

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: December 6, 2007

SUBJECT: EXTENSION OF THE ACCESSIBLE AND SEDAN TAXI
CONTRACTS: WHEEL-TRANS OPERATIONS

RECOMMENDATION

It is recommended that the Commission approve:

1. an increase of \$15,100,000 to the total upset limit amount for the accessible taxi contracts from \$79,464,800 to \$94,564,800 and an extension of the existing contracts by up to one year to December 31, 2008;
2. the extension to current three (3) sedan based taxi contracts: Beck Taxi Limited, Arrow Cab Limited, and East End Taxi, by up to six (6) months from January 1, 2008 to July 5, 2008 for an increase of \$3,100,000 to the total upset limit amount for sedan based taxi service contracts from \$32,194,200 to \$35,294,200; and
3. delegating to the Chief General Manager the authority to allocate the funds between the current accessible taxi contractors willing to accept the revised terms and conditions for a one-year extension to their current contracts.

FUNDING

Sufficient funds for accessible and sedan taxi services have been provided for in the proposed 2008 Wheel-Trans Operating Budget approved by the Commission at its meeting of November 14, 2007.

DISCUSSION

At the May 8, 2007 Commission meeting, staff provided an update on the status of the Request for Proposals (RFP) for the provision of Wheel-Trans Accessible Taxi service over the next five to seven years. The report outlined initiatives that would be included in the RFP to provide a consistent high quality service commencing in January 2008. Staff anticipated interest in these contracts both from non-traditional providers of transportation services and the taxi industry. During the formal review of the Request for Proposal document, it became obvious that clarification was required in order to provide a level playing field for proponents interested in delivering this service. This review resulted in considerable changes to the format and explanations associated with the various service provisions. The review of these documents by Wheel-Trans, Procurement, and Legal Staff, as well as an independent legal adviser, is currently being finalized. For this reason, it will be impractical to award a contract in January of next year.

As originally contemplated, the new accessible taxi contracts will provide for a substantial transition period (up to 4 months) in order to recruit and train taxi drivers as well as put in place the infrastructure to deliver these services. Given the importance of this service and the level of reliability required by our customers, this four-month transition period is essential. Therefore, the earliest opportunity for implementing these new service contracts is currently anticipated by staff to be September 2008.

A further contract extension to year-end 2008 to the current accessible taxi contracts is also being requested in order to provide service stability during a period of time when Wheel-Trans is anticipating the delivery of new buses (September to December). If these buses cannot be delivered on schedule, accessible taxis will be called upon to provide an even larger percentage of the overall Wheel-Trans service. The current accessible taxi contractors are in the best position to accommodate this relatively short-term service increase.

The eight (8) existing accessible taxi contractors have been canvassed to determine whether there is any interest in a contract extension. While all contractors have expressed an interest in a contract extension, staff are negotiating changes to the terms that would address quality assurance, driver compensation, and auditing provisions which staff believe is fundamental to achieving an overall improvement of accessible taxi service.

As such, we will be approaching the existing contractors with a proposal to extend the contract for one year at the current cost per kilometre and set a minimum driver compensation rate (net of all direct expenses). Any of the current contractors that do not agree to implement the suggested contract changes relating to quality assurance, driver compensation, and auditing provisions will not have its contract extended.

In order to meet 2008 Wheel-Trans service requirements in this manner, staff are requesting approval to extend the existing accessible taxi contracts for up to one (1) year and increase the total upset limits by \$15,100,000 and delegate to the Chief General Manager the authority to allocate the funds between the current accessible taxi contractors willing to extend their contracts. If we are unable to achieve the appropriate level of service from our existing accessible taxi contractors under satisfactory terms and conditions, then the remaining service will be provided through Wheel-Trans buses and contracted sedan taxis. Given our customers' requirement for accessible vehicles, this should only be considered as a short-term strategy. Any additional changes to the upset limits for the sedan taxi service will be the subject of a future Commission report.

In order to avoid confusion in the marketplace, accessible taxi service and sedan taxi service Request for Proposals are not being pursued at the same time. As such, a decision was taken early this year to delay any issuance of a sedan taxi service RFP until after the accessible taxi service RFP has closed. As a result, staff are requesting approval for a six-month extension to the current sedan taxi contracts.

In this regard, staff will issue an RFP for the provision of sedan taxi service after the accessible taxi service proposals have been received in the Spring of 2008. New contracts should be in place by July 2008. This further service period will require an increase of \$3,100,000 to the total upset limit amount for sedan taxi contracts (from \$32,194,200 to \$35,294,200). The allocation of this additional funding would continue to be based upon vehicle availability and service coverage areas. The revised sedan taxi contract upset limits are outlined in Appendix "A".

JUSTIFICATION

Staff recommend that the Commission support this approach and approve the extension of accessible taxi service contracts for a one-year period and the extension of the sedan taxi contracts for a six-month period. By extending the taxi contracts and increasing the respective upset limits, Wheel-Trans will be able to provide the required level of service until the new contracts take effect.

Extensions to the existing accessible and sedan taxi contracts are necessary to provide sufficient service to the Wheel-Trans customers and to provide sufficient opportunity for proponents in the upcoming Wheel-Trans service RFP's to consider this opportunity to serve Wheel-Trans customers.

November 23, 2007

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APPENDIX A

SEDAN TAXI CONTRACTS

| | | | | | |
|--------------------|------------------------|------|---------------|----|---------------|
| Arrow Cab Limited: | \$ 1,000,000 increase, | from | \$ 10,181,700 | to | \$ 11,181,700 |
| Beck Taxi Limited: | \$ 1,300,000 increase, | from | \$ 14,128,500 | to | \$ 15,428,500 |
| East End Taxi: | \$ 800,000 increase, | from | \$ 7,884,000 | to | \$ 8,684,000 |