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YORK REGION TRANSIT PROPOSED CONTRACT EXTENSION STOCK TRANSPORTATION

The Transit Committee recommends the adoption of the recommendations contained in the following report, February 23, 2006, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize a one-year extension, ending April 7, 2007, to the transit service contract between The Regional Municipality of York and Stock Transportation Ltd. for the provision of conventional transit service during designated off-peak periods.
2. The extension to the contract be on the same terms and conditions as the original contract with an increase in the hourly operating rate by 64 cents to \$29.95, plus GST, for small school buses, and by 77 cents to \$35.61 plus GST for large school buses.
3. A one time total annual charge of \$2,000 be paid to Stock Transportation in equal monthly instalments over the proposed one-year extension to the contract for fuel escalation.
4. The Regional Chair and Clerk be authorized to sign the necessary contract, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to seek Transit Committee and Council approval to extend the current transit operating contract with Stock Transportation Ltd. for a one-year period ending April 7, 2007.

3. BACKGROUND

Stock Transportation Ltd. is contracted by York Region Transit (YRT) to supply, operate and maintain small yellow school buses for transit service during late evening periods on two local routes in the Markham and Vaughan areas. These routes are operated during the day by regular conventional transit buses when passenger volumes warrant the use of larger buses.

The current contract was initially executed by the Town of Markham and assumed by the Region in 2001 as part of the amalgamation of transit services. The Agreement was subsequently extended as approved by Regional Council and is scheduled to expire on April 6, 2006.

4. ANALYSIS AND OPTIONS

4.1 Current Contract

Stock Transportation Ltd. currently owns and operates three small, yellow school buses under contract to York Region Transit. These buses accommodate 18 passengers and operate during off-peak periods (late evening, weekends) on Route 40 - Unionville in Markham and Route 27 - Highway 27 in Vaughan. Both route maps are show in *Attachment 1*. Off-peak ridership on these routes is low and the use of the yellow school bus operation is a cost effective means of providing this service.

Under the contract, Stock Transportation Ltd. is responsible for supplying and maintaining the buses as well as operating the service, including providing drivers, training and fuel. The yellow school buses each have the York Region Transit logo and route number visible on their exterior. The contractor is compensated for this service based on an hourly rate for each service hour operated. The 2005 estimated year end cost to operate this service by Stock Transportation Ltd. is approximately \$125,000. The current hourly rate is \$29.31 plus GST, which is approximately half the cost of operating the larger conventional transit buses.

4.2 Proposed Contract Extension

There appears to be limited application for the use of yellow school buses as currently operated with Stock Transportation Ltd. as the buses are available only outside of school travel periods. However, staff will require time to investigate the feasibility of continuing the use of school buses for public transit service and if there are service applications on other routes operated by YRT.

Meetings have been held between YRT staff and Stock Transportation Ltd. regarding a one-year contract extension. An agreement for an extension has been reached subject to Committee and Council approval.

Past experience has shown that transfer of these types of service contracts, especially for a short-term period, results in a decrease in customer satisfaction due to the lack of operator experience and other transitional issues. As such, there is benefit to negotiating an extension to the existing contract rather than going through a competitive bid process.

Stock Transportation Ltd. has provided reliable service for the past four years since the Region assumed the contract in 2001. The drivers and support staff are fully trained and provide quality customer service.

4.4 Relationship to Vision 2026

Vision 2026 includes a goal statement on infrastructure and has identified specific actions including developing an optimal mix of transit service types. Continuing and reviewing the use of yellow school buses to complement the conventional bus service is in keeping with this Vision 2026 goal statement.

5. FINANCIAL IMPLICATIONS

The current contract with Stock Transportation Ltd. provides for an hourly operating rate of \$29.31 for small buses. Staff has negotiated a 2.2 percent increase to the hourly rate to operate this service. The proposed change will increase the hourly rate by 64 cents to \$29.95. Although not in use at this time, there are provisions in the agreement to operate larger school buses with a proposed 77 cent hourly rate increase to \$35.61. Due to significant increases in fuel prices over the last term of the contract, a \$2,000 supplemental fuel charge to the Region to offset escalating costs has been negotiated.

The total value of the proposed one-year contract extension is approximately \$130,000. Sufficient funding is included in the proposed 2006 Business Plan and Budget.

6. LOCAL MUNICIPAL IMPACT

The extension of the Stock Transportation Ltd. contract will provide uninterrupted transit service during weekday evening and weekend periods on designated local routes in the Markham and Vaughan areas.

7. CONCLUSION

It is recommended that the Stock Transportation Ltd. contract be extended to April 7, 2007 at a rate of \$29.95 for services operated with small yellow school buses, and \$35.61 for service operated with large yellow school buses.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the March 9, 2006 Committee meeting.)