

**AUDIT
AT A GLANCE****WHY THIS AUDIT MATTERS**

TTC's Wheel-Trans provides specialized accessible transit services to persons with mobility difficulties. Contracted accessible taxis provide more than 40% of all Wheel-Trans service. The average annual contract costs for accessible taxi services was about \$31.5M. The current accessible taxi contract expires in 2019. This audit identifies lessons learned from the last procurement process, and areas that can be improved upon for the upcoming procurement process.

BACKGROUND

In January 2014, the TTC Board approved the award of a five-year contract for accessible taxi service to four taxi brokerages (contractors), scheduled to begin on July 6, 2014. The contractors were required to pay drivers a minimum rate of \$2.5/km in 2014, with yearly increases. Two days before the start of the contract, contractors advised TTC staff that a large contingency of their drivers gave notice that they would not report for work. Shortly after the contract began, the Board voted to add HST to the minimum driver rate, equivalent to an additional \$0.33/km. In 2015, the TTC Audit Committee requested the Auditor General to review the contract change decision and comment on its financial impact and possible implications for future TTC procurement processes.

BY THE NUMBERS

- \$3.4M: annual cost to TTC due to minimum driver rate amendment
- \$82,183 - \$119,539: estimated range in driver annual gross income at the amended rate

Review of Toronto Transit Commission Procurement Policies and Practices: A Case Study to Improve Future Wheel-Trans Accessible Taxi Services Procurement

The focus of this review was to identify lessons learned that can help improve future Wheel-Trans accessible taxi services procurement.

What We Found**Financial impact of rate amendment**

The Board's decision to add HST to the minimum driver rate means drivers would receive a fixed increase of \$0.33/km. Based on the contract administration data for the first three years (July 2014 to July 2017), we project that this will result in \$16.8 million of additional cost over the five-year contract, averaging \$3.4 million a year.

TTC Board decision post-award

According to TTC and City legal staff we consulted, the TTC Board's decision to amend the minimum driver rate after awarding the contracts was within its jurisdiction. However, both TTC staff and the Fairness Commissioner for the last contract procurement process raised some concerns about the transparency and fairness of the procurement process.

Competitive bidding

The stipulation of a minimum driver rate does not allow for a completely competitive process, even though TTC staff had good intentions in setting this rate. In attempting to protect driver compensation in order to ensure service quality, the TTC inserted itself into a role that is normally between the contractors and the drivers. In preparing for the next procurement process, TTC staff should explore the alternative options suggested by the Fairness Commissioner and other strategies that maintain quality of services without needing to stipulate a minimum driver rate.

Other improvement opportunities

- Ensuring the financial estimates are accurate and complete in determining whether driver income is reasonable
- Thoroughly reviewing the draft call document to minimize confusion and changes during the bidding process
- Involving finance and risk management staff to review the accuracy of breach of contract provisions and other procurement requirements

How Recommendations will Benefit the City

The implementation of the four recommendations in this report will help improve the upcoming procurement process and maintain the stability and quality of accessible taxi services, while allowing for a fully competitive procurement process.