REPORT OF THE

COMMITTEE ON WORKS AND OPERATIONS

DATED APRIL 16, 1996

On motion of Councillor Clement, the Report of the Committee on Works and Operations, dated April 16, 1996, was considered.

Her Worship the Mayor and Councillors:

Award of Contracts for the Provision of Transportation Services for Disabled Persons - PD 96/053
Files TT-1.3 (Vol. 10) and GL-9 (Vol. 8)

582 - 1. On January 31, 1996, as part of the 1996 Current Estimates, Council approved contracting out 100 percent of the Handi-Transit service for the City of Winnipeg, 30 percent of which is currently provided by City forces. Furthermore, the current contract with the private sector, which provides transportation service for approximately 70 percent of all Handi-Transit passengers, expires June 30, 1996.

The current contracts with Unicity Taxi Ltd. and First Class Transportation Inc. have been in effect since July 1, 1991. The service contracted with these two companies accommodated approximately 57 percent of the total Handi-Transit passengers in 1991 when the contracts were awarded. The demand for Handi-Transit service, and the Handi-Transit budget, have steadily increased each year since that time. The majority of this ridership increase has been accommodated by the contractors. Private sector service now accounts for 70 percent of the Handi-Transit trips. These trips are primarily ambulatory passengers (persons who cannot use the regular transit service because of a physical disability, but who are not in wheelchairs). The majority of wheelchair users are currently carried by Winnipeg Transit vehicles. This is the additional service that will be contracted out effective June 16, 1996.

A Request For Proposals (RFP) was issued on March 18, 1996 for the provision of transportation service for all Handi-Transit users. The deadline for proposals was March 29, 1996. The RFP specifications reflected a number of requirements and conditions to ensure the provision of high quality service. The RFP also contained a number of provisions that would allow the City to negotiate with the bidders, make multiple awards, award partial quantities, and select the proposal or proposals that would best meet the requirements to provide a high quality service in the most cost-effective manner possible.

The deadline for receipt of offers was subsequently extended from March 29 to April 4, 1996, to accommodate a number of the potential responders who indicated they could not meet all of the RFP requirements before the March 29 deadline.

Proposals were received from the following eight companies, namely:

1. Laidlaw Transit Ltd. d/b/a/ Grey Goose Bus Lines
2. Unicity Taxi Ltd.
3. Duffy's Taxi Ltd.
4. First Class Transportation Messenger Service Inc.
5. Handi-Helper Transit, Blueline Taxi and Blueline Shuttle Service, Divisions of A.E. Crundwell and Associates Ltd.
6. Gull Wing Transit Services Inc.
7. Servimex Company
8. Vital Transit

The proposal received from Vital Transit was considered non-responsive in that no bid security was provided. The proposal received from Servimex Company was also considered non-responsive in that the sole owner of the company is an employee of the Transit Department, and under section GC:2.03 of the General Conditions, is considered to have an indirect benefit from the contract. The proposal received from Laidlaw Transit Ltd. was considered non-responsive in that it was conditional upon being awarded all three of items 1, 2, and 3, and thereby could reasonably be expected to prejudice other bidders, as per clauses 4.e.i. and 5.d. of the Policy on Purchasing

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Procedures and the Disposal of Surplus Supplies. The remaining proposals, were considered to be responsive.

The RFP work quantities were categorized into six items. A description of each item and the unit prices submitted by the bidders is summarized in Appendix A.

The evaluation of proposals considered the following factors:

1. Qualifications of the offerer
2. Conformance with the requirements of the RFP package
3. Present value of the contract price
4. Business plan

The RFP submission evaluation was divided into two basic categories, namely: 1) Wheelchair Passenger Service; 2) Ambulatory Passenger Service.

WHEELCHAIR PASSENGER SERVICE EVALUATION

Although the submission by Laidlaw Transit Ltd. was deemed non-responsive, it was evaluated under the evaluation criteria since it was clearly superior in terms of the overall quality of the proposal, the business plan, type of vehicle proposed, driver training, and service quality control. There was, however, a significant difference in price between the Laidlaw proposal and the other proposals. The unit prices bid are as shown below (rates for the first year of the contract):

	Per Hour Rate	Per Trip Rate
Laidlaw	$33.48	$19.75
Other bidders	$22.00 to $25.00	$10.71 to $12.00

The Laidlaw proposal also indicated that, for the type of vehicle they propose to use, the delivery dates of the vehicles may not meet the June 16, and July 1, 1996 start deadlines and requested an extension for the commencement of the contract. No extension is possible for Items 3 through 6, inasmuch as this date coincides with the termination of the current contracts. Any extension to the commencement dates for Items 1 and 2 would require the City to maintain operations with its own forces, and therefore reduce any cost saving possible in the 1996 budget year.

Laidlaw indicated that it was only interested in being awarded a contract that included all of the passenger volume currently carried by City vehicles (primarily wheelchair passengers) and all of the wheelchair accessible vehicles to be operated on an hourly basis as specified in the RFP. They were not interested in a partial award.

Based on this condition specified in the Laidlaw proposal, the following two options were evaluated:

Option 1: Laidlaw being awarded all hourly contracted wheelchair passenger trips.

Option 2: The other bids for wheelchair passenger service were relatively close in unit price. The wheelchair passenger trips were distributed amongst these 4 bidders based on factors such as lowest unit price, number of vehicles available, and impact on service quality. However, the RFP included a requirement for some larger vehicles (a 4 wheelchair and 4 seated passenger vehicle) to carry some Handi-Transit registrants who cannot be accommodated by the smaller vehicles used for accessible taxi service. The only bid for this larger vehicle service was by Laidlaw. Therefore, Option 2 included the continued operation of approximately 4 City-owned vehicles to provide service for those registrants who cannot be accommodated by the smaller accessible taxis.

The cost comparisons of these two options for the five year contract period is as follows:

Option 1		Option 2	
Laidlaw only	$13,694,823	City operated Contractors	$3,848,663 $7,397,622
Total	$13,694,823	Total	$11,246,286

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The 5 year cost saving associated with Option 2 vs. Option 1 for the hourly wheelchair trips is $2,448,537 in favour of Option 2. Therefore, because of Laidlaw's non-responsive proposal, its higher cost, and its uncertain start date, its proposal was rejected.

AMBULATORY PASSENGER SERVICE EVALUATION

The proposals received for the provision of transportation service for ambulatory passengers were relatively similar in terms of qualifications, experience and business plan. However, bids received from 1) Handi-Helper, Blueline Taxi and 2) First Class Transportation were rejected because of higher unit prices relative to the other submissions.

All contractors have agreed to the terms and conditions outlined in the specifications of the RFP. These specifications include, but are not limited to, the following: 1) all drivers working under this contract are to successfully complete a two day orientation and training program conducted by the City; 2) all drivers working under this contract will provide service as specified in the Handi-Transit Manual; 3) the contractors must monitor on a daily basis at least 10% of their driver pickups to ensure that all work is being provided in accordance with the service specifications, and 4) the contractor shall respond to the City in writing within 48 hours regarding any complaints.

The Manager of Materials Management has advised that all of the submissions, except for Vital Transit, included acceptable bid security. The RFP allowed bidders to provide a written undertaking to provide performance security in the form of a bond, an irrevocable letter of credit, a certified cheque, or alternatively, to have 20 percent withheld from all payments until the amount required has been accumulated. This latter provision was included to encourage bids from smaller companies involved in the industry. Gull Wing has provided a written undertaking, while Unicity, Duffy's, and Handi Helper have chosen the 20 percent hold back option.

The Transit Department is familiar with the work of all four contractors and are confident they have the resources and the experience to undertake the work. All contractors have successfully carried out previous work of a similar nature for the City and/or other organizations and government agencies. The Transit Department has also met with the Manitoba League of Persons with Disabilities (MLPD) to solicit comments on their experience regarding the past performance of the contractors. The MLPD continues to maintain concerns regarding safety and the quality of service that will be provided by private contractors for wheelchair trips. The department is sensitive to these concerns, and will work closely with the contractors to ensure that safety and service quality standards are maintained.

The purpose for contracting out 100 percent of the Handi-Transit service was to reduce current budget expenditures so that the Transit deficit could be maintained as low as possible. The following table compares the savings assumed in the adopted budget with the savings possible under Option 1 (utilizing Laidlaw) and Option 2 (as recommended) for a full twelve month period.

Annual operational savings assumed in the adopted budget	$1,020,000
Annual operational savings possible under Option 1 (Laidlaw option)	$450,000
Annual operational savings possible under Option 2 (recommended)	$1,060,000

The costs that will be experienced, associated with these contract awards, are very close to those assumed in the adopted budget. However, due to delays in approving the 1996 Current Budget, and the need to absorb a share of the $2.2 million across the board reductions contained in the adopted budget (Transit share $352,000), the Transit Department is projecting a significant shortfall in the Handi-Transit brokerage budget for 1996. The Department will be making a complete assessment of this shortfall and reporting back to the Committee on Works and Operations as soon as possible.

The 1996 adopted budget also assumes that St. James garage will be closed as an operational centre and used solely to store out-of-service buses, seasonal equipment, and other miscellaneous equipment and materials which will be relocated from Ft. Rouge and Carruthers garages. With the closing of the St. James garage, the need to retain approximately 6 Handi-Transit buses operational (4 for service and 2 for back-up), at least for an interim period, will be very problematic for the department. The department will bring forward for consideration, as soon as

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possible, alternative proposals to complete the contracting out of all Handi-Transit service.

The contract awards being recommended are multi-year contracts to be funded through the annual Current Estimates, and therefore must be approved by Council.

Upon evaluation, the Administration recommended to the Committee on Works and Operations that contracts for the provision of transportation services for disabled persons as outlined in RFP Package PD 96/053, based on the unit prices submitted, and terminating on June 30, 2001, be awarded as follows:

I. A. FOR WHEELCHAIR PASSENGER SERVICE

1. Duffy's Taxi Ltd. - in the amount of $293,750.
2. Gull Wing Transit Services Ltd. - in the amount of $1,271,280.
3. Handi-Helper Transit, Blueline Taxi and Blueline Shuttle service, Divisions of A.E. Crundwell & Associates - in the amount of $2,839,183.50
4. Unicity Taxi Ltd. - in the amount of $2,402,867.

B. FOR AMBULATORY PASSENGER SERVICE

1. Duffy's Taxi Ltd. - in the amount of $4,212,705.
2. Unicity Taxi Ltd. - in the amount of $9,086,385.

II. That the Transit Department bring forward for consideration, alternative proposals to complete the contracting out of all Handi-Transit service.

III. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Following deliberation, the Committee on Works and Operations did not concur with the recommendations outlined herein relative to the award of contracts for the provision of transportation services for disabled persons - PD 96/053 and submits same to Council for consideration.

The Executive Policy Committee does not concur with the recommendation of the Committee on Works and Operations and recommends that contracts for the provision of transportation services for disabled persons as outlined in RFP Package PD 96/053, based on the unit prices submitted, and terminating on June 30, 2001, be awarded as set out in Administrative recommendations I. II. and III. above.

Copy of attachment referred to in the above clause is on file in the office of the City Clerk.

Moved by Councillor Clement,
That the recommendation of the Executive Policy Committee be adopted.

The Speaker called the Deputy Speaker, Councillor Prystanski, to the Chair and left the Chamber.

The motion for the adoption of the recommendation of the Executive Policy Committee was put.

Councillor Angus called for the yeas and nays, which were as follows:-

Yea: Councillors Clement, O'Shaughnessy, Phillips, Silva, Steek, Timm-Rudolph, Deputy Mayor Eadie and Councillors Angus and Prystanski. 9

Nay: Councillors Golden, Lazarenko, Lubosch, Murray, Thomas and Vandal. 6

and the motion for the adoption of the clause was declared carried.

The Deputy Speaker advised that on Council's direction, Council would here proceed to consider the order of business "Report of the Committee on Protection Parks and Culture, dated April 4, 1996".