

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: June 24, 2013

SUBJECT: PROCUREMENT AUTHORIZATION AMENDMENT - INCREASE
UPSET LIMIT FOR SEDAN METER-BASED TAXI CONTRACTS

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize amendments to increase the current upset limits for the Wheel-Trans Sedan Meter-Based Taxi Services contracts as follows:

1. Authorize Contract Amendment No. 6 to Associated Toronto Taxi-Cab Co-Operative Limited, Contract No. C34PC09709, in the amount of \$3,145,000 increasing the total upset limit to \$31,945,000 from \$28,800,000; and
2. Authorize Contract Amendment No. 6 to Beck Taxi Limited, Contract No. C34PC09708, in the amount of \$3,400,000 increasing the total upset limit to \$32,600,000 from \$29,200,000.

FUNDING

After factoring in the impact of the increased usage of the sedan taxi contracts, as explained in this report, the current 2013 year-end budget projection indicates a subsidy shortfall of approximately \$1.1 million. Every effort will be made to accommodate this increased requirement within the existing budgeted subsidy level through the examination of operating efficiencies such as improved vehicle productivity and on-time performance. Staff will continue to report its year-end budget variance forecast in the CEO's Report.

BACKGROUND

The TTC currently has two Sedan Meter-based Contracts with Beck Taxi Limited and Associated Toronto Taxi Co-Operative Limited to supplement the existing Wheel-Trans bus and accessible taxi service. The current contract completion dates are in January, 2014. Contract upset limits for each taxi contractor were based on the number of available vehicles, service coverage areas, projected demand, and the modal split between bus, accessible taxi, and sedan taxi. However, due to the unanticipated increase in demand throughout the term of the contract, insufficient funds remain for the remainder of 2013, and a budget variance of \$1.1 million is expected as a result of the costs associated with the increasing demand for trips.

Contract Details are as follows:

Associated Toronto Taxi Cab Co-Operative Limited

Original Upset Limit Contract Price:	\$19,000,000
Previous Amendments:	\$ 9,800,000
This Amendment:	<u>\$ 3,145,000</u>
Revised Upset Limit Contract Price:	\$31,945,000

Beck Taxi Limited

Original Upset Limit Contract Price:	\$19,000,000
Previous Amendments:	\$10,200,000
This Amendment:	<u>\$ 3,400,000</u>
Revised Upset Limit Contract Price:	\$32,600,000

DISCUSSION

The contracts were originally awarded to supplement the existing Wheel-Trans bus services in meeting peak period demand, as well as providing substantial service during off-peak periods. However, subsequent to award, due to the increase in demand, more customers were being accommodated by the less expensive contracted services.

Also impacting the usage of the sedan taxi contract was the increased use of sedan taxis for service adjustments to maintain on time performance as well as to maintain the budgeted unaccommodated rate. Further, the legislated requirement of the *Accessibility for Ontarians with Disabilities Act* (AODA) to provide 24-hour service effective January, 2013 resulted in the increased use of sedan taxis to meet customer demand. Demand continues to be 4% higher than budgeted due to the following factors: colder winter months with increased snow fall made using the service attractive despite efforts to encourage customers to use conventional transit service; Wheel-Trans simplified the trip booking process and changed advanced bookings from one (1) day to seven (7) days in advance, thus generating more trip requests; experiencing a higher level of applications for service, increasing the registrant base and as a result, together with improvements in service quality (improved schedules, on time performance, vehicle reliability), customers are relying more heavily on Wheel-Trans door-to-door service. Consequently, there has been a substantial growth in ridership that was not originally anticipated which has resulted in additional costs to meet the 4% increase in demand in 2013, impacting the current contracts upset limit and approved funding. Staff are forecasting that this trend will continue for the remainder of the year which will result in a shortfall of \$1.1 million in operating subsidy.

Consequently, based on the projected demand for the remainder of 2013, an increase in the upset limit is required for sedan taxi service to the end of 2013.

An extension to these contracts will be required until new service providers are in a position to start the renewal contracts in 2014. At the December 19, 2012 Board Meeting, the Chief Executive Officer was delegated the authority to extend the current contracts for a period of up to six months with the upset limits to be adjusted proportionately.

JUSTIFICATION

Approval of the amendment of the two sedan taxi contracts will ensure uninterrupted service at an appropriate level to meet Wheel-Trans customer demand for the remainder of 2013.

June 12, 2013
18-11-1
