

Item No. 11.1.3
Halifax Regional Council
January 14, 2014

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original signed by 
Richard Butts, Chief Administrative Officer

Original Signed by 
Mike Labrecque, Deputy Chief Administrative Officer

DATE: 05 December 2013

SUBJECT: Award – RFP # P13-098 Multi Year Program Management Office, Metro Transit

ORIGIN

The approved 2013/14 Capital Budget

LEGISLATIVE AUTHORITY

HRM Charter: Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for tenders and RFP's.

The following report conforms to the above Policy and Charter.

RECOMMENDATION

It is recommended that Halifax Regional Council

- a) Award RFP No. P13-098, Multi Year Program Management Office, Metro Transit to Barrington Consulting, for a period of two (2) years at a maximum cost of \$2,354,694.45 (net HST included), with funding from Project No. CM020005, Transit Technology Implementation, as outlined in the Financial Implications section of this report.
- b) Award the standing offer for the third, fourth and fifth years of the project for resources on an as required basis to Barrington Consulting based on the hourly rates submitted in their proposal and subject to satisfactory performance during the initial two (2) year contract.

BACKGROUND

As part of the 2013/2014 Capital Budget and Business Planning process, Halifax Regional Council approved three years of a comprehensive five year technology roadmap for Metro Transit that will address identified technology, service delivery, and expectations gaps. The prioritized objectives of the multi-year Transit roadmap are:

1. Providing safe environment for Transit employees and customers by improving processes and application of technologies;
2. Improving service quality and customer satisfaction by offering a more reliable Transit service with a consistently accurate real-time schedule available to customers via multiple channels (website, SMS, etc.), offer more convenient fare collection capabilities and improve driver training and employee improvement processes;
3. Maintaining good productivity and cost-effectiveness with improved scheduling and dispatch functions and offering more accurate fare collection capabilities; and
4. Increasing ridership.

The roadmap identified 33 projects to be completed over five years. The most effective method to deliver this number of interrelated technology and business projects is under the umbrella of a Program Office. The value of formalizing the practice of Program and Project Management by balancing risk and ensuring the projects achieve its goals, is essential in order to execute Transit's Program. Program Offices strive to document, provide guidance and develop meaningful metrics to measure the achievement of Program and Project Management goals throughout all project phases. Additionally, Program Offices are able to offer mature methodologies, deliver visibility and the communication needed to understand the best project path forward for Transit. The Program Office will provide comprehensive Program Management, Project Management, Technical and Solution Architecture, and Business Analysis skill sets to complement HRM's resources and address strategic and practical aspects of delivering the best solution. The governance a Program Office will offer will support meeting critical success factors including effective sponsorship, accountability, competent staff, quality leadership and demonstrated value.

The establishment of a Program Office was identified as the first initiative in the Transit road map presented to Regional Council. HRM ICT does not have the necessary experience or in-house resources required to deliver programs of this magnitude. Engaging qualified and experienced resources from a reputable consulting firm represents the best opportunity to minimize risks and maximize the opportunity for success of the Transit program. This approach was recently employed with Enterprise Asset Management Program. At an estimated cost of \$3.6+ million, establishing the Transit Program office represents an investment of approximately 15% of the estimated total cost for the 33 Transit technology and business projects over the five year period.

DISCUSSION

Request for Proposals No. P13-098, was publicly advertised on the Nova Scotia Tenders web portal on September 3, 2013, and closed on October 3, 2013. There were three (3) qualified responses as follows:

Barrington Consulting
PWC
Valcom

Proposals were reviewed by staff from Finance and ICT and Metro Transit and facilitated by Procurement, per the evaluation criteria as stated in Appendix A to the Request for Proposals (attached).

The RFP was scored using a two-envelope process. Envelope one was the technical component of the RFP and Envelope two consisted of the financial elements of the proposals. The proposal from Valcom did not achieve the minimum of 75% of technical score and their cost proposal will be returned unopened. Detailed scoring results for the remaining proponents, as shown in Appendix A – RFP Evaluation Criteria, are summarized as follows:

<u>Proponent</u>	<u>Score</u>
Barrington Consulting	86
PWC	86

The RFP requested hourly rates for all of the resources required to operate a program office as described in the Background Section of this report, with a full resource contingent for the first two (2) years of the project and hourly rates for each of the individual resources on an as required/as requested basis for years 3, 4, and 5.

Per the Terms and Conditions of the RFP, the two (2) year cost evaluation was based on the proposed hourly rates for each of the required resources assuming that each resource would work 1764 hours per year, which reflects a normal number of work days for most private sector entities in the Halifax Regional Municipality. The hourly rates of individual resources for years 3, 4 and 5 are reflective of the hourly rates of first two year engagement.

Based on the evaluation after combining both technical and cost components of the criteria, the total scores of each proposal result in a tie and each firm is qualified to perform the scope of work. Therefore it is staff's recommendation that Halifax Regional Council award the contract to the lowest cost of the two (2) tied proposals.

This recommendation is based on a maximum contract value for the first two (2) years of the Program Office with full utilization of the required resources. It is not expected that each resource will be required for the maximum number of hours in any year of the project.

The level of effort that will be required by the successful proponent in the subsequent three years is as yet unknown but as the project evolves, the resource requirements of the Program

Management Office is expected to reduce proportionally to progress of the overall project. Under no circumstances will the value of the standing offer exceed the applicable approved budget.

FINANCIAL IMPLICATIONS

Based on maximum Barrington Consulting cost of \$ 2,257,920.00, plus net HST of \$96,774.45, for a total of \$ 2,354,694.45, funding is available from Project No. CM020005, Transit Technology Implementation. The budget availability has been confirmed by Finance.

Budget Summary: **Project No. CM020005, Transit Technology Implementation**

Cumulative Unspent Budget	\$ 3,186,329.26
Less: RFP No. 13-098	<u>\$ 2,354,694.45**</u>
Balance	\$ 831,634.81

**As stated in the discussion it is not expected that each required resource will work the maximum number of hours. The contract will be based on actual hours worked.

This project was originally estimated at \$3.6- 5.3 million over 5 years.

ENVIRONMENTAL IMPLICATIONS

There are no Environmental Implications

ALTERNATIVES

Council could choose not to award this RFP. The lack of a Program Office will, however, increase the risks associated with the Program and could extend the schedule and impact the direct and indirect costs through increased demand on internal resources, extensive contracting with multiple vendors to procure required resources and limited investment by vendors in the overall delivery of the Program. This is not recommended by Staff.

ATTACHMENTS

Appendix A – Proposal Evaluation Criteria

**Award – RFP # P13-098 Multi Year Program Management Office, Metro Transit
Council Report**

- 5 -

January 14, 2014

Report Prepared by: Paul Delport, ICT PMO Manager at 490-2498

Report Approved by: _____
Donna Davis, Chief Information Officer at 490-4417

Procurement Review: _____
Anne Feist, Manager, Procurement at 490-4200

Report Approved by: _____
Greg Keefe, Director FICT at 490-6308

Appendix A
Evaluation Criteria

Criteria	Summary (considerations may include but are not limited to the following)	Max	PWC	Barrington
Communication Skills	Clarity and readability of written proposal	5	4	3
Team composition and experience	Sector specific experience of the Proponent Firm Experience of individual team members with projects of similar scope and size Team members' appropriate skills and education Demonstrated history of proposed team in successfully completing projects of a similar nature on time and on budget Balance of level of effort vs. team roles (project mgmt., technical, etc...)	25	23	20
Understanding of HRM needs	Understanding of the requirements of the scope of work and HRM organizational structure Acceptable proposed schedule and work plan Value added propositions and recommendations Attention to relevant challenges that the committee has not considered	20	19	18
Technical Solution	Solution addresses all technical aspects of the project as identified in the RFP Solution draws on proven methodology Solution is flexible and scalable Solution is cost and time effective	10	10	8
Project Management Methodology	Management structure within Proponents organization/project team Proposed communication methods between proponent team and HRM Quality Assurance standards and practices	10	10	7
Subtotal (Technical Proposal)			66	56
Cost		30	20	30
Administrative and Legal Requirements	Based on level of risk identified in Stage 2 technical evaluation.	0		
		100	86	86
2-Year Max Cost including net HST			\$3,127,328.57	\$2,354,694.45