



REQUEST FOR QUALIFICATIONS

Checks, Analyses and Commentary on TransLink’s 2010 10-Year Plan

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The TransLink Commission is requesting qualifications from consultants who will check, analyse and comment on TransLink's forthcoming 2010 10-year plan. The Commission will rely upon the consultant's report in preparing, by August 31 2009, the Commission's public report with an opinion on the reasonableness of the assumptions and parameters of the TransLink plan.

1 Background: the Commission's Reporting Requirement

1.1 Overview of Planning and Reporting Cycle

The office of the Regional Transportation Commissioner (the Commission) is an independent regulatory body responsible in part for oversight of TransLink's 10-year horizon planning for transportation and financing¹. The Commission began its work in June 2008 when the Mayors' Council appointed the first Commissioner.

The South Coast British Columbia Transportation Authority (SCBCTA) Act² requires TransLink to prepare a 10-year transportation and financial plan. This rolling plan is updated annually. It requires approval of the Mayors' Council if it contains new revenue measures.

Each year by August 31, in a public report, the Commission must provide the Mayors' Council and TransLink an Opinion on the *reasonableness of the assumptions and parameters* of TransLink's current version of its proposed 10-year plan.

The diagram in Attachment 1 illustrates the planning and reporting cycles. In August 2008 the Commission made a report, here called its "R1" (for "Reasonableness #1") report, on TransLink's first (2009) 10-year plan. Through this RFQ the Commission seeks support in preparing its R2 report on the second (2010) iteration of TransLink's 10-year plan.

TransLink's previous plan documents may be downloaded from the Commission website at <http://translinkcommission.org/html/links.html>. The Commission's R1 report is at <http://translinkcommission.org/CommissReport2009TenYearPlan.pdf>.

The Commission will place considerable weight on the advice of the consultant. With the consultant's report and other information and views as it sees fit, the Commission will be in a position to supply its opinion in accordance with the Act.

¹ For the roles of the Mayors' Council and the Commission within TransLink's governance framework, see translinkcommission.org and the SCBCTA Act.

² http://www.bclaws.ca/Recon/document/freeside/--%20S%20--/South%20Coast%20British%20Columbia%20Transportation%20Authority%20Act%20%20SBC%201998%20%20c.%2030/00_98030_01.xml#section202

1.2 Base Plan, Supplements, Opinion and Approvals

The term “10-year plan” here means a Base Plan, which has a 10-year horizon³, plus any Supplementary Plans (or Supplements) that TransLink is proposing for Mayors’ Council approval, which have the same 10-year horizon.

Specifically, section 202 of the Act requires TransLink, by August 1 2009 to provide a **Base 10-year Plan** for its transportation services, capital projects, other initiatives and their funding. By law, a Base Plan assumes only established funding sources. TransLink may also propose for Mayors’ Council approval any **Supplement(s)**, being proposed changes to the Base Plan, notably including proposed new initiatives and corresponding changes to expenditures, revenues and borrowing⁴.

Under section 203, within 30 days of receiving this material, the Commission must review it and give its opinion to the Mayors’ Council on whether “the parameters and assumptions, including, without limitation, the expenditure and revenue estimates, set out in the base plan and all supplements proposed in relation to it are reasonable”.⁵

Section 204 requires the Mayors' Council to review both TransLink’s supplements and the Commission’s opinion. It may approve or reject any supplement (but not the Base Plan which, again, uses established funding sources) and by October 31 each year must inform TransLink accordingly.

1.3 Considerations

As stated in the Commission’s R1 report, TransLink’s 2009 10-year plan met legal requirements, but it was constrained by circumstances in 2008. It was a Base Plan only: there were no Supplements associated with it. It did not try to address the issue of TransLink’s operating deficit. It did show that, without new revenue measures, in about three years’ time the operating deficit will consume TransLink’s cash reserves and force service cutbacks. By way of illustration, it showed them as a sudden cut in bus service.

³ For instance, the “2009 10-year plan” was made in 2009 and plans transportation and financing for the years 2010 to 2019 inclusive.

⁴ Last year, TransLink prepared its...
 [2009 10-year plan] = [2009 Base Plan] since TransLink proposed no supplements in 2009
 Now under preparation is the...
 [2010 10-year Plan] = [2009 Base Plan, likely revised] + [2010 Supplement(s) proposed for approval]
 then, next year...
 [2010 Base Plan] = [2009 Base Plan, as revised] + [2010 Supplement(s) which are approved]
 ...and so on.

⁵ In addition, the Commissioner is to make certain rulings, should TransLink’s supplement(s) propose to (a) increase “short term” transit fares faster than 2%/year or (b) draw upon 3 cents/litre additional tax room on fuel provided by the Act.

The limitations of TransLink's 2009 10-year plan meant that the Commission's R1 report, which examined it, was relatively straightforward. The R1 report stated that a deeper review would be both warranted and desirable for the next year's Commission report (R2).

Indeed, preparing the R2 report will be more challenging for the Commission than for the R1 report, because:

- A fresh look at underlying assumptions and parameters will be required. With dramatic shifts in economic and financial conditions over the last 12 months, the 2009 10-year plan assumptions and parameters judged reasonable in last year's R1 report may no longer be so.
- In light of new conditions TransLink is likely to revise its Base Plan by (1) revising forecast revenues (using only established sources, as is required for a Base Plan), expenditures and borrowing and (2) elaborating the type and timing of service cuts required, through a realistic redesign of services at a lower level, rather than as the illustrative sudden cut in bus service shown in the Base Plan prepared in 2008.
- TransLink is developing a new financial model for use in preparing the 2010 10-year plan.
- TransLink's 2010 10-year plan will be more complex than the 2009 10-year plan, since it will address the issue of the operating deficit. TransLink has indicated it will propose to the Mayors' Council one or more substantial new revenue options (in Supplement(s)) that would allow it to avoid service cuts, and to maintain or expand service.
- Since TransLink may continue discussions with senior governments on funding issues through the early summer, the content of the Supplements, featuring new revenue measures, may remain fluid through summer 2009. A revised Base Plan, however, could be prepared sooner.
- The level of detail that TransLink will provide—e.g. in the packages of transit services and other major activities planned to be delivered in the Supplement(s)—is subject to (1) the expectations of the Mayors' Council and (2) discussion with the Commission. A minimum level of detail is required for several reasons: for accountability on the part of TransLink, so that its actual delivery can later be judged against plan; for the Commission to formulate its R2 opinion on reasonableness; and for the Mayors' Council to understand, before its vote to approve or reject a supplement, what its vote would mean for the region's transport system and its users.

1.4 Working Relationship with TransLink

To prepare the R2 report in 30 days during August, from a cold start, would be challenging for the Commission. However, TransLink has agreed keep the Commission

and its consultant informed as its plans develop through the spring and summer of 2009. Therefore, the revised Base Plan and Supplements, subject to TransLink Board approval, should become fully known and understood by the Commission before August 1 2009.

The Commission's consultant will work closely, making checks, undertaking analyses as it sees fit, and developing commentary, alongside TransLink staff as they prepare their Base Plan and Supplements in the period up to August 1 2009.

Legally, the consultant's role will be similar to that of an auditor, with the right to inspect any record or other materials relevant to the assignment.⁶ However, it is important that the Commission's consultant show flexibility and respect for the TransLink staff who must do their work. The consultant is not to fetter TransLink as it works towards its August 1 deadline to submit its 2010 10-year plan.

2 Scope of Work

The Commission is requires the checks, analyses and comments of the consultant, suitably supported and qualified, in a written report. Some post-report support is also required as the Commission's Opinion is put before the Mayors' Council through October 31 2009.

2.1 Key Questions

TABLE A overleaf shows the expected TransLink packages (Base Plan and Supplement(s)) and key questions to be addressed by the consultant.

2.2 Specific Checks and Commentary

2.2.1 Checks For Base Plan and Supplement(s)

In addition to the key questions shown in Table A, for **the Base Plan and Supplement(s)** the consultant will check, with comments as the consultant considers appropriate, that:

- 1) all plans **meet all the content requirements** of the SCBTA Act;
- 2) TransLink's work and projections are **mathematically accurate and error-free**;
- 3) dollar numbers used for 2009 are **consistent with TransLink's 2009 budget and forecast** (assuming that the year 2009 is the base year for projections);
- 4) the projections are **consistent with the stated assumptions**;

⁶ The SCBCTA Act s 227(3) states that " the authority or a subsidiary must make available for inspection all records, including, without limitation, all financial records, related to the provision of transportation services in the transportation service region".

**TABLE A:
Expected TransLink
Packages and
Key Questions to be
addressed by Commission's
consultant**

	Expected to be Proposed by TransLink			Key Questions to be addressed by Commission's consultant
	Base Plan	Supplement #1	Supplement #2	
External Financial and Economic Assumptions To the 10-year horizon (common to all packages)	General inflation; annual fuel sales volume growth; fuel tax rate; electricity rates; diesel fuel prices; population growth; property tax rate; labour wage increases; ridership growth; long term interest rates; + any others			<---Are these assumptions reasonable? Have the more crucial ones been identified and adequately researched?
Package Contents i.e. listing of proposed TransLink activities (services delivered, projects undertaken, other initiatives) in 10-year schedule	Means service cutbacks	Expected to mean maintaining service levels	Expected to mean service expansion	<---Are the activities reasonably "doable" in the timeframes proposed, from a project management perspective?
\$ Capital Expenditures (--> schedule of debt service costs for the package) in a 10-year schedule	Includes existing capex commitments	Includes renewal capital	Includes expansion capital	<--is the capital cost forecast reasonably supported and reflected in debt service costs for loans amortized over a reasonable period?
\$ Operating Expenditures for the package in a 10-year schedule	Means operating cost reductions	Operating costs expected to be status-quo	Operating costs expected to increase	<---Do the forecast operating expenditures correspond with the contents of the package?
\$ Capital Contributions (e.g. from senior government or P3 partners for the package) in a 10-year schedule	Includes established capital funding commitments	Includes expected capital funding that is supported by documentation	Includes expected capital funding that is supported by documentation	←--Are funding assumptions from senior levels of government adequately supported?
\$ Revenues (requires ridership forecasts for each package) in a 10-year schedule	By law, must assume established funding sources	Expected to propose new funding sources; means higher-than base ridership	Expected to propose more new funding sources and higher ridership	<---Do the revenues match the assumptions for fare levels and the ridership levels, and other revenue sources for the package?
Key Questions to be addressed by Commission's consultant	Is the each of the above packages self-consistent as to services, revenues, and expenditures? Does each above package leave TransLink within its borrowing limit, solvent and meeting any other financial obligations?			<i>Overall, are all assumptions and parameters of the base plan and both supplements reasonable?</i>

- 5) TransLink's assumptions on **future productivity and utilization** of inputs including labour, maintenance, fuel, and rolling stock of different types are clear;
- 6) any **risk assessment** and **sensitivity analyses** are appropriate and complete (see KPMG report of 2008);
- 7) if TransLink makes the following two assumptions, there is reason to believe that they remain true:
 - continuation of the federal gas tax funding program at the 2009-2010 level, with all of the funds directed to TransLink;
 - provincial funding of 48.5% for new rapid transit fleet and infrastructure.
- 8) TransLink relates the major actions in its plans to:
 - Metro Vancouver's **regional growth strategy**;
 - provincial and regional **environmental objectives**, including air quality and greenhouse gas emission reduction objectives,
 - anticipated **population growth in, and economic development** of, the transportation service region,
 - the authority's current long term strategy (**Transport 2040**)

2.2.2 Checks For Base Plan in Particular

For the **Base Plan** in particular, the consultant will check that the TransLink's proposed package of service cuts, projected lower revenues, expenditures and borrowing are mutually consistent; and in particular, with appropriate commentary, check that:

- 9) the base plan assumes that **property taxes** increase no faster than 3% per year and transit **short-term fares** increase at no more than 2%/year (as required by the Act);
- 10) assumptions made for **non-short-term fares**, i.e. other fare types (e.g. transit passes), which may increase faster than 2%/year, are reasonable;
- 11) **operating and general overhead costs decline**, in accordance with Base Plan service cuts;
- 12) **revenue reductions** associated with service cuts reflect a supported forecast of lost ridership;

- 13) road operation, maintenance and rehabilitation funding and expenditure are clear and supported, with a stated number of kilometers and stated rates per lane kilometer;
- 14) other revenue assumptions, are explicit and supported, including:
 - **Replacement Tax** revenues;
 - **real estate** revenue;
 - **Hydro levy** revenue;
 - **Mission Subsidy**;
 - Other estimated revenues, including **parking sales tax** and advertising.
- 15) the revenue and expenditure forecasts for TransLink's **two major new operations** — Canada Line and Golden Ears Bridge — are sourced from the respective subsidiary's management, up to date, and adequately supported;
- 16) assuming that the Evergreen rapid transit line is included in the Base Plan, capital commitments for the line from senior governments are supported by documentary evidence, and that TransLink's partnership commitments to meet capital and operating costs are also included in the Base Plan.

2.2.3 Checks For Supplements in Particular

For the **supplement(s)** in particular, the consultant will check, with appropriate commentary, that:

- 17) the basis for forecasting expenditures and any new revenue sources on the major activities (proposed services, capital projects and other initiatives) is clear and supported; and in particular
- 18) if a supplement proposes a bylaw to access the \$0.03 per litre fuel tax, that the projections in the supplement satisfy the formula in the Act (section 27.1)
- 19) any new funding commitments of senior governments are confirmed by documentary evidence;
- 20) the incremental expenditures to the base plan are funded by the incremental revenue estimates, incremental capital funding and/or debt increases proposed by TransLink – i.e. that TransLink remains solvent and within its borrowing limits.

2.3 Interim Report

The **interim report** will contain the bulk of the consultant's work, addressing the Key Questions in section 2.1 Table A and Specific Checks in 2.2 above. It will be completed simultaneously with Board approval of TransLink's 2009 10-year plan, by August 1 2009.

2.4 Final Report

The consultant's **final report** will be made by August 17 2009. It will provide any additional analysis and comment sought by the Commission for the completion of its opinion and release of the R2 report by August 31 2009. What the Commission may require for the final report will emerge through July 2009.

2.5 Post-Report Support

The consultant will also be available for 4-person days between August 31 and October 31 to assist the Commission in explaining and presenting the R2 report to the Mayors' Council and other stakeholders.

2.6 Time Profile of Effort

Key dates for the work are shown in Attachment 2. The effort required of the consultant will peak in July 2009, between the time when TransLink staff has finalized its proposals to its board at the beginning of July, and the expected approval of those proposals by the TransLink Board at the end of July.

Overleaf is the expected time-profile of the effort level required of the consultant.

Consultant's Main Activity	Two Weeks Period Beginning Monday	Expected Effort %
Mobilization, orientation familiarization, examine background materials	April 13	6%
Receive/analyse TransLink's fin./economic assumptions. Receive/analyse first cut of TransLink Base Plan (assumes established funding sources, meaning service cuts) and supplements(s).	April 27	4%
	May 11	8%
	May 25	4%
Observe TransLink's development of Supplement(s) (assumes new funding, service maintained/expanded)	June 08	10%
	June 22	10%
Analyse and Comment on TransLink Final Base Plan and Supplement(s)	July 06	20%
Consultant Interim Report to Commission (due August 1)	July 27	20%
Consultant Final Report to Commission (due August 17)	August 10	8%
Support Prep. of Commissioner's Report (due Aug. 31)	August 24	4%
Support Presentation of Commissioner's Report to Mayors Council, address follow-up questions	September 07	0%
	September 21	2%
	October 05	2%
	October 19	2%
TOTAL		100%

3 Qualifications Needed by Consultant

The consultant's team will require:-

- **Financial analytical capacity**, needed to understand and check TransLink's financial model, confirm that stated assumptions are used in the model, the model's operation, and whether TransLink's packages are financially feasible.
- **Economic analytical expertise**, needed to comment upon TransLink's assumptions on external economic factors, and on TransLink's forecasting methods and their appropriateness.
- **Project management experience and knowledge**, i.e. for planning and implementation of capital projects, needed to assess whether the size and scheduling of TransLink's planned capital programmes and service expansions are feasible.
- **Transportation systems planning expertise**, needed to assess whether TransLink's Base Plan and Supplement(s) of activities (including service cutbacks expected in the Base Plan) will function as integrated packages, i.e. are workable from a systems viewpoint, whether the ridership estimates are reasonable, and the extent to which the plans aim towards TransLink's Transport 2040 goals.

To meet these requirements, interested consulting firms are encouraged to pool their expertise through joint responses or to use subcontracting arrangements as they see fit.

4 Terms and Conditions

The Commission is subject to Freedom of Information legislation. It is expected that the consultant's report will be made public.

The consultant's reports will become the property of the Commission to be used, as the Commission requires, including their release to the public.

4.1 Fee Range for Assignment

The fee (before GST) for this assignment is expected to be in the range of \$100,000 to \$200,000 for professional time, plus travel expenses between the consultant's base, and the Commission in Comox (if necessary). Note that most face-to-face interaction by the consultant will be with TransLink staff at their Burnaby MetroTown headquarters. Report printing and communications costs (courier, etc) may also be billed as extra items.

5 Response Outline

Consultants interested in undertaking this assignment should respond to the Commission with a statement of interest and qualifications featuring:

- the consulting firm's corporate credentials and experience in similar past assignments including those relating to transit and TransLink;
- the names of the individuals who would work on the assignment, with confirmation of their availability to work within the timeframe of the assignment as given in this RFQ;
 - their backgrounds and qualifications, e.g. under the headings in the above section 3 of this RFQ;
 - indicate on what aspects of the assignment each would focus, e.g. which key questions from section 2.1 and specific checks from 2.2 that they would address.
 - the approximate percentage contribution envisaged by the individual to the time budget for the assignment;
- any other statements, observations or insights that the respondent considers relevant; and
- a declaration of any potential conflicts of interest on the part of the individuals and of the firm.

6 Response Deadline, Destination and Next Stages

Responses to this RFQ should be submitted in writing by March 13, 2009, to the TransLink Commission. They should be sent electronically in PDF format to martin.crilly@translinkcommission.org and copied to cameron@translinkcommission.org.

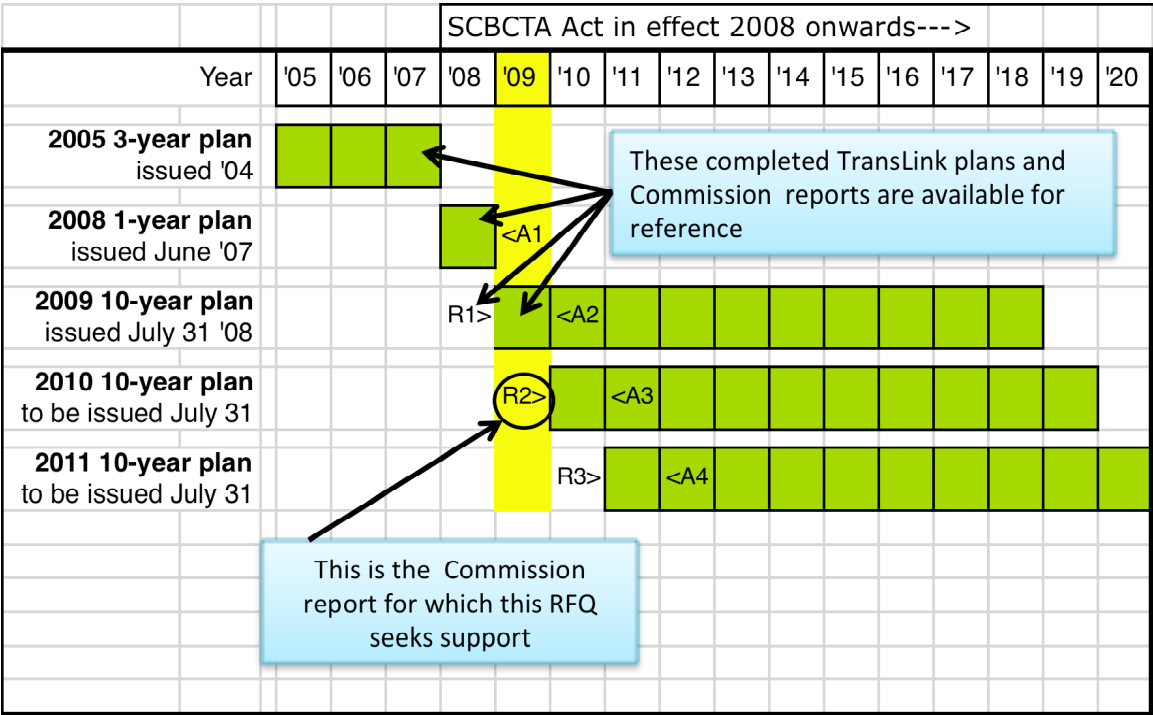
All responses will be acknowledged by e-mail on receipt.

The Commission will examine all responses and assess which are best qualified to undertake the assignment. By March 20 the Commission will ask one or more qualified respondents to submit a proposal by March 27 comprising (1) a statement showing the consultant's understanding of the assignment and (2) a time/cost budget to undertake it.

From these, the a successful consultant will be chosen by based on the Commission's assessment of best value. By April 14 a service contract will be entered into in the standard form used by the government of British Columbia.

* * *

7 Attachment 1: Diagram of Reporting Cycle



KEY	
<A	Apr. 30 Commission Report looks back (<) on whether TransLink's activities were in A ccord with plan for the previous year
R>	Aug. 31 Commission Report looks forward (>) on R easonableness of assumptions and parameters of upcoming 10-year plan

8 Attachment 2: Key Dates

March 4	This RFQ is issued.
March 13	Deadline for consultants' responses to RFQ to be delivered to Commission.
March 20	Commission approaches selected respondents requesting proposal.
March 27	Deadline for proposals from qualified consultants, including time and cost budget.
April 3	Successful proponent is selected and informed. Commission enters into contract with successful proponent.
April 14	Assignment begins. Consultant is introduced to TransLink contacts. Conference call TransLink/Commission/Consultant: TransLink will give an update on the progress and issues in their plan preparation.
April 22	Mayors Council meets. TransLink Board may be present. TransLink may provide Mayors with first draft of base plan and supplements. Commissioner and advisors may be invited.
May	Commissioner Martin Crilly will be off-duty overseas but occasionally available. Mr. Robert Irwin will be prime Commission contact for the consultant.
June 1	Conference call as per April 14.
June 17	Mayors Council as per April 22. Expected further delineation of TransLink's plans.
July 1	TransLink base plan and supplements substantially ready to go to TransLink Board
July	Consultant expected to have full access to TransLink financial model with data, assumptions, analysis and parameters that TransLink has used to develop supplements.

- July 14 TransLink Board's informal educational evening session. Mayors and Commission with advisors expected to be invited.
- July 22 Mayors Council meets as per June 17.
- August 1 Consultant provides Commission with Interim Report.
- August 17 Consultant meets with the Commissioner for a full day to present its analysis and comments. The Commissioner then formulates his own opinion.
- August 31 (and no more than 30 days after TransLink provides its base plan and supplements) the Commissioner publishes the R2 report.
- September/October The Commissioner and the consultant are available to advise the Mayors Council and address any questions of clarification the Mayors may have on the Commissioner's report (schedule not yet clear).
- October 31 The Mayors' Council provides to TransLink any resolution approving or rejecting TransLink's Supplementary Plan(s).

* * *