 of the 2006 Transit Division Operating Budget.

Staffing - The team preparing the ATU-Transit Division in-house Bid will consist of the President, Local 107 ATU or his designate and the Transit Technologist III - Planning. The team issuing and evaluating the tender will consist of the Buyer, Purchasing Section and the Supervisor of Transit Planning.

POLICIES AFFECTING PROPOSAL:

City of Hamilton Purchasing Policy #22 - Policy for In-House Bid Submissions, Section 4.22.

RELEVANT CONSULTATION:

The Purchasing Section has requested that this report outline the tender concessions to be accorded the ATU, who have indicated that they desire to join with the Transit Division and tender an in-house Bid.

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
Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
A sustainable transportation network provides many options for people and goods movement; vehicle-dependency is reduced.

Economic Well-Being is enhanced. ☑ Yes ☐ No
A skilled, innovative and diverse workforce is attracted and retained. The availability of public transit helps to ensure that Stoney Creek industries located near the QEW Service Roads can meet employee daily complements.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No
LETTER OF UNDERSTANDING - ALTERNATE SERVICE DELIVERY

1. Alternate Service Delivery (ASD) - Bus Operations

New Services

- A Request for Proposal (RFP) for a private contract for the provision of unconventional transit service will be prepared by HSR management.
- HSR management will prepare an internal bid for provision of the service together with the ATU based on:

  a) Wage - maximum Step 1 Bus Operator rate and a 70-hour bi-weekly guarantee;

  b) Benefits - "X" % of Step I Bus Operator rate;

  c) All other costs including overheads, maintenance, capital depreciation, etc., costed at - "X" % of Step 1 Bus Operator rate.

* The internal ATU bid will be sealed and opened publicly with private sector submissions. Award of the bid will be solely on the basis of lowest cost with the understanding that if the ATU bid is within 10% of the lowest bid, ATU will be awarded the contract.

Conversion of Existing Services to alternate service delivery

- It is agreed that any conversion of existing fixed route conventional transit services from the date of ratification of a Collective Agreement will be exclusively ATU work.
- The new service will be posted for bid to current Operators. The wage rate and bi-weekly guarantee will be that of the Operator who successfully bids this work.
- Additional duties may be assigned to the Operator as determined necessary by Management such as the use of a cellular phone to take bookings without access to wage premium(s).

2. Maintenance Division

In addition, the Company further agrees that the Engineering Maintenance Division will not contract out more than 10% of its annual gross operating budget as approved each year by Regional Council. Warranty and capital projects are excluded from this clause.

3. This letter will remain in effect for the term of the agreement.

Note: It is agreed that unconventional transit service shall include demand responsive service, community bus service and flexible routing bus service.