

Report of the Director of City Strategy

Park & Ride Bus Contract

Summary

1. This report provides details of the result of the evaluation of the tenders received for the provision of the Park & Ride bus service. Members are asked to note that under delegated authority the Director of City Strategy is proposing to enter into a contract for the provision of the service with First York subject to the final clarification of terms. Members are asked to decide which fare and vehicle emission standard variants to progress and which enhanced specification items should be included at the start of the contract.

Background

Current Position

2. First York have successfully provided the Park & Ride service for the city since 1995. Contracts for the Park & Ride operation were previously tendered in 1995 and 2000. Following detailed negotiation the current operation commenced in April 2002. The current five year contract ended in April 2007 with an extension agreed with the present provider to enable the existing arrangement to continue until the procurement of the service was completed.
3. The Park & Ride services have and will continue to be a key element in the transport system in the city. It has been successful (over four million passengers) in contributing towards management of traffic congestion and economic vitality of the city. If the Park & Ride is to continue to provide this essential service, then there needs to be further investment made in the future to maintain and enhance it.

Park & Ride Options Report

4. Options for the procurement of the Park & Ride service were presented to the Executive in February 2007. The Executive approved the recommended approach to procure the service using a similar contractual arrangement to the existing agreement. It was agreed that an European Union restricted procurement route would be employed with a Most Economically Advantageous Tender (MEAT) evaluation methodology used to allow cost and quality elements to be assessed.

5. The services tendered were the management, supervision and provision of vehicles and drivers to enable the Park & Ride to operate from five sites.
6. The key elements of the tender were:
 - fares
 - quality of service
 - emission standards
 - licence fee to the Council
 - patronage benefit sharing

To ensure that these objectives could be met a core specification was prepared with options for additional enhancements which could be included if affordable.

Key Features of Procurement Process

7. The procurement has been undertaken under the close supervision of the Corporate Procurement Team to ensure that the correct process has been followed at all stages. The procurement of the services involved a number of main features that were progressed through the year. To stimulate the market and ensure the most appropriate documentation was prepared a market testing exercise was undertaken in advance of the formal tender process. An Official Journal of the European Union (OJEU) Notice was submitted in April 2007 inviting suitable operators to complete a pre-qualification questionnaire for evaluation and to enable a list of tenderers to be prepared. Nine suppliers submitted expressions of interest and seven Pre-Qualification Questionnaires were submitted.
8. Following assessment of the submissions a shortlist of suitable suppliers was prepared and tender documents issued to five operators in July 2007 with a return date of early September.

Tender

9. The tender documents were prepared to allow the maximum flexibility to agree the optimum affordable solution for the provision of the service within the constraints of the European Union restricted route procurement methodology. Performance specifications were prepared for both the core requirements, similar to the existing arrangements but with minor improvements, and a list of optional enhancements. The tenderers were also invited to price a number of emission standards and fare variations and also encouraged to provide alternative proposals for consideration. A summary of the specification is provided in Annex 1.

Tender Evaluation

10. Tender documentation was issued on 24 July to the five suppliers on the short list with two operators subsequently deciding not to submit tenders. Three tenders were received by the 4 September closing date.
11. The overall quality of the tender submissions from the three suppliers, First York, Veolia and Go North East was very high with all of the operators

indicating a strong commitment to providing the best possible Park & Ride service for York.

Principles

12. The evaluation process was designed to compare the price and quality of the tenders using a MEAT approach with a 50:50 quality/cost split. The cost and quality elements were both scored out of 1000 and summed to give a maximum possible score of 2000.

Cost Element

13. The pricing schedule in the tender was prepared to allow three main vehicle options to be submitted with three possible starting fares. The cost element (licence fee) was scored using an adjusted Chartered Institute of Public Finance and Accountancy (CIPFA) scoring methodology. The maximum score of 1000 points was allocated to the highest licence fee for each fare and vehicle emission standard variant. In addition for each variant the tenderer could price a schedule of rates for the optional items and indicate the percentage of the fare which would be paid to the Council for Park & Ride patronage increases above 5%. The schedule of rates and patronage increase elements were only included in the evaluations if the overall ranking would be materially affected by their inclusion.

Quality Element

14. The quality element was assessed by a panel of three officers and the scores averaged. The overall quality of the proposals was assessed by evaluating fares, service quality and emissions using information provided in the tender submission.
15. The service quality evaluation was further broken down to evaluate the detailed sections identified below:
 - General (Acceptance of Contract Terms, Sustainability, Vision for service etc.)
 - Capacity (Timetables, Capacity per Hour etc.)
 - Service Management (Management of Service, Ticketing Equipment, Smart Cards, Monitoring, Integrated Ticketing etc.)
 - Customer Interface (Customer Care, Site Management, Branding, Marketing, Maintenance, Cleaning etc.)
 - Vehicles (Type, Age at Start of Contract, Vehicles for Holiday Period, Vehicles for Peak Saturdays etc.)
 - Depot (Location, Management of Breakdowns, Response times etc.)
 - Mobilisation (Proposed Start Date, Transition Arrangements etc.)

Results of Evaluation

16. The evaluation of the quality and price of the tenders in accordance with the methodology set down in the tender documentation, results in a clear preferred tenderer. A summary of the results of the tender evaluation is included in Annex 2.

17. Under all options and fares, including if all schedule of rates items were instructed, the evaluation results in First York having the highest overall score together with the income to the Council being within the budget requirement. Therefore under delegated authority the Director of City Strategy is proposing to enter into a contract for the provision of the service with First York subject to the final clarification of terms. To finalise the contract there are a number of options which require the approval of Members.

Emissions

18. First York has provided options for Euro IV, Euro V and Euro EEV vehicles from the start of the contract. The current vehicles used to provide the service are a mix of Euro II & III compliant (artics are Euro II). The Euro Enhanced Environmental Vehicles (EEV) standard does not have an implementation date but is currently the most stringent European emission standard available for Heavy Duty Vehicles. The principal benefits relative to the existing vehicles is a substantial reduction in Nitrogen Oxide emissions and particulates, achieved by the provision of exhaust filters, and reductions in Methane and Carbon Monoxide. However it should be noted that there may be a marginal increase in Carbon Dioxide emissions due to adjustments to engine tuning to meet the emission standards. It is considered beneficial to the local environment that the more stringent emission standards are specified whilst the global warming effect is offset by the reduction in car usage and the lower emissions of other green house gases.
19. The principle impact of the more stringent emission standard on the tender is a reduction in the licence fee available to the Council due to the additional purchase and operational costs of the vehicles.

	First York
Euro IV	Base
Euro V	No impact
Euro EEV	£10k fee reduction

20. It is recommended that the EEV emission option for vehicles is progressed as the impact on the licence fee is low (£10k) and there would be significant air quality benefits.

Fares

21. Options for fares were included in the tender to allow the tenderers to define a fare level which would allow the service to operate at the various quality/emission levels specified. The new fares would become valid at the start of the operation of the new service.
22. The fare price has a direct influence on the licence fee paid to the Council. The current licence fee paid by the operator is approximately £230k per year. The Council budget set for 2007/08 includes an anticipated increase in income from the Park & Ride service of £120k in a full year. In addition the licence fee would need to cover the additional cost of enhancing the quality of service if the improvements were instructed e.g. the provision of supervision at the Designer Outlet, and provide funds for the necessary planned maintenance of the sites.

23. It is recommended that the new service is operated from commencement with a standard £2.20 return fare as this will result in a licence fee which will cover the budget commitment, provide funds for the enhancement of the service as detailed in the following section and scope to enable structural maintenance and improvements to the sites to be undertaken in future years. This fare would be approximately 25% below comparable commercial routes in the city with additional discounts available for regular users.

Patronage Variation

24. Tenderers were invited to indicate the maximum payment available to the Council if the number of Park & Ride passengers increased more than 5% above the base year value. First York indicated that 5% of the standard fare would be returned to the Council for each additional passenger boarding.

Key Features of First York Proposals

25. First York's proposals include the provision of new buses, additional capacity, and improved supervision. The key features of the new service are identified in the table below.

	First York
Average Peak time Capacity	20% above specified
Number of Vehicles	14 Articulated + 1 spare (cf 9 existing)
	16 Rigid + 1 spare (cf 17 existing)
	5 additional rigids for peak Saturdays (from city fleet)
Type of Vehicle	Mercedes Citaro Articulated. Volvo rigid (option for Mercedes at additional cost)
Branding	Dedicated Park & Ride brand – Silver buses
Integrated Ticketing	Discounted First Day/Week tickets for Park & Ride users
Service Management	Dedicated manager for service + single supervisor at each site
Mobilisation	To be confirmed at the meeting

Enhanced Specification

26. A number of items to enhance the Park & Ride service were included in the tender as schedule of rates items to allow accurate costs to be established and enable the improvements to be instructed if affordable. Members may wish to delay a decision on the additional items pending the finalisation of the budget for 2008/09. The recommendations are based on the items' contribution to service improvement and affordability within the contract.

Designer Outlet Supervision (Annual Cost £70k)

27. A small office is proposed for the Designer Outlet site, with the construction funded from the Capital Programme, to enable the same quality of service to

be provided as the other Park & Ride sites. The kiosk will enable passengers to purchase smart cards encouraging more commuters to use the site – smart cards are currently only available for purchase at the other Park & Ride sites. The kiosk would also allow the site to be manned during opening hours to manage the bus service timetable, provide information to passengers and provide re-assurance to users parking their vehicles.

28. The cost includes the provision and maintenance of ticketing equipment, payment of utility costs, maintenance of the building and the provision of a minimum of one supervisor at all times.
29. It is recommended that this enhancement item is instructed at the start of the contract and the supervision provided as soon as the kiosk is in place. If the recommendation was not approved the project to provide a kiosk would end.

City Centre Supervision (£1,200 per month)

30. The operator would provide a roving supervisor for the Park & Ride bus stops in the city centre to manage the service and provide information to customers. Supervision would be provided from 15:30 to 18:30 Monday to Saturday. The supervisor would patrol around the city centre Park & Ride stops including as a minimum: Pavement, Piccadilly, Clifford Street, Tower Street, Rougier Street, Station Road, Station Avenue, and Museum Street. The supervisor would wear a uniform to allow identification as a Park & Ride Supervisor by passengers. Communication would be possible between the supervisor and the Park & Ride management to identify incidents and provide pro-active management of the service. The city centre supervision would:

- Provide queue management at peak times.
- Deal with customer enquiries.
- Deal with customer complaints.
- Help to ensure that the bus service operates to timetable and pro-actively managing the service to minimise waiting times.
- Deal with incidents which affect the operation of the service.
- Pro-actively ensure that customers are aware of any disruption to the service.

31. City centre supervision at peak afternoon times would greatly assist in the management of the service and ensure that users are pro-actively informed of any delays and incidents.
32. It is recommended that the city centre supervision is trialled for a period during the holiday season at the start of the contract to confirm the anticipated benefits.

Askham Bar Extended Opening (£3,400 per month)

33. To encourage longer visits to the city an option to extend the Askham Bar opening hours to 11pm Monday to Saturday was included. When previously operated, this option was found to be very lightly used (less than 30 passengers a night between 8 and 11pm). First York have offered to continue accepting Park & Ride passengers at no additional cost on their alternative

commercial services which operate along Tadcaster Road in the evening period.

34. This option was included for pricing to allow all tenderers the opportunity to price. The cost of providing this services per passenger would be approximately £4.50. As First York are proposed to be accepted as the preferred operator it is not recommended that this option is taken up i.e. the current operation should be maintained and the service closed at 8pm as the other sites. The provision of the option to use alternative services later into the evening should be more widely publicised as part of the service re-launch.

Boxing Day and New Years Day (Sunday Service)(£6,625 per day)

35. An increasing number of retail outlets within the city are opening on the bank holidays over the Christmas period. The York Retailer's forum has suggested that Boxing Day is the busier retail day with more shops likely to be open. Opening the Park & Ride sites may encourage more economic activity within the city and provide more travel options for visitors. However the demand and justification for the provision of the service may be limited as congestion/air quality issues are unlikely to be a significant problem on these days and alternative parking would be available. Only 800 trips were recorded on the service when it operated last on Boxing Day in 2005. The high cost of operating the service is due to the need to open the bus depot specially and the premium payment for drivers and supervisors.
36. Owing to the anticipated high cost per passenger (£8.00) it is recommended that a review of the need for the service on Boxing Day is undertaken this year before deciding the provision for future years.

Additional Peak Saturdays (No cost)

37. The provision of additional capacity (approx. 5 vehicles) on seven specified days (Easter Saturday, August Bank Holiday Saturday, St Nicholas Fayre Saturday, four Saturdays up to Christmas Day) is already included in the core specification. First York have included an offer to provide two additional peak Saturdays at no additional cost which can be instructed when the patronage is projected to exceed the base capacity provided.

Fulford Road Stops (No cost)

38. The core specification included a reduction in the number of intermediate bus stops on Fulford Road to promote the operation to the Designer Outlet as an express service. As an option tenderers were instructed to provide a price for maintaining the existing bus stop provision. All tenderers priced this option at no cost.
39. The existing stopping arrangement on Fulford Road was originally, in part, provided because of concerns over the commercial viability of the service when it was first introduced due to low numbers using the route, although it was recognised that the arrangement would hinder the express operation of the Park & Ride service. Alternative public transport is available along Fulford Road using First York, Arriva and Veolia services. It is also expected that additional local bus service provision along the route will eventually be provided, initially subsidised with funds secured from the developer of the

Germany Beck site. Since June 2006 when the pick up point at the Designer Outlet was relocated and the bus frequency was enhanced there has been an increase in patronage of approximately 40% helping the service to become viable without the additional stops. This has led to capacity pressures at busy times. It should be noted that changes to the Fulford Road corridor to improve bus journey times are proposed to be undertaken in 2008/09.

40. It is recommended that in the short term the bus stop provision remains as existing but that this decision is reviewed when the Fulford Road corridor improvements are implemented.

Sunday Operating Hours Extended to 09:30 and 18:00 (£12,250 per year)

41. The adjustments to the Sunday Park & Ride operating hours (i.e. opening all sites half an hour earlier) would better match the staggered opening of city centre stores between 10:00 & 17:00 and provide a service for visitors and people employed in the city centre.
42. It is recommended that the option to increase the Sunday opening hours is taken up as part of the re-launch of the service.

Summary of Recommended Options and Enhancements

43. The table below indicates the recommended options and enhancements.

Item	Recommendation	Annual Cost
Standard Fare	£2.20	
Emission Standards	EEV Vehicles	£10k
Designer Outlet Supervision	All Year	£70k
City Centre Supervision	Trial for holiday period	£1.2k per month
Askham Bar Extended Opening	Not Recommended	nil
Boxing Day and New Years Day (Sunday Service)	Not Recommended (undertake review of need in 2007)	nil
Additional Peak Saturdays	Two Saturdays per year as required (seven included in core requirements)	No cost
Fulford Road Stops	No change to existing stopping regime recommended pending introduction of Fulford Road Corridor scheme	No cost
Sunday Operating Hours	Extended to 09:30 to 18:00	£12.25k

Consultation

44. Consultation on this report has been held with Procurement, Legal, Financial and Transport Planning to ensure that the proposals are acceptable. No

external consultation has been undertaken but a customer satisfaction survey was carried out in December 2006 to determine the views of the existing users, and these were used to inform the preparation of the specification.

Corporate Priorities

45. The Park & Ride service is a key element of the Council's transport strategy set down in the Local Transport Plan. In addition it supports the Council's strategy to increase the use of public and environmentally friendly modes of transport.

Implications

46. The provision of a successful and efficient Park & Ride service is essential for the continued prosperity of the city and the desire to reduce congestion and improve air quality in the city centre. There are implications across a wide range of areas both within the Council and externally.
47. **Financial Implications** The existing operation provides an income of approximately £230k to the Council. An additional income of £100k in 07/08 (£120k in a full year) from the Park & Ride service and advertising/sponsorship has been assumed in the future Council budget.
48. If no additional enhancements were instructed the licence fee from the recommended £2.20 fare would be approximately £650k. If the recommendations for the optional enhancements are followed a net licence fee of approximately £560k after deductions for the service enhancements could be expected to be received. Therefore the net additional income to the Council would be approximately £210k above the current budget level. There is also the possibility that a small additional income would be received after the first year for Park & Ride passenger increases above 5%.
49. This additional income allows the option to increase investment in the maintenance of the Park & Ride sites and promote further enhancement of the service. In particular allocations need to be made to introduce a planned maintenance regime for the replacement of significant structural elements on the sites as they begin to deteriorate with age. These include the resurfacing of car parks, painting of the facilities, landscaping and drainage.
50. It should be noted that the Park & Ride service is particularly affected by the introduction of free nationwide concessionary travel in April 2008. From the origin surveys undertaken in December 2006 it is estimated that the number of concessionary fare Park & Ride passengers will at least double and may increase further if additional passengers from outside the North Yorkshire area are encouraged to use the service because of the free travel. This could place an additional burden of approximately £300k on the concessionary fare budget.
51. **Human Resources (HR)** There are no Human Resource implications for staff employed by the Council. The role of the Park & Ride monitoring officer will change to suit the requirements of the new contract. There are no TUPE implications to consider for the transfer of the existing operational staff as it is

recommended that the incumbent supplier is awarded the contract subject to the clarification of terms.

52. **Equalities** There are no equalities implications if the concessionary fares provision is maintained as existing and the anticipated nationwide scheme introduced when finalised.
53. **Legal** Legal advice has been provided identifying the procurement, contractual and competition issues which have been addressed in the contract documents. It is proposed to lease the Park & Ride sites to the operator.
54. **Crime and Disorder** There are no crime and disorder implications.
55. **Information Technology (IT)** There are no IT implications. The supply of additional on bus equipment to enable the provision of real time information and the better management of the service is included in the contract.
56. **Property** There are no property implications with the proposed operation.
57. **Other** None.

Risk Management

58. In compliance with the Council's risk management strategy the main risks that have been identified in this report are those which could lead to financial loss, non-compliance with legislation, damage to the Council's image and reputation and failure to meet stakeholders' expectations. However measured in terms of impact and likelihood, the score for all risks has been assessed at less than 16. This means that at this point the risks need only to be monitored as they do not provide a real threat to the achievement of the objectives of this report.
59. The main risks relating to the level of revenue anticipated have been reduced by the type of contractual arrangement proposed. Except for exceptional events, the income to the Council is assured (and increased annually by the Retail Price Index) with the possibility of additional revenue if patronage levels increase. There remains the significant risk that the numbers of concessionary fare passengers on the Park & Ride service will increase after April 2008 and the possibility that reimbursement levels received by the Council will be inadequate to cover the additional costs.

Recommendations

60. Members are asked to note:
 - 1) The acceptance of First York, by the Director of City Strategy under delegated authority, as the preferred operator for the provision of the Park & Ride service with the intention, subject to the satisfactory conclusion of contractual terms negotiations, to enter into an agreement with the company to provide the service for five years with an option to extend for a further three years.

Reason: To maintain a high quality Park & Ride service for the City.

61. Members are asked to consider:

- 1) The recommendation to include the proposed service options identified in paragraph 42.

Reason: To enhance the Park & Ride service in a cost effective and affordable way.

Contact Details

Author:
Tony Clarke
Capital Programme Manager
City Strategy
Tel No. 01904 551641

Chief Officer Responsible for the report:
Bill Woolley
Director of City Strategy

Report Approved Date

Damon Copperthwaite
Assistant Director City Development and
Transport

Report Approved Date

Specialist Implications Officer(s) *List information for all*

Financial Implications

Patrick Looker

Finance Manager – City Strategy

Tel No.551633

Procurement Implications

Catherine Cowling

Corporate Procurement Team Manager

Tel No. 552261

Legal Implications

Brian Gray

Principal Property Lawyer

Tel No. 551042

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers:

Park and Ride Options Report to Executive 27 February 2007

Annexes

Annex 1 Park & Ride Specification

Annex 2 Park & Ride Tender Evaluation: **Confidential**