



PROCURE2
INNOVATE

SUSTAINABLE, CUSTOMER-ORIENTED TRANSPORT SERVICES

City of Rotterdam (Netherlands)

Winner of the 2018 Procura+ Innovation Procurement of the
Year award

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BACKGROUND

Every day, around 30,000 citizens in Rotterdam with special needs, such as elderly people or people with physical disabilities, rely on transportation services provided by the city (or 'modified transport services'). In total, this adds up to around six million traveller kilometres per year, with an annual procurement value of around €31 million.

Different modified transport services are required for different target groups, and in the past, this has led to fragmented and sometimes insufficient services. As such, towards the end of 2013, the City of Rotterdam decided to integrate all its modified transport services. By performing a joint procurement with integrated route coordination, the city aimed to improve service quality while reducing costs.

PROCUREMENT OBJECTIVES

Modified transport services are highly regulated to protect end-users however, this can also leave little space for innovation. In addition, the market has become highly competitive in terms of price, with resulting contracts rarely being profitable for the supplier. There have also been several documented cases of providers of modified transport services getting into financial trouble or going bankrupt, with negative consequences for the contracting authority and end-users.

The objective of this procurement was therefore to provide a sustainable service, oriented around user needs and contributing a social return to the City of Rotterdam.

PROCUREMENT PROCESS

PRE-PROCUREMENT ACTIONS

1) Setting objectives

Rotterdam decided to take a new approach, and established a set of procurement objectives to guide themselves, which include principles, such as:

- Service provision should revolve around end-users needs;
- Service should be as sustainable as possible (meaning electrified);

- Service should contribute a social return, and should combat loneliness in Rotterdam's population;
- In return, providers should be paid a fair and profitable price.

2) Determining need

In order to ensure the service met end-users' needs, Rotterdam undertook comprehensive customer-focused research to uncover the unmet needs and customer journeys that called for multidisciplinary solutions.

MARKET SOUNDING AND ENGAGEMENT

The city used an innovative [Forward Commitment Procurement](#) procedure (that is, an agreement to purchase a product or service that does not currently exist, at a specified future date, provided it can be delivered to agreed performance levels and costs), with a competitive dialogue process that included representatives from end-user groups giving direct feedback.

Due to the different nature of the procurement process, Rotterdam organised four 'market meeting' days, held between September and December 2015, which brought organisations together from transport as well as communication, ICT (information and communication technologies), data analysis and healthcare, in order to facilitate the desired multidisciplinary approach. The call for tenders was published in October 2015, with market meeting days continuing after the publication, focusing on building consortia.

PROCUREMENT PHASE

From information gathered during the pre-procurement phase, Rotterdam was able to design a call for tender structured around output-based specifications, which gives bidders more flexibility to design solutions which meet the buyer's needs.

SUBJECT MATTER OF THE CONTRACT:

Integrally customer-oriented sustainable target group transport

AWARD CRITERIA

The contract was awarded to the Most Economically Advantageous Tender, based on the following criteria and points scheme:

- Strategic match (18%) - that is, the extent to which the transport concept contributes to the social objectives of the City of Rotterdam.
- Quality, measurability and accountability of services (42%)
- Sustainability (24%)
- Social return on investment (16%)

To determine the degree of sustainability, tenders were scored according to the number of 'zero-emission' kilometres driven per contract year, as a percentage of the annual number of kilometres driven by the target transport group in Rotterdam.

0.01 points were awarded for every 287,000 zero emission kilometres travelled, up to 28,700,000 kilometres. Above this point, 0.01 points were awarded per 71,750 kilometres travelled.

EVALUATION

An assessment committee was created to conduct the assessment and determine scores for the qualitative award criteria (Strategic match, quality and social return on investment). In these cases, a number of sub-criteria against which these award criteria could be measured were specified in the tender documents, and the sub-criteria were then scored on a scale of five to zero, with five being 'excellent', followed by 'good', 'sufficient', 'moderate', 'insufficient', and finally 'bad', which would score zero. Bidders were given clear instructions on how to answer these sub-criteria, in order to ensure comparability.

The assessment committee included an implementation manager, a contract manager, an employee with responsibility for quality, a staff advisor who participated in the dialogue, an employee with student transport expertise, and policy officers from the mobility, the urban development and the work and income clusters. A procurement advisor and legal tender specialist also supervised this assessment process to ensure it was objective, transparent and non-discriminatory.

RESULTS

Competitive dialogue was entered into with three different consortia. In total, 13 dialogue meetings were held over a nine-month period. The first five rounds focused on end-users' needs, and representatives of these users were also included directly in this dialogue process, ensuring that customer needs remained central to the procurement process. The next five meetings were used to fine tune concepts, and the last three meetings focused on the legal and contractual aspects of the procurement.

The dialogue was successful and the winning consortium received a seven-year contract worth €210 million (running from 1 May 2017 to 1 January 2025). This consortium was comprised of three local transport companies working in collaboration with 10 partners involved in various components of the contract. Virtually all members of the consortium are small and medium sized enterprises (SMEs). In recognition of the time intensity of the work which went into participating in the competitive dialogue and preparing bids, a €30,000 design and participation fee was also available for those bidders who submitted a successful tender but were not awarded the contract.

The winning contractor has implemented a user-centred transportation service, with mechanisms in place enabling constant improvement. Results include an accelerated transition to nearly fully zero emission (electric) vehicles (cars and minivans) and an annual investment exceeding €2m in social return on investment as defined by [Rotterdam's social return on procurement policy](#) - for example investing in labour market participation (for people distanced from the labour market), social activities (in-kind commitments such as training and company visits), or placing contracts with a 'social workplace' company.

In recognition of its outstanding use of innovation procurement, the City of Rotterdam was also awarded the 2018 [Procura+ Innovation Procurement of the Year award](#).

ENVIRONMENTAL IMPACT

Since this service began, 100 electric vehicles have been introduced (out of 600). The speed of the transition is dictated by the amount of electric vehicles manufacturers can deliver, the speed at which the charging infrastructure can be rolled-out, as well as other barriers, including, legislative issues around driving licences in relation to vehicle weight (electric vehicles tend to be heavier than combustion-engine vehicles). As of yet, there are no electric minivans on the market, but the long timeframe for this contract allowed the winning supplier to invest in specialist electric buses for wheelchair users for the first time. City of Rotterdam will also measure the environmental impacts of this service after one year.

LESSONS LEARNED

The scope and complexity of this procurement was high, and the dialogue process involved was costly, both in time and resources. Given the size of this contract, the costs were considered to be proportionate and justifiable, however, some elements could still have been improved upon. For example, the dialogue on legal aspects should have started earlier, to allow more time for contract conditions to be agreed. In this case, one bidder had to withdraw from the negotiation before tendering, because an agreement could not be reached in time. In addition, because this was a fully customised process, it proved complex and time-consuming to translate the winning offer into a contract. It is recommended that contracting authorities have the necessary experience in place before carrying out a tendering process of this complexity.

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For related information, please see European GPP criteria for [Transport](#) and the [Technical Background Report](#).



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