

3

YORK BRT SERVICES LP (VIVA) CONTRACT EXTENSION

The Transportation Services Committee recommends the adoption of the recommendation contained in the following report dated August 15, 2012, from the Commissioner of Transportation and Community Planning.

1. RECOMMENDATION

It is recommended that:

1. Council exercise the option to extend the contract with York BRT Services LP (formerly 4286847 Canada LP and Connex North America Inc.) for the bus operations and maintenance of the Region's Viva bus rapid transit service on the following terms:
 - (a) The term of the contract be for a period of two years, to September 5, 2015, on the same terms and conditions in the current contract and outlined in this report.
 - (b) The total estimated cost of the contract for two years be \$37,709,999 based on an hourly rate of \$74.30 in Year 1 and \$76.16 in Year 2.
 - (c) The Region compensate York BRT Services LP up to \$1,000,000 during the two years (\$500,000 annually) in vehicle maintenance payments to extend the life of vehicles, increase service reliability to customers by reducing the risk of catastrophic vehicle failure and lower overall hourly operating rate.
 - (d) The General Manager, York Region Transit, be authorized to extend the contract period for a further term up to six months, on a month-to-month basis, from the expiry date, if necessary, to facilitate possible unexpected delays in the new Viva Operations and Maintenance Facility construction.

2. PURPOSE

This report seeks authorization to extend the contract between the Region and York BRT Services LP (York BRT) for the bus operations and maintenance of the Viva bus rapid transit service for a period of two years to September 5, 2015. The extension period would be on the same terms and conditions outlined in the current performance-based contract and identified in this report. York BRT is a partnership between Veolia Transportation and Tokmakjian Inc.

The two-year contract extension is needed to coincide with the construction completion of the Viva Operations and Maintenance Facility in the Town of Richmond Hill.

3. BACKGROUND

The contract for Viva Phase One Operations and Maintenance Services was extended for a three-year period commencing September 5, 2010 and will expire September 6, 2013

The contract awarded to York BRT Services LP (formerly 4286847 Canada LP and Connex North America Inc.) in 2005 was for a five-year period, expiring September 5, 2010. The contract provided for an option to negotiate an additional five-year extension period to September 2015.

In 2010, a report to Council by YRT/Viva staff recommended that the extension period be for three years, with the option to extend the contract for an additional two years. The three-year period was to coincide with the construction schedule of the new Viva bus garage in the Town of Richmond Hill which was originally scheduled to be completed in September 2012, and is now scheduled for completion in October 2014. The optional two-year extension period was to give staff the ability to extend the contract in case the construction of the facility was delayed.

Since 2005, Viva services have operated from two bus garages, the North Maintenance Facility in Newmarket and the South Maintenance Facility in Vaughan

York BRT's contract required the Region to provide it with a bus garage in the north; 18106 Yonge Street in Newmarket, known as the Region's North Maintenance Facility. As a Region-owned facility, York BRT was required to enter into a lease agreement with the Region to occupy the North Maintenance Facility at a nominal cost.

The South Maintenance Facility, located at 91 Caldari Road in Vaughan, was leased by York BRT as a requirement of their contract with the Region. The Region was not a party to the lease, however, under the terms of the York BRT contract the Region was responsible for reimbursing the contractor for the cost of leasing the entire premises and lease-hold improvements.

An interim bus garage was required in 2012 to better manage Viva bus operations and maintenance and to support anticipated growth over the next three years

From its launch in 2005, Viva service has operated out of two separate bus garages, the North Maintenance Facility, 18106 Yonge Street in Newmarket, and the South Maintenance Facility, 91 Caldari Road in Vaughan. In January 2012, York BRT was asked to vacate the North Maintenance Facility to accommodate the Region's North Division, Conventional fleet, due to a change in contractor. The 60' Viva buses previously operating from the North Maintenance facility now operate from 8300 Keele Street in Vaughan, the Region-owned Southwest Facility.

4. ANALYSIS AND OPTIONS

The two-year contract extension with York BRT is needed to coincide with the revised completion date for the Viva garage now under construction for YRT/Viva in the Town of Richmond Hill

With the construction of the new Viva garage now scheduled to be completed in late 2014, staff recommends that the Region extend its contract with York BRT for the two-year optional period. Contingencies will be put in place to help manage any further delays with the Viva O&M facility construction.

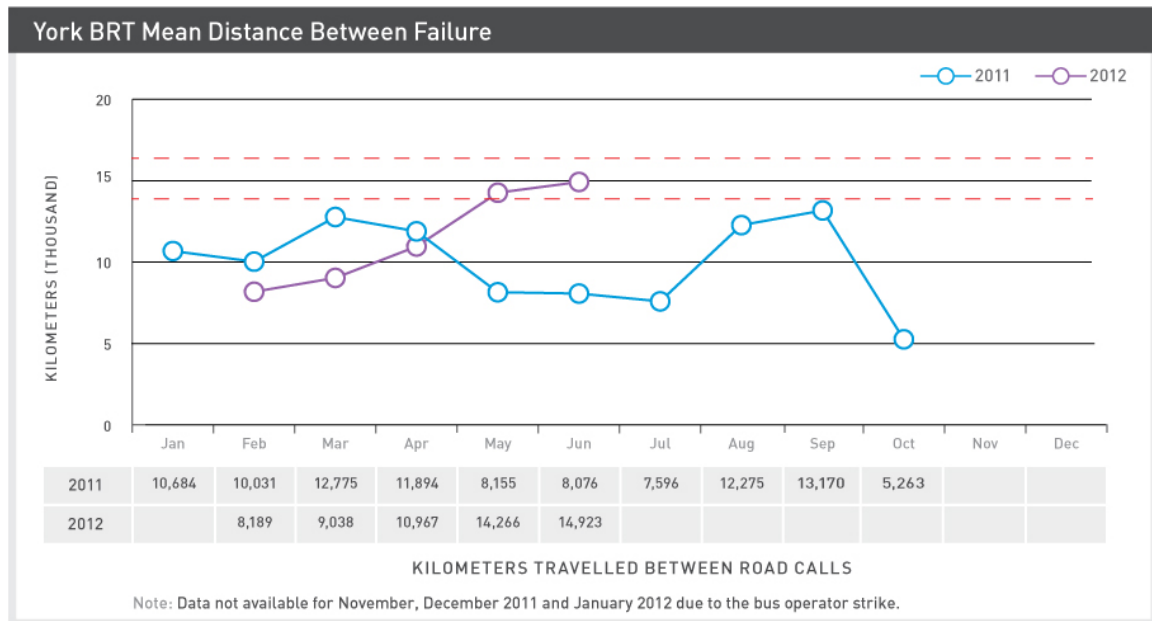
YRT/Viva staff began negotiating with York BRT in mid-2011 on a potential contract extension. The negotiating objective with York BRT was to ensure continued service improvements and fleet sustainability through proactive fleet maintenance programs, while keeping the price fair for both the Region and the contractor.

The proactive vehicle maintenance program implemented to lower the risk of vehicle failure and reduce the likelihood of major service disruptions will continue through the contract extension term

During the current contract term, the Region and the contractor have implemented a proactive maintenance program to lower the risk of catastrophic vehicle failures, and reduce the likelihood of major service disruptions. The two areas of concern for failure are engines and transmission. The program has expanded to include air conditioning systems, body and paint, and structural refurbishment. To date, 56 Viva buses have completed the mechanical refresh program. Since June 2011, the mean distance between vehicle failures has improved for Viva by 85 per cent (from a low of 5,263 km to a high of 14,923 km) as shown in Figure 1 below. The target identified in the current Viva contract is 14,000 – 16,000 in-service kilometres between vehicle failures.

The contract extension will include provisions for the continuation of cost-sharing preventative maintenance programs with York BRT to alleviate the possible cascade of failures.

Figure 1



As part of the Viva contract extension negotiations, York BRT identified the need to have one facility to operate the Viva service

York BRT's lease for 91 Caldari Road expires September 2012, with no option to renew, and continuing to operate the Viva 60' buses from 8300 Keele Street is not feasible. The 91 Caldari Road bus garage could not be expanded to accommodate the entire Viva fleet and the Southwest bus garage was not constructed to store and maintain 60' buses. As well, the Viva buses cannot be fuelled using the on-site fuel tanks; Viva buses are fuelled with bio-fuel, not the low-sulphur diesel used in the conventional buses.

In discussions with YRT staff, they highlighted ongoing operating and maintenance issues caused by operating from the two separate facilities, such as bus maintenance and quality assurance, bus cleaning, fuelling and staff oversight.

York BRT identified a property that could serve as an interim facility until the new Viva garage is built. The facility is located at 8301 Keele Street, adjacent to the Region's Southwest bus garage. This interim facility will allow for the proper maintenance and fuelling of the buses and bring all staff under one roof. There are additional benefits for the Region, including reduced deadhead costs and fuel consumption, and indoor bus storage.

The Region is responsible to reimburse York BRT for the lease and lease-hold improvement costs for the interim facility

In keeping with the agreement with the South Maintenance Facility, York BRT will enter into the lease directly with the landlord and the Region will reimburse the contractor for the cost of the lease and lease-hold improvements. The lease payment will be paid to York BRT by the Region each month and the cost of the lease-hold improvement will be a one-time payment to York BRT. The term of the lease is five years with a provision for early termination. The five-year lease secures an operating and maintenance garage for the Viva service until the Region-owned facility is complete.

Lease-hold improvements to 8301 Keele Street include items such as a bus wash, fuel tank and system, bus hoists, exhaust system, fall safe equipment, hazardous waste storage tanks, driver and mechanic amenities, IT and telecommunications systems.

A change to amend the Schedule F of the current contract between the Region and York BRT has been executed.

Link to Key Council-approved Plans

Vision 2051

- Interconnected Systems for Mobility
- A system that prioritizes people and reduces the need for travel
- Prioritizes alternative modes of travel for active transportation
- A variety of transit choices

2011-2015 Transit Service Plan:

1. Service Strategies
 1. Improving on-time performance
 2. Addressing ridership
2. Asset Management Plan
 1. Support on-going fleet maintenance program
3. Facilities
 1. Consolidating the Viva bus fleet into one facility

5. FINANCIAL IMPLICATIONS

The estimated cost to operate the Viva service over the two-year term is \$37,709,999, fuel and taxes excluded, based on proposed estimated billable hours for Year 1 and Year 2.

York BRT's Year 1 and Year 2 hourly billable prices are fixed with no additional annual adjustments based on the Consumer Price Index.

The estimated two-year operating costs are outlined in Table 1 below.

Table 1
Estimated Two-Year Operating Budget – York BRT Services LP

Description	Hourly Rate	Billable Hours	Annual Cost (excluding tax)
Contract - Year 1	\$74.30	241,970	\$17,978,371
Contract - Year 2	\$76.16	245,951	\$18,731,628
Vehicle Maintenance Costs (for two years)			\$ 1,000,000
Total			\$37,709,999

Annual cost savings in reduced deadhead hours and fuel consumption caused by the consolidation of the Viva fleet at 8301 Keele Street is \$248,717, totalling \$746,151. This is over a three-year period, July 1, 2012 to August 30, 2015.

Table 2 compares the hourly operating rates of the current operating contractors and York BRT's proposed hourly rate for Year 1 of the Viva BRT division.

Table 2
Projected 2013 Hourly Operating Rate Comparison

Division	Actual Hourly Rate	Effective Hourly Rate (including fuel)
Viva (proposed) York BRT	\$74.30	\$88.30
Viva (prior to Sept. 2013) York BRT	\$67.45	\$81.45
Southwest Veolia Transportation	\$74.69	\$88.69
Southeast Miller Transit	\$87.92*	\$87.92
North TOK Transportation	\$75.42	\$89.42

*Southeast hourly rate includes the cost of fuel

The effective hourly rate includes fuel only. Additional costs such as capital vehicle maintenance and facility costs are excluded because of the variables involved.

6. LOCAL MUNICIPAL IMPACT

The extension of the Viva bus rapid transit operations and maintenance contract with York BRT Services LP will ensure uninterrupted transit service to York Region residents.

7. CONCLUSION

Based on the results of the negotiations between YRT staff and York BRT, it is recommended that the Viva bus rapid transit operations and maintenance service contract be extended for the period of two years to September 5, 2015.

Furthermore, it is recommended that YRT/Viva continue with its cost sharing proactive maintenance program with York BRT to ensure the Viva fleet remains safe and reliable throughout the life expectancy of the vehicles.

For more information on this report, please contact Ann-Marie Carroll, Manager, Operations at Ext. 5677.

The Senior Management Group has reviewed this report.