

Reviewed by Finance & Audit Committee, April 29, 2004

To: GVTA Board of Directors

From: Ian Jarvis, Chief Operating Officer

Date: April 21, 2004

Subject: Termination of HandyDART Service Contract - City of Vancouver

Staff Recommendation:

That the Board:

- A. Approve the termination of the current Operating Agreement with Pacific Transit Cooperative (PTC) for the delivery of HandyDART service in the City of Vancouver effective July 31, 2004;
 - B. Authorize staff to negotiate an Interim Operating Agreement with Pacific Transit Cooperative for the period August 1, 2004 to December 31, 2004; and
 - C. Authorize staff to issue a Request for Proposals (RFP) for the Vancouver HandyDART service covering the period January 1, 2005 to December 31, 2007.
-

PURPOSE

The purpose of this report is to seek the approval of the Board to terminate the current Vancouver HandyDART service contract requested by Pacific Transit Cooperative; to authorize staff to enter into an interim agreement with Pacific Transit Cooperative to ensure service continuity while an RFP process is put in place to select a new service contractor for the Vancouver HandyDART service for the period January 1, 2005 to December 31, 2007.

BACKGROUND

Pacific Transit Cooperative (PTC) is a registered non-profit organization. It is a sole purpose organization dedicated to the provision of a custom transit service to people with disabilities. PTC has been delivering HandyDART services in the City of Vancouver

since 1981. It operates the largest HandyDART service contract in the GVTA service region. In 2003 the Cooperative delivered over 325,000 trips utilizing 95 custom transit vehicles. The value of this contract in 2004 is approximately \$6.9 million.

An RFP covering the period April 1, 2003 to December 31, 2005 was issued for the Vancouver HandyDART service in August 2002. PTC was the leading proponent based on the evaluation criteria of the RFP. Due to a significant difference in the proposed budgets between the two front running proponents, TransLink staff met with the (then) General Manager of PTC who confirmed that he and the Board of PTC were aware that the budgets submitted as part of the fixed cost RFP process could not be adjusted for the duration of the contract. The GM also assured TransLink staff that it was the PTC Board's decision that if PTC was the successful proponent, any operating deficit for the duration of the service contract will be funded through the PTC reserves. In accordance with the rules of the RFP, PTC was selected as the successful proponent of the RFP.

In March 2004, the General Manager of PTC advised TransLink that the Cooperative was operating the service contract at a greater deficit than anticipated and inquired about the possibilities for additional funding under the current Operating Agreement. Further financial analysis performed by PTC and reviewed by TransLink staff, confirmed that PTC would not be able to fulfill the terms and conditions of the current service contract without additional funding from TransLink. A formal notification for termination of the current contract effective July 31, 2004 was received by TransLink on March 31, 2004.

DISCUSSION

PTC does not have any additional funds in its reserve to finance a deficit HandyDART operation beyond July 31, 2004. Given the short notification provided by PTC for the termination of the current Operating Agreement, TransLink will not be able to complete an RFP process for the selection of a new service contractor for the Vancouver HandyDART service before the termination date.

The operating agreement provides Translink with the ability to appoint an independent person to attend at the PTC premises, monitor the operations and cash-flow of PTC, and then make recommendations to extend PTC's ability to provide the HandyDART services pursuant to the Agreement. During this period of monitoring, TransLink could issue a RFP to have a new contractor in place. Based on the above, it is proposed that an interim agreement be negotiated with PTC for providing HandyDART services in Vancouver for the period August 31, 2004 to December 31, 2004 on a cost recovery basis. During this period, a RFP covering the period January 1, 2005 to December 2007 be issued for the provision of HandyDART services in Vancouver. This process will ensure the selection of a suitable contractor through the open bid process as well as an orderly transition to a new contractor with a minimum of negative impact on customer service.

PTC has been approached regarding their willingness to participate in such an agreement subject to TransLink Board's approval as well as a tighter financial audit arrangement to

be determined by TransLink. PTC has responded in writing that they are agreeable in principal to such an arrangement. The incremental cost of providing continued service by PTC on a cost recovery basis from August 1, 2004 to December 31, 2004 is approximately \$250,000.

ALTERNATIVES

The Board may choose to increase the operating budget for the balance of the current operating agreement with PTC without terminating the contract. This alternative is not recommended as it is not consistent with the current RFP process for awarding HandyDART service delivery contracts which is based on a fixed cost model. This option may also encourage “low ball” submissions by proponents for future HandyDART RFPs.

CONCLUSION

The termination of the existing service contract with PTC with effect from July 31, 2004, and the negotiation of a cost recovery contract with PTC until December 31, 2004 would be the best solution for the current situation. This approach would minimize service disruptions to the existing HandyDART clientele until a new service provider can be appointed.