



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: November 9, 2006
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Meeting Date: December 12, 2006

TO: Vancouver City Council

FROM: General Manager of Corporate Services
Manager, Materials Management

SUBJECT: Award of Contract for RFP PS06034 - Courier and Cartage Services

RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C, D, and E, Council authorize a contract with Progressive Messenger Ltd. to provide courier and cartage services for a period of five (5) years at an estimated cost of \$750,000 plus GST with a subsequent renewal option of two (2) one-year extensions.
- B. THAT the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT all such legal documents be on terms and conditions satisfactory to the General Manager of Corporate Services, Manager of Materials Management and the Director of Legal Services.
- D. THAT no legal rights or obligations will be created by Council's adoption of Recommendation A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.
- E. THAT funding for the contract described in Recommendation A be provided from the existing Departmental operating budgets.

CITY MANAGER'S COMMENTS

The City Manager recommends approval of recommendations A through E.

COUNCIL POLICY

The policy of Council is to secure contracts for the purchase of equipment, supplies, and services that will give the best value based on quality, service and price.

Contracts with a value over \$300,000 are referred to Council.

PURPOSE

The purpose of this proposed contract is to establish a City-wide agreement for courier and cartage services using a consolidated service strategy.

BACKGROUND

The current primary service contract has been extended on a month-to-month basis, pending a review of the City's service requirements for courier and cartage services. The comprehensive review included the formation of an evaluation team consisting of representatives from all of the major City departments, including the Vancouver Board of Parks, the Vancouver Public Library, the Vancouver Police Department, Vancouver Fire and Rescue Services, Legal Services, Sustainability Group, Community Services Group, Equipment Services, and Corporate Services.

There are many special requirements involved in the courier and cartage including a need for security, driver criminal record checks, liaising with customs brokers, on-line ordering, and payroll document deliveries.

The City has been using several service providers to deliver documents for both scheduled routes and on-demand services. The consolidation of these services under a single provider was identified as one of the City's strategic sourcing initiatives. The annual estimated number of kilometres via courier is approximately 15,500. The average annual spend on both courier and cartage-related services is approximately \$150,000 per year, of which 71% percent is for courier services while the balance of 29% is for cartage.

DISCUSSION

The criterion for the new agreement for courier and cartage services included sustainability factors, specifically the amount of carbon dioxide emissions primarily from tailpipe exhaust. As a part of the process to develop a Request for Proposal (RFP) we sought expertise from internal and external sources on transportation and the effects on the environment.

Internal staff within the Sustainability Group and the Equipment Services Branch provided relevant data on tailpipe emissions and estimates of the annual metric tonnes of carbon dioxide that would be discharged. This was based on the annual number of kilometres travelled within the City and to nearby communities for the higher frequency trips.

Externally, a senior consultant from the CH2M Hill organization advised on the validity of applying environmental criterion to the RFP standards. We also looked at best practices in other public sector organizations with respect to courier and cartage service agreements.

An RFP was issued on June 27, 2006 and three submissions were received. The proponents were Dynamex Inc., Novex Delivery Solutions, and Progressive Messenger Ltd. The subsequent evaluation process was completed by October 26, 2006.

FINANCIAL IMPLICATIONS

Based on service requirements of the City business units and using representative, sample service periods, the proponents submitted pricing for the higher frequency service areas using postal codes and scheduled route requirements. The purchasing staff compared the projected cost results to determine the cost competitiveness of the proposals.

There was a wide range in the prices submitted. Based on the service types of "Regular, Hot/Aggressive, Rush, and Overnight" with a respective usage of 50%, 43%, 6%, and 1%, the lowest cost was from Progressive Messenger. The other proponents were 39% to 44% higher than Progressive Messenger for equivalent services.

Based on the cost of regularly scheduled delivery requirements Progressive was the most competitive. The cost information from the other proponents indicated higher operating costs between 14 and 70% for these services. Regularly scheduled service accounts for 47% of the City's service requirements.

Progressive Messenger provided the lowest cost overall. Cost was not the sole determinant as we took a comprehensive approach to include environmental and social values referenced respectively within this report. Based on the 5 year contract, City departments will benefit from fixed pricing and avoid cost increases. The existing operating budgets of the City Branches and departments can provide the funding for the services.

ENVIRONMENTAL IMPLICATIONS

Reducing the effects of green house gases resulting from carbon dioxide emissions was an objective of the RFP process. We considered the composition of the fleets based on specific data provided by the proponents including: types of vehicles, fuel options for the various makes and models, the age of the vehicles, fleet maintenance programs, the number of bicycles, delivery personnel on foot, and the total number of various vehicles.

The advantages of using hybrid or other alternative fuel vehicles were explored during the evaluation process, including discussions with each of the proponents to clarify their fleet management strategies. The Sustainability Group and Equipment Services Branch staff also

provided an assessment of the proponents' fleet composition and how it could affect services and environmental considerations.

The analysis of the proponents' fleet fuel efficiency indicates Progressive's average was 8.7 litres per 100 km of City driving - whereas the other proponents were at 8.0 litres/100km and 10.9 litres/100km respectively. Fleet fuel efficiency is largely attributed to the composition of the fleet which considers age and size of vehicles; types of fuel required; and a weighted-average for fuel efficiency based on data provided by Natural Resources Canada (NRCan) for city driving.

Although we are not recommending the company with the lowest emissions, we are confident that Progressive Messenger will continue to improve its environmental performance through vehicle right sizing/replacement programs and operating practices. These are outlined in their commitment in an inclusive form of agreement which includes the Smart Driver program and Idle Free program training for its fleet of drivers. This includes their drivers completing a course which is endorsed by the City and is similar to the training given to City staff to improve fuel efficiency and service performance.

SOCIAL IMPLICATIONS

This agreement supports the City's commitment to its principles of sustainability. Two of the three proponents provided evidence of a corporate commitment to social values, which included Progressive Messenger.

IMPLEMENTATION PLAN

Following approval by Council, staff will set a schedule of performance milestones for Progressive Messenger to achieve within a time frame which is mutually satisfactory to all parties. These will include the driver training component, service levels, and other performance metrics to assess the overall benefits as outlined in a service level agreement.

There will be annual supplier performance evaluations along with the continuous commitment to meet or exceed environmental and social values.

CONCLUSION

Based on the best value as outlined in the report, we recommend awarding a five (5) year agreement plus two one-year options to Progressive Messenger Ltd. for courier and cartage services. The economic, environmental and social factors in the agreement will encourage a sustainable business approach for service.

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