

MEMORANDUM

To: Mayor Westover and Assembly Members
Jim Dinley, Municipal Administrator

From: Michael Harmon, P.E. Public Works Director 

Reviewed: Jay Sweeney, Finance Director
Tammy O'Neill, Contract Coordinator

Date: January 18th, 2012

Subject: **Transit Service RFP for Marine Passenger Fee Fund
Old Sitka Dock to Centennial Hall**

Background

Halibut Point Marine (HPM) constructed a deepwater dock (Old Sitka Dock) at their marine haul out facility on Halibut Point Road. This dock was completed in the spring of 2011, but HPM was unable to secure a commercial passenger vessel to utilize the dock to access Sitka. HPM submitted a proposal for the 2011 and 2012 Marine Passenger Fee Fund to consider using some of these funds to support transportation from Old Sitka Dock to downtown (see the attached 2012 proposal by HPM). On November 29th, 2011 the Assembly approved the "Old Sitka Dock Improved Passenger Access Project" with the amendments to take out "private" and "to refining the fee mechanism for implementation of the fee".

Prior to completing a detailed and complex RFP and associated contract, Public Works would like approval on a recommended framework to follow in order to meet the intent of this approval.

Goals Framework:

Our goals for providing this transit service will focus on the following framework:

- Provide safe and efficient transit service to and from Old Sitka Dock and Centennial Hall continuously throughout day as necessary to serve passengers disembarking from a commercial passenger vessels berthing at Old Sitka Dock.
- Hire a contractor to provide this transit service utilizing the Marine Passenger Fee Funds.
- Develop a service contract that is easy to execute, does not add excessive administrative burden to the CBS requiring additional staff or funding, is

accountable to provide a high level of service, and is accountable for how the Marine Passenger Funds are expended.

Execution Framework:

Any time a contract is developed for complete bidding it can be a complex dynamic of insuring we have the necessary checks and balances in place to guarantee CBS receives the expected level of service at a competitive price. For that reason, Public Works is recommending that we contract with a single vendor to provide these services. The primary vendor (prime contractor) will then have the latitude to hire other vendors (subcontractors) to help provide the required level of service. Under this framework, the CBS will only maintain one contract with a single vendor to reduce the additional risk of multiple contracts. It is important for accountability to have a single vendor to eliminate confusion over who is ultimately responsible for maintaining the level of service requirements. Any subcontractor agreements between the prime contract and the subcontractor would not be contractually linked to CBS, but would be allowed to help provide the opportunity for other vendors to participate.

A Request for Proposals would go out to licensed passenger transportation companies to provide commercial passenger transportation services. The contractor will provide the following level of service:

- Transport commercial passengers from the Old Sitka Dock to Centennial Hall with a waiting time of no more than 15-minutes.
- Transport commercial passengers from Centennial Hall to the Old Sitka Dock with a waiting time of no more than 15-minutes with a guarantee that the passengers will arrive back to the dock prior to the cutoff time specified by the commercial passenger vessel.
- The transportation services will be provided during the time of the day that the commercial vessels are scheduled to disembark or embark passengers at the Old Sitka Dock.

The contract will be awarded to the transportation company charging the lowest fee for this service. The number of revenue generating passengers on each ship is reported in a certified letter upon sailing. The number of revenue generating passengers defines the amount of the Commercial Passenger Excise Tax (CPET) generated by the vessel. Currently HPM estimates that on average 90% of the passengers will disembark the ship. For the purposes of the contract, the rate of revenue generating passengers disembarking from the vessel will be defined as the Debarkation Rate (currently estimated at 90%).

We propose a formula to be used for the payment to the transportation company as follows:

$$\text{Debarkation Rate} \times \text{Number of Revenue Generating Passengers} \times \text{Contractor's Bid Proposal Rate} = \text{Payment to Contractor}$$

The Contractor's Bid Proposal Rate will be capped at \$3.00 as per the HPM project request. If there are multiple low bids submitted (i.e. two contractor submit a bid for \$2.50 and that is the low bid), the bid will be awarded to the contractor best qualified by defined priorities/scoring (i.e. size/quality of existing fleet, number of years performing similar services, etc). Additionally, the Debarkation Rate will be allowed to be adjusted annually based on more accurate data regarding the percentage of passengers that actually disembark the vessel at Old Sitka Docks.

The contract would have the following conditions:

- One year contract with the option to extend annually for two years based on performance.
- Minimum insurance
- Required operational plan and daily schedules will be submitted for approval. The operations plan will define what vehicles will be used including rotational and operational schedules for pickup and drop-off, emergency backup plans, and customer care policy. The customer care policy will cover what will be presented and displayed to the passengers that may impact their experience in Sitka and how they will be taken care of if they miss their ship, have an emergency or medical need, smoking policy, etc.
- ADA requirements (provide all passengers equal access to timely service without exceeding the 15-minute wait time)
- Vehicle approvals and inspections
- Penalties for not meeting the level of service requirements:
 - \$50 per vehicle that exceeds the maximum 15-minute wait time. This will be based off of the operational plan and schedules developed by the contractor.
 - \$100 per passenger delayed by the contractor in arriving at Old Sitka Docks by the ships cutoff time
 - \$1,000 per passenger delayed by the contractor resulting in missing the vessel sailing
- Contractor will provide onshore support to organize the vehicles and coordinate the passengers on and off the busses.
- Contractor will be required to report the number of passengers transported by vehicle per trip.
- If no commercial vessels use Old Sitka Dock, no payment will be made to the contractor.
- Contractor will be paid on a monthly basis based on the ships that sailed the prior month. It will be the contractor's responsibility to collect and provide CBS

with the certified letters upon sailing of the passenger counts and provide the required ridership counts in order to get paid.

Analysis:

A contract with a single provider based on the recorded revenue generated passengers has a number of advantages in simplifying the contract, the risk to CBS, providing clear accountability, and limiting the burden of managing the contract. However, with any option there are always challenges and negative aspects. The following elements should be considered as limiting factors associated to this recommended approach:

- Transit providers not working for the prime contractor will not get reimbursed by CBS. It will be the prime contractor's choice who they want to participate and how they want to formulate the subcontractor agreements. However, this will not preclude other vendors from providing transportation services not paid for by CBS under this contract.
- The Assembly amendment to open this opportunity to public vendors is problematic. Allowing public subsidized entities to bid against private vendor is potentially noncompetitive. To allow public entities an opportunity to perform these services, a separate RFP should be developed for public entities requiring different information (i.e. financial plan identifying any public funds being used, legal framework addressing government sovereignty, etc).
- The contractor will be paid based on each vessels revenue generating passenger count which is variable, unknown, and not the same number as the passengers count utilizing the transportation services.
- A short term contract does not support a contractor making long term investments towards new or additional vehicles, equipment, maintenance capacity, staffing, etc.

Regardless of the contract type/format, it will become important that HPM provides the necessary onshore infrastructure for passengers waiting up to 15-minutes to be transported. Proper shelters, paved surfaces, and restroom facilities should be required. The Assembly should consider requiring any needed improvements prior to the CBS providing transportation services.

Recommendation:

Provide direction and modifications to the recommended framework above prior to the development of a draft RFP and contract for approval. If opinions vary a vote may be necessary to clarify consensus.