

Clause No. 14 in Report No. 13 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 11, 2014.

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YORK REGION TRANSIT (YRT/VIVA)
SOUTHWEST DIVISION OPERATIONS AND MAINTENANCE
CONTRACT EXTENSION

Committee of the Whole recommends adoption of the following recommendation contained in the report dated August 18, 2014 from the Commissioner of Transportation and Community Planning:

1. RECOMMENDATIONS

It is recommended that:

1. Council authorize an extension of the agreement between the Region and Veolia Transportation Services (Canada) Inc. for conventional transit operation and maintenance service for York Region Transit's Southwest Division on the following terms:
 - a) The contract be extended for a further five years, from August 1, 2015 to July 31, 2020, on the terms outlined in this report.
 - b) The Region pay the contractor an initial hourly operating rate of \$72.99, subject to annual rate adjustments as defined in the contract, resulting in a total estimated cost of the contract extension for five years of \$150,567,836, excluding HST, based on current estimated billable hours.

2. PURPOSE

This report seeks authorization to extend the contract between the Region and Veolia Transportation (Canada) Inc. (Veolia) for the bus operations within the YRT/Viva Southwest Division and maintenance of the assigned conventional bus fleet for a period of five years commencing August 1, 2015 to July 31, 2020. The extension period would be under newly-negotiated terms and conditions outlined in the performance-based contract and identified in this report.

Council approval is required to extend the term of the contract as identified in York Region's Purchasing Bylaw.

3. BACKGROUND

In 2009, Council awarded YRT/Viva's Southwest Division contract to Veolia Transportation (Canada) Inc. for a five-year term commencing August 1, 2010 and will expire August 1, 2015

Following a competitive RFP process in 2009, the contract for York Region Transit's bus operation of conventional and community bus services and for the maintenance of Region-owned buses assigned to the Southwest Division was awarded to Veolia Transportation Services (Canada) Inc. The conventional service started August 1, 2010, and this contract expires on August 1, 2015. The contract allows for the option to renew the contract for a further five years, to August 1, 2020.

Veolia presently utilizes a Region-owned garage facility at 8300 Keele Street in the City of Vaughan, to provide transit service in the Region's Southwest Division. The primary service is within the City of Vaughan, with some crossover into the areas of the Township of King, City of Markham and Town of Richmond Hill.

YRT/Viva's operations and maintenance contracts for the Viva service and the Southeast and North Division conventional service were approved by Council in May 2014

Council, at the May 2014 meeting, approved the award of three transit operating and maintenance contracts, which included the Viva service and two conventional services in the North and Southeast Divisions. All three contracts have common contract language and have staggered expiry dates ranging from 2020 to 2023. The contract for the Viva service contains provisions to extend the contract for up to three additional years.

The Toronto Transit Commission (TTC) operates ten core routes, under contract with the Region, across southern portions of the Region to and from destination points in the City of Toronto.

Table 1 is a summary of the five conventional, Viva and Community bus operation and maintenance contracts showing expiry dates.

Table 1
Summary of Council approved Operations and Maintenance Contracts
(excluding Mobility Plus)

Division (Service Area)	Contractor	Expiry Date
Southwest	Veolia	August 2015
North	Tok Transit	April 2020
Viva BRT	Tok Transit	September 2022
Southeast	Miller Transit	October 2023
TTC	TTC	Open-ended

4. ANALYSIS AND OPTIONS

The Region has negotiated a five-year term extension with Veolia Transportation Services (Canada) Inc. which reflects the new contract requirements that were established for the 2014 awarded Viva contract

The Region has benchmarking in place to ensure contractors are performing to operating standards. Following a successful first four years of service by Veolia Transportation Services (Canada) Inc. for the operation and maintenance of the Southwest Division, the Region began negotiations to extend their initial five-year term, subject to Veolia agreeing to move to the new contract terms developed through the 2013 procurement process for the Viva operation and maintenance service.

Veolia has agreed to execute a contract incorporating the new contract terms that were established and included in the contract awards to the three other transit service contracts earlier in 2014. This will provide consistency in all service contracts with YRT/Viva.

The Region will continue to provide use of its garage located at 8300 Keele Street in the City of Vaughan to Veolia Transportation Services (Canada) Inc.

Veolia Transportation Services (Canada) Inc. has successfully negotiated a collective agreement with the Amalgamated Transit Union, Local 113, which provides labour stability to December 31, 2020

In May 2014, Veolia was negotiating a new collective bargaining agreement with the Amalgamated Transit Union (ATU) Local 113, representing Veolia's bus operators, mechanics and service line workers for a four-year extension to 2018. Their current agreement is to expire December 31, 2018. On June 10, 2014, Veolia's unionized employees ratified a new five-year collective agreement, which will come into effect January 2, 2015. This gives the Region labour stability in the YRT/Viva Southwest Division until December 31, 2020.

The hourly rate for all four contracts under the new contract terms and conditions are comparable

Table 2 compares the hourly operating rates of the proposed operating contracts. The effective hourly rate is an 'apples-to-apples' comparison. Costs such as fuel and building costs are considered part of the overall cost to the Region and are therefore excluded from the actual hourly rate.

Table 2
Hourly Operating Rate Comparison

Proponent/Division	Actual Hourly Rate (October 2016)	Effective Hourly Rate (October 2016)
Tok Transit / Viva BRT	\$74.80	\$74.80
Veolia / Southwest	\$74.81	\$74.81
Tok Transit / North	\$74.95	\$74.95
Miller Transit / Southeast	\$89.45 *	\$74.75

*Actual hourly rate includes fuel and facility costs

Link to key Council-approved plans

Vision 2051

- Interconnected Systems for Mobility
 - A system that prioritizes people and reduces the need for travel
 - Prioritizes alternative modes of travel for active transportation
 - Provides a variety of transit choices

2012-2016 Five-Year Service Plan

- Service Strategies
 - Improving service reliability and on-time performance
 - Managing ridership
- Asset Management Plan
 - Supporting ongoing fleet maintenance program

5. FINANCIAL IMPLICATIONS

The estimated value of the contract is \$150,567,836, excluding HST, and is calculated based on estimated billable hours for Years One through Five for the conventional and community bus service

Table 3 provides a summary of the operating cost based on estimated billable service hours over the five-year contract extension term for the Southwest conventional and community bus service. Veolia's Year One hourly rate will be used as a baseline for estimating Years Two through Five of the contract.

Table 3
Estimated Five-Year Operating Cost
Southwest Division Conventional and Community Bus Service

Contract Year	Hourly Rate¹	Estimated Billable Hours²	Pricing
Year One	\$72.99	369,057	\$ 26,937,452
Year Two	\$74.81	380,773	28,485,628
Year Three	\$76.68	406,089	31,138,898
Year Four	\$78.60	406,203	31,927,523
Year Five	\$80.57	398,142 ³	32,078,335
Total (excluding HST)			\$150,567,836

¹ Includes an assumed 2.5 per cent annual increase; actual annual increase may range from 1.98 per cent to 2.98 per cent

² Estimated billable hours are based on current forecasted scheduled service; actual billable hours may vary

³ Pro-rated to August 1, 2020 to coincide with the expiration date of the contract

Years One through Five will follow the service plan outlined in the Region's Transit 2012-2016 Five-Year Service Plan and can be adjusted accordingly based on available funding.

6. LOCAL MUNICIPAL IMPACT

Local municipal residents who use public transit will benefit from the high standards imposed upon the operating contractors, particularly in the areas of service delivery and vehicle maintenance.

The extension of the contract with the current contractor in the Southwest, as well as the ratification of a collective bargaining agreement, ensures continuity of transit service to York Region residents.

7. CONCLUSION

Veolia has been operating the existing contract satisfactorily since commencement in 2010. Staff have negotiated a contract extension with hourly rates comparable to recent competitive bids for transit services. In addition, Veolia has entered into a collective agreement with their staff for an additional five-year period.

It is recommended that Council authorize exercising the option to renew the contract between the Region and Veolia Transportation Services (Canada) Inc. for the operation and maintenance of York Region Transit's Southwest Division for a further term of five years.

For more information on this report, please contact Ann-Marie Carroll, General Manager (Acting), at ext. 75677.

The Senior Management Group has reviewed this report.