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YORK REGION TRANSIT
MOBILITY PLUS BUS OPERATIONS AND MAINTENANCE CONTRACT AWARD

The Transit Committee recommends the adoption of the recommendations contained in the following report, February 6, 2006, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. The Request for Proposal (P-05-82) for the operation, storage, cleaning, fueling and maintenance of the Mobility Plus bus fleet be awarded to the successful proponent, Tokmakjian Inc., for a five-year period commencing March 1, 2006 as detailed in this report.

2. The General Manager, Transit and the Director, Supplies and Services be authorized to finalize contract details based on Regional Council approval of the contract award.

3. The Regional Chair and Regional Clerk be authorized to sign the necessary contract, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to seek Council approval of the contract award for the supply of York Region Transit (YRT) Mobility Plus bus service involving the operation, storage, cleaning, fueling and maintenance of the bus fleet.

3. BACKGROUND

In the spring of 2005, Mobility Plus conducted a review of various cost mitigation and operational strategies aimed at improving the effectiveness and efficiency of the Mobility Plus specialized transit service. One such strategy involved the contracting out of the existing in-house bus operation, which represents 20% of the Mobility Plus service. The balance of the service is provided by contracted bus, accessible minivan and sedan transportation providers.

Prior to the creation of York Region Transit, conventional transit service was provided by various transportation providers under contract to the local municipalities. With the amalgamation of municipal transit operations in 2001, YRT continued this practice with the conventional transit operation. Operator and maintenance requirements are contracted out on a fixed hourly rate, however, the vehicles are owned by the Region.

Similarly, based on an initial cost and quality assessment conducted by Mobility Plus, it was determined that since the current bus fleet maintenance is already contracted out, the combining of operations with maintenance would result in additional efficiencies while not adversely affecting the quality of service. In fact, to further strengthen the quality of service delivery, Mobility Plus has introduced a new “service delivery model” which involves not only the rationalization of contracts but the introduction of new “performance-based” contracts for the delivery of bus, accessible minivan and sedan transportation services. Performance-based contracts provide both bonuses and penalties aimed at improving the quality of service delivery, as is the practice with conventional transit.

On November 7, 2005, a Request for Proposal (RFP) was issued to the marketplace for the operation, storage, cleaning, fueling and maintenance of the Mobility Plus bus fleet which will represent approximately 40% of the service requirement in 2006. The increase in bus service is to meet growing customer demand and to standardize the bus operation throughout the Region. It is proposed that minivan and sedan service will be proportionately reduced.

The RFP made provision for contracted bus services in one or both of the existing geographical operating areas. They are south York Region, which includes the municipalities of Vaughan, Richmond Hill, Markham, and Whitchurch-Stouffville, and north York Region, which includes the municipalities of King, Aurora, Newmarket, Georgina and East Gwillimbury. With a growing travel demand from customers wishing to travel between the two geographical areas, and to rationalize the number of contracts, it was hoped that one contractor would be able to provide the total service requirement through work locations in both the north part of the Region and the south, thereby minimizing costs associated with deadhead service mileage. The RFP also requested costing based on both a three and a five-year contract term in order to evaluate any possible efficiencies associated with the provision of a longer contract term.

A total of ten firms picked up the document with seven firms attending a pre-bid meeting, on November 14, 2005, to review any questions associated with the RFP. The closing date for submissions was January 4, 2006 with three firms responding to the RFP. Tokmakjian Inc. was the only firm to submit a compliant proposal with official notices of no-bids received from Dignity Transportation Inc. and Stock Transportation Ltd.

4. ANALYSIS AND OPTIONS

Tokmakjian Inc. has over 18 years of transit experience in operating the conventional transit service, originally for the City of Vaughan and more recently for York Region Transit. It is a partner with Connex in the operations and maintenance contract for the

Viva bus rapid transit service. Through its SN Diesel Service Division, it provides a full maintenance facility capable of providing running maintenance as well as major component (engine and transmission) repairs.

In addition to currently handling the maintenance, storage, cleaning and fueling of the Mobility Plus bus fleet in the south part of the Region, it also handles major repair work for bus fleets from GO Transit, as well as Mississauga, Ajax, Whitby, Oshawa, Grand River, Burlington and Brampton. As part of the evaluation criteria, staff from Transit (Mobility Plus) and the Supplies and Services branches conducted an audit of Tokmakjian's on-site facilities on January 10, 2006 to ensure all requirements of the RFP would be met.

The RFP received from Tokmakjian Inc. indicated interest in providing the service requirement for both geographical service areas operating out of one central facility located in the south at 221 Caldari Road in Vaughan. Without a satellite facility in the north part of the Region, this would result in additional deadhead costs for which Tokmakjian has asked to be compensated. To address this issue, staff from the Transit and the Supplies and Services branches met with representatives of Tokmakjian who have agreed to the establishment of two satellite locations in the north, one operating out of Newmarket and the other out of Georgina, at no additional increase to the submitted five-year proposed hourly rate.

Upon completion of the technical portion of the RFP, the evaluation team opened the financial proposal from Tokmakjian detailing the hourly service rate for both the requested three-year and five-year contract terms. The hourly service rates are summarized in Table 1. These are fixed rates except for fuel-related adjustments over the term of the contract.

Table 1
Summary of Financial Proposal

Term	Hourly Service Rate
3 Year	$68.57
5 Year	$68.94

Upon receipt of the proposed contracted hourly service rate, a business case analysis was conducted to confirm the appropriateness of fully contracting out the bus operation as opposed to the current practice of only contracting out the bus maintenance, cleaning, storage and fueling. Based on the contract requirements to provide the service (which includes costs associated with driver selection and training, fare collection and reconciliation, on-street supervision and customer service audits, dispatching, etc.), the hourly service rate, if performed by the Region, is estimated at $79.79 a service hour for year one growing to $84.74 a service hour by year five of the contract. The net savings per service hour to the Region as proposed under the five year fixed hourly rate by

Tokmakjian ranges from $10.85 in year one to $15.80 by year five. A further breakdown of costs are included in the “financial implications” section of this report.

4.1 Relationship to Vision 2026

As part of Vision 2026, York Region has identified under Goal 7 the need to have an effective, efficient and environmentally sensitive transportation system to improve transportation opportunities for residents within the Region. The development and award of “performance-based” YRT Mobility Plus service contracts will improve the availability and service quality of transit services to Mobility Plus clients. The direction to contract out the in-house bus operation and amalgamate all bus services will further improve the service quality and efficiency of the Mobility Plus bus operation, and address customer trip demand and mobility requirements.

5. FINANCIAL IMPLICATIONS

Table 2 below illustrates the savings per service hour based on a comparative assessment between the Region (Mobility Plus) providing the required service and that proposed by Tokmakjian Inc. under its five-year fixed cost proposal. It should be noted that fuel cost adjustments have not been factored into the comparative assessment. Other assumptions include a 10% annual increase in service hours under both scenarios, and a 3% annual wage rate increase applicable only to the Region hourly rate.

Table 2
Hourly Service Rates

	Region	Tokmakjian Inc.	Savings
Year 1	$79.79	$68.94	$10.85
Year 2	$80.87	$68.94	$11.93
Year 3	$83.66	$68.94	$14.72
Year 4	$83.89	$68.94	$14.95
Year 5	$84.74	$68.94	$15.80

Table 3 below provides an overall cost assessment of providing the service based on the yearly service hour rates in Table 2. The cost of providing the service by the Region for a five-year term is $21,413,375 compared to the Tokmakjian proposal of $17,821,954, a net savings to the Region of $3,591,421.

Table 3
Total Estimated Yearly Costs

	Service Hours	Region	Tokmakjian Inc.
Year 1	42,344	$3,378,627	$2,919,195
Year 2	46,578	$3,766,763	$3,211,087
Year 3	51,236	$4,286,404	$3,532,210
Year 4	56,360	$4,728,040	$3,885,458
Year 5	61,996	$5,253,541	$4,274,004
Total	258,514	$21,413,375	$17,821,954

The $3,378,627 estimate in Table 3 for Region operation of the bus service is an all-inclusive figure matching the services requested under the RFP which includes improved fare collection, on-street supervision, staff management (40% assigned to bus operation), improved service audits, training, etc. This figure is compared to the submitted cost of $2,919,195 provided by the Tokmakjian Inc. proposal.

The 2006 Mobility Plus Business Plan and Budget contains an allocation of $5,744,000 for payments to contract service providers of which $3,335,000 is allocated for payments to contractors providing bus operation and maintenance, including the cost of fuel. The contracted bus allocation was developed based on an anticipated maximum contract rate of $70.00 per service hour (compared to the Tokmakjian submitted hourly rate of $68.94), plus an additional allocation of 2,000 service hours (4.7%) to cover unanticipated annual peak hour service demand.

The proposed 2006 service cost by Tokmakjian Inc. of $2,919,195 results in a net savings of $415,805 compared to the 2006 Mobility Plus budget allocation for contracted bus operation. Through improved shift scheduling, the additional allocation for 2,000 service hours to address unanticipated annual peak hour service demand is no longer required. While the start date for commencement of the service is March 1, 2006, no added savings are anticipated since additional contracted accessible minivan, van, and sedan services have had to be employed to handle the bus trip demand.

Based on the above financial assessment, the proposal from Tokmakjian Inc., which includes the provision of two satellite locations in the north part of the Region under the five-year fixed service hour rate, is being recommended by staff.

6. LOCAL MUNICIPAL IMPACT

The proposed award of new performance-based contracts will provide improved Mobility Plus service quality throughout the Region and its local municipalities. An expanded contracted Mobility Plus bus fleet will address client mobility and capacity requirements while ensuring the provision of an efficient and effective transportation service.

7. CONCLUSION

The provision of a fully contracted Mobility Plus bus service will improve the quality, availability, efficiency and effectiveness of the current operation. The RFP submitted by Tokmakjian Inc. for bus operation, storage, cleaning, fueling, and maintenance meets all requirements at an acceptable hourly service rate and is therefore recommended for approval.

The Senior Management Group has reviewed this report.