

2

YORK REGION TRANSIT CHARTER POLICY

The Transit Committee recommends the adoption of the recommendations contained in the following report, December 19, 2006, from the Commissioner of Transportation and Works, and further recommends that the Commissioner of Transportation and Works report to the May or June 2007 meeting of the Committee on the rationale for providing a charter service, the number of charters provided per year, and for whom they are provided:

1. RECOMMENDATIONS

It is recommended that:

1. The discounted charter fee for York Region Transit buses be set at \$90 per hour and the regular charter fee at \$115 per hour.
2. The new fee structure be effective February 5, 2007.
3. Charter fees be automatically adjusted on an annual basis according to the Consumer Price Index, Toronto area, and the fuel escalation charges as outlined in the performance-based operations and maintenance contracts.
4. The current Charter Policy be amended to reflect the operational and administrative changes identified in this report (*see Attachment 1*).
5. The changes to the policy be circulated to the Region's internal departments, local municipalities and York Region school boards.

2. PURPOSE

The purpose of this report is to update Regional Council on the status of York Region Transit (YRT) charter activities in 2005 and 2006, and to obtain approval for a new fee structure that will more accurately reflect current operational and administrative costs.

Staff are also seeking approval to amend the current charter policy to include new terms that best serve YRT's daily operating requirements.

3. BACKGROUND

Since the amalgamation of the five local municipal transit agencies in 2001, York Region Transit has chartered buses for both public and private sectors throughout the Region.

In April 2002, Regional Council approved an official charter policy that included a per hour fee for external charter requests and a discounted fee which applied to Regional departments, local municipalities, not-for-profit organizations and York Region school boards.

In January 2004, YRT staff reported back to Regional Council on the status of the charter policy and various amendments were approved, including a fee adjustment to reflect increased contractor charges to YRT.

4. ANALYSIS AND OPTIONS

YRT vehicles are hired by the public and private sector throughout the year for events such as the Region's monthly employee "Welcome Aboard" tour, the weekly Smart Commute 404-7 'Lunch Express' service, school charters to various locations within the Region, and York Region's private business community using transit services to transport staff to conferences and meetings within York Region.

Under YRT's current charter fee structure, a discounted fee of \$60 per hour is charged to York Region's internal departments, the local municipalities, school boards and other not-for-profit agencies. Private companies are charged a regular fee of \$90 per hour. A three hour minimum applies to all charters.

4.1 Review of Charter Policy and Fee Structure

The Charter Policy and related fee structure was last updated in 2004. With the growing popularity of YRT charter services and recent changes to YRT's contractor rates, staff felt it was necessary to review the policy, particularly the fees charged for charters. This review would determine whether or not the Region's Charter Policy adequately represented YRT's current operating requirements and would also compare the Region's rates to other transit agencies.

A review of the current policy identified a number of challenges and short-falls as noted below:

- Insufficient fees charged resulting in the Region subsidizing charters. The Charter Policy does not give YRT the ability to increase charter fees annually to reflect increased expenses.
- Administrative time required for each charter is not adequately represented in the current fee structure.
- Specific times that buses are available to operate charters are not clearly identified.
- A restriction to charter operations during the September is not stated. Bus availability is crucial during the month of September to respond to necessary service adjustments, traffic patterns and customer volumes caused by schools re-opening and residents

returning from summer holidays. Both YRT Operations and contractor staff are focused primarily on the implementation of the September services, therefore reducing staff availability to coordinate charters.

- Utilization of vehicles during peak hours for charter purposes reduces the contractor's vehicle spare ratio. In most cases, the percent would fall below the required 18%.
- The Charter Policy does not clearly explain that the charter fee is inclusive of the travel time from contractor's garage and time back to the contractor's garage.

These changes would allow staff to better administer charter requests by providing them with a clear guideline to follow and the ability to better address customer questions regarding the charter process.

4.1.1. Charter Operations

Charter services are administered by YRT staff and are typically operated by its operations and maintenance contractors. In some cases, such as the Region's monthly "Welcome Aboard" charter, YRT inspectors are specifically requested to operate the charter.

In 2005, YRT operated 107 charters. Of the 107 charters, 106 were invoiced at the \$60 discounted fee and one charter was invoiced at the \$90 regular fee.

As of October 31, 2006, YRT had operated 113 charters and anticipate to have completed 125 charters by year-end. Of the 113 charters, 107 were invoiced at the \$60 discounted fee and six were invoiced at the \$90 regular fee.

Since the start-up of Viva services in September 2005, approximately 65% of all charters are operated using a Viva bus based on customer request.

4.1.2 Administrative Process

YRT Operations staff receive and process all requests for charters. This process includes:

- Customer interaction.
- Ensuring the correct completion and processing of the charter application.
- Obtaining route instructions and executing an in-field review to ensure safe operation of the bus.
- Program destination sign under special circumstances.
- Follow-up with contractor the day prior to charter to confirm readiness.
- Follow-up with the contractor on the day of the charter to confirm the on-time arrival of the bus at the pickup location.
- Execute in-field monitoring of charter, where necessary.
- Prepare invoice requisition for Finance section (includes internal journal of funds for interdepartmental requests).
- Finance staff to issue, follow-up and process invoice.
- Tracking receipt and deposit of payment.

The current payment process does allow the customer to pay for a charter using a credit card but because approximately 95% of the YRT charters are requested by other Regional departments, local municipalities and schools, payment using a credit card is not a practical method of payment. Journal entries are performed by our Finance section for internal charters. The local municipalities and schools generally do not have a credit card available for this purpose, therefore, they require the Region to provide a formal invoice.

4.2 Charter Rates of other Ontario Transit Systems

To identify the present industry practices for bus chartering by a public agency, staff surveyed other Ontario transit systems to identify which agencies are providing charter services, what their charter fees are, and their chartering terms and conditions.

The review of industry practices suggests that most transit systems offering charter services structure their charter fees so that all costs associated with the operation and administration of the charter are fully recovered. Due to the increasing demand for local charters and the limited resources available to operate them, many transit agencies have discontinued charters to external customers and place limits on service to their internal customers. As an example, several systems prohibit charters in peak periods during weekdays, and others prohibit charters during weekdays in September.

Table 1
Current Charter Rates
Based on a Three-Hour Charter

Transit Agency	Regular Charter Fee	Discounted Charter Fee
York Region Transit	\$270 (\$90 per hr x 3 hrs)	\$180 \$60 per hr x 3 hrs)
Toronto Transit Commission (TTC)	\$386 (\$129 per hr x 3 hrs)	No discount offered.
OC Transpo (Ottawa)	\$450 (\$150 per hr x 3 hrs)	\$360 (\$120 per hr x 3 hrs)
GO Transit	No external charters	Occasional internal charters. Cost is absorbed by Operations.
Mississauga Transit	No external charters	Internal charters charged back to user department at a full cost recovery.
Brampton Transit	No external charters	Internal charters charged back to user department at a full cost recovery.

4.3 Relationship to Vision 2026

Vision 2026 includes a goal statement relating to a vibrant economy and a second goal statement relating to the development of Infrastructure for a Growing Region.

To support these goals, the Region has identified specific action areas that have been considered for this report:

- Promoting our tourism strengths, including forests, historic villages, parks and artistic and cultural activities.
- Increasing businesses' awareness of the Region's services.
- Continuing to improve service and infrastructure for successfully integrated transit services.
- Promoting transit usage as a practical and wise alternative to private vehicle use.

5. FINANCIAL IMPLICATIONS

It is anticipated that as of December 30, 2006, charter expenses will total \$188,000 and revenues will total \$176,000.

Based on current operating and administrative costs, operating a minimum three-hour charter at the discounted rate incurs a loss of approximately \$105. At the regular rate of \$90 per hour, the estimated loss is \$40. With approximately 95% of the charters operating at the \$60 discounted fee, the minimum loss to YRT in 2006 will be \$12,000. Losses increase for each additional hour a charter is operated. Losses were determined based on the difference between the current charter rates, both discounted and regular, and the estimated cost to operate a charter in 2006.

By increasing the hourly charter rates to \$90 per hour for discounted charters and \$115 per hour for regular charters YRT will recover its costs in full, including administration costs, which average about \$15 per hour.

6. LOCAL MUNICIPAL IMPACT

The local municipalities will continue to receive charter services at a discounted rate which is the same rate as the Region's internal departments. The new discounted fee reflects the basic cost to YRT to administer and operate a charter.

7. CONCLUSION

In order for YRT to recover the charges levied by its contractors in connection with the provision of charter services, the current discount fee of \$60 per hour is recommended to be increased to \$90 per hour while maintaining the three-hour minimum requirement. For

external requests at the regular fee of \$90 per hour, the fee should be increased to \$115 per hour while maintaining the three-hour minimum requirement.

Additional changes to the policy would improve staff's ability to administer the charter process, as follows:

1. Rates will be adjusted annually based on terms of YRT's performance based operations and maintenance contracts. This would include the increase in the Statistics Canada's Consumer Price Index, Toronto area, and fuel escalation charges paid to the contractors.
2. No charters will be scheduled on weekdays during peak periods. These hours are to be identified specifically as 6:30 AM to 10:00 AM and 2:00 PM to 7:30 PM.
3. No charter requests will be accepted weekdays during the month of September.
4. Charter hours will include the travel time from and back to the contractor's garage.

The recommended increases to the charter fees will allow YRT to recover rising costs reflected in the annual Consumer Price Index and fuel escalation adjustments to the contractor's hourly operating rate, and to cover the cost of administering each charter. Additions and amendments to the current Charter Policy will better reflect the needs of YRT and its contractor's staff to coordinate and operate a charter.

The revised Charter Policy is attached as *Attachment 1*.

For more information on this report contact Ann-Marie Carroll, Assistant Manager, Operations (Ext. 5677) or Rick Takagi, Manager, Operations (Ext. 5624), of the Transit Branch in the Transportation and Works Department.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)