

Metropolitan Bus Contracts

– Procurement and Contract Management

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Key Topics

- AdelaideMetro Bus Network
- Procurement Process
- Transition
- Contract Structure
- Contract and Relationship Management

Adelaide Metro Bus Network

- AdelaideMetro bus network extends across whole metropolitan area from Gawler in the north, Aldinga in the South, the Hills in the east and the coast in the west
- The provision, regulation and maintenance of the public transport network (both metropolitan and regional) is governed by the Passenger Transport Act, 1994
- Prior to this the bus network was operated by the State Transit Authority (STA)
- The bus network is operated by private bus operators under Contract with the Minister for Transport as required under Section 5 of the Passenger Transport Act which requires all regular passenger services to be operated under a Service Contract.

Adelaide Metro Bus Network

- The bus network is split into six contract areas:
 - Outer North
 - Outer South
 - North South
 - Outer North East (including the Adelaide O-Bahn)
 - East West
 - Hills
- Over 9,500 scheduled bus services are provided each weekday across 240 routes
- Provides over 234,000 passenger journeys per weekday
- Carried a total of 51,940,446 passengers in 2014/2015

Adelaide Metro Bus Network

- In 1994 the bus network was operated by TransAdelaide
- Between 1995 and 2000 contracts for each area were either negotiated with TransAdelaide or competitively tendered. A new operator, SERCo also entered the market.
- In 2000 the entire bus network was competitively tendered - all TransAdelaide's bus operations transferred to private operators, SERCo, Torrens Transit, SouthLink and TransitPlus.
- In 2004 the areas operated by SERCo were re-tendered
- The Outer North East and North South contracts were taken over by Torrens Transit, while the Outer South was taken over by SouthLink

Procurement of Bus Services 2010

- In 2010 all areas competitively tendered - all six areas tendered at once to provide opportunities for synergies between contract areas
- Expression of Interest called on 15 June 2010
- Mandatory briefing held on 24 June 2010 and the EOI closed on 15 July 2010
- Shortlisting of applicants was undertaken and selective Request for Proposal issued on 22 September 2010, closing on 7 December 2010
- Five individual teams evaluated tenders received:
 - Service Delivery and Design
 - Customer Service
 - Infrastructure, Safety and Security
 - Implementation and Management
 - Financial

Procurement of Bus Services 2010

- The evaluation process was followed by extensive clarification, negotiation and approval processes culminating in the awarding of contracts to:
 - Australian Transit Enterprises Pty Ltd (operating as SouthLink) – July 2011
 - Hills
 - Outer South
 - Outer North
 - Transit Systems Australia Pty Ltd (operating as Torrens Transit) – July 2011
 - East West
 - Transfield Services Pty Ltd (operating as Light City Buses) – October 2011
 - Outer North East (including O-Bahn)
 - North South

Procurement of Bus Services 2010

- Contracts expire on 30 June 2019 with a 4 year option to extend.
- Contracts for the East West, Outer North, Outer South and Hills commenced in July 2011
- The North South and Outer North East commenced in October 2011 to provide a three month transition process for Light City Buses – the only new entrant into the network
- Changes to configuration of contractors required alterations to route/contract area structures including:
 - Some through-linked routes split, ie J1; 178/578;548; and H30/530
 - Routes re-aligned to different contracts, ie 271/273 transferred to NS
 - East West area and City Free service combined

Transition – Key Issues

- Contracts for North South and Outer North East commenced 2/10/2011
- Transition activities from previous to new contractors included:
 - Recruitment of staff (drivers, trade and admin staff) including 500 drivers required for commencement of operation
 - Protection of driver entitlements for transferring drivers
 - Confirmation of approved revenue hours and revenue kms and preparation of new schedules and rosters
 - Handover of operations and assets from midnight on 1 October 2011
 - Handover of two depots (St Agnes and Morphettville)
 - Inspection of entire bus fleet and 350+ radios reprogrammed

Transition – Key Issues

- Light City Buses experienced a number of teething issues from commencement of the Contract to a number of months after, predominantly in the North South Contract Area only.
- Key issues related to on-time running due to scheduling issues, vehicle maintenance scheduling and driver shortages
- Since that time LCB has, together with DPTI, implemented a number of changes to address operational issues and improve performance.
- Since July – Sep 2013 quarter LCB has consistently met their overall benchmarks with no fee adjustments applied since that time.

Contract Structure – Key Changes

- Change from Patronage Incentive payments to a Validation payment
- Modifications to Indexation formulas that apply individual formulas for each contractor
- Removal of “congestion payment” and replaced with remuneration based on revenue kilometres and revenue hours (previously kms only + a separate payment to “compensate” for congestion impacts)

Contract Structure – Performance Management

- Performance management regime to provide a new framework for continuous improvement most significant change
- 7 Performance Areas
- Demerit Point System based on achievement or otherwise of benchmarks
- Performance Benchmarks based on actual performance during previous 3 years of performance per contract area
- Continuous Improvement – every two years increased by 10% of the difference between benchmark and 100%
- Thresholds – 3 levels

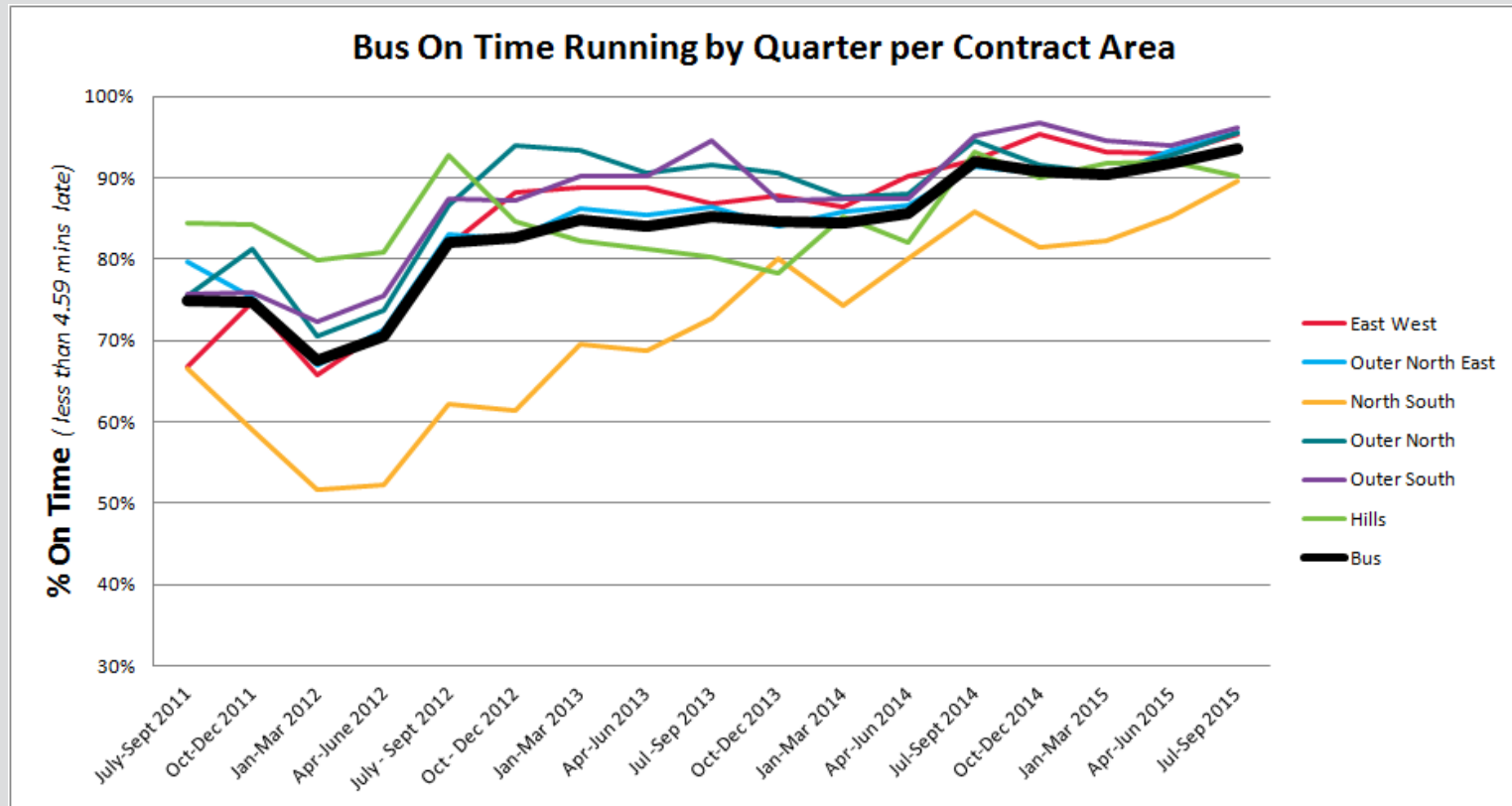
Contract Structure – Performance Management

- Performance Areas:
 - On-Time Running (reduced from 5:59m to 4:59m in new contracts)
 - Trips Run
 - Connections
 - Vehicle Condition
 - Driver Quality
 - Process Compliance
 - Reporting Compliance
- Performance monitored daily/weekly and results collated quarterly. Various methods of monitoring including using real time information to record on-time running of services

Contract Structure – Performance Management

- Non-compliance of any performance area attracts demerit points
- Quarterly calculation of performance data including total demerit points accumulated
- Total number of demerit points determines thresholds reached and appropriate action required, including fee adjustments.
- Level 3 Threshold requires a “cure plan” to address and rectify performance
- Schedule 11 (Performance Assessment) allows negotiation for instances where On-Time Running performance can be waived, ie during special events and temporary but substantial disruption due to infrastructure works

Contract Structure – Performance Management



Bus On-Time Running performance since new contracts

Contract Management

- Service contracts managed in line with SPB policies and guidelines, DPTI's Contract Management Framework and Contract Management Plans
- Linked to these Contracts are Depot Hire Agreements and Bus Lease Agreements as government own a number of depots and the majority of the bus fleet
- Contracts managed by a dedicated Contract Management Team responsible for:
 - Monthly contract management meetings
 - Monthly contract payments
 - Monthly performance reports (including risk and issue monitoring)
 - Contract variations
 - Communication of incident reporting to key stakeholders (24/7 e-mail & SMS)
 - Quarterly Performance Assessment and Reporting
 - Managing contract obligations/deliverables register and contract variations register
 - First resolution of issues and addressing non-conformance
 - Annual review reports
 - Consultation on Contract Management System being phased in (Microsoft Dynamics CRM)

Relationship Management

- Service based Contracts with a potential term of 12 years
- Developing and maintaining effective and collaborative relationships critical due to direct and potentially significant impact to customers
- Each contract's dedicated Contract Officer in daily contact with contractors, particularly during times of high demand, special events etc.
- Most important principle – shared understanding of objectives and responsibilities to deliver safe, reliable and appropriate public transport services and both committed and aligned to these objectives
- Contracts group sits within operational section to maintain relationships with service planning, auditing and fleet and depot management – provides contractors with one coordinated and aligned group to deal with

Relationship Management

- Relationship and contract management principles built on trust, respect and collaboration to meet the requirements of the contracts but also to meet the needs of the travelling public
- Since implementation DPTI has invested significant time and effort to develop, and in some instances repair, good working relationships with each contractor
- Strategies have included:
 - Contract management staff appropriately skilled and trained and have the confidence and respect of contractors
 - Clear framework and escalation process for resolving differences
 - Removing some people from direct involvement in the management of contract issues
 - Early awareness of issues – no surprises!



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