

9

YORK REGION TRANSIT MOBILITY PLUS CONTRACT ADJUSTMENTS

The Transit Committee recommends the adoption of the recommendations contained in the following report, June 4, 2007, from the General Manager, Transit:

1. RECOMMENDATIONS

It is recommended that:

1. The York Region Transit Mobility Plus accessible mini-van and sedan contracts with Scarborough City Cab (1210670 Ontario Inc.), Royal Taxi York Region Inc., and Mobility Transportation Specialists Inc., be extended for a period of two years to August 1, 2011, subject to continued satisfactory performance by the contracted service providers.
2. The lease fees on the Region-owned mini-vans be waived effective January 1, 2007.
3. The requirement for Scarborough City Cab to provide a working head office or operating facility within the Regional Municipality of York be waived.
4. A revised Scrip Ride remuneration scale be adopted that will include a common rate for both mini-vans and sedans.
5. The number of contracted mini-vans and sedans be reduced to 19 and 29, respectively, with the Region retaining the right to increase the number of vehicles as demand warrants.
6. The Regional Chair and Regional Clerk be authorized to sign new contracts, reflecting these changes, subject to review by Legal Services.

2. PURPOSE

The purpose of this report is to update Transit Committee and Regional Council on negotiations with Scarborough City Cab (1210670 Ontario Inc.), Royal Taxi York Region Inc., and Mobility Transportation Specialists Inc., and to seek approval for a series of amendments to their respective contracts.

3. BACKGROUND

In the spring of 2005, York Region Transit (YRT) 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 was the development of a new service delivery model which involved the introduction of new “performance-based contracts” for the supply of accessible mini-van and sedan transportation services.

On February 1, 2006, Requests for Proposal (RFP) for the supply of sedan transportation services and accessible mini-van services were issued to the marketplace to handle the remaining 60% of the transportation requirement that could not be covered by the Mobility Plus bus fleet. Royal Taxi York Region Inc. and Mobility Transportation Specialists were selected to provide the sedan service for Mobility Plus, and Royal Taxi York Region Inc., Mobility Transportation Specialists Inc. and Scarborough City Cab, the mini-van service.

The basis of payment for the contracts is vehicle kilometres. Proponents were advised that the number of kilometres operated by each vehicle would be determined by trip demand, although an estimated average was given by way of an addendum during the RFP process. This average has proven difficult to achieve and has become the focus of discussions with the contractors for several months. A resolution has now been reached with the contractors which is the basis for this report.

4. ANALYSIS AND OPTIONS

4.1 Reduction of Vehicles

In order to commence the operation effective August 1, 2006, award letters were sent out requiring the contractors to make available a specific number of vehicles (see *Table 1* below). It was stated that this was an initial estimate only of service requirements.

Table 1
Initial Vehicle Requirements

Contractor	Sedans	Mini-vans
Royal Taxi Inc.	20-25	11
Mobility Transportation Specialists	10	5
Scarborough City Cab	0	7
Total	30-35	23

As previously noted, the contractors had an expectation of an average number of ‘live’ kilometres per day for each of the vehicles, however, after several months of operation, it became clear the average could not be achieved.

Staff determined there were too many vehicles for the trip demand and began the process of finding a favourable solution. Any removal of trips from the YRT Mobility Plus bus fleet, and reallocation of those trips to the mini-vans and sedans, was not an option as the remuneration for bus operations was based on a fixed hourly service rate so buses would remain a priority to fill.

For comparative purposes, a test scheduling site was created, to allow staff to mirror a day's trip request while adjusting the number of vehicles. In all test scenarios, 'live' kilometres per vehicle were increased as a result of reductions of sedans and mini-vans. The testing was done for a period of three weeks and the results and recommendations for adjusted vehicle requirements were communicated to the contractors (see *Table 2* below).

Table 2
Adjusted Vehicle Requirement

Contractor	Sedans	Mini-vans
Royal Taxi Inc.	20	10
Mobility Transportation Specialists	9	4
Scarborough City Cab	0	5
Total	29	19

In order for the contractor vehicle requirements to be reduced, YRT staff had to entertain other contract concessions favourable to the contractors.

4.2 YRT Mini-van Lease Fees

The RFP for the supply of YRT Mobility Plus accessible mini-van services required the proponents to agree to lease the three-year-old Region-owned mini-vans, at a rate of \$1,054 per vehicle per month for two years commencing on August 1, 2006. The contractors soon found they were spending a significant and unanticipated amount of money on repairing these vehicles. One contractor, for example, who was leasing five of the mini-vans, had to replace an engine, a transmission, a radiator and four alternators in a four-month period. This, combined with the high cost of the lease and the much lower than anticipated live kilometres, created serious financial difficulty for the contractor. Unreliable vehicles also caused hardship to passengers who were being transported by these vehicles. The breakdown of a vehicle while a passenger is waiting for a ride is inconvenient but a breakdown while on a vehicle can be a safety risk to the passenger, particularly given the health status of some.

Mobility Plus staff have proposed the suspension of the lease fees on all Region-owned mini-vans from January 1, 2007, on the basis the contractor purchases and takes delivery of new accessible mini-vans by August 1, 2007. The contractor, until that time, would still be responsible for the repairs to the vehicles until they are returned to the Region.

4.3 Head Office Requirement

The RFP for the supply of YRT Mobility Plus accessible mini-van services required the proponents to agree to provide a working head office or operating facility within the Regional Municipality of York. Scarborough City Cab secured an address in the Region at 7725 Birchmount Road, Markham, but it is not considered a head office or an operating facility. The head office and operating facility still remains at 1940 Ellesmere Road, Toronto. Scarborough City Cab's intention is to staff the office in the Region as business expands. At present, Scarborough City Cab's only York Region business is to fulfill the five-vehicle requirement of the accessible mini-van contract. Their taxi licenses, unlike that of Royal Taxi (York Region) Inc., do not allow the picking up of any other passengers within York Region.

Mobility Plus staff have proposed the waiving of the requirement for Scarborough City Cab to provide a working head office or operating facility within the Regional Municipality of York for the length of the contract, with the understanding that they will continue to secure the space within the Region in anticipation of future growth.

4.4 Scrip Ride Remuneration Scale

Under the contract terms, contractors are required to supply spontaneous rides (Scrip Rides), subject to vehicle availability, to registered passengers who call directly to the contractor. The passenger has purchased coupons from YRT, in advance, for half the book value to pay for the trip. The current remuneration scale is based on a kilometre charge depending on the vehicle supplied (see *Table 3* below), and has become an issue with the contractors who believe a common rate should apply.

Table 3
Scrip Ride Pay Scale (Current)

Length of Trip	Sedan (\$1.95/km)	Mini-van (\$2.47/km)
2 km	\$4	\$5
4 km	\$8	\$10

Mobility Plus staff have proposed a common rate for both sedans and accessible mini-vans plus a start rate for each trip. The common rate will assure payment equity for all passengers regardless of the vehicle required. The additional start rate will be comparable to a taxi meter drop rate, assuring a fairer pay scale to the driver providing the ride, since 80% of the Scrip Ride trip requests are less than four kilometres (see *Table 4* below). The taxi company accepts the request from a passenger, then dispatches a vehicle. Drivers are reluctant to leave their posts for a trip that compensates them much less than if they waited for a regular taxi fare and the trip is delayed. If a passenger is at home, this is an inconvenience, but if the passenger is requesting the trip to return home, any extended delay of pick-up could be a safety concern.

Table 4
Scrip Ride Pay Scale (Proposed)

Length of Trip	Sedan and Mini-van (\$2/km and \$3 Drop Rate)
2 km	\$7
4 km	\$11

Mobility Plus staff also recommend any further adjustments to the Scrip Ride Pay Scale be part of the annual YRT fare structure review. The review will consider a number of variables including: financial objectives, market variables (taxi meter drop rate, fuel costs, Consumer Price Index, etc.), and consistency with other transit systems using the same program.

4.5 Extension of Contract

The Mobility Plus Sedan Transportation Service Contract and the Mobility Plus Mini-van Transportation Service Contract both had original terms of three years, commencing August 1, 2006, and expiring July 31, 2009. There was also an option for two one-year extensions on the same terms and conditions, at the discretion of the Region.

As the Region and the contractors are almost a year into the Performance-Based Contracts, Mobility Plus staff recommend the extension of both contracts to July 31, 2011. This will allow the contractors an opportunity to provide an improved level of service quality for Mobility Plus clients throughout the Region, while addressing the reduced vehicle complement, the maintenance costs and replacement of the Region-owned mini-vans. The Region will reserve the right to terminate any of the contracts due to poor performance.

4.6 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 adjustments to the existing contracts will create an enhanced business opportunity for the current contractors thus ensuring a strong commitment to the ongoing provision of a quality transportation service.

5. FINANCIAL IMPLICATIONS

5.1 Scrip Ride Remuneration

In April 2007, registered Mobility Plus passengers requested a total of 493 Scrip Rides directly from the contractors. If the proposed remuneration scale is implemented, these same trips will cost the Region an additional \$739. This translates to \$8,900 on an annual basis.

5.2 Mini-van Leases

As part of the Mobility Plus Mini-van Transportation Service Contract, the successful proponents agreed to pay a lease fee of \$1,054 per vehicle for six mini-vans. The lease payments were waived as of January 1, 2007, and will continue through to August 1, 2007. The suspension of the lease fee has given the contractors an opportunity to order and purchase new vehicles to service the contract.

For 2007, this will result in reduced lease revenues of some \$50,600.

5.3 Previously Approved Operating Strategies

In May 2007, Transit Committee and Council approved a number of operational strategies aimed at improving the overall efficiency of the Mobility Plus service. These included: one-day advance bookings, an amended late cancellation/no-show policy, an increased booking window, and increased travel time parameters. Combined, these strategies are estimated to save \$360,000 annually, which more than offsets the costs of the subject contract adjustments totalling an estimated \$59,500.

6. LOCAL MUNICIPAL IMPACT

The proposed adjustments to the mini-van and sedan contracts will provide an improved level of service quality for Mobility Plus clients throughout the Region and its local municipalities by ensuring the provision of an efficient and effective overall transportation service.

7. CONCLUSION

The purpose of a fully-contracted Mobility Plus service was to improve the quality, availability, efficiency and effectiveness of the Mobility Plus operation. Issues brought forward by the contractors concerning the existing contracts illustrate some of the challenges encountered over the past ten months.

It is recommended the Mobility Plus Sedan and Mini-van transportation service contracts be revised to include the above proposals.

For more information on this report, contact Sharon Doyle, Manager, Mobility Plus (ext. 5634), Transit Branch of the Transportation and Works Department.

The Senior Management Group has reviewed this report.