Minutes – Executive Policy Committee – October 18, 2017

REPORTS

Item No. 5 Single Source Negotiation and Award of Contract Extension for the Provision of Handi-Transit Services – Urban Transit Ltd.

EXECUTIVE POLICY COMMITTEE DECISION:

The Executive Policy Committee concurred in the recommendation of the Winnipeg Public Service:

1. That single source negotiations be approved with Urban Transit Ltd. in the estimated amount of $1,332,583.20 (23, 920 hours x $55.71) plus GST for the provision of Handi-Transit services for five (5) vehicles (20,800 weekday hours, 1872 Saturday hours, and 1248 Sunday and statutory holiday hours) as specified in the original contract from RFP 611-2011, from the period of December 16th, 2017, to December 15th, 2018.

2. That the City enter into, execute and deliver, a contract with Urban Transit Ltd. in the estimated amount of $1,332,583.20 (23, 920 hours x $55.71) plus GST for the provision of Handi-Transit services for five (5) vehicles (20,800 weekday hours, 1872 Saturday hours, and 1248 Sunday and statutory holiday hours) as specified in the original contract for RFP 611-2011, from the period of December 16th, 2017, to December 15th, 2018, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract specified in recommendation #2 and the Ancillary Agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

4. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

DECISION MAKING HISTORY:

Moved by Councillor Morantz,

That the recommendation of the Winnipeg Public Service be concurred in.

Carried

ADMINISTRATIVE REPORT

Title: Single Source Negotiation and Award of Contract Extension for the Provision of Handi-Transit Services – Urban Transit Ltd.

Critical Path: Executive Policy Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Fernandes	G. Ewankiw	B. D'Avignon A/CFO	M. Jack A/CAO

EXECUTIVE SUMMARY

The current contract with Urban Transit Ltd. for the provision of Handi-Transit services expires on December 15, 2017, and under normal operations would be replaced with a new five (5) year agreement. However, Handi-Transit will be implementing new scheduling and client maintenance software in early 2018 and it is anticipated that the new software will have a significant impact on the number of vehicles required to provide the same level of service. In anticipation of increased efficiency to be gained by the new software, it is recommended that we continue the existing contract to December, 2018, instead of committing to a new five (5) year agreement without the opportunity to assess future vehicle requirements. The extension of this contract will also allow Handi-Transit to assess future vehicle requirements without engaging in a long term agreement.

RECOMMENDATIONS

1. That the Executive Policy Committee approve single source negotiations with Urban Transit Ltd. in the estimated amount of $1,332,583.20 (23, 920 hours x $55.71) plus GST for the provision of Handi-Transit services for five (5) vehicles (20,800 weekday hours, 1872 Saturday hours, and 1248 Sunday and statutory holiday hours) as specified in the original contract from RFP 611-2011, from the period of December 16th, 2017, to December 15th, 2018.

2. That the City enter into, execute and deliver, a contract with Urban Transit Ltd. in the estimated amount of $1,332,583.20 (23, 920 hours x $55.71) plus GST for the provision of Handi-Transit services for five (5) vehicles (20,800 weekday hours, 1872 Saturday hours, and 1248 Sunday and statutory holiday hours) as specified in the

original contract for RFP 611-2011, from the period of December 16th, 2017, to December 15th, 2018, and such other agreements as determined necessary by the City Solicitor/Director of Legal Services to implement the intent of the foregoing (the "Ancillary Agreements").

3. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract specified in recommendation #2 and the Ancillary Agreements in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor/Director of Legal Services to protect the interests of the City.

4. That the Proper Officers of the City of Winnipeg be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

As the value of the contract exceeds one million dollars ($1,000,000.00) Executive Policy Committee (EPC) must approve the single source negotiation and award of contract pursuant to Materials Management Policy.

IMPLICATIONS OF THE RECOMMENDATIONS

If the Single Source is not approved, the available resources (buses) for the delivery of Handi-Transit services will be impacted, possibly resulting in the inability of the service to meet demand beyond acceptable levels. The lack of sufficient buses will impact all riders, but the largest impact will be to users of wheelchairs and patients undergoing dialysis treatment.

HISTORY/DISCUSSION

The current contract expires on December 15, 2017, and under normal operations would be replaced with a new five (5) year agreement. However, Handi-Transit will be implementing new scheduling and client maintenance software in early 2018 and it is anticipated that the new software will have a significant impact on the number of vehicles required to provide the same level of service. In anticipation of increased efficiency to be gained by the new software, it is recommended that we continue the existing contract instead of committing to a new five (5) year agreement without the opportunity to assess future vehicle requirements.

Until the implementation of the software, there is an immediate need to continue to provide service. The continuation of this contract until December 15, 2018 will allow Handi-Transit to accommodate the demand for service without entering into a new five

(5) year agreement for vehicles that may not be needed.

The extension of this contract will also allow Handi-Transit to assess future vehicle requirements without engaging in a long term agreement.

Handi-Transit contracts are awarded on five or seven year terms because of the initial capital investment that contractors must make for the purchase of the vehicles and cameras. A contract for a shorter term would not be a viable venture for the contractors.

Handi-Transit currently has a total fleet of 65 vehicles. Seven contractors administer 13 different contracts of 5 vehicles (15 buses, 30 low floor vans, 20 sedan vehicles). Some contractors have more than one contract but three is the maximum amount for any contractor. The Urban Transit contract expiration reduces the total number to 10 buses, which is insufficient to meet service demand. The remaining two bus contractors cannot provide resources to replace the five buses from RFP 611-2011 as they do not have the additional resources required.
The Contract Administrator has reviewed the work with the recommended bidder and is satisfied that they have the necessary resources and experience to perform the work in accordance with the requirements of the request for proposal.

Urban Transit Ltd. has agreed to carry out the work of the contract as per the terms and conditions of RFP No. 611-2011.

If Recommendation 1 is approved, Legal Services will prepare a Supplemental Agreement together with a new Contract, based on the original Request for Proposal 611-2011.

Section B4.1 (i) of the Materials Management Policy permits single source negotiations and award of contract in certain situations. It reads:

> "Subject to B8, a supply to be made to the City may be negotiated without the solicitation
> of competitive offers where the Chief Administrative Officer determines that, it is in the
> best interest of the City, appropriate/necessary, and that:
>
> (i) The supply is for interim contractual arrangements following the expiration of a contract.

This procurement may be permitted pursuant to Article 513 1 (c) of the Canadian Free Trade Agreement (2017), which provides that:

> "Subject to paragraphs 2 and 3, and provided that it does not use this provision for the purpose of avoiding competition among suppliers or in a manner that discriminates against suppliers of any other Party or protects its own suppliers, a

procuring entity may use limited tendering in the following circumstances:

(c) for additional deliveries by the original supplier of goods or services that were not included in the initial procurement, if a change of supplier for such additional goods or services:

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services, or installations procured under the initial procurement; and

(ii) would cause significant inconvenience or substantial duplication of costs for the procuring entity."

Although this scenario does not fit squarely into the wording of this exception, it may meet the spirit. CFTA is new legislation and the precise interpretation of this exception is not yet known.

FINANCIAL IMPACT

Financial Impact Statement **Date:** September 25, 2017

Project Name: **First Year of Program** **2017**

Single Source Authorization and Award of Contract for the Provision of Handi-Transit Service - Urban Transit Ltd.

	2017	2018	2019	2020	2021
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 54,764	$ 1,277,820	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 54,764	$ 1,277,820	$ -	$ -	$ -
Less: Existing Budget Amounts	54,764	1,277,820	-	-	-
Net Budget Adjustment Required	$ (0)	$ (0)	$ -	$ -	$ -

Additional Comments: The sole source award is to be made in lieu of procuring a new 5 year contract through a bid opportunity. This allows more flexibility in being able to reduce the numbers of buses used after the implementation of a new scheduling and client management software in 2018. The majority of the service will happen in 2018 for which there is no approved budget at this time. These costs are budgeted regularly as part of providing Handi Transit services, and per FM-002 the CAO has been delegated the authority to award future multi-year contracts up to 5 years for Handi Transit contractors. The longer contracts are due to the large capital outlay required by the contractor. This contractor is currently providing Handi Transit services and this extension would require no additional capital outlay.

original signed by

Patty Jamieson-Bell, CPA, CMA
A/Manager of Finance & Administration

CONSULTATION

This Report has been prepared in consultation with:

Legal Services Department, (as to legal issues)
Materials Management

OURWINNIPEG POLICY ALIGNMENT

This recommendation aligns with Our Winnipeg strategic goals for sustainable transportation. Section 01-1b promotes the creation of a safe efficient and equitable transportation system that encourages active, accessible and healthy lifestyle options.

SUBMITTED BY

Department:	Transit
Division:	Client Services – Handi-Transit
Prepared by:	Josie Fernandes, Manager of Client Services
Date:	September 25, 2017