

## COUNCIL REPORT

M&C No.	2019-035
Report Date	January 17, 2020
Meeting Date	January 27, 2020
Service Area	Transportation and Environment Services

His Worship Mayor Don Darling and Members of Common Council

***SUBJECT: Transit Redesign Sustainability Item – Award of Consulting Engagement***

***OPEN OR CLOSED SESSION***

This matter is to be discussed in open session of Common Council.

***AUTHORIZATION***

Primary Author	Commissioner/Dept. Head	City Manager
<b><i>Stephanie Rackley-Roach Marc Dionne</i></b>		<b><i>John Collin</i></b>

***RECOMMENDATION***

It is recommended that Common Council:

- a) Endorse the Saint John Transit: Operational Audit (Transit Redesign) – Sustainability Item as an option to be considered in addressing the entirety of the deficit in 2021 and 2022; and
- b) Accept the proposal submitted by Stantec for 2019-092209P - Saint John Transit: Operational Audit at a cost of \$99,895.00 plus HST and that the Mayor and Common Clerk be authorized to execute the necessary contract documents.

***EXECUTIVE SUMMARY***

One of the sustainability items being explored is the reduction of the subsidy to Saint John Transit of up to \$2 Million. Given the complexity of the project and the need for expertise in transportation planning and transit operations, an external consultant is being recommended to complete stakeholder engagement, data collection, analysis, and redesign of the transit system to achieve these savings while minimizing the impact on service. The objective will be to maintain or improve service on main routes and those routes providing access to the city’s priority neighbourhoods by investigating innovative approaches to service delivery.

A Request for Proposals (RFP) seeking qualified professional consulting services to complete an audit of transit operations was issued on November 19, 2019 to

redesign service offerings that will result in a reduction to the Transit subsidy provided by the City. The proposal submitted by Stantec was ranked highest based on the evaluation criteria by the team and met all the requirements set forth in the RFP. Funding for this work will be provided by the City as part of the restructuring budget available to support sustainability efforts.

### ***PREVIOUS RESOLUTIONS***

On October 7, 2019, it was resolved by Common Council to receive and file M&C 2019-249: 'Sustainability: Addressing the Deficit 2021-2022'.

### ***REPORT***

As part of the City's sustainability efforts to address the City's projected \$10 Million budget deficit in 2021 and 2022, operating cost reductions and revenue generating options are being evaluated across all service areas, including those of the City's agencies, boards, and commissions (ABCs). One of the options being considered is a decrease to the subsidy provided to Saint John Transit to run operations.

In addition to \$4.86 Million in revenue generated by Saint John Transit in 2018, the City provides an operating subsidy of approximately \$5.63 Million and \$2 Million for debt related costs (projected for 2020). The targeted budget reduction is up to \$2 Million in City funding, resulting in service changes that will need to be implemented by November 30, 2020.

A Request for Proposals (RFP) was issued on November 26, 2019 to engage a consultant to complete an operational audit of Saint John Transit's service offerings and operations to achieve efficiencies and savings. The scope of work outlined in the RFP includes the requirement for an implementation plan to ensure service changes and savings are realized and incorporated into the 2021 and 2022 operating budgets. More specifically, work carried out by the consultant will include the following activities to achieve these objectives:

- Hold kick-off meetings with the Transit Commission (at least one with the Board and one with key employees) to discuss objectives, process, and garner input.
- Conduct a baseline review of Saint John Transit's current service offerings, routing, and internal operations.
- Hold at least one (1) public stakeholder forum to launch the initiative, discuss the process that will be utilized to achieve the expected outcome, and solicit initial feedback from the general public.
- Develop a vision and principles for redesign using results from engagement efforts and existing conditions analysis, and in coordination with the project team, that addresses the service and budget realities outlined in this RFP.

- Complete routing analysis and develop recommended routing options that ensures timely service on main routes and to priority neighbourhoods in order to reduce operating costs.
- Evaluate other service offerings of Saint John Transit, including but not limited to, Comex, handi-bus (accessibility), charter bus, and city tours, to identify changes that ensure cost effectiveness.
- Evaluate internal operations (i.e., dispatch, mechanical garage) that support the delivery of public facing services to reduce costs.
- Evaluate the benefit and costs related to transitioning the Saint John Transit Commission into a service area within the City's corporate structure, rather than delivering services on behalf of the City as a commission. Compare the proposed corporate structure with the current model.
- Develop full operating costs associated with each recommendation presented.
- Conduct a second public stakeholder forum to present the recommendations to obtain feedback prior to implementation.
- Provide recommendations for routing, service changes, operations, and structure that incorporates public feedback (as appropriate) along with a timeline for implementation and a public communications plan to meet budget objectives for 2021 and 2022, including any provisions to grow a sustainable Transit service long term.

The Transit Commission will manage the engagement with the successful proponent, with a supporting team and assistance from the City as appropriate. Confirming the scope outlined in the RFP and timelines, gathering data, affording input, and providing acceptance of the consultant's recommendation will be led and managed by the Commission. The Commission will also provide access and support to the consultant in any engagements required with key stakeholders.

### **RFP Evaluation and Selection Process**

The RFP closed on December 19, 2019 with six (6) responses. An evaluation team comprised of members of the Saint John Transit Commission and the City's Sustainability Team reviewed and rated the proposals based on the following criteria:

1. Quality and Completeness
2. Proponent's Experience
3. Experience and Qualification of Key Personnel
4. Proposed Approach
5. Cost

The proposal submitted by Stantec was ranked highest based on the evaluation criteria by the team and met all the requirements set forth in the RFP.

The above process is in accordance with the City's Procurement Policy and Materials Management supports the recommendation being put forth.

### ***STRATEGIC ALIGNMENT***

The savings that will be realized through the implementation of recommendations identified through the Saint John Transit: Operational Audit (Transit Redesign) supports Council's Priority to be Fiscally Responsible by contributing to the overall Sustainability effort.

### ***SERVICE AND FINANCIAL OUTCOMES***

The total cost for the engagement of consulting services for the Saint John Transit: Operational Audit is \$99,895 plus HST. Funding for the audit is being provided through the City's restructuring budget as it relates to sustainability. The investment in consulting services to review the service offerings and operations of Saint John Transit are expected to result in savings to the City of up to \$2 Million annually in 2021 and 2022.

A reduction in subsidy to the Transit Commission will have an impact on service delivery. The objective of the audit is to minimizing the impact in order to maintain or improve service offerings in key areas while achieving a cost-effective service for the public. The primary focus will be on main routes where ridership is highest and routes providing access to the transit system in the City's priority neighbourhoods.

Service changes may include design improvements to existing routes, design of new routes, route eliminations, and proposed new service options. The consultant is encouraged to provide the Commission with innovative approaches to providing public transit by exploring alternate service delivery models (i.e., on-demand).

### ***INPUT FROM OTHER SERVICE AREAS AND STAKEHOLDERS***

The City's Materials Management team managed the procurement process. Materials Management has reviewed the report and is supportive of the recommendation.

Members of the Transit Commission, as well as its Board, reviewed the report and are supportive of the recommendation. The Board welcomes the review and is looking forward to implementing service improvements that will best meet the needs of the public while realizing efficiencies.

### ***ATTACHMENTS***

Appendix: Initiative Criteria Evaluation