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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, March 27, 2007, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize a one-year extension, ending April 26, 2008, 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 42 cents to $30.37, plus GST, for small school buses, and by 50 cents to $36.11, plus GST, for large school buses.

3. The fuel escalation surcharge be increased by $400 to $2,400 per year, to be paid in equal monthly instalments over the proposed one-year extension of the agreement.

4. The Regional Chair and Clerk be authorized to sign the necessary contract on behalf of the Region, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to seek Transit Committee and Regional Council approval to extend the current transit operating contract with Stock Transportation Ltd. for a one-year period ending April 26, 2008.

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 8, 2007.

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. A larger yellow 45-passenger school bus is used on Route 27 during the weekend to accommodate heavier passenger demands. Both route maps are shown 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 2006 estimated year-end cost to operate this service by Stock Transportation Ltd. is approximately $130,000. The current hourly rate is $29.95, plus GST, which is less than half the cost of operating the larger conventional transit buses.

4.2 Proposed Contract Extension

There is 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. Staff are continuing to investigate the feasibility of continuing the use of school buses for public transit service and to determine if there are service applications on other routes operated by YRT. Part of this investigation will include the planned introduction of the GTA smart card on YRT services and the impact on buses that are not dedicated to YRT services.

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 Transit Committee and Regional Council approval.

Past experience has shown that the 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 six years since the Region assumed the contract in 2001. The drivers and support staff are fully trained and provide quality customer service.

4.3 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 $29.95 for small buses. Staff have negotiated a 1.4 percent increase in the hourly rate to operate this service. The proposed change will increase the hourly rate by 42 cents to $30.37 to operate the 18 passenger bus. The cost to operate the larger school bus is proposed to increase by 50 cents per hour which increases the hourly rate to $36.11. Due to higher fuel prices over the last term of the contract, the fuel escalation surcharge has been increased by $400 per year to $2,400. The fuel surcharge is paid to the contractor in equal monthly instalments over the proposed one-year contract extension.

The total value of the proposed one-year contract extension is approximately $133,000. Sufficient funding is included in the draft 2007 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 26, 2008 at a rate of $30.37 for services operated with small yellow school buses, and $36.11 for service operated with large yellow school buses.

For more information on this report contact 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.)