



REQUEST FOR PROPOSALS
Transit Management Consulting Services
DULUTH TRANSIT AUTHORITY

Addendum #2

December XX, 2021

1. Please note: The due date for responses to the Transit Management Consulting Services Request for Proposals HAS BEEN CHANGED to **1:00 p.m. on Wednesday, January 12, 2022**. Please change all references to the due date in the RFP accordingly.
2. The DTA conducted a preproposal meeting on December 9, 2021. Attendees were: Mark Paxton, e Vision Partners, Joseph Davorsky, John Hendrickson, Ryan Landers, Hendrickson Transportation Group, Scott Baker, AECOM, Susan Thomas, Draycott Consulting, Inc., Tara Dawson, Edward Pigman, TRC Engineering, Nancy Brown, Rod Fournier, DTA.
3. When the Minnesota Legislature formed the DTA in 1969 under MN Statute §458A.21, the legislation included a provision under §458A.26(b) that “Neither the executive director nor any executive or administrative employees of the authority shall be within the civil service classification of the city of Duluth...”. Because of this provision, the Board of Directors elected to enter into a management contract with First Transit, Inc. to manage the transit system as was permitted in the founding legislation. First Transit formed a wholly-owned sub corporation, ATE Management of Duluth, Inc. (“ATED”), to employ the staff for the transit system in order to comply with the legislation.
4. First Transit has provided management services since 1971. Until this year, First Transit provided a General Manager and the rest of the staff were employed by ATED. This year, the Board of Directors hired an ATED employee, Mr. Rod Fournier as the General Manager. Mr. Fournier has been with the DTA for 34 years and served multiple roles through the years, including driver, dispatcher, Operations Manager, Assistant General Manager, and now General Manager. The Board’s decision to hire an internal candidate was not a reflection of First Transit, but rather an acknowledgement that ATED had a qualified candidate that best met the needs of the DTA and First Transit was eventually moving towards a different service model.
5. In the event the General Manager were to leave the DTA, the DTA Board of Directors would conduct the recruitment, vetting and replacement of the General Manager using internal and external resources such as the DTA Human Resources Director, the local MPO, an outside recruiting agency and other sources as they deem appropriate. Senior staff are selected by the General Manager who also sets the salaries of the nonunion staff.
6. The Duluth Transit Authority is the designated recipient for federal and state funds for the DTA transit system and for the funds for operations in Superior, Wisconsin.

7. First Transit has transitioned to FirstGroup Management, Inc., but still provides consulting services to the DTA in a similar manner to the scope in this RFP. It is not known if FirstGroup Management, Inc. would be proposing on this new Contract. The types of services that DTA staff has utilized FirstGroup consultants for in recent years include assistance and advice on safety measures, insurance risk, legal requirements and government mandates that affect the DTA's procurements, triennial review preparation, and Buy America audits, among others.
8. The DTA envisions this RFP Contract to be a consulting contract for a wide variety of topics as were noted in paragraph 1 of the Technical Specifications. The DTA will accept proposals from consultants who has the range of expertise in house, and from consultants that may use subconsultants for particular specialties that they may not have on staff. Respondents should indicate in their Proposal the subcontractors they work with, and/or indicate that they have the ability to work with subcontractors if a new specialty arises that was not contemplated in the RFP.
9. The selected consultant will be required to acquire ATED stock, but it should be understood that the stock is of minimal value and is not traded on a public stock exchange since it is private stock for a privately held corporation. The DTA will immediately reimburse the selected consultant with non-transit related funds at the time of the transaction to acquire the private stock from the current owner.
10. DTA staff strongly advises interested Respondents to review the draft Contract in the RFP with their legal counsel regarding the transfer and ownership of the ATED stock and any ongoing requirements, as well as Indemnification language. Respondents are permitted to propose Contract language revisions, but they must be submitted in writing to the Procurement Manager in accordance with the instructions in the RFP. Questions must be received no later than 2:00 p.m. on Thursday, January 6, 2022. Responses will be provided in a written addendum on the DTA website at www.duluthtransit.com on Friday, January 7, 2022.
11. Documents related to this procurement are posted on the DTA website at www.duluthtransit.com, including the current management contract, the Articles of Incorporation of ATE Management of Duluth, Inc., the Bylaws of ATE Management of Duluth, Inc., the DTA Founding Legislation, the new Collective Bargaining Agreement that begins on January 1, 2022 between the Duluth Transit Authority and the Teamsters Local 346, a letter from the Central States Pension Fund summarizing the DTA's pension withdrawal liability, the DTA Financial Procedures and the Board of Directors Oversight Policy, the organization chart, along with the Request for Proposals and all addenda issued for this RFP.
12. The DTA does not have, and has not had any lawsuits alleging misconduct, embezzlement or mismanagement during its history. (There are insurance claims that

are typical of transit agencies, but those are handled through the normal claims process.) The DTA employs strict cash handling procedures that have been devised based on the current management company recommendations and industry best practices. Multiple internal review and approvals are required for all purchases. Signature authority for purchase of goods and services are conducted in accordance with the DTA's Financial Procedures as approved by the DTA Board of Directors. The DTA General Manager and Assistant General Manager has authority granted by the Board of Directors to sign contracts up to \$50,000. Contracts above that threshold are approved by resolution of the DTA Board of Directors. All vendor agreements are made in the name of the Duluth Transit Authority.

13. Currently the DTA is undergoing a Comprehensive Operational Analysis to realign services to best meet the needs of the cities served. Hours and location of service are identified through intensive analysis and public engagement using a third-party consultant retained by the DTA. Proposed changes are communicated to the Board of Directors, the City of Superior, the City of Duluth City Council, the local MPO, MN DOT and the public for review, comment, revision and adoption. Included in this analysis is a cost evaluation for new service. Ultimately the DTA Board of Directors accepts changes to the system,
14. Annual budgets are prepared in accordance with FTA and MN DOT requirements, and are reviewed and approved by resolution by the City Council for the City of Duluth. Variances between budget and actual are managed and reported to the Board of Directors, the Duluth City Treasurer, the City of Superior Treasurer, the Minnesota Department of Transportation and other stakeholders monthly. The DTA undergoes an audit every year conducted by the state auditor on behalf of the City of Duluth, and a Triennial Review by the FTA every three years. DTA has not had any punitive actions due to audit findings.
15. Under MN Statute §458A.27, the city treasurer of the City of Duluth is the treasurer of the DTA. The city treasurer receives and has custody of all monies of the DTA. Funds are deposited in a bank account controlled by the City Treasurer, and the DTA cannot access funds unless receipts are provided for reimbursement signed by the Director of Finance and the General Manager and approved by the City Treasurer. The City also provides legal counsel, and all contracts and procurements are reviewed by the City Attorney prior to execution. The DTA has developed new procedures for additional oversight review by City for DTA actions in accordance with the FTA Triennial Review handbook and in accordance with the Board of Directors Oversight Policy.
16. No DTA funds are accessible to the owner of the ATED stock. Per the DTA Financial Procedures, the Director of Finance and the General Manager have fiduciary responsibility for the DTA. Only the Director of Finance can write checks, the General Manager does not have access to them. The DTA maintains a balance in the City bank

to ensure adequate reserves for routine expenses such as payroll and taxes. Payments to the employee pension fund are processed through the DTA bank account managed by the city treasurer on behalf of ATED. The owner of ATED stock does not make the payments directly.

17. The owner of the ATED stock does not perform any day to day functions at the DTA, but rather serves as a resource to support the Board of Directors and the General Manager. This Consulting Contract is expected to continue that approach.
18. This is an Indefinite Delivery, Indefinite Quantity Contract. When consulting services are requested by the DTA Board or the General Manager, the DTA will issue a Task Order with a request for specific information or area of expertise and request a proposed price for the Task Order. It is not expected that routine or frequent travel to the DTA will be required, but if there is a need for a physical presence in order to complete the Task Order, the Consultant would include travel costs in the Task Order cost proposal. Consultant shall use the proposed hourly rates in their Cost Proposal for the area of expertise proposed.
19. Hourly rates for services in future years of the Contract may be increased based on an agreed upon set amount at the time of Proposal or negotiated at the time of the Task Order request. The DTA Board or the General Manager may decline the Task Order and seek third parties if the price is not agreed upon.
20. The DTA has left some latitude in how the Cost Proposal is structured to enable the Proposer to best design a Contract that is both fair and reasonable and meets the needs of both parties. The evaluation of the Cost Proposal will include a summary of the hourly rates and areas of expertise that the Proposer can provide, along with any fixed costs the Proposer may Propose. DTA staff will use an example Task Order to evaluate a variable cost item to determine the relative cost under an example to evaluate the reasonableness of the hourly rate, as well as compare them to industry standards for hourly consulting rates within the respective categories. Ultimately the DTA will select the consultant in accordance with the Evaluation Criteria defined in the RFP.
21. The Contract for Transit Management Consulting Services will be between the selected Consultant and the Duluth Transit Authority, as is permitted under the DTA's founding legislation.
22. In the event that the DTA identifies needs for consulting services, the General Manager in consultation with staff, would review resources from the Transit Management Consultant and determine if they are the appropriate firm for services, or if a specialized third party would be better positioned for services. For large projects, the DTA Board of Directors would also be consulted. The Consultant would be permitted to propose on

Requests for Proposals provided they would be deemed to not have a conflict of interest or a competitive advantage.

23. Besides the Comprehensive Operational Analysis, in recent years the DTA has sought consulting services for electric bus deployments, mobile application development, website development, transit signal priority services, categorical exclusion study for a construction project, and a joint development study for a potential future project. Any and all of these types of services could be eligible for services under this Contract. The DTA has not identified specific services that may be sought from the selected Consultant within the next two years, only general categories.
24. Further questions will be accepted until 2:00 p.m. on Thursday, January 6, 2022. Responses will be made available in a written addendum on Friday, January 7, 2022.