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Halifax Regional Council
November 1, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in dark ink, appearing to read "Dan English", written over a horizontal line.

Dan English, Acting Chief Administrative Officer

A handwritten signature in dark ink, appearing to read "Wayne Anstey", written over a horizontal line.

Wayne Anstey, Acting Deputy Chief Administrative Officer

DATE: October 24, 2005

SUBJECT: Award RFP #05-074, Fare Collection System - Metro Transit

ORIGIN

The Approved 2005/06 Capital Budget.

RECOMMENDATIONS

It is recommended that Regional Council approve the award of RFP #05-074, Fare Collection System to Garival Inc. for a total price of \$532,773 including net HST from Capital Account CHD00060, Farebox Replacement, with funding authorized as per the Budget Implications section of this report.

BACKGROUND

Metro Transit proposed in the 2004/05 business plan to replace the fare collection system used in approximately 230 transit buses (conventional and demand responsive) and at its three ferry terminals. The existing fare collection equipment is more than 30 years old and is beyond the end of its useful life. The fareboxes are also no longer manufactured and staff have exhausted all options and possibilities of acquiring additional units for expansion buses and replacement parts for servicing existing equipment. As well, Metro Transit has embarked on a service expansion program and expects to increase the fleet size by approximately 60 to 70 buses over the next several years.

A fare-collection study, commissioned by Metro Transit, was undertaken by IBI Consultants and was completed in January 2005. The study recommended a fare collection strategy to be adopted by Metro Transit which consisted of the acquisition of new non-registering fareboxes, transfer printers and smart cards. This strategy meets Metro Transit's objectives of increased ridership, reduced fare evasion and fraud, reduced cash processing, accommodation of multi-fare/premium fare recognition, reduced bus operator/customer fare conflicts and the provision of flexible fare payment options.

DISCUSSION

A request for proposal was issued on May 9, 2005 and closed on June 16, 2005 for the first two phases of the fare collection strategy: non-registering fareboxes and electronic transfer dispensers. The third phase of the strategy (smart cards) requires further development of requirements before being administered.

Detailed specifications for the RFP were developed based on requirements identified by:

- Transportation and Public Works - Metro Transit;
- Financial Services - Revenue;
- Real Property and Asset Management - Fleet Services; and
- Amalgamated Transit Union (ATU) Local 508.

Staff received one proposal submitted by Garival Inc. of Laval, Quebec. While the RFP was developed in a generic fashion to open it to as many proponents as possible, it is believed that there are only two bidders that can provide the recommended farebox solution for HRM. The other potential bidder chose not to respond to this bid for cost reasons.

The proposal received from Garival Inc. provides for HRM's requirements of non-registering fareboxes and electronic transfer dispensing units. Vendor history and support were evaluated and determined to be acceptable.

Award of RFP#05-074, Fare Collection System**Council Report****- 3 -****November 1, 2005**

Currently, there exists an immediate requirement for 30 new fareboxes to accommodate transit expansion that will be introduced over the next several months. It is also anticipated that there will be a demand for up to 20 additional fareboxes over the next year. Therefore, it is recommended that Council approve the award to Garival Inc. for the equipment identified in the budget implications section with an option to purchase an additional 20 farebox units as required.

This initial purchase of 30 new fareboxes with an option to purchase an additional 20 units will commit HRM to adopt the technology improvements of the new fareboxes. Staff believes this commitment is necessary to achieve the full benefits of the fare collection strategy. It is anticipated that the 30 new fareboxes will be shipped before the end of 2005 with installation before the end of January 2006.

The current bid from Garival Inc. includes provisions for complete farebox replacement of the entire transit fleet as well as electronic transfer dispensers. The bid also includes replacement of the necessary vault equipment for storage and processing of the farebox revenue. This bid results in a potential cost of approximately \$3.5M - \$4.0M. Staff believes this cost is representative of the scope of this project.

This amount exceeds the current capital budget of \$1.6M with an additional \$878K identified in year two of the 2005/06 budget. The original capital budget identified for this project did not fully recognize the cost implications of a new fare collection strategy with improved technology. This new technology provides for upgraded security features such as an electronic key for access to the farebox and the ability of the farebox to accommodate the addition of other fare collection equipment devices like electronic transfer machines and smart cards. The farebox also has the ability to be upgraded to a registering farebox (fare validation) at a later date should this feature become a requirement.

There will be future commitments required to continue with the farebox replacement for the remainder of the transit fleet as well as acquiring electronic ticket dispensers and smart card technology. Staff are currently evaluating options to achieve this future commitment and believe this increase can be accommodated while continuing to enhance the transit service.

The following table presents a breakdown of costs and equipment:

| Item | Quantity | Unit Cost (not incl. Net HST) | Total Cost (incl. net HST) |
|---|-----------------|--|---------------------------------------|
| "Transview" non-registering farebox not including transfer dispensers | 30 | \$ 8,475 | \$262,968 |
| Portable receiver with mobile bin | 1 | \$56,500 | \$58,437 |
| Electronic key | 1 | \$1,995 | \$2,063 |
| Training and installation | -- | \$19,500 | \$20,169 |
| Spare equipment | -- | -- | \$13,823 |
| Option for additional 20 fareboxes to be purchased as required | 20 | \$ 8,475 | \$175,312 |
| TOTAL (up to) | | | \$532,773 |

**Award of RFP#05-074, Fare Collection System
Council Report**

- 5 -

November 1, 2005

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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BUDGET IMPLICATIONS

Based on the total price of \$532,773 including net HST, funding is available from Capital Account CHD00060, Farebox Replacement. The budget availability has been approved by Financial Services.

Budget Summary: **Capital Account No. CHD00060, Farebox Replacement**

| | |
|------------------------------------|-------------------|
| Cumulative Unspent Budget | \$1,615,556 |
| Less: RFP #05-074 (up to 50 units) | <u>\$ 532,773</u> |
| | \$1,082,783 |

This initial purchase will commit HRM to adopt the technology improvements of the new fareboxes which will ultimate least to the expenditure of another approximately \$2.5M - \$3.0M above the amount budgeted above. However, Council should be aware that the additional amounts required should be eligible for funding under the Transit Improvement and Expansion Program announced in the most recent Federal Budget.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

There are no recommended alternatives.