



STAFF REPORT ACTION REQUIRED

Procurement Authorization Amendments: Wheel-Trans Sedan Meter-Based and Accessible Taxi Services Contracts

Date:	July 12, 2017
To:	TTC Board
From:	Chief Executive Officer

Summary

Demand for Wheel-Trans service has increased at an unprecedented rate, approximately 12-15% annually since 2014 and Wheel-Trans has accommodated this growth demand using contacted taxi services. As a result, the contractors' current upset limits will be exhausted well in advance of the 2019 contracts' expiry and some will have exhausted the upset limit by approximately the third quarter of 2017. The increased demand has been primarily due to the following key factors:

- changes to the Provincial legislation, Accessibility for Ontarians with Disabilities Act 2014 (AODA);
- changes to the eligibility criteria;
- reduction of the rejection rate from 2% to less than 0.5%; and
- increases in headcount in the Reservations Department to respond more telephone calls to book trips.

At this time, it is recommended to continue with the existing service contracts to their termination date. In doing so, the TTC will maintain consistency for Wheel-Trans customers. Additionally, with uncertainty around the modal split (bus and operator availability beyond 2018 based on the Collective Bargaining Agreement (CBA) and the cost and operation implications of that, this approach will allow staff to focus on the redevelopment of the service delivery model in accordance with the Wheel-Trans 10-Year Strategy, along with continuing to meet the growth and demand for service, using the most cost-effective mode. This will also provide staff with the necessary time to undertake a comprehensive review of contract industry service standards prior to embarking on a new request for bid (RFB) for the provision of taxi service contracts.

In mid-2018, staff will commence drafting the requirements for a new RFB for contracted taxi services that will take into consideration the terms incorporated into the new CBA, as well as addressing any further developments to the Wheel-Trans 10-Year Strategy and related policy changes.

Recommendations

It is recommended that the Board:

1. Authorize amendments to increase the upset limits of the two Sedan Meter-Based Taxi Service Contracts as follows:
 - a. Contract No. C34PZ14797, Associated Toronto Taxi-Cab Co-operative Limited, in the amount of \$26,000,000 inclusive of all applicable taxes, increasing the total upset limit from \$40,000,000 to \$66,000,000; and
 - b. Contract No. C34PZ14798, Beck Taxi Ltd., in the amount of \$41,000,000 inclusive of all applicable taxes, increasing the total upset limit from \$40,000,000 to \$81,000,000.
2. Authorize amendments to the upset limits of the four Wheel-Trans Accessible Taxi Services Contracts in the total amount of \$96,000,000 inclusive of all applicable taxes, increasing the total upset limit from \$120,000,000 to \$216,000,000 and delegate authority to the Chief Executive Officer (CEO) to distribute the subject increases within the revised upset limit amount.
3. Delegate authority to the CEO to negotiate the contractors' margin on the Accessible Taxi Service Contracts based on the revised upset limits and the capacity to redistribute funds between the Sedan Meter-Based Taxi Service Contracts and the Accessible Taxi Service Contracts if required.

Financial Summary

The total increase to the upset limit is \$163,000,000. Sufficient funds are included in the 2017 Wheel-Trans Operating Budget as approved by the TTC Board on November 21, 2016, and City Council on February 15, 2017. Sufficient funds were incorporated into the 2018 and 2019 budget outlooks and will be reflected in the respective 2018 and 2019 Wheel-Trans Operating Budgets. This increase to the upset limit enables TTC to continue to realize the savings due to the modal split of Wheel-Trans service delivery between TTC operated service and the contracted services. This enables continued demand growth to be put on to the most cost effective delivery mode. The modal split has enabled the TTC to reduce operator headcount required for Wheel-Trans and in doing so we have saved \$80 million in Labour, Equipment and Maintenance costs to date since the start of the contracts in 2014. The Capital cost avoidance has been approximately \$174 million.

Accessibility/Equity Matters

This report has accessibility impacts for customers and people with disabilities. If the recommended increases are not approved and awarded, customers and people with disabilities may not receive the same service levels TTC Wheel-Trans currently provides. In addition, the

service impact may put the TTC in contravention of the legislated requirements contained within the AODA.

Decision History

A competitive bid process was conducted in early 2014 for the Sedan Meter-Based Taxi Service Contracts. As a result of this competitive bid process, two contracts were awarded for a five-year term to July 4, 2019, with an option to extend for up to two additional one-year terms at the TTC's sole discretion.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/April_30/Reports/Procurement_Authorization_Sedan_MeterBased_Taxi_Service_for_.pdf

A competitive bid process took place in late 2013 for the Accessible Taxi Service Contracts. As a result of this competitive bid process, four contracts were awarded for a five-year term to July 4, 2019, with an option to extend for up to two additional one-year terms at the TTC's sole discretion.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/January_28/Reports/Procurement_Authoriz.pdf

At the Board Meeting of August 19, 2014, TTC staff submitted a report as directed by the Board at its July 23, 2014 meeting to review and meet with Accessible Taxi Service Contractors in response to correspondence received by the Board dated July 21, 2014 meeting and to report back to the Board.

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/August_19/Supplementary_Reports/Staff_Response_to_ATAO_Letter.pdf

In response to the above noted report, the Board, at its meeting of August 19, 2014, adopted the following action: "That TTC amend the Accessible Taxi Service Contract to add HST to the minimum driver rate".

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/August_19/Supplementary_Reports/Decisions/Staff_Response_to_ATAO_Letter.pdf

Issue Background

To provide service to Wheel-Trans customers in the most cost-efficient manner, a combination of buses, accessible taxis, and sedan taxis are utilized. Buses are primarily used to provide service to customers using larger mobility devices (augmented by others to utilize capacity). Accessible taxis provide a cost-effective service alternative to the buses for customers using smaller mobility devices and ambulatory customers while sedan taxis provide service to ambulatory customers. All customer trips are booked through the TTC-operated Reservations

Call Centre as well through the online booking website and then processed and scheduled by Wheel-Trans scheduling software system and subsequently allocated across the three vehicle modes.

Currently, the service contracts are provided by the following four accessible taxi brokerages: Checker Taxi, Associated Toronto Taxi-Cab Co-Operative Limited, Royal Taxi Inc. and Scarborough City Cab; and by the following two Sedan Meter-Based Taxi brokerages: Associated Toronto Taxi-Cab Co-Operative Limited and Beck Taxi Ltd.

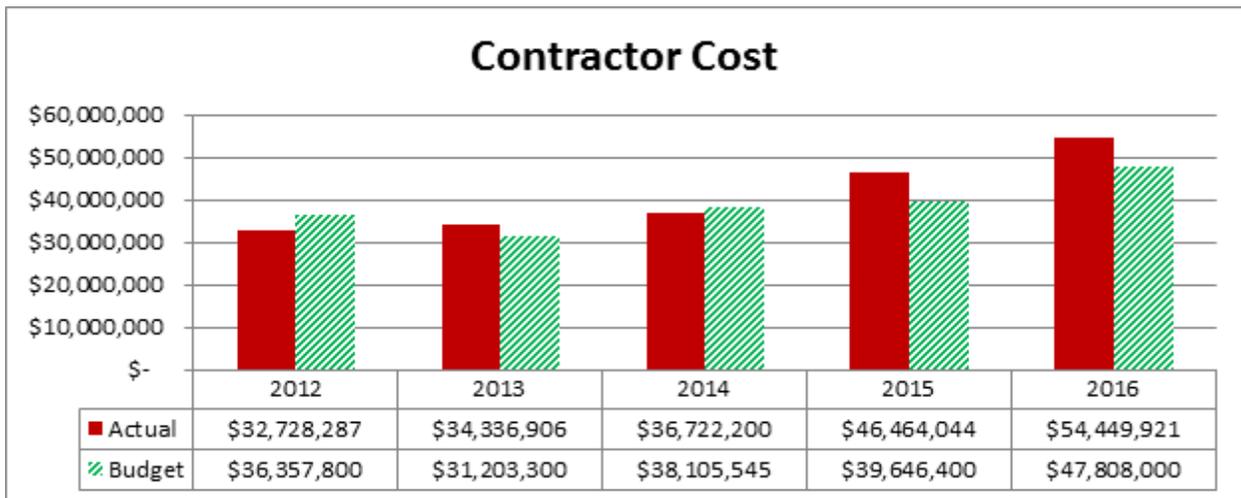
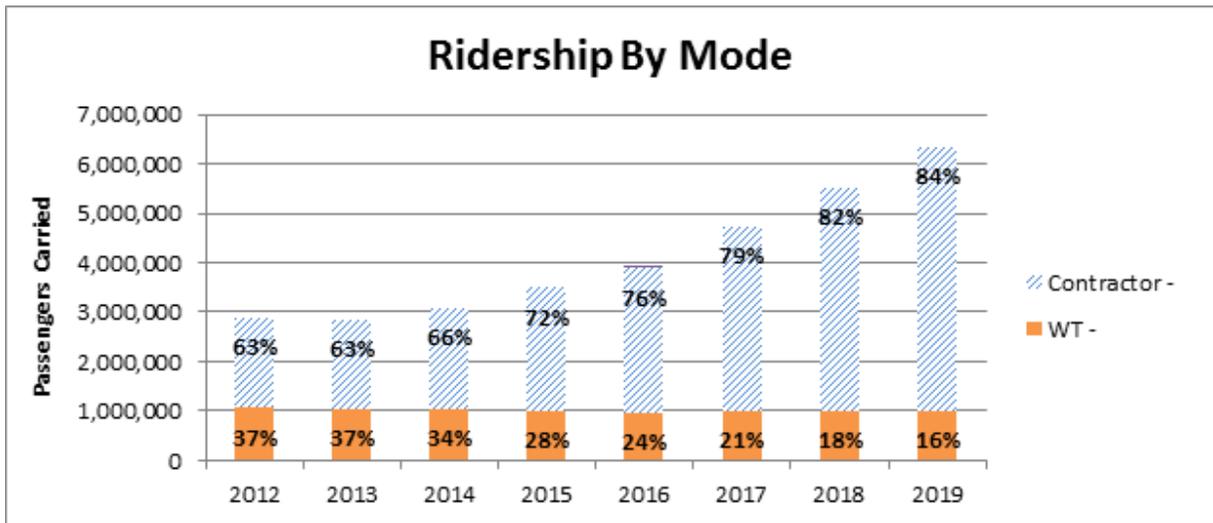
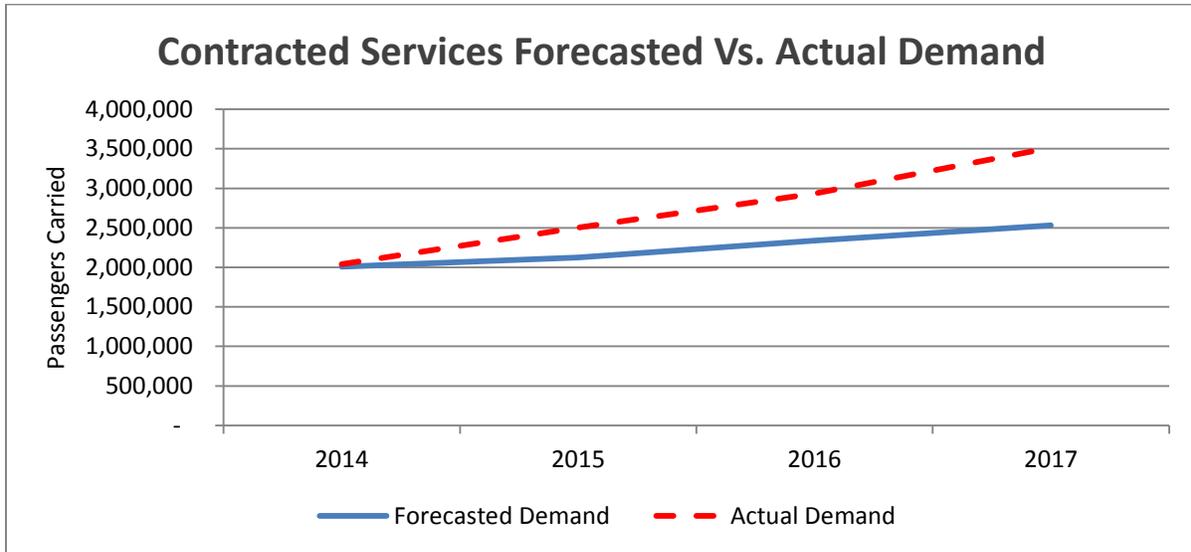
The request for the increase in the upset limit for the current contracts mid-term is, in part, due to the fact the current contracts were issued based on a ridership forecast that did not anticipate significant growth in demand nor the impact of the AODA as well as the increased head count in the Reservations Call Centre which essentially doubled the employee count over three years in an effort to improve the call abandonment rate and improve service for customers attempting to book trips. This increase in staff commenced and coincided with a spike in service demand starting in the fall of 2014, increasing the demand to double the originally budgeted amount. With the reduction in the rejection rate to less than 0.5%, every customer was provided with every trip request which most likely increased the propensity to travel. An unprecedented growth in demand was not considered when the taxi service contracts were drafted and tendered in 2013.

In response to the AODA, the TTC has an obligation to meet and accommodate all advance customer service trip requests. In addition, with the aging low-floor bus fleet operating at capacity, the growth in demand has been allocated to the taxi contractors and it is recommended to continue to be provided using the most cost-effective mode.

Lastly, at the August 2014 Board Meeting, the Board approved a motion to increase the 'driver rate' by an additional 13% (equivalent to the HST) which impacted the approved upset limit by a financial shortfall of approximately \$10.5 million dollars and year to date at around \$20 million dollars. This was not accounted for in the original award amounts and contributed to a quicker burn rate.

Comments

In 2013, Wheel-Trans provided 2.8 million total trips, approximately 37% accommodated by our bus fleet; the unaccommodated rate was 2.84%. By comparison in 2016, Wheel-Trans provided approximately 3.9 million total trips, with approximately 24.3% accommodated by our bus fleet and the unaccommodated rate was 0.42% (a decrease of 2.42%). Therefore in 2016, 75.7% of the trips were accommodated by contracted taxi service. This is an increase of 12% from 2013 when they provided 63% of the trips. Currently Wheel-Trans is forecasting record numbers of 4.7 million trips for 2017. In addition, results from customer satisfaction surveys and complaints received indicate that complaints per 1,000 trips between contracted taxi providers at 1.22/1,000 than buses at 1.05/1,000 which adds credibility to the improvement in the quality of service are customers receive. Demand and ridership growth is expected to continue to 2025.



For Wheel-Trans to continue to meet ridership demand due to the changes in eligibility and to allow for continued high quality of service, continuity and seamless transition to transformative changes to Wheel-Trans increases to the upset limit amounts for each of the Wheel-Trans contracted taxi services contracts is required as recommended until the expiry of these contracts.

Wheel-Trans is facing a monumental transformation through a redesign to the service delivery model, with planned full integration of Wheel-Trans service with the conventional TTC network by 2025 through the Wheel-Trans 10-Year Strategy (presented and approved at the February and September 2016 Board Meetings). In 2018 the TTC will be renegotiating the CBA and it is imperative that we maintain stability for our customers and a high quality service throughout this process. Once the collective agreement has been signed and the modal split defined, staff will be in a position to proceed with drafting service requirements in a RFB for new service contracts which will take into consideration the latest demand forecast, the modal percentage split, bus and operator requirements, new scheduling software system, and a new service model to coincide with the 10-Year Strategy.

If these recommended increases are not approved then the impact would require significant funding for TTC to purchase more buses and hire additional operators to meet service levels with immediate considerable impact to customers and the Wheel-Trans 10-Year Strategy.

The need to continue to operate with the contracted service providers is essential to provide continuity, consistency and a high quality of service for all Wheel-Trans passengers, supplement bus service, meet higher demand, and to do so while meeting the Key Performance Indicators at a high level.

The request for an increase to the upset limit in order for these contractors to continue to provide service to the contract expiry of July 4, 2019, is required to maintain stability for our customers as a direct result of the potential impact by the CBA negotiations, increase in demand, timeline of issuing a new RFB and the transformation of Wheel-Trans.

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