



Strategy for Future Wheel-Trans Taxi Service Contracts

Date: January 24, 2019
To: TTC Board
From: Chief Service Officer

Summary

With over 44,000 active customers, Wheel-Trans is the third largest paratransit service in North America. On peak days, Wheel-Trans transports over 15,000 customers, and since the expansion of eligibility at the beginning of 2017 to include cognitive, mental health, and sensory disabilities, Wheel-Trans has seen the number of new customer applications grow to approximately 1,200 per month.

This report seeks approval of the proposed strategy for the next taxi service contracts. In addition, the report recommends that the Board approve the option to exercise a one-year extension to the current accessible taxi and sedan meter-based service contracts. The contract extensions will provide staff with sufficient time to conduct a thorough, transparent, equitable and inclusive program review and to issue a Request for Information (RFI) prior to issuing a new service contract and ensure stability and continuity of service to customers during the Wheel-Trans transformation period.

This strategy addresses a multitude of critical factors in order to attain the most effective Request for Bid (RFB) which will result in the highest quality of service delivery, enhanced customer experience, the implementation of industry best practices and improved cost-efficiency.

Recommendations

It is recommended that the Board:

1. Receive the Strategy for Future Service Contracts for information and;
2. Approve a one-year extension to the Accessible Taxi Service Contracts to July 4, 2020 and;
3. Approve a one-year extension to the Sedan Meter-Based Service Contracts to July 4, 2020.

Financial Summary

At its meeting on July 12, 2017, the Board authorized amendment increases to the upset limit for the accessible taxi and sedan taxi contracts as follows:

- Accessible Taxi Service Contracts increase of \$96 Million inclusive of all applicable taxes, increasing the total upset limit from \$120 Million to \$216 Million, and
- Sedan Taxi Service Contracts increase of \$67 Million inclusive of all applicable taxes, increasing the total upset limit from \$80 Million to \$147 Million.

Remaining authority from these upset limits is expected to be approximately \$87 Million plus HST as of December 31, 2018. Sufficient funding of \$59 Million will be included in the proposed 2019 Wheel-Trans Operating budget, which is consistent with the current spending trend.

Staff will continue to monitor ridership trends and actual service delivered throughout 2019 to determine if an increase to the upset limit will be required.

The Chief Financial Officer has reviewed this report and agrees with the information.

Equity/Accessibility Matters

By 2025, TTC conventional services will be fully accessible as mandated by the Accessibility for Ontarians with Disabilities Act (AODA) and staff will review the progress of the transformation of TTC services to determine requirements for supporting the needs of customers. This includes, but is not limited to, the Wheel-Trans 10-Year Strategy and Transformation Program with associated intermodal travel between Wheel-Trans and conventional services (“Family of Services”).

The current taxis used (accessible and regular sedan) for service supplement the Wheel-Trans bus service, allow for much-needed relief as a result of increasing growth in demand and changing customer needs while ensuring that every eligible customer who requests a ride receives a ride.

Staff will review the new service contracts with the TTC Legal Department to ensure that the language used is clear, concise, and will reinforce diversity, inclusion, dignity, respect, and a high quality service for the City and for customers.

Decision History

In November 2012, the Auditor General presented its recommendations to improve the efficiency and effectiveness of Wheel-Trans operations and services. Of the 23 recommendations, five focused on contract procurement and management activities. <https://www.toronto.ca/audit/2012/Wheel-Trans-Sustaining-Level-and-Quality.pdf>

A competitive bid process was conducted in early 2014 for the accessible taxi service contract. As a result of this competitive bid process, 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.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/January 28/Reports/Procurement Authoriz.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/January%2028/Reports/Procurement%20Authoriz.pdf)

In May 2014, the TTC Board awarded contracts for sedan taxi meter-based services to supplement the accessible taxi contracts.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/May 28/Supplementary Reports/Sedan TaxivReport.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/May%2028/Supplementary%20Reports/Sedan%20TaxivReport.pdf)

In August 2014, the TTC Board approved an amendment to the accessible taxi service contract to add an amount equivalent to HST to the minimum driver rate portion of the all-inclusive rate, raising the rate from \$2.50/KM to \$2.83/KM.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/March 26/Reports/C3 Audit Committee re Accessible Taxi Contract.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/March%2026/Reports/C3%20Audit%20Committee%20re%20Accessible%20Taxi%20Contract.pdf)

In July 2017 the TTC Board approved an increase of the upset limits to meet the unanticipated growth in demand and ensure sufficient funds were available for the remainder of the contract.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2017/September 5/Minutes/index.jsp](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2017/September%205/Minutes/index.jsp)

In January 2018, the Auditor General presented its recommendations to improve Wheel-Trans Accessible Taxi procurement practices.

<https://www.toronto.ca/legdocs/mmis/2018/au/bgrd/backgroundfile-112962.pdf>

Issue Background

The importance of the new taxi service contracts cannot be understated as contracted services provide a substantial percentage of Wheel-Trans service. Wheel-Trans has used contracted taxi services to supplement bus service to carry customers since the early 1990's. Since then, the total number of trips delivered by Wheel-Trans has grown from 1.2 million annually to a projected 4.3 million trips in 2019 (see Appendix 3: Evolution of Contract Taxi Services). Contracted services also account for the majority of late add-on and transferred trips, increasing their importance to Wheel-Trans service levels. Currently, TTC-operated vehicles account for approximately 38% of all customer trips scheduled with the remaining 62% scheduled to a combination of accessible taxis and sedan taxis.

On January 28, 2014, the TTC Board authorized the award of contracts for accessible taxi service to supplement Wheel-Trans bus service. The contract period began on July 5, 2014 and expires on July 4, 2019. Subsequently, on May 28, 2014, the TTC Board authorized the award for contracts for sedan meter-based taxi service to supplement Wheel-Trans service. Both contracts were for a period of five years with an option to exercise two additional one-year contract extensions under the same terms

and conditions, subject to reasonable negotiated rates prior to the expiry of the base five-year term.

Wheel-Trans staff have reviewed the Wheel-Trans service model and developed a transformation plan to meet the Province's legislated accessibility commitments by 2025. The transformation program includes a thorough review of the contract model that will enable staff to prepare a well consulted contract that meets and support the business service model and will allow for business continuity during a period of transformation within Wheel-Trans.

Comments

With over 44,000 active customers, Wheel-Trans is the third largest paratransit service in North America. On peak days, Wheel-Trans transports more than 15,000 customers, with the number of new applications growing to approximately 1,200 per month since the AODA-mandated expansion of eligibility at the beginning of 2017 to include cognitive, mental health, and sensory disabilities.

Wheel-Trans staff worked in partnership with the TTC's Materials & Procurement staff to retain the services of the Procurement Office Group to assist in developing a detailed work plan and to execute a comprehensive review of industry best practices. Through this process, the goal has been to ensure fairness and transparency for the next taxi service contracts that will benefit Wheel-Trans customers and residents city-wide. To prepare a new service contract that effectively addresses the needs of stakeholders, staff developed a strategy that addresses a number of critical factors, both internal and external, that may impact the terms and requirements within the contract, including:

1. Lessons learned from existing accessible taxi service contracts and review of how other transit agencies are managing their taxi service contracts.
2. A review of industry best practices in order to attain the highest industry standard for both the taxi service contracts and the overall customer experience.
3. The City of Toronto Auditor General's recommendations as identified in the January 31, 2018 report.
4. Interdependencies and impacts from the projects within the Wheel-Trans Transformation Program, specifically the scheduling system upgrade and the automation of intermodal trip booking.
5. Service requirements and distribution of trips in order to forecast, model, and determine service level requirements.
6. A Municipal Licensing and Standards review that began in September 2018.
7. Retaining a Fairness Monitor to oversee the contract RFB process, ensuring transparency up to and including the award of the service contracts.
8. Conducting both industry and customer/public-focused stakeholder consultations.

City of Toronto Auditor General's Recommendations

In January 2018, the City of Toronto's Auditor General presented the TTC with four recommendations for consideration when preparing the next taxi service contract tender process. A detailed list of recommendations and staff responses is included in Appendix 1 of this report. The TTC has committed significant time and resources to ensure that all of the Auditor General's findings and recommendations are thoroughly reviewed and effectively incorporated through each step of this tendering process to address the future structure of these taxi service contracts.

The Auditor General recommended that Wheel-Trans complete a thorough review of the current contracts to assess the 'competitive pricing' aspect and to ensure the appropriate stakeholder staff from TTC Finance, Legal and Purchasing are involved in future contract drafts. Incorporating these different stakeholders from within the TTC into the process will ensure a multi-level view of our strategy, which is of paramount importance to creating and fulfilling a comprehensive RFI and RFB process while also addressing the possibility of stipulating a driver rate for future contracts.

The Auditor General also recommended that staff must engage with the proper subject matter experts when designing the new contract terms and language to ensure it is carefully reviewed for accuracy before its release to minimize addenda and changes which may cause confusion in the marketplace. In response to this, Wheel-Trans staff have retained a third party consultant, the Procurement Office Group (POG), to assist. Under the direction and supervision of Wheel-Trans staff, the consultant has reviewed the current taxi service contracts with an external and impartial view to simplify and clarify language and terms within our existing contracts and in preparation for the next set of service contracts.

Service Requirements (Distribution Levels)

Business requirements are of paramount importance in determining service level distribution. Service distribution levels between bus and contracted taxis (such as the annual/monthly service kilometres value requirement) need to be clearly specified within the terms of the contract prior to the upcoming RFB as it will impact the proponents' ability to submit a legitimate business bid for providing service.

Interdependencies from the Wheel-Trans Transformation Program

The Wheel-Trans Transformation Program has three interdependencies that impact the implementation and delivery of contracted services.

Service Model (May 2017 – 2020)

Wheel-Trans staff have defined a new service delivery model based upon intermodal transit travel for customers who are able to make use of the accessible, conventional system for all or part of their trip. As trip profiles evolve based on an increased use of conventional transit, the need for and use of accessible taxis and sedan taxis will grow. Understanding the requirements for contracted services over the next five-year period until the TTC is fully accessible in 2025 may impact service delivery provided by new proponents, including average trip lengths, travel patterns, number of trips and total kilometres serviced.

Updated Reservations, Scheduling and Dispatch system (October 2018 – 2020)

The upgraded scheduling and dispatch system will introduce functions such as automating multi-modal trip planning, on-demand trip booking, dynamic scheduling, multi-regional scheduling and vehicle location and connection protection scheduled to be completed by 2020. The system will interface with real-time transit data from conventional operations for subways and surface fixed-route vehicles, systems that monitor the status of elevators and escalators essential for certain subway stations and terminals to be considered accessible. Thus the new set of taxi contracts is extremely important supporting the upcoming transformative changes and how Wheel-Trans interacts with conventional services. Technical specification requirements are being developed to allow greater integration between the modes and the ability to locate all vehicles in Wheel-Trans service.

Incident Communications System (ICS) (August 2018)

The introduction of the Family of Services will see more Wheel-Trans customers using the subway and other conventional modes of transport for all or part of their travels. ICS will help monitor incidents in real time on the conventional system that may impact Wheel-Trans bus, accessible taxis, and sedan taxis. Customer trips service disruptions and incidents will be reported in real-time to the Wheel-Trans Dispatch team which will have a direct effect on contracted service providers' ability to assist in delivering service with minimal impact to customers.

City of Toronto Municipal Licensing and Standards (ML&S) Review

The City's ML&S department has begun a comprehensive review of Chapter 546, Vehicles-for-Hire, with a report expected at the General Government and Licensing Committee in Q2 2019. This review will analyze the City of Toronto's accessible requirements, including analyzing the effectiveness and outcomes of the current regulations and potentially recommended changes as they relate to driver requirements, availability of services, vehicle specifications, and driver training. The TTC is participating in consultations on the accessibility strategy which began in September 2018. Information about consultations will be posted online at www.toronto.ca/community-people/get-involved/public-consultations and sent to stakeholders, including Wheel-Trans staff.

Staff will require time to review the changes made by ML&S that may impact the requirements of the next set of contracted service contracts.

Retaining a Fairness Monitor

Wheel-Trans staff is working together with Materials and Procurement staff to retain a Fairness Monitor who will oversee the various commercial and technical correspondences, and evaluation criteria, review the final Bid document and review submissions to ensure that the procurement process proceeds in accordance with the pre-established guidelines as set out in the RFBs to ensure fairness and transparency during the procurement process. In addition to reviewing all RFB documents, the Fairness Monitor will attend related meetings with the TTC's Legal, Finance, and

Materials and Procurement departments including Board meetings to provide guidance and answer questions.

Stakeholder Consultations

The TTC held two public consultations in December 2018. The consultation held on December 7, 2018 focused solely on the industry (including contractors, drivers, non-profit groups, and alternative transit providers). The second consultation, held on December 10, 2018, focused on customers, members of the public, and nursing homes as well as ACAT members. These consultations were communicated through various news outlets, social media, and the Wheel-Trans newsletter to inform and encourage participation in the process. The consultations were successful in gathering additional information from both set of groups for staff to analyse and review.

In addition, the TTC posted a survey on line for those stakeholders unable to attend. General themes received for consideration were: increase number of contractors, better scheduling, reviewing hours of scheduled shifts, increase break durations, taxi-zone service, improved training, increased sensitivity, awareness and empathy by drivers for customers, better screening of drivers, increased interior vehicle capacity, improved lines of communication, safe driving, continuity in the delivery, and on-time delivery of service.

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Attachments

Appendix 1 – Auditor General Recommendations & Staff Response
Appendix 2 – Critical Milestones/Workplan
Appendix 3 – Evolution of Contract Services

APPENDIX 1 - AUDITOR GENERAL RECOMMENDATIONS & STAFF RESPONSE

1. **Recommendation:** Review the necessity and the risks associated with stipulating a minimum driver rate in the upcoming accessible taxi services procurement.
Response: Wheel-Trans has engaged a third party consultant, the Procurement Office Group (POG), to assist in reviewing current service contracts, how other paratransit properties are structuring service contracts, scope for the accessible taxi contract renewals and the development of the evaluation criteria to be used to assess the bids. The POG will create a design framework and checklist based on industry standards and other best practices that will assess the impact of the various factors on the competitiveness and independence of the bid responses. POG will work under the direction and management of Wheel-Trans staff during this process.
2. **Recommendation:** Ensure that the appropriate financial staff assesses the accuracy, completeness, and reasonableness of the financial estimate of drivers income.
Response: Wheel-Trans will engage Finance to participate in the review of the financial aspects of the bid responses to ensure the numbers reflect realistic costs and any associated risks to the TTC are considered.
3. **Recommendation:** Ensure the draft call document for Accessible Taxi services and other Wheel-Trans contracted services is sufficiently and thoroughly reviewed to minimize the need for addendums and changes.
Response: In addition to using POG to develop, in writing, the RFB, POG will hold pre-planning sessions with Wheel-Trans staff, internal stakeholders and participate in public consultations with the taxi industry and customers to ensure a complete scope statement can be developed. In addition, Wheel-Trans staff will engage legal to review the outcome of each iteration of the RFB process and to minimize gaps and impacts to TTC.
4. **Recommendation:** Ensure the appropriate Subject Matter Experts including finance and risk management staff are involved at the planning stage of the upcoming Accessible Taxi service procurement process and final review of the call document.
Response: Wheel-Trans is developing, with the POG, a detailed work plan that identifies all key stakeholder groups, roles and responsibilities and critical delivery dates. A timeline of milestone dates and check-off will be created to support this strategy. See Appendix 2 for the critical milestone timeline.

APPENDIX 2 – CRITICAL MILESTONES/WORKPLAN*

July 2018	Third Party Procurement Consultant hired (POG)
Jul 2018 to Sep 2018	Detailed Work Plan developed with Consultant
Sep 2018 to Dec 2018	Kick-off meetings held with internal stakeholders and initial research to begin (6 different Transit agencies, current contractors, and public consultations (Industry and public))
Jan 2019 to Mar 2019	Consultant research & review
Jul 2019 to Sep 2019	Scope of RFB finalized
Oct 2019	Scope & recommendation presented to senior management
Nov 2019	RFB posted on Merx
Dec 2019 to Jan 2020	Submissions received
Jan 2020 to Feb 2020	Submissions evaluated
March – April 2020	Recommendations presented to CEO and Head of Wheel-Trans
March- April 2020	Award
Jul 2020	Contracts Begin

- * The above timelines are preliminary and subject to adjustments.

• APPENDIX 3- EVOLUTION OF CONTRACT SERVICES

