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Item No. 14.1.2
Halifax Regional Council
August 1, 2017

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: June 27, 2017

SUBJECT: **Award - RFP #P16-010, Halifax Transit Technology Program – Fare Management**

ORIGIN

This report originates from the approved 2017/18 Capital Budget.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79(1)(o) Halifax Regional Council may expend money required by the Municipality for public transportation services.

Under the HRM Charter, Section 111(5) the Municipality may enter into a commitment (with respect to the possession, use or control of physical or intellectual property) to pay money over a period extending beyond the end of the current fiscal year if, where the total of the commitment exceed five hundred thousand dollars, the proposed commitment has been approved by the Minister.

The recommended contract award complies with all of the pre-requisites for awarding contracts as set out in section 34(1) of Administrative Order 2016-005-ADM, the *Procurement Administrative Order*.

Section 36(1) of the *Procurement Administrative Order*, provides that Halifax Regional Council may approve contract awards of any amount.

Under the HRM Charter, Section 35(2)(d)(i), the CAO may enter into contracts on behalf of the Municipality, for anything required by the Municipality where the amount is budgeted or within the amount determined by Council. Section 37(1)&(2) of the *Procurement Administrative Order* authorizes the CAO to execute a contract where the award is authorized in accordance with Section 36 and is stamped “Approved as to Form and Authority” by Legal Services.

Recommendation on next page

RECOMMENDATION

It is recommended that Halifax Regional Council:

- a) Subject to the approval of the Minister of Municipal Affairs, award RFP #P16-010, Halifax Transit Technology Program – Fare Management to the highest scoring proponent, Trapeze Software ULC, for a Total Price of
 - a. \$7,120,127 (net HST included) with funding from the New Transit Technology Account CM020005, as outlined in the Financial Implications section of this report,
 - b. \$1,543,245 (net HST included) for support and maintenance of the Fare Management solution over a five year period. The funding for support and maintenance will be included in the proposed Operating Budget for each applicable fiscal year, starting in fiscal 2019-20; and
- b) Direct the CAO to execute a contract with Trapeze Software ULC with terms that are satisfactory to the CAO, subject to the contract being stamped “Approved as to Form and Authority” by Legal Services.

BACKGROUND

In December 2012, Halifax Transit completed a Technology Roadmap identifying all technology-enabled business initiatives required to support Halifax Transit’s key business objectives. The Halifax Transit Technology Program (HTTP) was established in February 2014, and the first project, AVL+ (Automatic Vehicle Location) was initiated in April 2014. The Fare Management project will build upon and integrate with the AVL+ technologies and business processes.

In 2015, RFP P15-036 was issued with the intent to purchase a complete fare management system from a single vendor. However, in December 2015 this RFP was cancelled because it was determined that no single proponent could supply a complete system that satisfied the requirements of the RFP at an acceptable level of risk. Instead, RFP 16-010 was issued to allow procurement of the first phase of fare management, which includes:

- Fareboxes
 - Cash validation;
 - Transfer printers;
- Ferry Terminal Solution
 - Fare collection;
 - Passenger Counting technologies and processes;
- Back Office Software
 - Configurable for current and future Fare Management rules and business processes;
 - Manage all Fare Management components, technologies and financial transactions;
- Cash Handling Equipment
- Solution Implementation

This first phase will set the foundation to enable subsequent Fare Management phases, which will include:

- E-payment
 - Smart Cards;
 - Credit Cards;
 - Smartphones;
- Ticket Vending Machines

This approach minimizes risk exposure and will allow HRM to select the most appropriate vendors for all aspects of the fare management project.

DISCUSSION

A Request for Proposal (RFP) 16-010, for the first phase of Fare Management, was publicly advertised on the Province of Nova Scotia's Procurement website on January 27, 2016 and closed on March 4, 2016.

Proposals were received from the following companies:

- Garival Inc.
- Trapeze Software ULC

A team consisting of staff from Halifax Transit and Finance, Information, Communications and Technology, facilitated by procurement, evaluated the proposals based on the criteria listed in Appendix A – Evaluation Criteria. The RFP was scored using a two-envelope process. Envelope one (1) was the technical component of the RFP (Vision, Viability, Delivery, Solution Description, Solution Requirements, Services, Environmental Sustainability). Envelope two (2) was the financial component of the RFP.

The final scores of the two (2) proponents are as follows:

<u>Proponent</u>	<u>Score (Max 100)</u>
Garival Inc.	71.58
Trapeze Software ULC	83.48

Trapeze (Trapeze Software ULC) received the highest score of the two (2) proponents based on the criteria in Appendix A.

Per the conditions of the RFP, with assistance from Legal Services, staff entered negotiations with Trapeze Software ULC facilitated by Procurement to achieve a mutually agreeable contract for the goods and services. These negotiations are substantially complete. The annual support and maintenance pricing will be included in the annual operating budget beginning in 2019/20 for 5 years. The total support and maintenance costs for 5 years is \$1,479,819 plus net HST of \$63,426, for a total of \$1,543,245.

Under the assumption that the farebox solution will be the standard farebox at Halifax Transit for the foreseeable future, there may be a requirement to purchase additional fareboxes and parts from Trapeze in the event of fire, vandalism or accident or other damaging events.

Fareboxes for expansion and replacement buses will be included in the specification at the time of tendering for the new buses.

FINANCIAL IMPLICATIONS

The highest scoring proponent's cost for the core solution and future functionality is \$6,827,500, plus net HST of \$292,627, for a total of \$7,120,127. Funding is available in the approved Capital Budget from Project No. CM020005 New Transit Technology. The budget availability has been confirmed by Finance.

Budget Summary:	<u>Project Account No. CM020005</u>	
	Cumulative Unspent Budget	\$25,888,614
	Less: Tender No. P15-371 (previous agenda item)	\$ 2,216,909
	Less: Tender No. P16-010	<u>\$ 7,120,127 *</u>
	Balance	\$16,551,578

* The cost of this project was originally estimated at \$11,863,799.

The balance of funds will be used for other projects in the Halifax Transit Technology Program, including subsequent phases of Fare Management.

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate: **Low**.

To reach this conclusion, consideration was given to operational and financial risks.

Operationally, the first phase of Fare Management will:

- Replace existing fareboxes, which is a straightforward low-risk hardware installation;
- Replace existing cash handling equipment, which is a straightforward low-risk equipment installation; and
- Install software to enable automated fare reconciliation functions that are currently manual, which is low risk due to being net new automated functionality.

Financially, risk has been mitigated in the first phase of Fare Management through:

- The detailed requirements in the RFP, which minimize the opportunity for high cost Change Orders;
- Stringent contract negotiations; and
- Postponement of higher risk e-payment functions to future phases.

ENVIRONMENTAL IMPLICATIONS

No environmental risks identified.

ALTERNATIVES

Council could choose not to award this RFP. The current Halifax Transit Fare Management system does not support new fare functionality or meet the requirements of Transit, Finance or our customers. If council chooses not to award this RFP, we are choosing to postpone delivery of new fare functionality.

ATTACHMENTS

Attachment A – HTTP – Fare Management Evaluation Criteria

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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Attachment A – HTTP – Fare Management Evaluation Criteria

Request For Proposals # 16-010 Halifax Transit Technology Program – Fare Management				
Appendix A Evaluation Criteria				
Criteria	Summary (considerations may include but are not limited to the following)	Score	Garival	Trapeze
1. Vision	<ul style="list-style-type: none"> 1.1. Corporate Overview 1.2. Market Commitment 1.3. Solution Roadmap 1.4. Research & Development 	2	1.61	1.69
2. Viability	<ul style="list-style-type: none"> 2.1. Market Presence 2.2. Financial Viability 2.3. Contracting Arrangements 2.4. Corporate Capacity 2.5. Business Disruption Planning 	2	1.66	1.63
3. Delivery	<ul style="list-style-type: none"> 3.1. Proven Capability 3.2. References 3.3. Project Team Structure 3.4. Project Team Experience 3.5. Project Management Approach 3.6. Schedule & Milestones 3.7. Halifax Level of Effort 3.8. Business Process and Best Practices 3.9. Risk Management 3.10. Quality Assurance 3.11. Change Request 3.12. Knowledge Transfer 3.13. Training & Documentation 3.14. Deliverables 3.15. Added Value 	20	13.14	16.57
4. Solution Description	<ul style="list-style-type: none"> 4.1. Solution Architecture 4.2. Fare Management Equipment 4.3. Ferry Terminal Solution 4.4. Application 4.5. Future-Proofed Solution 4.6. Data 4.7. Service Providers 4.8. Solution Delivery Model 4.9. Production Information & Communication Technology 4.10. Environments 	25	15.48	17.90
5. Solution Requirements	<ul style="list-style-type: none"> 5.1. Solution Requirements matrices 	25	20.51	20.89
6. Services	<ul style="list-style-type: none"> 6.1. Support Model 	5	3.04	4.00

Attachment A – HTTP – Fare Management Evaluation Criteria

	6.2. Software Support & Maintenance 6.3. Hardware Support & Maintenance 6.4. Guaranties and Warranties 6.5. Professional Services			
7. Environmental Sustainability	7.1. Environmental Sustainability	1	.54	.80
Subtotal (Technical Proposal)		80	55.97	63.48
Cost	Score	20	15.61	20
	w/o Net HST (five year lifecycle cost)		\$9,221,325	\$7,561,588
Total		100	71.58	83.48