



Wheel-Trans Taxi Service Contracts Extension

Date: October 29, 2024

To: TTC Board

From: Chief Transportation and Vehicles Officer

Summary

The purpose of this report is to request approval to exercise the two available extension options of one year each for the current accessible distance-based and sedan meter-based taxi service contracts and increase the total contract upset limit by \$43,000,000, from \$402,000,000 to \$445,000,000.

In addition, this report seeks approval to authorize an additional two-year extension of the contracts to account for the financial impacts experienced by taxi contractors and operators arising from lower ridership during the COVID-19 pandemic. The five current accessible distance-based taxi contracts expire in May 2025 and the three sedan meter-based taxi contracts expire in June 2025. Approval by the TTC Board for this additional two-year extension would further increase the contract value by \$207,000,000 to a cumulative value of \$652,000,000.

Wheel-Trans has utilized contracted taxi services since the early 1990s to supplement Wheel-Trans bus service. With more than 39,000 active customers, Wheel-Trans is the third largest paratransit service in North America, carrying over 13,000 customers on peak service days. Legislative amendments in early 2017 expanded paratransit rider eligibility to include riders with cognitive, mental health, and sensory disabilities. This has resulted in the growth of customer applications to approximately 1,600 per month in 2024, an increase from 1,000 applications per month prior to 2017.

Recommendations

It is recommended that the TTC Board:

1. Authorize a two-year contract extension, per the available options, for the accessible distance-based taxi contracts for the period of May 29, 2025 to May 28, 2027, with an increase to the upset limit by \$25,200,000 for a total of \$280,200,000, with the following five existing service providers:
 - a. Associated Toronto Taxi-Cab Co-operative (Co-Op AT).
 - b. 2605881 Ontario Inc. (Royal Taxi).
 - c. 1210670 Ontario Inc. (Scarborough City Cab).
 - d. 1145659 Ontario Limited (Checker Taxi).
 - e. Beck Taxi Ltd. (Beck AT).

2. Authorize two-year contract extensions, per the original contract options, for the sedan meter-based taxi contracts for the period of June 10, 2025 to June 9, 2027, with an increase to the upset limit by \$17,800,000 for a total of \$164,800,000, for the following three existing service providers:
 - a. Beck Taxi Ltd. (Beck Sedan).
 - b. Associated Toronto Taxi-Cab Co-operative (Co-Op Sedan).
 - c. Toronto 1 Taxi (a division of Scarborough City Cab).

3. Authorize an additional two-year extension from 2028 to 2029 to address the impacts of COVID-19 on the taxi providers; and increase the total upset limit by \$207,000,000 to a total of \$652,000,000 to provide sufficient funding for 2028 and 2029 as follows:
 - a. Accessible Distance-Based Contracts by \$136,400,000 to \$416,600,000
 - b. Sedan Meter-Based Contracts by \$70,600,000 to \$235,400,000

As a condition of the two-year extension, taxi contractors will commit to working with the TTC towards their EV Clean Vehicle Transition Strategy.

4. Approve a cap to the driver portion of the Accessible Taxi's all-inclusive rate to a maximum of a 2% annual increase, effective 2025 and through the approved extension period.

5. Delegate authority to the Chief Executive Officer to allocate approved funding in each of the contract extension year to the current Accessible Taxi Distance-Based and Sedan Meter-Based Taxi Service Contractors among any of the eight contracts during the extension periods.

Financial Summary

At its meeting on February 25, 2020, the TTC Board authorized the award of taxi service contracts for a five-year term starting, for the period of May 2020 to May 2025 for Accessible Taxi service and from June 2020 to June 2025 for Sedan Taxi service, with a total upset limit of \$402.0 million, inclusive of HST, with options for two additional extensions of one-year each. The total anticipated expenditures during the two one-year extension periods from 2025 to 2027 for the current contracted taxi service contracts is \$189.4 million, inclusive of HST, and is comprised of \$124.2 million for Accessible Taxi and \$65.2 million for Sedan Taxi.

The additional two extension years (2028 – 2029), will require an increase to the upset limit of \$136.4 million (Accessible Taxi Contract) and \$70.6 million (Sedan Contract) for a total of \$207 million to meet forecasted service demand.

The anticipated operating expenditures incorporate contractual price escalation and forecasted ridership growth, which is summarized by year in Table 1 below:

Table 1: Contract Expenditure Forecast for Extension Period June 2025 to May 2029 (\$ Millions)

(in Millions)	First Extension Period				Second Extension Period				Total (June 2025 to May 2029)
	2025 (June to December)	2026	2027 (January to May)	Subtotal	2027 (June to December)	2028	2029 (January to May)	Subtotal	
Accessible Taxi	30.7	55.1	24.1	109.9	33.7	60.5	26.4	120.7	230.5
Sedan Taxi	16.2	29.0	12.6	57.7	17.6	31.3	13.6	62.5	120.2
Contract Expenditure (Without HST)	46.9	84.1	36.6	167.6	51.3	91.9	40.0	183.2	350.8
Accessible Taxi	0.5	1.0	0.4	1.9	0.6	1.1	0.5	2.1	4.1
Sedan Taxi	0.3	0.5	0.2	1.0	0.3	0.6	0.2	1.1	2.1
Non Rebatable HST 1.76%	0.8	1.5	0.6	2.9	0.9	1.6	0.7	3.2	6.2
Accessible Taxi	31.2	56.1	24.5	111.8	34.3	61.6	26.9	122.8	234.6
Sedan Taxi	16.5	29.5	12.8	58.8	17.9	31.9	13.8	63.6	122.3
Total Contract Expense	47.7	85.6	37.3	170.6	52.2	93.5	40.7	186.4	356.9
Accessible Taxi	3.4	6.2	2.7	12.3	3.8	6.8	3.0	13.6	25.9
Sedan Taxi	1.8	3.3	1.4	6.5	2.0	3.5	1.5	7.0	13.5
Rebatable HST	5.3	9.4	4.1	18.8	5.8	10.3	4.5	20.6	39.4
Accessible Taxi	34.7	62.3	27.2	124.2	38.1	68.4	29.9	136.4	260.5
Sedan Taxi	18.3	32.7	14.2	65.2	19.9	35.4	15.3	70.6	135.9
Total Authority, Including HST	53.0	95.0	41.4	189.4	57.9	103.8	45.2	207.0	396.4

Due to the impacts of COVID-19, the anticipated spending of the current upset limit is \$255.7 million of the \$402.0 million authorized until May 2025. This will result in \$146.3 million in remaining contract spending authority at the end of the current contract term. This remaining contract value essentially equates to the cost of providing service had ridership levels not dropped through the COVID-19 Pandemic. However, ridership projections indicate a need to increase the contract upset limit by \$43.0 million, inclusive of HST, for the first two-year extension period as outlined in Table 2 below.

A further increase of \$207.0 million, inclusive of HST, is projected for the additional two-year extension (2028-2029) for a total of \$250.0 million from 2025 - 2029, as outlined in Table 2 below:

Table 2: Anticipated Contract Authority Increase (\$ Millions)

(in \$Millions)	Accessible Taxi	Sedan Taxi	Total
Awarded Upset Limit up to May 2025	255.0	147.0	402.0
Anticipated Contract Expenditures up to May 2025	156.1	99.6	255.7
Anticipated Remaining Upset Limit after May 2025	98.9	47.4	146.3
First Extension Period:			
Anticipated Contract Expenditures (June 2025 to May 2027)	124.2	65.2	189.4
Less: Anticipated Remaining Upset Limit after May 2025	(98.9)	(47.4)	(146.3)
Anticipated Authority Increase for First Extension Period	25.2	17.8	43.0
Total Upset Limit up to May 2027	280.2	164.8	445.0
Second Extension Period:			
Anticipated Contract Expenditures (June 2027 to May 2029)	136.4	70.6	207.0
Anticipated Authority Increase for Second Extension Period	136.4	70.6	207.0
Total Upset Limit up to May 2029	416.6	235.4	652.0
Total 4-Year Extension Period:			
Anticipated Contract Expenditures (June 2025 to May 2029)	260.5	135.9	396.4
Anticipated Authority Increase for First and Second Extension Period	161.6	88.4	250.0

All figures inclusive of 13% HST

Under the current terms of the Accessible Taxi contract, Accessible Taxi drivers are entitled to an annual rate increase not exceeding the annual change in the monthly CPI (CPI Index-All Items-Toronto) for a 12-month period.

In consideration of the four-year extension, staff have negotiated a cap to the driver portion of the Accessible Taxi’s all-inclusive rate to a maximum of a 2% annual increase over the contract extension years, beginning in 2025. This has been reflected in the projected operating expenditures indicated in Table 1 above, with an estimated cost avoidance of \$0.6 million, inclusive of HST, when compared to the latest CPI forecasts from the Bank of Canada as of July 2024. The cost avoidance is summarized in Table 3 below:

Table 3: Accessible Taxi Service Costs - Driver Portion June 2025 to May 2029 (\$ Millions)

	2025 (June to December)	2026	2027	2028	2029 (January to May)	Total
Scenario 1 - 2% Cap						
Annual Rate Increase	2.0%	2.0%	2.0%	2.0%	2.0%	
Cost Per Kilometer (Driver Portion)	3.65	3.73	3.80	3.88	3.95	
Costs (in \$Millions)	30.2	54.4	57.1	60.0	26.3	228.1
Scenario 2 - CPI						
Annual Rate Increase linked to CPI*	2.2%	2.1%	2.0%	2.0%	2.0%	
Cost Per Kilometer (Driver Portion)	3.66	3.74	3.81	3.89	3.97	
Costs (in \$Millions)	30.3	54.6	57.3	60.2	26.4	228.7
Cost Avoidance, including HST of 13% (in \$Millions)	0.1	0.2	0.2	0.2	0.1	0.6
Cost Avoidance, Net of HST Rebate (in \$Millions)	0.1	0.1	0.2	0.2	0.1	0.6

* Annual Rate Increase - CPI based on Bank of Canada July 2024 Monetary Policy Report

The 2024 Operating Budget, approved by the TTC Board on December 20, 2023 and City Council on February 14, 2024, provides \$64.6 million to fund Wheel-Trans contracted taxi services. As stated in the 2024 Operating Budget outlook for 2025, it was estimated that an additional \$4.8 million would be required to fund contractual price escalation and forecasted ridership growth in 2025. Sufficient funding based on the latest ridership projections will be requested in the 2025 and future year Operating Budget submissions for the TTC Board consideration.

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

Equity/Accessibility Matters

The TTC is committed to ensuring reliable, safe, accessible, barrier-free, and inclusive transit services for all customers. A reliable transit network is critical for customers relying on the TTC to get to work, school and to access healthcare services. Wheel-Trans, with the support of contracted taxi services, plays a key role in ensuring equitable access to those services.

Improvements in Wheel-Trans systems have resulted in more detailed ride information, which includes customer mobility profiles that dictate the vehicle (Wheel-Trans bus, sedan or accessible taxi) that best suits their needs. These software innovations that can determine travel patterns for efficiency, ensure that every customer that requests a ride receives one and is cost-effective.

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.

[Auditor General's Report – Review of Wheel-Trans Services – Sustaining Level and Quality of Service Requires Changes to the Program](#)

In January 2014, a competitive bid process was conducted for the Accessible Taxi service contract. As a result, 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.

[Procurement Authorization - Accessible Taxi Service](#)

[Decision: Procurement Authorization - Accessible Taxi Service](#)

In May 2014, the TTC Board awarded contracts for Sedan Taxi meter-based services to supplement the Accessible Taxi contracts.

[Procurement Authorization - Sedan Meter-Based Taxi Service for Wheel-Trans](#)

[Decision: Procurement Authorization - Sedan Meter-Based Taxi Service for Wheel-Trans](#)

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.

[TTC Board Meeting - August 19, 2014 Minutes](#)

In May 2016, City Council approved several recommendations arising from report LS10.2 [A New Vehicle-for-Hire Bylaw to Regulate Toronto's Ground Transportation History](#), including a recommendation that the TTC use licensed taxicabs when it requires vehicle-for-hire services.

In July 2017, the TTC Board approved an increase of the upset limits to meet the growth experienced by the AODA and ensure sufficient funds were available for the Wheel-Trans 10-Year Plan for the Family of Services Strategy.

[Procurement Authorization Amendments - Wheel-Trans Sedan Meter-Based and Accessible Taxi Services Contracts](#)

[Decision: Procurement Authorization Amendments - Wheel-Trans Sedan Meter-Based and Accessible Taxi Services Contracts](#)

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

[Auditor General's Report: Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement](#)

[Decision: Auditor General's Report: Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement](#)

[Report, City Council: Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement](#)

In January 2019, the TTC Board approved a one-year extension to the Sedan Meter-Based service contracts and the Accessible Taxi Distance-Based service contracts to July 4, 2020, to effectively facilitate the procurement of new service contracts.

[Strategy for Future Wheel-Trans Taxi Service Contracts](#)

[Decision: Strategy for Future Wheel-Trans Taxi Service Contracts](#)

At the November 2019 Board Meeting, the TTC Chief Executive Officer advised the TTC Board that a Request for Quotation would be released on MERX later that week for the Accessible Taxi Distance-Based and Sedan Meter-Based Taxi contracts.

<https://www.youtube.com/watch?v=YK9LH1nwX-g>

The CEO's Report – January 2020 update further advised the contract awards would be coming forward to the February 2020 TTC Board Meeting for consideration by the TTC Board.

[Chief Executive Officer's Report - January 2020 Update](#)

At its February 25, 2020 meeting, the TTC Board authorized the award of the current five-year contracts for Accessible Distance-Based taxi services to five companies in the upset limit amounts of \$51 million each, and Sedan Taxi Meter-Based services to three companies in the upset limit amounts of \$49 million each.

[Award of Wheel-Trans Taxi Service Contracts](#)

[Presentation: Award of Wheel-Trans Taxi Service Contracts](#)

[Decision: Award of Wheel-Trans Taxi Service Contracts](#)

On October 13, 2023, the City Council considered EC6.6 [Transitioning the Vehicle-for-Hire Industry to Net Zero Emissions by 2030](#).

Issue Background

Wheel-Trans has utilized contracted taxi services to supplement its paratransit services since the early 1990's. In the past 30 years, the total number of trips delivered by Wheel-Trans contracted taxi services has grown to 3.4 million by the end of 2023 from 1.5 million annually in 2001. Currently, Wheel-Trans buses account for approximately 40% of all customer trips scheduled with the remaining 60% scheduled to a combination of dedicated accessible taxis and sedan taxis.

Taxi services provide the flexibility to respond to on-demand daily service and any significant or sudden surges in customer demand. They are a key provider of high-quality, cost-effective, and AODA-compliant Wheel-Trans services to TTC customers.

In April 2018, the TTC assigned a Fairness Monitor to oversee the procurement process and retained the Procurement Law Office Group (POG) to assist with the preparation of the Request for Quotation (RFQ) documents. POG provided assistance throughout the various stages of the procurement process, including but not limited to, reviewing background material and industry best practice standards, coordination during meetings

with industry representatives as part of the Request for Information (RFI) stage, and advising on the strategic plan for the RFQ process. Throughout this process, a fairness monitor was engaged in the procurement process.

The current five Accessible Distance-Based Taxi and three Sedan Meter-Based Taxi Service companies were the successful Bidders of the tender, and these contracts expire in May and June 2025. Each of these contracts includes options that allow for two additional one-year extensions.

Comments

In early 2024, the five Accessible Taxi and three Sedan Taxi companies requested to meet with staff regarding extensions to the current contracts.

Staff met with all companies and each company expressed interest in extending their contracts beyond the two option years specified in their contracts. The companies cited loss of business during COVID-19 and their inability to recover investments on their accessible taxi fleets.

Under the City of Toronto By-Law 575-2016, Article 5, Section 546-49 Age and Maximum Capacity of Vehicles (By-Law), taxicab owners are required to retain their vehicles for no longer than seven years. As a result, the taxi companies based their bids for the TTC's Wheel Trans Contracted Taxi service based on a total of seven years (five base years plus two option years) and estimated ridership projections to recover their investments. Under the original contract agreement, an extension of the two one-year options (2025 – 2027) would provide the taxi companies the seven years of service to recover their investments.

Wheel-Trans ridership during the COVID-19 pandemic (2020 – 2022), however, was significantly impacted. Budgeted ridership from 2020 – 2022 was estimated to be 7.8 million trips (budgeted spend of \$221 million). However actual ridership resulted in only 3.4 million trips (actual spend of \$90.2 million). As a result, the taxi companies realized full ridership for only three of the five base years of the contract. The companies, therefore, requested that the two one-year options plus an extension of an additional two years, be allowed to provide seven years of full ridership.

Decreased revenues affected the ability of taxi service operators to recover costs of their investments in capital assets – the Accessible and Sedan Taxicab vehicles despite the City amendment to the By-Law to allow taxi companies to retain their vehicles for an additional three years.

In consideration of the companies' request for an additional two years (2028-2029), the Accessible Taxi contractors agreed to cap the driver portion of the all-inclusive rate at a maximum annual increase of a 2% during the extension.

In addition, the extension will allow staff the time required to work with the industry to align with the TTC's EV Clean Vehicle Strategy for the next service contract which would be released for bid in mid-2028. The current contractors are not just the largest

ones in the city, but they are the only ones that meet our contract requirements and have achieved performance ratings annually in the mid-90% range.

The recommendation to extend the contract for both the two option years (2026 and 2027) as per the original contract and an extension for an additional two years (2028 – 2029) is based on several factors:

1. Reduced ridership during the COVID-19 pandemic;
2. Acceptable performance rating, to date, for all companies; and
3. Additional financial pressures including:
 - Increases in insurance premiums; and
 - The labour costs associated with installing upgrades to software to enhance the open payment system and the connection to TTC scheduling systems.

Upon considering the taxi companies' request, TTC staff performed a jurisdictional scan to identify other agencies that were faced with similar situations. York Region Transit (YRT) exercised its contract extension options, which resulted in a five-year extension, while the University Health Network exercised their extension options for an additional three years.

Moreover, the extension period will allow staff to work with the contractors to meet the TTC EV Clean Vehicle Strategy target timeline of 2030. At the October 11, 2023, meeting, City Council adopted motion EC6.6 to transition the Vehicle-for-Hire Industry to zero emissions by 2030. In addition, it will allow staff to work with the City of Toronto staff to align the EV Clean Strategy with the infrastructure development plan required to support the EV solution. This will allow for the contractors, taxicab drivers, and industry to work with manufacturers and address any potential supply chain issues with Accessible Taxis and Green Vehicles.

Contact

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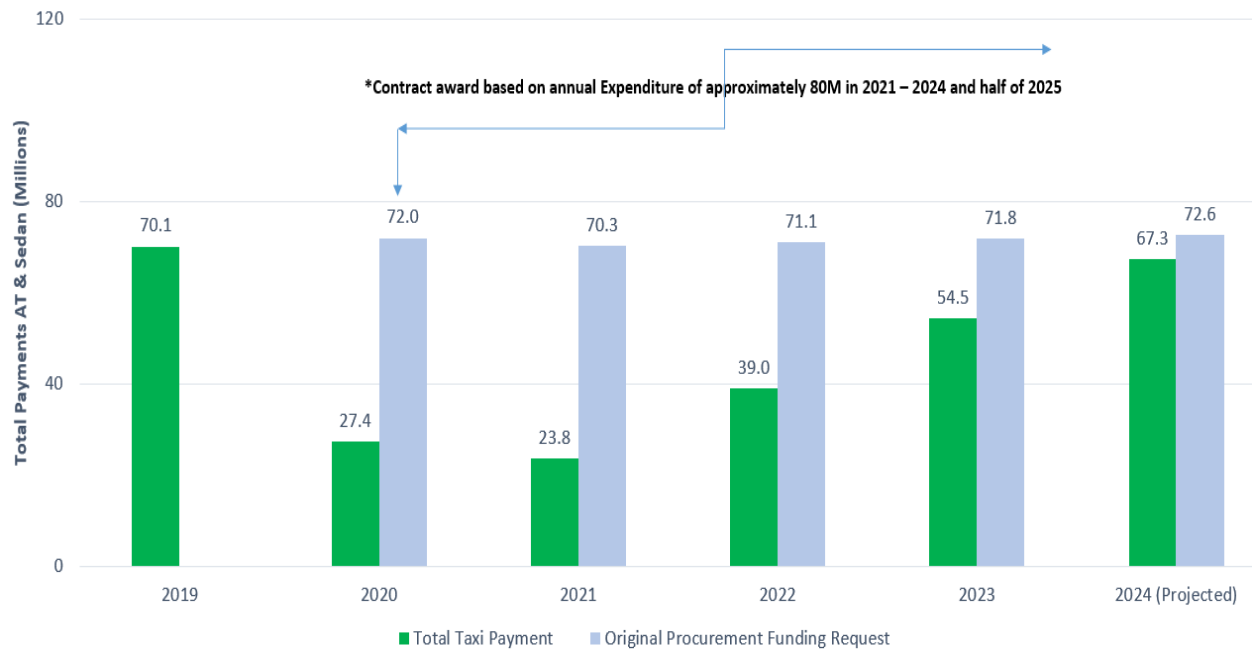
Signature

Rich Wong
Chief Transportation and Vehicles Officer

Attachments

Appendix 1 – Wheel-Trans: Contracted Taxi Payment by Year (Budget & Actual)
Appendix 2 – Wheel-Trans: Contracted Taxi Ridership (Budget & Actual)

Wheel-Trans: Contracted Taxi Payments by Year (Budget & Actual)



*Note: 2025 = \$36.4M

Wheel-Trans: Contracted Taxi Ridership (Budget & Actual)

