



Executive**7 December 2016**

Report of the Corporate Director of Economy and Place
Portfolio of the Executive Member for Transport and Planning

Park & Ride Service Operator Specification

Summary

1. York has a successful, established, network of Park & Ride services. The Park & Ride provides a seven day, high frequency and high quality bus link from six car parks around York to the city centre and is an essential component of the City's transport strategy, enabling York's vibrant economy.
2. The Park & Ride network is currently let as a single contract operated by 'First York'. A competitive tendering process was undertaken earlier in 2016. Although there was strong interest in the contract, no responses meeting the council's financial expectations against the specification tendered were received.
3. Following approval by the Council's Executive on 13 October, an extension to the current contract has been agreed with First York to operate until 31st January 2018. Further, dialogue with a number of bus companies has been undertaken to better understand issues which prevented their submitting viable bids for the Park & Ride contract.
4. This report presents a number of options for altering the Park & Ride specification to address the concerns of potential suppliers and to increase the likelihood of securing viable bids for the Park & Ride contract.

Recommendations

5. Members are asked to:
 - a) Approve Option 2, noting the increased flexibility that this gives to the Park & Ride operators; and
 - b) Authorise Council officers to commence a new tendering exercise at the earliest possible opportunity to secure an operator for the York Park & Ride service from February 2018.

Reason: To ensure continued operation of the York Park & Ride service and to ensure delivery of the most economically advantageous Park & Ride contract moving forwards.

Background

6. York's Park & Ride network currently operates a 7-day high frequency service from six sites around the City's ring road and has operated for over twenty years.
7. The Park & Ride service is operated on behalf of the Council by First York under a contract which ends 31st January 2017. The Council has negotiated a further twelve month extension to the contract with the current operator.
8. Through the recent procurement process potential bidders demonstrated that, whilst strongly interested in the Park & Ride opportunity, they felt unable to meet the Council's financial and quality expectations at the same time as operating the Park & Ride service profitably and therefore either did not bid or submitted non-compliant bids.

Consultation

9. In preparation for the issuance of a further procurement process, the Procurement, Legal, Financial, Property, Transport and Air Quality teams within the Council will all work closely together to ensure that the proposals are aligned to corporate policy and priorities.
10. All of the operators registering interest in the previous (2016) tender were invited to meet with the Council to discuss alterations which could be made to the contract specification to improve its attractiveness to the market. Eight operators took up this opportunity.

11. The key issue identified by the operators was a desire for Council to increase the level of commercial flexibility available for bidders to submit an attractive, unique and viable tender response.
12. Table A below provides a summary of the main issues identified by the operators which, if addressed, would increase their ability to submit a competitive bid. It should be noted that the issues varied from operator to operator and indeed, operators had diametrically opposed views on certain issues (e.g. the Council procuring buses which could then be leased back to the operator).

Table A

	Identified issue	Detail
A	Vehicle standards	<ul style="list-style-type: none"> - Investment in Ultra Low Emission buses - Restriction on use of double deck buses
B	Service capacity	<ul style="list-style-type: none"> - Allowing the bidder to match the bus capacity provided to their anticipated passenger demand and to vary this over the term of the contract
C	Frequency	<ul style="list-style-type: none"> - Varying frequency of service throughout the day
D	Fares	<ul style="list-style-type: none"> - Allowing the bidder greater freedom to set the P&R return fare
E	Routes	<ul style="list-style-type: none"> - Enabling the bidder to link Park & Ride routes together
F	Park & Ride site supervision	<ul style="list-style-type: none"> - Relaxing the requirement for the presence of a site supervisor at all times
G	Council policy	<ul style="list-style-type: none"> - Implementing measures to ensure that city centre parking pricing does not undermine the viability of the Park & Ride network
H	Availability of a bus depot	<ul style="list-style-type: none"> - The council assisting in the identification of sites in the York area which would be suitable for the parking, washing, fuelling and

		maintenance of buses
I	Park & Ride site maintenance	- De-risking the non-bus operation elements of the contract with which certain of the operators are not so familiar
J	Assistance with bus purchase costs	- ULEVs are more expensive than regular diesel buses. The suggestion was made that the council could assist with the bus purchase costs.
K	Tender the Park & Ride contract as a series of 'Lots'	- This would enable smaller operators, without the capacity to deliver the whole contract, to submit bids for one or more of the routes.

Options

13. Each of the following options provides a number of items which could be removed or altered from the previous specification. It should be noted that should members decide to remove a number of items (e.g. afternoon site supervision) these could be re-introduced through the optional extras section of the pricing schedule.

Option 1

Service frequency – Reduce to require services at least every 15 minutes (every 10 minutes currently)
Service capacity – complete market freedom
Vehicle emissions level – do not specify, other than that the operator must provide new buses at contract commencement
Vehicle standards – complete market freedom to determine the bus type (i.e. double / single / bendy bus) used
Fares – complete market freedom
Routes / stops – complete market freedom to determine Park & Ride routes and intermediate stopping points

Supervision – Park & Ride sites to be supervised AM only

Option 2

Service frequency – Current, 10 minute, daytime frequency retained
Service capacity – complete market freedom
Vehicle emissions level – ULEV to be specified on 2 routes (or an equivalent number of buses) in the city centre. Priority to be given to Park & Ride routes which best deliver on the Council's air quality objectives
Vehicle standards – complete market freedom to determine the bus type (i.e. double / single / bendy bus) used
<p>Fares</p> <ul style="list-style-type: none"> - Bidders able to specify an adult return fare of between £2.80 (the current adult return fare) and £3.50 during the life of the contract; - The £3.50 fare would be index linked, such that should a defined basket of industry costs trigger a further increase, this could be implemented; - The fare at contract commencement should not be more than 30p higher than the current adult return fare.
<p>Routes / stops</p> <ul style="list-style-type: none"> - All stopping points to be as per the current contract - Park & Ride routes must be separate at contract commencement, but the council will commit to work with the successful bidder to implement cross-city linking of Park & Ride services during the lifetime of the contract.
Supervision – Park & Ride sites to be supervised AM only but the operator must provide a central supervisor to attend to any issues arising across the network in the afternoon / evening.
Council policy – City centre, council controlled car parking charges will not be reduced during the lifetime of the Park

& Ride contract. Should a future administration determine that car parking charges are to be reduced, the Park & Ride operator, upon submission of evidence to demonstrate the impact on their business

Park & Ride site maintenance - The Council will provide bidders with a price to take maintenance responsibility for a range of Park & Ride site equipment / infrastructure to include for instance:

- Car park lighting
- Car park surfaces
- Grounds / landscaping
- Smart ticket machines
- Vehicle and bus electric charging points
- Drainage
- Repairs to terminal buildings exteriors
- Car park winter maintenance

The Council will include an estimated cost for provision of these services in the Invitation to Tender which the successful operator will make a payment to the Council for. The Council will ensure sufficient staffing levels to ensure that these duties are carried out in line with its contractual obligations.

Option 3

Service frequency – Current, 10 minute, daytime frequency retained

Service capacity – Current, contractual capacity levels specified

Vehicle emissions level – ULEV to be specified on all routes (or an equivalent number of buses) in the city centre and to best address the Council's air quality objectives

Vehicle standards – complete market freedom to determine the bus type (i.e. double / single / bendy bus) used

Fares

- Bidders able to specify an adult return fare of between £2.80 (the current adult return fare) and £3.50 during the life of the contract;
- The £3.20 fare would be index linked, such that should a defined basket of industry costs trigger a further increase, this could be implemented;

Routes / stops

- All stopping points to be as per the current contract
- Park & Ride routes may not be linked together

Supervision – Park & Ride sites to be supervised at all times.

Analysis

14. Each of the options is considered in the section below. A further analysis with an indication given to the likely costs or savings of employing each of the contract modifications is provided at Annex 1 to this report.

Option 1

15. This option provides maximum flexibility for the bidder to tailor the Park & Ride network as they deem to be appropriate. This approach would allow the bidders to use their commercial flare and experience to ensure that an efficient, attractive network is delivered. Conversely, however, it will remove the Council's ability to influence factors such as the emissions standards of the buses used on the Park & Ride network, leaving any such developments for the commercial market place to determine.
16. The key risk of this option is that the successful bidder could propose to operate a service designed to maximise revenues whilst not focussing so heavily on the Council's desire to maximise Park & Ride usage. It could also, potentially, result in areas currently served by Park & Ride services not being served in the future.
17. Bidders have asked for flexibility to enable them to design a Park & Ride service which they would be prepared to operate. While ceding a significant level of Council control, this option provides bidders with the greatest opportunity to do this.

Option 2

18. This option provides a level of flexibility for bidders whilst retaining Council control and influence in a number of key areas. Within certain bounds, the Council would continue to control the fare charged and the frequency of service operated. Alongside reliability of service, these are the two factors which officers believe are most likely drive demand for Park & Ride use.
19. Bidders would also be required to submit a tender which ensured that the emissions standards of Park & Ride buses operating in the city centre were an improvement on current levels, with two routes (or an equivalent number of vehicles) being specified for ULEV operation and the remainder of the Park & Ride network requiring brand new Euro 6 diesel buses as a minimum.
20. This option also seeks to address some of the concerns raised by potential bidders in the recent consultation. One of the concerns expressed was a desire for the Council to take more of an active role in the management and maintenance of the Park & Ride sites. This option proposes that the Council takes responsibility for much of the maintenance of the sites and includes the cost of doing so in the tender. While there would still be a cost for the bidders, it would be a known cost thus ensuring that bidders do not cost an unknown risk element in to their bids.
21. Under this option, the Council would be the bearer of this risk element, however, and would be required to ensure that the Park & Ride sites are sufficiently well maintained.
22. Another of the concerns raised by potential bidders was the lack of control over the Council's actions with regards to city centre car parking charges within its direct control. The impact of price reductions at city centre car parks could result in reduced Park & Ride usage. It is not within the gift of the current Council administration to mandate what future Council administrations might do in respect of city centre parking charges. This option would, however, commit the Council to compensate the Park & Ride operator should it decide to lower city centre parking charges and a reduction in Park & Ride patronage be evidenced to have occurred as a result of such a move.

Option 3

23. This option is the closest to the requirements of the unsuccessful tender earlier in 2016 and retains maximum Council control of the Park & Ride service in all areas except fares. This option would be a means by which a fully ULEV Park & Ride bus fleet might be achieved.
24. This option contains significant risk in that in the absence of grant funding, the delivery of a fully ULEV bus fleet would require a significant increase in Park & Ride fares, potentially causing patronage to decline and negating any air quality and journey time benefits.
25. Members need to consider that this option is the least likely to secure a compliant bid from the market due to the lack of flexibility given to the bidders and the financial expectations placed upon them. However, under options 1 or 2, the scoring of tenders would include an assessment of the proportion of ULEV operation proposed within the bid. A higher proportion of ULEV operation would result in a better score for the bidder.

Procurement

26. Whichever option is selected, for the new Park & Ride contract a fully compliant procurement route will be followed. It is proposed to evaluate the tenders using a Most Economically Advantageous Tender model which would allow cost and quality to be assessed. The details of evaluation model will be agreed with the Commercial Procurement Team and will not exceed a quality to cost ratio of 60/40 in accordance with the financial regulations.

Council Plan

27. 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. Park & Ride also provides the capacity for the City to grow in transport terms to accommodate the emerging Local Plan.

Implications

28. 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.

Financial Implications

29. The current Park & Ride contract provides a significant income of £811k per year to the Council. This is prior to additional payments that the council is currently making in relation to Poppleton Park & Ride where usage levels have meant compensation payments of £100k are currently being made.
30. In the previous tendering process, no bids were received that provided an income to the Council. The income anticipated to be received by the Council from the Park and Ride contract is dependent on the level of fares set, quality of specification (principally vehicles and frequency) and competition from city centre car parking (charges and capacity). The impact on the operation of the Park & Ride service (and income to the Council) will need to be considered if any changes are proposed to the operation of the Council's car parks within the city.
31. An extension to the existing Park and Ride contract to January 2018 has been agreed and the financial implications from this extension were considered by Executive in October including a release from contingency of £100k for 2016/17 and recognition that additional resources would need to be identified for 2017/18 as part of the 2017/18 budget process.
32. The recommended option 2 should enable potential bidders to submit compliant bids to operate the service.
33. **Human Resources (HR)** There are no Human Resource Implications for staff employed by the council. It is however likely that if a new operator won the contract staff employed by First would be eligible for transfer to the new supplier under the TUPE Regulations.
34. **Equalities** There are considered to be no equalities implications if the concessionary fares provision is maintained as the existing arrangement. The Park & Ride operations will be compliant with all current Equalities legislation.
35. **Legal** Legal advice has been provided identifying the procurement, contractual and competition issues which need to be addressed. Ongoing legal support will be taken throughout the procurement process.
36. **Crime and Disorder** There are no crime and disorder implications.
37. **Information Technology (IT)** There are no IT implications. The supply of additional equipment to enable the provision of real time

information will be included as part of the extension of the existing Real Time Passenger Information contract. Improvements to the interface with smart ticketing such as online payments will be developed during the contract period.

38. **Property** Draft leases have been prepared for each of the sites.

39. **Other** None.

Risk Management

40. In compliance with the Councils 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.

41. The Council will be able to mitigate against these risks, however a decision on the part of the Executive not to agree to extension of the current Park & Ride contract would result in significant risk to the Council and City, both in operational and reputational terms.

42. In addition, the Council faces potential budgetary pressures, should it fail to deliver any revenue from the tender process.

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Report Approved

Date

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

All

For further information please contact the author of the report

Background Papers: None

Annexes: Annex 1 – Options Analysis