



City of Hamilton
AUDIT, FINANCE AND ADMINISTRATION COMMITTEE
AGENDA

Meeting #: 22-015
Date: September 8, 2022
Time: 9:30 a.m.
Location: Council Chambers
Council Chambers, Hamilton City Hall
71 Main Street West

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. **CEREMONIAL ACTIVITIES**
2. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
3. **DECLARATIONS OF INTEREST**
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 4.1. August 11, 2022
5. **COMMUNICATIONS**
6. **DELEGATION REQUESTS**
7. **CONSENT ITEMS**
 - 7.1. 2022 Second Quarter Emergency and Non-competitive Procurements Report (FCS22046(a)) (City Wide)
 - 7.2. 2022 Second Quarter Non-compliance with the Procurement Policy Report (FCS22047(a)) (City Wide)
 - 7.3. 2022 Second Quarter Request for Tenders and Proposals Report (FCS22048(a)) (City Wide)

7.4. Water Leak Protection Program Update (FCS21087(a)) (City Wide)

8. STAFF PRESENTATIONS

8.1. Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (City Wide)

9. PUBLIC HEARINGS / DELEGATIONS

10. DISCUSSION ITEMS

11. MOTIONS

11.1. Development Charge Demolition Charge Credit Extension for 708 Rymal Road East, Hamilton, Ontario

12. NOTICES OF MOTION

13. GENERAL INFORMATION / OTHER BUSINESS

13.1. Amendments to the Outstanding Business List:

a. Items Requiring a New Due Date:

Road Maintenance Small Tools and Equipment Inventory Audit and Follow Up to Audit Report AUD11006 (AUD21010) (City Wide)

That the General Manager of Public Works be directed to implement the Management Responses (attached as Appendix "B" and Private and Confidential Appendix "D" to Report AUD21010) and report back to AF&A by September 2022.

OBL Item: 21-M

Added: September 23, 2021 - at AF&A Item 10.2

Proposed New Due Date: December 1, 2022

14. PRIVATE AND CONFIDENTIAL

14.1. Closed Minutes - August 11, 2022

Pursuant to Section 9.1, Sub-section (a) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (a) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to the security of the property of the municipality or local board.

15. ADJOURNMENT



AUDIT, FINANCE AND ADMINISTRATION COMMITTEE MINUTES 22-014

9:30 a.m.
August 11, 2022
Council Chambers
Hamilton City Hall

Present: Councillors M. Pearson (Chair), B. Clark, L. Ferguson, R. Powers, A. VanderBeek, and M. Wilson

Absent: Councillor B. Johnson – City Business

Also Present: Councillor T. Jackson

THE FOLLOWING ITEMS WERE REFERRED TO COUNCIL FOR CONSIDERATION:

1. **Ward Specific Funding Initiatives Update as of December 3, 2021 (FCS22052) (City Wide) (Item 7.2)**

(Powers/VanderBeek)

That Report FCS22052 respecting the Ward Specific Funding Initiatives Update as of December 3, 2021, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

2. **2021 Annual Report on Commodity Price Hedging (FCS22062) (City Wide) (Item 7.3)**

(VanderBeek/Wilson)

That Report FCS22062 respecting the 2021 Annual Report on Commodity Price Hedging, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

3. 2022 City Enrichment Funding Follow-up (GRA22002(a)) (City Wide) (Added Item 7.5)

(VanderBeek/Wilson)

That Report GRA22002(a) respecting the 2022 City Enrichment Funding Follow-up, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

4. Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report (AUD21006(a)) (City Wide) (Item 8.1)

(Powers/VanderBeek)

- (a) That Report AUD21006(a) and Appendix "A" to Report AUD21006(a), respecting the Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report be received;
- (b) That the Management Responses, as detailed in Appendix "B" to Report AUD21006(a) be approved; and
- (c) That the General Manager of Public Works be directed to implement the Management Responses (attached as Appendix "B" to Report AUD21006(a) and report back to the Audit, Finance and Administration Committee by August 2023 on the nature and status of actions taken in response to the audit report.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

5. 2022 External Audit Services 1 Year Contract Extension (FCS22068) (City Wide) (Item 10.1)

(Wilson/Ferguson)

- (a) That the General Manager of Finance and Corporate Services, or their designate, be authorized to enter into negotiations with KPMG LLP to provide external audit services for the City of Hamilton (City) and its Consolidated Entities, for fiscal year end 2022; and,
- (b) That staff be directed to report back with the results of the negotiations with KPMG LLP to a future Audit, Finance and Administration Committee meeting for Council approval.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

6. Treasurer's Write-off of Taxes under Section 354 of the Municipal Act, 2001 - Roll #251800311027535, 0 EDENROCK DR, Stoney Creek (FCS22069 / PED22182) (Ward 10) (Item 10.2)

(VanderBeek/Pearson)

That property taxes in the amount of \$1,292.25 for Block 86 of 62M-1164 (Roll #251800311027535, 0 EDENROCK DR, Stoney Creek) be written off under Section 354 of the Municipal Act and that 1277289 ONTARIO LIMITED be refunded \$644.73 for property taxes paid in error to the City of Hamilton (City).

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

7. Continued Standardization and Request to Negotiate a Contract for Systems Furniture for the City of Hamilton (PW22065 / FCS22071) (City Wide) (Item 10.3)

(VanderBeek/Wilson)

- (a) That the General Manager of the Public Works Department, or their designate, be authorized and directed to negotiate a single source contract,

for a term of 5 years, ending December 31, 2027, for the standardization and procurement of Systems Furniture with Teknion Limited; and,

- (b) That staff be directed to report back with the results of the negotiations for the standardization and procurement of Systems Furniture with Teknion Limited to the Audit, Finance and Administration Committee for consideration.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

8. Township of Glanbrook Non-Profit Housing Corporation Pre-development Funding Request (HSC22049 / FCS22070) (Ward 11) (Item 10.4)

(Powers/Ferguson)

- (a) That a loan to the Township of Glanbrook Non-Profit Housing Corporation in the amount of \$1,700,000, for the pre-development work associated with the proposed development of approximately 100 affordable seniors rental units located at 2641 Regional Road 56 and 2800 Library Lane, Binbrook, be authorized and approved in accordance with the terms and conditions contained in the Conditional Loan Term sheet attached as Appendix "A" to Report HSC22049/FCS22070 or as amended to the satisfaction of the General Manager of Healthy and Safe Communities Department and the City Solicitor;
- (b) That staff be directed to establish a loan receivable on the City's balance sheet, not exceeding \$1,700,000, to record the corresponding Township of Glanbrook Non-Profit Housing Corporation liabilities regarding the long-term financing for the 2641 Regional Road 56 and 2800 Library Lane affordable housing development; and,
- (c) That the General Manager of Healthy and Safe Communities Department or their designate be authorized and directed to execute and administer a loan agreement along with any ancillary documentation and amendments in a form satisfactory to the City Solicitor and the General Manager of Finance and Corporate Services.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

9. IT Asset Management Review (Report #52693) (AUD22006) (City Wide) (Item 10.5)

(Ferguson/Powers)

- (a) That Report AUD22006 and Confidential Appendix “A” to Report AUD22006, respecting the IT Asset Management Review (Report #52693) be received;
- (b) That the Management Responses, as detailed in Confidential Appendix “B” to Report AUD22006, respecting the IT Asset Management Review (Report #52693), be approved;
- (c) That the General Manager of Finance and Corporate Services be directed to implement the Management Responses (attached as Confidential Appendix “B” to Report AUD22006) and report back to the Audit, Finance and Administration Committee by August 2023 on the nature and status of actions taken in response to the audit report; and,
- (d) That the Appendices “A” and “B” to Report AUD22006, respecting IT Asset Management Review (Report #52693) Report, and IT Asset Management Review-Recommendations and Management Responses, remain confidential and restricted from public disclosure.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

10. City Enrichment Fund: Equity, Diversity, Inclusion (EDI) Recommendation Report (GRA21003(b)) (City Wide) (Added Item 10.6)

(Powers/VanderBeek)

- (a) That the City Enrichment Fund (CEF)’s equity, diversity and inclusion (EDI) self-identification application questions, applied across all program areas in the fund, as outlined in Appendix A to GRA21003(b), be approved;
- (b) That the existing CEF administration budget allow for translation services for applications upon request, be approved;

- (c) That staff be directed to incorporate a consistent adjudication process across all program streams and maintain category ratings to ensure equality, equity, inclusivity, and transparency in the fund; and,
- (d) That staff be directed to review the fund's current overall funding guidelines, program stream guidelines, related funding caps and report back to the Grants Sub-Committee with recommendations to ensure the fund is evolving with the needs of community.

Result: Motion CARRIED by a vote of 5 to 1, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
NO - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

**11. City Enrichment Fund - Digital Program (CM22015 / GRA22003) (City Wide)
(Added Item 10.7)**

(Ferguson/Powers)

That Report CM22015 / GRA22003, respecting the City Enrichment Fund - Digital Program as **Amended**, be REFERRED to the Grant's Sub-Committee for further consideration.

Result: Motion CARRIED by a vote of 5 to 1, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
NO - Ward 1 Councillor Maureen Wilson

12. 2022 Hamilton Santa Claus Parade (Added Item 12.1)

(VanderBeek/Powers)

WHEREAS, the Hamilton Santa Claus Parade has been receiving on-going financial and in-kind support from the City of Hamilton for since 2002;

WHEREAS, COVID-19 restrictions have continued to adversely impact many events and activities in 2021;

WHEREAS, the Hamilton Santa Claus Parade faced consistent expenses as in prior years, planning for the event was affected by the global health crisis and scaled back; thereby, resulting in modified programming and reduced their ability to realize forecasted revenues and other contributions; and

WHEREAS, the City Enrichment Fund continues to support this marquee event that brings joys to the hearts of many at Christmas time;

THEREFORE, BE IT RESOLVED:

- (a) That the 30% guideline for funding programs be waived one-time for the Hamilton Santa Claus Parade in 2022;
- (b) That the Hamilton Santa Claus Parade be required return funds, relating to their 2021 event in the amount \$22,914, to the City; and,
- (c) That the 2022 City Enrichment Fund grant, in the amount of \$46,231 approved for the Hamilton Santa Claus Parade, to be released upon receipt of full payment of \$22,914 to the City of Hamilton.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

The Committee Clerk advised of the following changes to the agenda:

7. CONSENT ITEMS (Item 7)

- 7.4. Grants Sub-Committee Clerk's Report 22-003 - August 8, 2022
- 7.5. 2022 City Enrichment Funding Follow-up (GRA22002(a)) (City Wide)

10. DISCUSSION ITEMS (Item 10)

- 10.6. City Enrichment Fund: Equity, Diversity, Inclusion (EDI) Recommendation Report (GRA21003(b)) (City Wide)
- 10.7. City Enrichment Fund - Digital Program (CM22015 / GRA22003) (City Wide)

12. NOTICES OF MOTION (Item 12)

- 12.1 2022 Hamilton Santa Claus Parade

(Ferguson/VanderBeek)

That the agenda for the August 11, 2022 Audit, Finance and Administration Committee meeting be approved, as amended.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) July 7, 2022 (Item 4.1)

(Powers/Wilson)

That the Minutes of the July 7, 2022 meeting of the Audit, Finance and Administration Committee be approved, as presented.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(d) CONSENT ITEMS (Item 7)

(Ferguson/VanderBeek)

That the following Various Advisory Committee Minutes, be received:

- (i) Mundialization Advisory Committee - March 16, 2022 (Item 7.1(a))
- (ii) Mundialization Advisory Committee - May 18, 2022 (Item 7.1(b))
- (iii) Indigenous Advisory Committee - March 3, 2022 (Item 7.1(c))
- (iv) Indigenous Advisory Committee - April 7, 2022 (Item 7.1(d))
- (v) Women and Gender Equity Advisory Committee - April 28, 2022 (Item 7.1(e))
- (vi) Women and Gender Equity Advisory Committee - June 30, 2022 (Item 7.1(f))
- (vii) Committee Against Racism - February 22, 2022 (Item 7.1(g))

- (viii) Committee Against Racism - March 22, 2022 (Item 7.1(h))
- (ix) Immigrant and Refugee Advisory Committee - May 12, 2022 (Item 7.1(i))
- (x) Immigrant and Refugee Advisory Committee - June 9, 2022 (Item 7.1(j))
- (xi) Immigrant and Refugee Advisory Committee - July 14, 2022 (Item 7.1(k))

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(xii) Grants Sub-Committee Clerk's Report 22-003 - August 8, 2022 (Added Item 7.4)

(Ferguson/Powers)

That the Grants Sub-Committee Clerk's Report 22-003 from August 8, 2022, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

(e) STAFF PRESENTATIONS (Item 8)

(i) Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report (AUD21006(a)) (City Wide) (Item 8.1)

Charles Brown, City Auditor, addressed the Committee with a presentation on the Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report.

(VanderBeek/Powers)

That the staff presentation respecting the Roads Value for Money Audit - Roads Quality Assurance Supplementary Audit Report, be received.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 4.

(f) DISCUSSION ITEMS (Item 10)

(i) IT Asset Management Review (Report #52693) (AUD22006) (City Wide) (Item 10.5)

(Wilson/Clark)

That consideration of Report AUD22006, Follow Up Audit: Transportation Operations Inventory Audit, Fraud & Waste Investigation, and Follow Up to That consideration of Report AUD22006, respecting IT Asset Management Review (Report #52693), be DEFERRED until after Committee rises from Closed Session.

Result: Motion CARRIED by a vote of 4 to 2, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
NO - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
NO - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For disposition of this matter, refer to Item 9.

(ii) City Enrichment Fund - Digital Program (CM22015 / GRA22003) (City Wide) (Added Item 10.7)

(VanderBeek/Wilson)

- (a) That a new Digital program area, which focuses on projects related to digital equity, be established within the City Enrichment Fund as a 2-year pilot, with the ability to evaluate the success of the program area thereafter;
- (b) That the City Enrichment Fund Reserve of \$150,000 be effectively allocated to this new pilot program area of Digital, with the split of \$75,000 allocated to Year 1 and \$75,000 be allocated to Year 2 and be made available to local eligible entities as per existing CEF eligibility guidelines and newly drafted program area specific guidelines; and,
- (c) That the Digital Handbook, containing objectives, funding categories, guidelines, application details and budget information, as outlined in

the attached Appendix "A" to Report CM22015/GRA22003 be approved.

(Clark/VanderBeek)

That Report CM22015 / GRA22003, respecting City Enrichment Fund - Digital Program , **be amended** by adding sub-section (d) as follows:

- (d) That staff be directed to report back to the Grant's Sub-Committee annually respecting the City Enrichment Fund - Digital Program Pilot Program.**

Result: Amendment CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 11.

(g) NOTICES OF MOTION (Item 12)

(i) 2022 Hamilton Santa Claus Parade (Added Item 12.1)

(VanderBeek/Powers)

That the rules of order be waived to allow for the introduction of a Motion respecting the 2022 Hamilton Santa Claus Parade.

Result: Motion CARRIED by a 2/3 vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 12.

(h) GENERAL INFORMATION / OTHER BUSINESS (Item 13)

(VanderBeek/Ferguson)

That the following amendment to the Audit, Finance & Administration Committee's Outstanding Business List, be approved:

(a) Item Considered Complete and Needing to Be Removed (Item 13.1(a)):

Development Charges Stakeholders Sub-Committee Report 22-002 - April 12, 2022

Community Benefits Charges – Engagement and Draft Strategy (FCS22015(a)) (Item 10.1)

That Staff be directed to include an explanation of the variance in Development Charges reductions compared to the Community Benefits Charges, in their report back to the Audit, Finance and Administration Committee.

OBL Item: 22-E

Added: April 21, 2022 at AF&A (Item 10.6)

Completed: June 16, 2022 at AF&A (Item 8.1 - FCS22015(b))

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson

NOT PRESENT - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers

YES - Ward 1 Councillor Maureen Wilson

(i) **PRIVATE AND CONFIDENTIAL (Item 14)**

(i) **Confidential Appendices "A" and "B" to IT Asset Management Review (Report #52693) (AUD22006) (City Wide) (Item 14.1)**

(Wilson/Clark)

That Brad Brookman and Aron Feuer from Valencia IIP Advisors Limited be permitted to attend the Closed Session portion of the meeting with respect to Confidential Appendices "A" and "B" to Report AUD22006, IT Asset Management Review (Report #52693).

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek

YES - Ward 12 Councillor Lloyd Ferguson

NOT PRESENT - Ward 11 Councillor Brenda Johnson

YES - Ward 10 Councillor Maria Pearson

YES - Ward 9 Councillor Brad Clark

YES - Ward 5 Councillor Russ Powers

YES - Ward 1 Councillor Maureen Wilson

(Wilson/Clark)

That the Committee move into Closed Session respecting Item 14.1 pursuant to Section 9.1, Sub-section (a) of the City's Procedural By-law 21-021, as amended, and Section 239(2), Sub-section (a) of the *Ontario Municipal Act, 2001*, as amended, as the subject matters pertain to the security of the property of the municipality or local board.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

For further disposition of this matter, refer to Item 9.

(j) ADJOURNMENT (Item 15)

(Ferguson/Powers)

That, there being no further business, the Audit, Finance and Administration Committee, be adjourned at 12:16 p.m.

Result: Motion CARRIED by a vote of 6 to 0, as follows:

YES - Ward 13 Councillor Arlene VanderBeek
YES - Ward 12 Councillor Lloyd Ferguson
NOT PRESENT - Ward 11 Councillor Brenda Johnson
YES - Ward 10 Councillor Maria Pearson
YES - Ward 9 Councillor Brad Clark
YES - Ward 5 Councillor Russ Powers
YES - Ward 1 Councillor Maureen Wilson

Respectfully submitted,

Councillor Pearson, Chair
Audit, Finance and Administration
Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 08, 2022
SUBJECT/REPORT NO:	2022 Second Quarter Emergency and Non-competitive Procurements Report (FCS22046(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

Council has directed Procurement to report on the use of Sections 4.10 and 4.11 of the Procurement Policy on a quarterly basis.

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. The report details the procurement of goods and/or services during emergency situations and those detailed in Section 4.11 – Non-competitive Procurements for the second quarter of 2022.

The Policy for Non-competitive Procurements is used in narrowly defined circumstances where it is justified that the policies for the general acquisition process could not be followed. The “Emergency Procurement/Non-competitive Procurement Form” is completed by the Client Department and approved by the General Manager.

Committee and Council are advised that procurements made under a Policy 10 due to COVID-19 have not been reported in this quarterly report. All COVID-19 related procurements will be reported separately by staff.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: 2022 Second Quarter Emergency and Non-competitive Procurements Report (FCS22046(a)) (City Wide) - Page 2 of 4

During the second quarter of 2022, there were 94 purchases totalling \$6,863,155.81 and 1 contract totalling \$58,713.32 in revenue, which were processed through the use of an approved Policy 10 or 11. These are summarized in Appendix “A” to Report FCS22046(a).

The breakdown are as follows:

- 16 purchases totalling \$1,285,062.40 were issued under Policy 10, as “Emergency” purchases, whereby goods and services were acquired by the most expedient and economical means. The following purchase represents the largest dollar amount in this category:
 - Purchase Order 99938 for \$310,000.00 and purchase order 99450 for \$239,000.00 was issued to Nerva Energy Group Inc. for the installation of in-duct air purification systems at City Hall, Lister Block, Provincial Offences Courthouse, Red Hill Family Centre City, Macassa Lodge and Wentworth Lodge. The City’s Emergency Operations Center had approved the purchases to address an increased focus on indoor air quality at these identified high-risk buildings as a result of the COVID-19 pandemic. Funding for these purchases were received by the Investing in Canada Infrastructure Program Resilient funding and by the Ministry of Health and Long-Term Care for the Lodges.
 - Purchase Order 99456 for \$395,177.61 was issued to Olin Canada ULC for the supply and delivery of liquid chlorine in watercare grade railway tank cars. A Request for Tender was issued but no bids were received. This Policy 10 was required in order to receive a continuous supply of chlorine while staff received approval to negotiate a single sourced contract for regular supply.
- 22 purchases totalling \$1,574,872.99 represent short-term “Extensions” of current contracts which have expired, and unforeseeable circumstances have caused a delay in awarding a new contract. The following purchases represent the largest dollar amounts in this category:
 - Purchase Orders 99246 for \$360,000.00 and 99660 for \$117,400.00 were issued to Super Shine Janitorial Services Ltd. for the supply and delivery of janitorial services at various facilities. The extension was required in order to pay for outstanding and final invoices.
 - Purchase Orders 86805 for \$136,577.00 and 99554 for \$70,000.00 was issued to Power Property Contracting Inc. for property maintenance services at various facilities. A new Request for Proposal was issued and is currently under evaluation. This extension was required to maintain services and provide sufficient time to complete the procurement process and award a new contract.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: 2022 Second Quarter Emergency and Non-competitive Procurements Report (FCS22046(a)) (City Wide) - Page 3 of 4

- Purchase Order 100013 for \$146,160.00 was issued to Homewood Health Inc. for the Employee and Family Assistance Program. The additional six-month extension was approved by Council in order to maintain services and provide sufficient time to complete the procurement process and award of a new contract in place for January 1, 2023.
- Purchase Order 94489 for \$137,231.27 was issued to Star Security Inc. for event security services at Tim Horton's Field. The extension to November 30, 2021 was required in order to pay for outstanding and final invoices for services prior to November 30, 2021.
- 56 purchases totalling \$4,003,220.42 and 1 contract totalling \$58,713.32 in revenue were identified as “Single Source” purchases whereby a particular vendor was recommended because it was more cost-effective or beneficial to the City. The following purchases represent the largest dollar amounts in this category:
 - Purchase Order 99345 for \$249,990.00 was issued to Coco Paving Inc. for scaling and repairs to the Bridge 282 - Longwood Road over Highway 403. The City received a Ministry of Transportation Encroachment Permit to complete the required additional bridge work which was integral to the overall construction contract that was originally awarded to Coco Paving Inc.
 - Purchase Orders 99696 for \$249,900.00 was issued to QM LP o/a QM Environmental for specialized emergency response services including spill incidents, accidents, and environmental cleanup on a 24/7 basis. Due to client department staff changes, there were delays in the development of the specifications and issuance of a new Request for Prequalification and subsequent Request for Tenders, as a result, a price increase of 2% to the current contract was required in order to maintain services.
 - Purchase Order 99795 for \$248,898.00 was issued to Mack Sales & Service of Stoney Creek Ltd. o/a Vision Truck Group for the supply and delivery of a tri-axle dump truck to replace an existing unit which will no longer be a compliant truck under the Safe, Productive and Infrastructure-Friendly Regulation as of December 31, 2022. This will ensure that a new truck is in operation and the City's fleet remains compliant with ministry regulations.
 - Purchase Order 99536 for \$248,888.50 was issued to Wood Environment & Infrastructure Solutions, a Division of Wood Canada Ltd. (Wood Environment) for an environmental assessment and preliminary design services. The Ministry of Transportation required supplementary work to facilitate the construction of the Mohawk Road on-Ramp to Highway 403. It was in the best interest of the City to

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: 2022 Second Quarter Emergency and Non-competitive Procurements Report (FCS22046(a)) (City Wide) - Page 4 of 4

have Wood Environment complete the additional scope given they led the original study and had the expertise and thorough knowledge of the issues.

- Purchase Order 99716 for \$240,000.00 was issued to Mar-Co Clay Products Inc. (Mar-Co) for ball diamond restoration and maintenance planning services. These services fall within a niche market to which there are very few vendors that can provide the service. Since 2018, the City has done competitive procurements and have been unsuccessful in securing a vendor other than Mar-Co. It is the intention to prepare a report to Committee and Council in Q4 2022/Q1 2023 for the request to standardize Mar-Co for future goods and services as required.
- Purchase Order 99642 for \$230,952.00 was issued to Associated Paving & Materials Ltd. (Associated) for asphalt and concrete repairs and resurfacing at the Carlisle Arena parking lot. The additional scope of work was not included in the original contract award, however, it was for the same type of work Associated was already performing.
- Purchase Order 92201 for \$219,900.00 was issued to Dillon Consulting Ltd. (Dillon) for unforeseen additional design changes of the East-West Road Corridor in Waterdown due to flooding concerns and as required by Halton Conservation Authority and Indigenous Nations. It was in the best interest of the City to have Dillon complete the additional scope given they were involved in the initial design.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS22046(a) – Second Quarter Emergency and Non-Competitive Procurements Report.

PV/dw

2022 Second Quarter Emergency and Non-competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division	Ward No.
City Manager's Office					
99445	SGLE	\$13,000.00	EDLS, a Division of Sher & Associates II Inc.	Human Resources	All Wards
100013	EXTN	\$146,160.00	Homewood Health Inc.	Human Resources	All Wards
99789	SGLE	\$149,879.00	HCE Telecom Inc.	Strategic Partnerships and Communications	Wards 1, 2, 3, 4, 8
Corporate Services					
99646	SGLE	\$45,000.00	Data Communications Management Corp.	Customer Service and POA	All Wards
99892	EXTN	\$45,000.00	Nimble Information Strategies Inc.	Customer Service and POA	All Wards
99974	SGLE	\$49,900.00	Kubota Law Professional Corp.	City Clerk	All Wards
No PO	SGLE	(Revenue) \$58,713.32	9934308 Canada Inc. dba AIM Recycling Burlington	Financial Services and Taxation	All Wards
Healthy and Safe Communities					
98391	SGLE	\$350.00	Leslie Emergency Vehicles Ltd.	Hamilton Fire Department	All Wards
99749	EXTN	\$6,000.00	ServiceMaster Contract Services	Lodges	Ward 13
99454	EMER	\$15,418.59	Eastgate Ford Sales & Service (82) Co.	Hamilton Fire Department	All Wards
99765	EMER	\$19,380.91	Power Property Contracting Inc.	Hamilton Fire Department	All Wards
99551	SGLE	\$20,000.00	Happy Jet Custom Clean	Hamilton Fire Department	All Wards
99823	SGLE	\$20,000.00	Home Depot Canada Inc.	Medical Officer of Health	All Wards
99926	SGLE	\$20,000.00	Entomogen Inc.	Medical Officer of Health	All Wards
99518	SGLE	\$30,000.00	Power Tech Solutions Inc.	Lodges	Ward 7
99992	SGLE	\$50,000.00	Stryker Canada LP	Hamilton Fire Department	All Wards
91370	EXTN	\$63,000.00	Skyway Lawn Equipment Ltd.	Recreation	Wards 1, 4
99481	SGLE	\$75,000.00	Daniels SharpSmart Canada Ltd.	Medical Officer of Health	All Wards
96798	EXTN	\$82,768.72	ServiceMaster Contract Services	Recreation	All Wards
99520	SGLE	\$93,661.00	Levitt-Safety Ltd.	Hamilton Fire Department	All Wards
99429	SGLE	\$100,000.00	Bay Area Health Trust	Medical Officer of Health	All Wards
No PO	SGLE	\$105,000.00	Essential Home Care Products	Ontario Works	All Wards
99660	EXTN	\$117,400.00	Super Shine Janitorial Services Ltd.	Medical Officer of Health	Ward 7
99553	SGLE	\$129,695.67	The Aids Network	Medical Officer of Health	All Wards
99597	SGLE	\$135,000.00	Starfield Lion Co.	Hamilton Fire Department	All Wards
Library					
99640	SGLE	\$11,100.00	ABCorp CA, Ltd.	Library	All Wards
99934	EMER	\$17,000.00	H.I. Security Corp.	Library	All Wards
99978	SGLE	\$20,000.00	McCallum Sather Architects Inc.	Library	Ward 9
99901	EMER	\$39,780.00	Itergy International Inc.	Library	All Wards
96651	EMER	\$50,000.00	Rogers Wireless	Library	All Wards
Planning and Economic Development					
99715	SGLE	\$11,506.00	Cubic ITS, Inc.	Transportation Planning and Parking	All Wards
99659	SGLE	\$13,294.00	Shop3D.ca	Planning	All Wards
99472	SGLE	\$15,257.06	University Of Toronto	Transportation Planning and Parking	All Wards
97826	SGLE	\$20,000.00	Harper's Property Maintenance	Transportation Planning and Parking	All Wards
99473	SGLE	\$21,000.00	University of Toronto	Transportation Planning and Parking	All Wards
99400	SGLE	\$28,274.34	Concept Fiatlux Inc.	Tourism and Culture	Ward 2

2022 Second Quarter Emergency and Non-competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division	Ward No.
99830	SGLE	\$30,000.00	Gateway Services Inc.	Licensing and By-law Services	All Wards
99637	SGLE	\$48,600.00	Susan Partners Ltd.	Transportation Planning and Parking	All Wards
99818	SGLE	\$54,000.00	GlobalData Plc	Economic Development	All Wards
99891	SGLE	\$65,000.00	Whitney McMeekin	Economic Development	Ward 2
87565	EXTN	\$72,000.00	Dillon Consulting Ltd.	Planning	Wards 1, 2, 3, 4, 5
100021	EMER	\$106,200.00	Direct Traffic Management Inc.	Transportation Planning and Parking	All Wards
86805	EXTN	\$136,577.00	Power Property Contracting Inc.	Building	All Wards
99536	SGLE	\$248,888.50	Wood Environment & Infrastructure Solutions, a Division of Wood Canada Ltd.	Transportation Planning and Parking	Wards 12, 14
Police					
99570	EXTN	\$613.60	Teknion Ltd.	Police	All Wards
94070	EXTN	\$3,200.00	Sunshine Building Maintenance Inc.	Police	Wards 2, 5, 7, 13
99757	EXTN	\$4,979.20	Teknion Ltd.	Police	All Wards
99756	EXTN	\$7,943.20	Teknion Ltd.	Police	All Wards
99833	SGLE	\$15,000.00	Kehoe Law Enforcement (Le) Distributors Inc.	Police	All Wards
99805	EMER	\$27,000.00	Eastgate Ford Sales & Service (82) Co.	Police	All Wards
99802	SGLE	\$67,200.00	Gold Medal Safety Padding Canada Ltd.	Police	Ward 2
Public Works					
97734	SGLE	\$1,516.00	Lanhack Consultants Inc.	Energy, Fleet and Facilities Management	Ward 3
99557	EMER	\$1,950.00	Hamilton Fire Control Ltd.	Energy, Fleet and Facilities Management	Ward 4
99851	EMER	\$3,757.79	918877 Ontario Inc. o/a ServiceMaster Restore of Hamilton	Energy, Fleet and Facilities Management	Ward 4
99555	EMER	\$5,678.02	Triple Crown Enterprises Ltd.	Energy, Fleet and Facilities Management	Ward 4
99814	EMER	\$6,529.48	918877 Ontario Inc. o/a ServiceMaster Restore of Hamilton	Energy, Fleet and Facilities Management	Ward 10
100006	EMER	\$14,990.00	Hamilton Hydronics Ltd.	Energy, Fleet and Facilities Management	Ward 13
99480	SGLE	\$15,000.00	Automated Logic Ontario	Energy, Fleet and Facilities Management	Ward 13
97963	SGLE	\$19,999.00	Wood Environment & Infrastructure Solutions, a Division of Wood Canada Ltd.	Engineering Services	Ward 12
95964	EXTN	\$20,000.00	Linde Canada Inc.	Hamilton Water	All Wards
99705	SGLE	\$20,000.00	Vallen Canada Inc.	Hamilton Water	All Wards
95736	EXTN	\$22,000.00	Slack Reel Services Inc.	Energy, Fleet and Facilities Management	All Wards
95879	EXTN	\$25,000.00	Petro Canada Corp.	Energy, Fleet and Facilities Management	All Wards
99409	SGLE	\$25,000.00	Quality Seeds Ltd.	Transportation Operations and Maintenance	All Wards
99505	SGLE	\$30,000.00	Denco Restoration Contractors Inc.	Energy, Fleet and Facilities Management	Ward 3
99701	EMER	\$33,200.00	Seal It Up Inc.	Environmental Services	Ward 5
97837	SGLE	\$34,972.00	AECOM Canada Ltd.	Hamilton Water	Ward 13
99508	SGLE	\$35,000.00	Binbrook Plumbing & Heating (1997) Ltd.	Energy, Fleet and Facilities Management	Ward 3
100001	SGLE	\$35,000.00	Marathon Equipment Inc.	Transportation Operations and Maintenance	All Wards
89460	SGLE	\$39,440.00	WSP Canada Inc.	Energy, Fleet and Facilities Management	Ward 3
99442	SGLE	\$40,000.00	QM LP o/a QM Environmental	Hamilton Water	All Wards

2022 Second Quarter Emergency and Non-competitive Procurement Report

PO No.	Type	Amount	Supplier	Department/Division	Ward No.
93783	SGLE	\$43,900.00	V2PM Inc., a Division of Vanguard Pacific Technologies Ltd.	Energy, Fleet and Facilities Management	Ward 7
99383	SGLE	\$44,850.00	Jupiter Energy Advisors Inc.	Energy, Fleet and Facilities Management	All Wards
99420	SGLE	\$50,000.00	R V Anderson Associates Ltd.	Hamilton Water	Ward 5
99629	EXTN	\$50,000.00	Top-Line Roofing and Sheet Metal Inc.	Energy, Fleet and Facilities Management	All Wards
86102	SGLE	\$59,667.30	Dillon Consulting Ltd.	Environmental Services	Ward 2
99433	EXTN	\$60,000.00	A City Window Repair Co Ltd. o/a City Window & Glass	Energy, Fleet and Facilities Management	Ward 4
99576	SGLE	\$61,405.55	Thermo Fisher Scientific (Mississauga)	Hamilton Water	Ward 4
99979	EXTN	\$65,000.00	Maclean Media Systems Inc.	Energy, Fleet and Facilities Management	Ward 2
99554	EXTN	\$70,000.00	Power Property Contracting Inc.	Energy, Fleet and Facilities Management	All Wards
99501	SGLE	\$80,000.00	Metro Freightliner Hamilton Inc.	Energy, Fleet and Facilities Management	All Wards
99655	EXTN	\$80,000.00	Waste Connections of Canada	Hamilton Water	Wards 4, 13
97807	SGLE	\$99,800.00	R V Anderson Associates Ltd.	Hamilton Water	Ward 5
95745	SGLE	\$122,425.00	Strasman Architects Inc.	Energy, Fleet and Facilities Management	Ward 2
94489	EXTN	\$137,231.27	Star Security Inc.	Energy, Fleet and Facilities Management	Ward 3
92201	SGLE	\$219,900.00	Dillon Consulting Ltd.	Engineering Services	Ward 15
99642	SGLE	\$230,952.00	Associated Paving & Materials Ltd.	Transportation Operations and Maintenance	Ward 15
99450	EMER	\$239,000.00	Nerva Energy Group Inc.	Energy, Fleet and Facilities Management	All Wards
99716	SGLE	\$240,000.00	Mar-Co Clay Products Inc.	Environmental Services	All Wards
99795	SGLE	\$248,898.00	Mack Sales & Service of Stoney Creek Ltd. o/a Vision Truck Group	Energy, Fleet and Facilities Management	All Wards
99696	SGLE	\$249,900.00	QM LP o/a QM Environmental	Transportation Operations and Maintenance	All Wards
99345	SGLE	\$249,990.00	Coco Paving Inc.	Engineering Services	Ward 4
99938	EMER	\$310,000.00	Nerva Energy Group Inc.	Energy, Fleet and Facilities Management	Wards 2, 5
99246	EXTN	\$360,000.00	Super Shine Janitorial Services Ltd.	Energy, Fleet and Facilities Management	All Wards
99456	EMER	\$395,177.61	Olin Canada ULC	Hamilton Water	All Wards



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 08, 2022
SUBJECT/REPORT NO:	2022 Second Quarter Non-compliance with the Procurement Policy Report (FCS22047(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

Procurement Policy, Section 4.19, Item (3) requires a quarterly report be prepared and presented to Council to report the use of all Procurement Policy Non-Compliance Forms.

INFORMATION

This Report is issued quarterly in accordance with the Procurement Policy. This report details the use of all Procurement Policy Non-Compliance Forms for the second quarter of 2022.

Procurements that are non-compliant with the Procurement Policy can be identified at any time during the procurement process. Procurements are deemed to be non-compliant with the Procurement Policy when the applicable Policy (Policies) and published procedure(s) are not followed. Under Policy 19, the General Manager is responsible for reviewing each incident and determines the appropriate level of disciplinary action to be taken.

During the second quarter of 2022, there were six (6) instances relating to the use of Policy 19, totalling \$246,300.44. The instances are summarized in Appendix "A" to Report FCS22047(a).

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: 2022 Second Quarter Non-compliance with the Procurement Policy
Report (FCS22047(a)) (City Wide) - Page 2 of 2**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS22047(a) – 2022 Second Quarter Non-compliance with the Procurement Policy Report

PV/dw

2022 Second Quarter Non-compliance with the Procurement Policy Report

PO No.	Amount	Name	Division	Ward
City Managers Office				
No PO	\$125.00	Impressive Printing	Strategic Partnerships and Communications	All Wards
Healthy and Safe Communities				
99644	\$20,000.00	The Aids Network	Medical Officer of Health	All Wards
98675	\$3,000.00	Matthews Equipment Limited o/a Herc Rentals	Hamilton Paramedic Service	Ward 3
Planning and Economic Development				
100014	\$110,000.00	2685629 Ontario Inc. o/a Concrete Canvas	Tourism and Culture	Wards 2, 3, 7
No PO	\$100,000.00	BMA Management Consulting Inc.	Planning	All Wards
Public Works				
95862	\$13,175.44	Cimco Refrigeration, a Division of Toromont Industries Ltd.	Energy, Fleet and Facilities Management	Ward 8



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 08, 2022
SUBJECT/REPORT NO:	2022 Second Quarter Request for Tenders and Proposals Report (FCS22048(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Patricia Vasquez (905) 546-2424 Ext. 5972
SUBMITTED BY:	Shelley Hesmer Acting Director, Financial Services and Taxation Corporate Services
SIGNATURE:	

COUNCIL DIRECTION

Procurement Policy, Section 4.2 – Approval Authority, Item (6) requires a quarterly status report for Request for Tenders and Request for Proposals be prepared and presented to Council.

INFORMATION

This Report provides an update on the status of active Request for Tenders and Request for Proposals and Cooperative Procurements for the second quarter of 2022.

Request for Tenders and Request for Proposals have been issued and awarded in accordance with the City of Hamilton Procurement Policy. Those items with a status of “Under Review” will remain on the Report until such time an award is made. Request for Tenders and Request for Proposals listed under the “Cooperative Procurements” section was entered into by the City of Hamilton (City) via a cooperative procurement in accordance with the City’s Procurement Policy, Section 4.12 – Cooperative Procurements.

Appendix “A” to Report FCS22048(a) details all Request for Tenders and Request for Proposals documents issued by the City or entered into by the City through a cooperative procurement. Award information is current as of July 1, 2022.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: 2022 Second Quarter Request for Tenders and Proposals Report
(FCS22048(a)) (City Wide) - Page 2 of 2**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS22048(a) – 2022 Second Quarter Request for Tenders and Proposals Report

PV/dw

CITY OF HAMILTON
Summary of Tenders and Proposals Issued – April 1, 2022 – June 30, 2022

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C13-59-21	Proposal for Contractor Required for Large and Small Diameter Sewer Inspections in the City of Hamilton	01/21/2022	PipeFlo Contracting Corp.	1 year + 2 options	\$3,223,822.50	All Wards
C11-37-21	Proposal for Supply and Delivery of Waste Activated Sludge Thickening and Tertiary Treatment Polymers for Woodward Avenue Wastewater Treatment Plant	01/31/2022	Northland Chemical Inc.	1 year + 2 options	\$719,712.00	All Wards
C11-19-22	Tender for Supply and Delivery of Aluminum Service Body Trucks with Hydraulic Tailgates	02/17/2022	Crew Chief Conversions Ltd.	Project Specific	\$238,000.00	All Wards
C3-02-22	Proposal for Consultant Required for Manufacturing Sector Strategy Development	03/01/2022	KPMG LLP	Project Specific	\$70,000.00	All Wards
C13-07-22	Tender for General Contractor for Central Memorial Recreation Centre Elevator Modernization	03/07/2022	Bestco Construction (2005) Ltd.	Project Specific	\$145,289.00	Ward 2
C15-17-22 H	Tender for Kenilworth Avenue - Britannia to Merchison Avenue	03/10/2022	Rankin Construction Inc.	Project Specific	\$1,143,395.00	Ward 4

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C3-04-22	Tender for the Supply and Delivery of Daytime Veterinary Services	03/11/2022	Millen Road Animal Hospital Professional Corp.	1 year + 4 options	\$548,200.00	All Wards
C11-13-22	Proposal for Supply and Delivery of Digested Sludge Dewatering Polymer for Woodward Avenue Wastewater Treatment Plant	03/15/2022	Northland Chemical Inc.	1 year + 4 options	\$2,348,989.50	All Wards
C11-14-22	Tender for Emerald Ash Borer Tree and Stump Removal	03/15/2022	2147137 Ontario Inc. o/a Miller Tree 1877980 Ontario Inc. o/a Kodiak Tree Services	1 year	\$559,140.00 \$572,550.00	All Wards
C18-06-22	Tender for Contractor for Window Replacements at 120 Strathcona Avenue North in Hamilton for CityHousing Hamilton	03/17/2022	1370629 Ontario Limited o/a Jass Construction	Project Specific	\$3,378,200.00	Ward 1
C9-03-22	Tender for Food Services Required for the Hamilton Police Services Custody Branch	03/18/2022	2737195 Ontario Inc.	1 year + 4 options	\$252,000.00	All Wards
C15-14-22 M	Tender for Sealing of Cracks in Surface Course Asphalt	03/21/2022	Fine Line Markings Inc.	Project Specific	\$91,560.00	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C18-08-22	Tender for Contractor Required for Replacement of Domestic and Sanitary Piping at 20 and 30 Congress Crescent, Hamilton for CityHousing Hamilton	03/22/2022	Bagli Brothers Ltd. o/a B&B Mechanical Services	Project Specific	\$2,470,524.00	Ward 5
C11-07-22	Tender for Supply, Installation and Maintenance of Large Caliper Trees in New Subdivisions and Various Locations within Ward 7	03/25/2022	The Gordon Company	3 years	\$222,019.20	Ward 7
C15-35-22 M	Tender for Reconstruction of Driveway Entrances	03/28/2022	Decew Construction Inc.	Project Specific	\$418,425.00	All Wards
C15-31-22 M	Tender for Lincoln M. Alexander Parkway Asphalt Repairs and Various Road Resurfacing	03/30/2022	Associated Paving & Materials Ltd.	Project Specific	\$2,159,797.00	Ward 8
C13-02-22	Tender for General Contractors for the New Salt Management Facility at 350 Wentworth Street North	03/31/2022	Gateman-Milloy Inc.	Project Specific	\$5,412,000.00	Ward 3
C13-09-22	Tender for Supply and Delivery of Air Circulation and Perimeter Heating Controls at Wentworth Lodge	03/31/2022	Superior Boiler Works & Welding Ltd.	Project Specific	\$373,890.00	Ward 13

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C13-08-22	Tender for General Contractors Required for Roof and Mechanical Equipment Replacement at Beverly Community Centre, Carlisle Community Centre and Bill Friday Arena	04/01/2022	Eileen Roofing Inc.	Project Specific		
	Section A: Beverly Arena				\$812,600.00	Ward 11
	Section B: Carlisle Arena				\$774,500.00	Ward 15
	Section C: Bill Friday (Lawfield) Arena				\$468,600.00	Ward 7
C15-12-22 M	Tender for Installation of Asphalt Speed Cushions	04/01/2022	Associated Paving & Materials Ltd.	Project Specific	\$389,550.28	All Wards
C5-03-22	Tender for Supply and Delivery of MSA G1 Soft Goods	04/05/2022	A.J. Stone Company Ltd.	1 year	\$268,250.00	All Wards
C13-13-22	Tender for Supply and Delivery of Pool Drain Heat Recovery System at Stoney Creek Recreation Centre	04/05/2022	Xtra Mechanical Ltd.	Project Specific	\$106,110.00	Ward 5

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-37-22 M	Tender for Concrete Sidewalk Repairs Throughout Ward 9	04/05/2022	Decew Construction Inc.	Project Specific	\$520,300.00	Ward 9
C11-11-22	Proposal for Pavement Inspection Survey	04/07/2022	Englobe Corp.	1 year + 4 options	\$686,843.00	All Wards
C11-20-22	Tender for Supply and Delivery of Waste Diversion Containers	04/07/2022	IPL North America Inc.	1 year + 2 options	\$354,565.00	All Wards
	Package A: Large Organic Waste Containers Package B: Small Organic Waste Containers Package D: Wheeled Recycling Carts Package C: Recycling Boxes Package E: Kitchen Organics Containers					
C15-02-22 HSW	Tender for Barton Street East - Parkdale to Talbot Reconstruction	04/07/2022	Coco Paving Inc.	Project Specific	\$8,086,000.00	Ward 2
C15-38-22 M	Tender for Concrete Sidewalk Repairs Through Ward 4	04/07/2022	A. Cosmos Concrete & Paving Ltd.	Project Specific	\$420,150.00	Ward 4

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C11-30-22	Tender for Supply of Floral Traffic Island Watering Services	04/11/2022	1953530 Ontario Ltd. o/a Clintar Landscape Management	1 year + 4 options	\$276,755.33	All Wards
C13-15-22	Tender for Griffin House National Historical Site Foundation Restoration	04/11/2022	Roof Tile Management Inc.	Project Specific	\$366,130.00	Ward 12
C11-09-22	Tender for Tree Inventory for Road Allowances, Parks and Cemeteries	04/12/2022	Davey Tree Expert Co. of Canada, Ltd.	1 year	\$208,500.00	All Wards
C15-11-22 HSW	Tender for Dickenson Road East Sanitary Sewer and Watermain	04/12/2022	Technicore Underground Corp.	Project Specific	\$102,151,957.22	Ward 8
C18-10-22	Tender for Contractor Required for Emergency Generator Replacement at 30 Congress Crescent, Hamilton for CityHousing Hamilton	04/12/2022	Supply Point Inc.	Project Specific	\$225,000.00	Ward 5
C11-29-22	Tender for Grit and Screening Haulage to Glanbrook Landfill	04/13/2022	Waste Management of Canada Corp.	1 year + 4 options	\$667,046.85	All Wards
C15-45-22 M	Tender for 2022 Surface Treatment Program	04/13/2022	Cornell Construction Ltd.	Project Specific	\$2,425,608.95	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C9-05-22	Tender for Print, Package and Deliver Various Size Custom Notebooks for Hamilton Police Service	04/14/2022	R.E. Gilmore Investments Corp.	1 year + 3 options	\$81,413.56	All Wards
C15-15-22 HSW	Tender for Kelvin Court from Old Orchard Drive to South End Road and Watermain Reconstruction	04/14/2022	Wesroc Construction Ltd.	Project Specific	\$379,682.00	Ward 5
C11-38-22	Tender for Street Lighting Underground Infrastructure Locates	04/19/2022	R. J. Cramm Electric (1999) Ltd.	1 year + 2 options	\$1,352,696.80	All Wards
C13-24-22	Tender for General Contractors Required for Macassa and Wentworth Lodge Roof Replacement	04/19/2022	Eileen Roofing Inc.	Project Specific	\$987,350.00	Wards 7, 13
C11-35-22	Tender for Ceramic Tile and Grouting Repair and Replace as and when Required at Pools and Recreation Centers	04/20/2022	1419718 Ontario Inc. o/a Marble Renewal Niagara	1 year + 4 options	\$504,150.00	All Wards
C13-22-22	Tender for General Contractors Required for Waterdown Library Roof Repair	04/20/2022	Flynn Canada Ltd.	Project Specific	\$403,110.00	Ward 13

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-44-22 H	Tender for Carson Drive, Landron Avenue and East 43 rd Road Resurfacing	04/20/2022	Associated Paving & Materials Ltd.	Project Specific	\$1,139,990.90	Ward 5
C5-04-22	Tender for Supply, Delivery and Preventive Maintenance for Stryker Power-Pro Cots and Power Load Systems	04/21/2022	Stryker Canada ULC	1 year + 3 options	\$3,220,810.72	All Wards
C9-04-22	Tender for Supply and Delivery of Original Equipment Manufacturer (OEM) Vehicle Parts for Hamilton Police Service Vehicles as and when Required Section A: Ford Parts Section B: Chrysler Parts Section C: General Motors Parts	04/21/2022	 Oak-Land Ford Lincoln OEM Fleets Ltd. Budd's Oakville Ltd.	1 year + 4 options	Discount Percentage off Manufacturer's Published List Price 35% 20% 33%	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C11-05-22	Tender for Hourly Rental of Equipment with Operators as Required for Various Maintenance Projects	04/21/2022	Buist Landscaping Inc. Hamilton Paving Inc. Jones Ag Services Ltd. 1099708 Ontario Inc. o/a DVC Contracting 5025325 Ontario Inc. CRL Campbell Construction & Drainage Ltd. County Line Construction Inc. Birch Paving & Excavating Co. Ltd. Newcastle Maintenance/Improvements Inc. Finesse Contracting Ltd. DESO Construction Ltd.	1 year + 4 options	Unit Price Contract	All Wards

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C18-07-22	Tender for Contractor Required for Sanitary Piping System Replacement at 350-360 King Street East, Hamilton for CityHousing Hamilton	04/21/2022	Keith's Plumbing & Heating Inc.	Project Specific	\$2,683,000.00	Ward 2
C13-16-22	Tender for General Contracting Services for the Phase 2 Restoration of St. Marks Church	04/26/2022	Renokrew o/a 1568796 Ontario Inc.	Project Specific	\$4,647,438.00	Ward 2
C15-46-22 M	Tender for Cross Road Culvert Replacements	04/26/2022	Navacon Construction Inc.	Project Specific	\$1,165,946.00	All Wards
C11-26-22	Tender for Rental and Placement of Queue End Warning System	04/27/2022	Stinson ITS Inc.	1 year + 3 options	\$296,755.78	All Wards
C13-14-22	Tender for Contractor Required for the Removal and Replacement of Existing Pathway at Green Acres Park	04/28/2022	1312772 Ontario Inc. Alpine Green Contracting	Project Specific	\$248,243.80	Ward 5
C13-28-22	Tender for Contractor Required to Perform Various Repairs to Birge Outdoor Pool	04/28/2022	Caird-Hall Construction Inc.	Project Specific	\$234,000.00	Ward 3

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-47-22 M	Tender for Roadside Ditching Improvement Program	04/28/2022	CRL Campbell Construction & Drainage Ltd.	Project Specific	\$517,225.00	All Wards
C12-07-22	Proposal for Provision of Painting Services for the City of Hamilton	05/09/2022	Westwood Painting Services Inc. Connco Group Ltd. o/a Northern Painters	1 year + 4 options	Fixed Price Contract Hourly Rates = Journeyman \$48 Apprentice \$24	All Wards
C11-41-22	Tender for Inspection and Maintenance of Air Valves on Sanitary Forcemains and Potable Watermains	05/11/2022	Ontario Clean Water Agency	1 year + 2 options	\$1,413,591.00	All Wards
C15-13-22 H	Tender for Mud Street Resurfacing Phase Two	05/17/2022	Associated Paving & Materials Ltd.	Project Specific	\$2,276,210.90	Ward 5
C15-52-22 H	Tender for Durand Neighbourhood Resurfacing	05/18/2022	Coco Paving Inc.	Project Specific	\$765,000.00	Ward 2
C13-23-22	Tender for General Contractors Required for Bennetto Community Centre and Dundas Community Pool Roof Replacements	05/24/2022	Eileen Roofing Inc.	Project Specific	\$1,080,590.00	Wards 2, 13

Contracts Awarded

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Vendor	Term	Award Amount	Ward
C15-55-22 H	Tender for Upper Wentworth Street - Mohawk to Fennel Road Resurfacing	05/24/2022	King Paving & Construction Ltd.	Project Specific	\$1,082,680.50	Ward 8
C13-18-22	Tender for Prequalified Contractors Required for the Targeted Dredging of Chedoke Creek	06/08/2022	Milestone Environmental Contracting Inc.	Project Specific	\$5,919,992.00	Wards 1, 13, 14

Contracts Cancelled

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Reason for Cancellation	Ward
C11-14-21	Proposal for Route Optimization Consultation and Analysis Required for Snow Plowing and Patrol	12/03/2021	This Request for Proposal was cancelled as no proponent met the benchmark. A Policy 11 (Single Source) was issued for the services.	All Wards
C11-57-21	Tender for Supply and Delivery of Landscape, Tilt, Equipment and Shoring Trailers	12/03/2021	This Request for Tenders was cancelled as the single bid received was over budget. A new Request for Tenders will be reissued in Q4 of 2022.	All Wards
C15-76-21 HS	Tender for Dewitt Road and Highway 8 - Sewer, Watermains, Roadway, Curb and Sidewalk Reconstruction	01/20/2022	This Request for Tenders was cancelled as all bids received were over budget. A new Request for Tenders will be issued once the 2023 budget is approved in early 2023.	Ward 10
C11-63-21	Proposal for Professional Engineering Consultant Services Required for the Environmental Laboratory HVAC System and Associated Upgrades at the Woodward Avenue WWTP	01/25/2022	This Request for Proposal was cancelled as no proponent met the benchmark. A new Request for Proposals will be reissued in Q4 of 2022.	Ward 4
C11-03-22	Tender for Supply and Delivery of Liquid Chlorine in Railway Tank Cars	03/14/2022	This Request for Tenders was cancelled as no bids were received. A Policy 10 was issued to continue the supply of goods while staff negotiate a formal contract for regular supply.	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-24-22	Tender for Supply and Delivery of Transit Bus Brake Parts for the City of Hamilton, City of Burlington and Town of Oakville	04/06/2022	Closed and Under Review	All Wards
C13-17-22	Tender for Main and King Combined Sewer Overflow (CSO) Outstation Rehabilitation	04/27/2022	Closed and Under Review	Ward 1
C3-03-22	Proposal for Supply and Installation of a Parking Access and Revenue Control System (PARCS)	05/04/2022	Closed and Under Review	Ward 2
C11-23-22	Proposal for Prime Consultant Services Required for the Dundas Wastewater Treatment Plant (WWTP) Health and Safety Immediate Needs and Structural Repairs	05/04/2022	Closed and Under Review	Ward 2
C12-06-22	Tender for Supply and Delivery of Automotive Lubricants	05/10/2022	Closed and Under Review	All Wards
C11-36-22	Proposal for Professional Engineering Consultant Services Required for the Ainslie Wood Neighbourhood Creek Separation from the Municipal Combined Sewer System Municipal Class Environmental Assessment and Conceptual Design	05/12/2022	Closed and Under Review	Ward 1
C15-48-22 HSR	Tender for Bus Pad Installations and Replacements	05/12/2022	Closed and Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C12-03-22	Tender for the Supply and Delivery of Transmission Services for Various City Vehicles as and when Required	05/20/2022	Closed and Under Review	All Wards
C11-51-22	Tender for the Supply and Delivery of Two (2) Ton Asphalt Hot Box Tandem Axle Trailers	05/24/2022	Closed and Under Review	All Wards
C13-21-22	Tender for Fence, Gate, and Signage Supply, Installation, and Repair in Stormwater Facilities	05/24/2022	Closed and Under Review	All Wards
C11-15-22	Tender for Supply of Hot Mix Asphalt	05/25/2022	Closed and Under Review	All Wards
C15-39-22 SL	Tender for Buchanan Neighbourhood Pathway Lighting	05/25/2022	Closed and Under Review	Ward 8
C11-43-22	Tender for Supply and Delivery of Mowers of Various Configurations	05/26/2022	Closed and Under Review	All Wards
C13-05-22	Tender for Prequalified General Contractor for Aeration Gallery Walkway Repairs and Upgrades	05/26/2022	Closed and Under Review	Ward 4

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-52-22	Tender for Supply and Delivery of Spreader Control Parts	05/30/2022	Closed and Under Review	All Wards
C1-02-22	Proposal for Professional Services to complete Phase I (Scoping, Design and Business Process Analysis) for the Implementation of a Corporate-wide Kronos Time and Attendance System	06/02/2022	Closed and Under Review	All Wards
C11-17-22	Tender for Supply and Delivery of Streetscape Litter Containers	06/02/2022	Closed and Under Review	All Wards
C3-05-22	Proposal for Supply and Delivery of Yard Maintenance and Property Standards Services for the Licensing and By-law Services Division	06/06/2022	Closed and Under Review	All Wards
C15-41-22 TR	Tender for Construction of Traffic Control Infrastructure and Bump Outs	06/06/2022	Closed and Under Review	Various Wards
C11-37-21A	Tender for Supply and Delivery of Waste Activated Sludge Thickening and Tertiary Treatment Polymers for Woodward Avenue Wastewater Treatment Plant Post Closing Addendum #1	06/08/2022	Closed and Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-48-22	Tender for Supply and Delivery of Sodium Hypochlorite to the City of Hamilton Water and Wastewater Treatment Facility	06/13/2022	Closed and Under Review	All Wards
C15-65-22 H	Tender for Rolston Drive - Road Resurfacing	06/13/2022	Closed and Under Review	Ward 8
C15-54-22 H	Tender for Lawrence Road Retaining Wall Rehabilitation	06/14/2022	Closed and Under Review	Ward 3
C18-11-22	Tender for Contractor Required for Roofing Replacement at 181 - 191 Main Street West and 200 Jackson Street, Hamilton for City Housing Hamilton	06/15/2022	Closed and Under Review	Ward 2
C1-01-22	Proposal for Digital Services Modernization Review	06/16/2022	Closed and Under Review	All Wards
C11-25-22	Proposal for Supply and Delivery of Traffic Signal Controllers and Cabinets	06/16/2022	Closed and Under Review	All Wards
C13-26-22	Tender for Waterproofing and Structural Repairs to Levels 1 and 2 of the Hamilton Convention Centre Parking Garage	06/16/2022	Closed and Under Review	Ward 2

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-16-22	Proposal for Special Event Security Guard Services	06/21/2022	Closed and Under Review	Ward 3
C11-18-22	Proposal for Prime Consultant Services for Macassa Lodge B Wing Expansion	06/21/2022	Closed and Under Review	Ward 7
C15-58-22 H	Tender for Falkirk Neighbourhood Resurfacing	06/21/2022	Closed and Under Review	Ward 7
C13-27-22	Tender for General Contractor Required for the Removal and Replacement of Existing Play Structure and Other Park Amenities at Eleanor Park	06/22/2022	Closed and Under Review	Ward 6
C15-59-22 H	Tender for King Street East from Stoney Brook Drive to Highway 8 – Road Resurfacing	06/23/2022	Closed and Under Review	Ward 5
C12-05-22	Tender for Prequalified Vendors for Emergency Roof Repair Services	06/28/2022	Closed and Under Review	All Wards
C13-20-22	Tender for General Contractor Required for the Woodward Avenue Maintenance Building Upgrades	06/28/2022	Closed and Under Review	Ward 4
C13-30-22	Tender for Streetlighting Maintenance	06/28/2022	Closed and Under Review	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C15-57-22 H	Tender for Church Street, Academy Street, Golfdale Place, Terrence Park Drive, Crestview Avenue – Road Resurfacing	06/29/2022	Closed and Under Review	Ward 8
C15-32-22 W	Tender for Glenside Avenue Large Valve Replacement	06/30/2022	Closed and Under Review	Ward 8
C3-01-22	Proposal for the City of Hamilton's E-Scooter Micromobility Pilot Program	07/05/2022	Not closed as of July 1, 2022	Wards 1, 2, 3 and parts of 4, 13
C12-01-22	Tender for Environmental Cleanup Service Provider	07/05/2022	Not closed as of July 1, 2022	All Wards
C13-11-22	Tender for Prequalified Contractors Required for the Ferguson Avenue Water Pumping Station HD002/HD003 Facility Upgrades	07/05/2022	Not closed as of July 1, 2022	Ward 2
C11-33-22	Tender for Supply and Delivery of All-Wheel Drive or Four-Wheel Drive Cargo Vans	07/06/2022	Not closed as of July 1, 2022	All Wards
C12-02-22	Proposal for Supply and Delivery of Various Print Services for the City of Hamilton	07/06/2022	Not closed as of July 1, 2022	All Wards

Contracts Pending Award

Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C15-19-22 HSW	Tender for Southcote Road Reconstruction	07/06/2022	Not closed as of July 1, 2022	Ward 11
C11-50-22	Tender for Supply and Delivery of Fluorosilicic Acid to the City of Hamilton Water and Wastewater Treatment Facility	07/07/2022	Not closed as of July 1, 2022	All Wards
C11-55-22	Tender for Supply and Delivery of Electric Cargo Vans	07/07/2022	Not closed as of July 1, 2022	All Wards
C11-37-22	Tender for Supply and Delivery of Light Duty Vehicles for the City of Hamilton's Fire Department	07/08/2022	Not closed as of July 1, 2022	All Wards
C15-36-22 PCE	Tender for Installation of Various Multi Use Paths	07/11/2022	Not closed as of July 1, 2022	Ward 5
C5-06-22	Tender for Supply and Delivery of Various Fire Apparatus for the Hamilton Fire Department	07/12/2022	Not closed as of July 1, 2022	All Wards
C11-59-22	Proposal for Property Maintenance Services for Various City of Hamilton Facilities	07/12/2022	Not closed as of July 1, 2022	All Wards
C11-28-22	Tender for Supply and Delivery of Two Cabover Dump Trucks and Two Van Body Hydrant Service Trucks	07/14/2022	Not closed as of July 1, 2022	All Wards

Contracts Pending Award

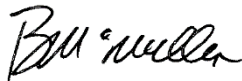
Contract Reference	Contract Title	Closing Date (mm/dd/yyyy)	Contract Status	Ward
C11-40-22	Proposal for Provision of Third Party Functional Assessment for Accessible Transit Services	07/14/2022	Not closed as of July 1, 2022	All Wards
C11-49-22	Tender for Supply and Delivery of Aqua Ammonia to the City of Hamilton Water and Wastewater Treatment Facility	07/14/2022	Not closed as of July 1, 2022	All Wards
C11-53-22	Tender for Supply and Delivery of Sodium Bisulfite to the City of Hamilton Water and Wastewater Treatment Facility	07/15/2022	Not closed as of July 1, 2022	All Wards
C15-61-22 M	Tender for Maintenance and Repairs of Various Bridges as Required	07/15/2022	Not closed as of July 1, 2022	All Wards
C11-54-22	Tender for Supply and Delivery of Ferric Sulfate to the City of Hamilton Wastewater Treatment Facility	07/18/2022	Not closed as of July 1, 2022	All Wards
C11-47-22	Proposal for Prime Consultant Services for the Low Voltage Electrical Upgrades at the Woodward Avenue Water Treatment Plant	07/20/2022	Not closed as of July 1, 2022	Ward 4
C13-32-22	Tender For Contractor Required for Roof Replacement at Dundas Yard Located at 189 King Street East	07/27/2022	Not closed as of July 1, 2022	Ward 13

Cooperative Procurements

City Contract Reference	Contract Title	Cooperative Group	Effective Date (mm/dd/yyyy)	Vendor	Term	Estimated City Spend	Ward
C17-02-22	Networking Products and Related Services	Ontario Education Collaborative Marketplace	04/19/2022	Computacenter TeraMach Inc.	1 year + 2 year option	\$375,000.00	All Wards
C17-04-22	Lease Administration Review Services	Ontario Education Collaborative Marketplace	05/25/2022	Colliers Project Leaders Inc.	3 years + 2 year option	\$80,000.00	All Wards
C17-05-22	Electric Vehicle Charging Station Equipment	Ontario Education Collaborative Marketplace	07/05/2022	Autochargers.ca	5 years + 10 options	\$3,115,631.00	All Wards



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 8, 2022
SUBJECT/REPORT NO:	Water Leak Protection Program Update (FCS21087(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	John Savoia (905) 546-2424 Ext. 7298
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

In October 2021, Council approved an enhanced residential Water Leak Adjustment (WLA) Policy effective as of January 1, 2022. Report FCS21087(a) provides an update regarding the implementation of the changed Policy.

The City's Water Leak Adjustment Policy (Policy) provides limited financial relief to eligible residential customers to address abnormally high water and wastewater / storm bills associated with plumbing failures. The Policy has allowed staff to address those instances when an eligible metered water customer receives an abnormally high bill as a result of a plumbing failure and provides widespread assistance that helps address housing affordability challenges particularly for low / fixed income customers. In some cases, tenants may pay higher bills due to leaking fixtures that the property owner (landlord) is responsible to repair.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Water Leak Protection Program Update (FCS21087(a)) (City Wide) –
Page 2 of 4**

The Policy Enhancements included:

	Previous WLA Policy	Current WLA Policy
Benefit Frequency	One lifetime per account occurrence	One claim every 24 months
Benefit Overview	City covers 50% of the excess charges	Covers 100% of excess charges up to \$2,500
Customer Eligibility	Homeowners only with owner occupancy	All homeowners including rental residential properties

Furthermore, the Policy is no longer administered by Alectra Utilities as program administration has been assumed by a new service provider named ServLine. ServLine is a sister company of Service Line Warranties of Canada (SLWC). Further information and details of the enhanced Policy can be found in Report FCS21087 / LS21037.

Water leaks had to commence on or after January 1, 2022, to be eligible under the enhanced Policy resulting in no claims being processed under the new program until March 2022. Notwithstanding the transition period, as of August 1, 2022, there have been 89 approved claims amounting to total reimbursement to residents of approximately \$62 K. The financial assistance provided during the initial six-month period of March to August 2022 has already surpassed the annual totals of eight of the past ten years as reflected in Table 1 of Report FCS21087(a). The average cost per claim has increased significantly reflecting the enhanced coverage of 100% of excess charges (up to a maximum of \$2,500).

**TABLE 1
Water Leak Adjustment Policy Cost Summary**

	Number of Claims	Total Cost	Total Avg Cost/Claim
2012	226	\$ 76,016	\$ 336
2013	181	\$ 45,097	\$ 252
2014	241	\$ 72,882	\$ 302
2015	169	\$ 55,196	\$ 327
2016	165	\$ 49,726	\$ 301
2017	150	\$ 55,564	\$ 370
2018	142	\$ 51,540	\$ 363
2019	93	\$ 34,790	\$ 374
2020	75	\$ 25,950	\$ 346
2021	69	\$ 25,258	\$ 366
YTD Aug 1, 2022	92	\$ 65,015	\$ 707
Since 2002	3,763	\$ 1,927,632	\$ 512

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Water Leak Protection Program Update (FCS21087(a)) (City Wide) –
Page 3 of 4**

ServLine conducts customer satisfaction surveys and an initial survey has been completed of Hamilton customers who received water leak bill adjustments from March 2022 to May 2022. While the sample size is small, overall satisfaction with the leak adjustment claims process is at 88% just shy of ServLine's target level of satisfaction of 90%.

The COVID-19 pandemic has highlighted the importance of ensuring the affordability of drinking water, wastewater and stormwater services for customers. This has prompted the Canadian Water Network (CWN) to embark on a deeper exploration of affordability, including the opportunities and challenges associated with the implementation of affordability programs. In April 2022, staff participated in an initial CWN affordability workshop that involved staff from Canadian municipalities from across the nation. Hamilton's unique insurance-backed leak protection program is gaining attention from other municipalities as the program is being seen as a tangible means to support residential customers when faced with unexpected high water bills resulting from untimely leaks. Report FCS21087(a) will be shared at the upcoming CWN Affordability Strategic Sharing Group in September 2022.

Background

The City has offered a water leak adjustment policy in some form since 1997, providing nearly \$2 M in water leak related bill adjustments associated with approximately 3,800 approved water leak bill adjustment requests. Over that timeframe, administration of the Policy has been primarily provided by Alectra with oversight provided by the City's Financial Planning, Administration and Policy Division.

In 2021, the Policy was reviewed extensively to address the Policy's limitations and the continued hardships that remained for many customers. In October 2021, Council approved an enhanced Policy that resulted in the previous cost-sharing model changed to an insurance-based, cost recovery model administered by ServLine. The City's water revenue receivables are insured by an insurance policy issued from an underwriter (Assurant Canada which is an "A" Rated, highly-regulated, insurance company). ServLine administers all aspects of the program on behalf of both parties.

The enhanced Policy became effective for leaks commencing on or after January 1, 2022. Approximately, 144,000 residential water accounts are automatically covered by the program administered by ServLine. It should be noted, newly constructed residential accounts are also covered once a water meter has been installed. The program is intended to be cost-neutral for the City and, as such, the premium fees charged to the City are recovered from the fixed charges applied to residential water accounts (fixed water rates increased by \$0.01 per day as of January 1, 2022). Premium and administrative fees are not expected to change for 2023 and, as such, there will be no related impact to fixed charges.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Water Leak Protection Program Update (FCS21087(a)) (City Wide) –
Page 4 of 4**

Key benefits of the new Leak Protection Program include:

- Ability to submit one claim every 24 months
- Coverage of 100 per cent of excess charges up to \$2,500
- Eligibility for all homeowners, including residential rental properties who have their own water meter
- Qualifying leaks adjusted back to resident's average bill over the previous 12 months

Information on the new Leak Protection Program guidelines and qualifications is available at www.hamilton.ca/leaks. Residents who have questions or wish to file a claim should call ServLine at 1-888-977-7471.

To promote awareness of the enhanced Policy the following communication strategy was implemented:

- A bill insert (funded by ServLine) accompanied December 2021 residential water bills advising of the new leak protection program.
- The City's "water leaks" webpage (www.hamilton.ca/leaks) has been updated to provide information regarding the new leak protection program and a link to the Water Leak Adjustment Request Form.
- In January 2022, at ServLine's expense, newspaper ads advising of the new program ran in the Hamilton Spectator and Hamilton Community News.
- On January 12, 2022, a City news release was issued to support the launch of the new program.
- City social media has been utilized to support the new program.
- The annual Hamilton Water newsletter provided a bill insert to residential customers each fall will include information regarding the new leak protection program.

APPENDICES AND SCHEDULES ATTACHED


Not Applicable

JS/dt



Hamilton

**CITY OF HAMILTON
OFFICE OF THE CITY AUDITOR**

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	September 8, 2022
SUBJECT/REPORT NO:	Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Brigitte Minard CPA CA, CIA, CGAP (905) 546-2424 Ext. 3107 Domenic Pellegrini CPA, CMA, CIA (905) 546-2424 Ext. 2492 Charles Brown CPA, CA (905) 546-2424 Ext. 4469 Fleet Challenge Canada Inc.
SUBMITTED BY:	Charles Brown CPA, CA City Auditor Office of the City Auditor
SIGNATURE:	

RECOMMENDATION

- (a) That Report AUD22007 and Appendices “A”, “B” and “D” to Report AUD22007, respecting the Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) be received;
- (b) That the Management Response, as detailed in Appendix “C” to Report AUD22007 be approved; and
- (c) That the General Manager of Public Works be directed to report back to the Office of the City Auditor by January 2023 with a detailed management action plan, which will then be reported to the Audit, Finance and Administration Committee for approval.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

SUBJECT: Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (AUD) (City Wide) - Page 2 of 6

EXECUTIVE SUMMARY

As a result of a confidential Fraud and Waste report, expressing safety concerns with respect to the management of fleet, the Office of the City Auditor (OCA) initiated an audit of DARTS' vehicle maintenance and fleet inspection practices. DARTS is an external organization that provides accessible transit services in Hamilton under contract with the City. The OCA used the services of Fleet Challenge Canada (FCC) to conduct the main parts of the review.

The overall objective of the audit was to assess the maintenance and inspection activities employed by DARTS and its sub-contractors, with a view to concluding on the effectiveness of these processes in ensuring the safety of vehicles placed into service.

The primary tool used to evaluate the current state of inspection and maintenance practices of DARTS was a planned sample of 40 (39 actual) vehicles during the first week of the review. The results were unequivocally poor. We found that 46% of the vehicles failed the independently conducted inspections.

According to FCC, this level of failure is "exceptionally high" and a decision was made to continue with further inspections of the entire fleet. The fail rates showed some improvement over time, mainly during the last weeks of the inspection process. The overall fail rate for first inspections, was 32%. For a commercial operation that serves a vulnerable population, we found this to be unacceptable, indicating an inadequate level of inspection and maintenance rigour that is systemic.

The audit found numerous issues relating to safety, and many opportunities for improvement. Issues were found with brakes, tires, exhaust systems, steering and suspension systems, including a "singular matter of urgency" – that being defective and/or seized emergency brakes which bear "rollaway" risk.

In terms of processes, we found various weaknesses related to inspection processes, quality assurance, safety awareness and training, contract oversight, qualifications, data management, and minimum standards requirements.

Perhaps most concerning to OCA is that the DARTS subcontractors were seemingly incapable of maintaining their fleets to the standards of safety required. These concerns are only magnified with the observation by FCC that some vehicles were taken out of service and retired permanently, shortly after the start of the vehicle inspection campaign.

OCA also had several additional audit findings related to contract management and oversight.

**SUBJECT: Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (AUD) (City Wide) -
Page 3 of 6**

Alternatives for Consideration –Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: None.

Staffing: None.

Legal: None.

HISTORICAL BACKGROUND

The Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included the completion of a DARTS Audit, noting that the audit was pending the completion of a revised Master Operating Agreement (MOA) between the City and DARTS. A revised MOA has not been completed, therefore plans to audit have up to now, been paused.

Disabled and Aged Regional Transportation System (“DARTS”) is an external organization that provides accessible transit services in Hamilton under contract with the City.

In the course of its work in managing the City of Hamilton’s Fraud and Waste Hotline, OCA received a confidential Fraud and Waste report in September 2021 that was originally received by the Transit Division. The Transit Division notified the Office of the City Auditor (OCA) of the report promptly. An allegation was made that a DARTS subcontractor performing maintenance on part of their fleet, did not have professional mechanics servicing the vehicles used in providing DARTS services, and that vehicles were being put on the road that were unsafe due to inadequate inspection and maintenance.

The OCA requested that the Transit Division investigate this matter further and to report back what it found to OCA. Transit began to investigate and while doing this, worked with Legal and Risk Management Services to enforce the City’s contractual rights with DARTS per the Master Operating Agreement (MOA).

While the Transit Division continued to investigate, areas of concern remained, including incomplete vehicle inspection tracking, certificates of insurance (COI) not being readily available, and issues with COIs when they were provided.

As a result of the above information the OCA made the decision to independently investigate this matter further by undertaking a full audit of DARTS’ vehicle maintenance and fleet management. With the ongoing issues encountered by the Transit Division in obtaining vehicle inspection information, insurance documentation and further concerns

SUBJECT: Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (AUD) (City Wide) - Page 4 of 6

about DARTS oversight of their sub-contractors, the OCA was concerned about whether the compliance of DARTS with respect to inspection and maintenance activities had any impact on public safety.

The OCA sourced an external firm (Fleet Challenge Canada, “FCC”) that specializes in fleet compliance to complete a thorough review of the inspection, maintenance and fleet management activities performed on DARTS operated vehicles with a view to identifying any control weaknesses or compliance issues that may impact public safety. This work included vehicle inspections completed by licensed Automotive Service Technicians and/or Truck and Coach Technicians.

On March 24, 2022 this issue was reported by the City Auditor as a “Serious Matter” to Council, per the “City Auditor Reporting of Serious Matters to Council” policy. The two criteria being applied were that there was a situation that could threaten public safety and could have a significant adverse impact on the City’s vulnerable populations. The OCA informed Council that a comprehensive audit was being completed.

This report communicates the results of the audit.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None.

RELEVANT CONSULTATION

Appendix “C” to Report AUD21006(a) includes a response from management responsible for overseeing accessible transit services within the City’s Transit Division of the Public Works Department.

The Legal and Risk Management Services Division was also consulted during this audit.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The audit objective was to assess the fleet management and vehicle safety practices of the City’s accessible transit service provider, DARTS, in order to identify opportunities for improved economy, efficiency and effectiveness for the management of the contract between the City and DARTS. We also assessed the effectiveness of the Transit Division’s oversight and management of the contract with DARTS.

As part of a sample of vehicles that were put through safety inspections conducted by an independent third-party garage, 39 vehicles were inspected, with a resulting failure rate of 46%. The high failure rate led to a decision by the OCA, in consultation with Transit, to inspect all vehicles in the fleet as part of the audit.

SUBJECT: Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (AUD) (City Wide) - Page 5 of 6

The Audit Report summarizing all the review activities can be found at Appendix “A” to Report AUD22007.

The OCA engaged Fleet Challenge Canada (FCC) to conduct the safety review in accordance with its established practices and expertise, and to separately report their findings. The Fleet Challenge Canada Report is Appendix “B” to Report AUD22007.

Overall, 73 recommendations were made to Transit management, including recommendations for improvement at DARTS. Given the breadth and depth of recommendations, balanced with the need to bring forward timely findings to Council and the public, Transit management has agreed to provide OCA with one overall Management Response, with a commitment to provide a detailed set of management action plans for each recommendation to the OCA by January 2023, one that we fully expect to be coordinated with DARTS, the service provider. These will be brought forward and reported to the Audit, Finance and Administration Committee upon acceptance and review by the OCA.

The Recommendations and Management Response can be found in Appendix “C” to Report AUD22007.

An infographic summarizing the key information for this audit can be found in Appendix “D” to Report AUD22007.

ALTERNATIVES FOR CONSIDERATION

Not applicable.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Healthy and Safe Communities

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

**SUBJECT: Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695) (AUD22007) (AUD) (City Wide) -
Page 6 of 6**

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD22007 – Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit Report (Report #50695)

Appendix "B" to Report AUD22007 – Fleet Challenge Canada City of Hamilton DARTS Fleet Review

Appendix "C" to Report AUD22007 – Recommendations and Management Response

Appendix "D" to Report AUD22007 – Accessible Transit Services DARTS Fleet Management and Vehicle Safety Infographic



Hamilton

Office of the City Auditor

Accessible Transit Services: DARTS Fleet Management and Vehicle Safety Audit (Report #50695)



September 8, 2022

**Office of the City Auditor
Brigitte Minard, Deputy City Auditor
Domenic Pellegrini, Senior Auditor
Charles Brown, City Auditor**

Contents

Executive Summary	3
Introduction and Background	6
Audit Objective	8
Audit Scope	8
What We Did	8
How We Did It	9
Detailed Findings	10
External Subject Matter Expert.....	10
Further Work by OCA.....	10
Related Parties for Subcontractors' Auto Garages.....	10
Prior Criminal Convictions	11
Vehicles Remained on Road Uninspected Even After Council Directive	12
Vehicles Not Pulled from Service Before Passing the Safety Inspection	12
Some Trips Could Not be Verified.....	13
Contract Oversight and Management	13
Access to OPS/Trapeze Database.....	14
Recommendations	15
Conclusion	15

Executive Summary

As a result of a confidential Fraud and Waste report, expressing safety concerns with respect to the management of fleet, the Office of the City Auditor (OCA) initiated an audit of DARTS' vehicle maintenance and fleet inspection practices. DARTS is an external organization that provides accessible transit services in Hamilton under contract with the City.

The overall objective of the audit was to assess the maintenance and inspection activities employed by DARTS and its sub-contractors, with a view to concluding on the effectiveness of these processes in ensuring the safety of vehicles placed into service.

To help meet that objective, the OCA sourced an external firm (Fleet Challenge Canada, "FCC") to complete a thorough review of the inspection, maintenance and fleet management activities performed on DARTS operated vehicles in order to identify weaknesses or compliance issues that may impact public safety.

In addition to this work, OCA reviewed the particulars of the oversight of contractors generally, augmenting the findings contained in the report of FCC, which is attached as Appendix "B" to Report AUD22007.

Main Findings

The primary tool used to evaluate the current state of inspection and maintenance practices of DARTS was a planned sample of 40 (39 actual) vehicles during the first week of the review.

In this regard the results were unequivocally poor. FCC found that 46% of the vehicles failed the independently conducted inspections. While some of those failures were technical in nature, many were critical failures that could impact safe operations.

As FCC noted in their report, this level of failure is "exceptionally high" and a decision was made to continue with further inspections of the entire fleet. Also, upon learning of these initial results, Council directed that no vehicles be placed into service until they had passed an independent inspection arranged by the audit team and FCC.

The final overall results over the coming weeks were marginally better, which was expected as re-inspections were included, and DARTS had the opportunity and time to augment their efforts to fix up their vehicles - and did so. However, the overall rate of failure was still disappointing, and included multiple failures on re-inspection as well.

As can be seen in the table below the fail rates showed some improvement over time, mainly during the last part of the inspection process. The overall fail rate for inspections, including re-inspections, averaged 30%.

Weekly Inspection Statistics for DARTS and Subcontractors

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Weeks 7-10
Total Passes	21	17	63	19	10	6	6
Total Fails	18	7	24	8	2	1	0
Total	39	24	87	27	12	7	6
Percentage Fails (average weekly)	46%	29%	28%	30%	17%	14%	0%
Overall 30%							

We also analyzed the results (weeks 1 to 10 inclusive), by fleet manager, to see if there were differences in fail rates amongst each of the parties responsible for maintaining their vehicles. We used first inspection rates of failure since the desired goal would be to reduce fail rates on first inspection to low or negligible numbers in order to have the utmost confidence in vehicle safety.

First Inspection Fail Rate - DARTS vs Subcontractors			
DARTS	H-Rising	VanKleef	City Marvel
26%	34%	35%	47%
Overall 32%			

The overall result for first inspections was 32% - slightly higher than the all-inspections failure rate.

For a commercial operation that serves a vulnerable population, we found this to be unacceptable, indicating an inadequate level of inspection and maintenance rigour that is systemic.

In their report (Appendix "B" to Report AUD22007), FCC cites numerous issues relating to safety, and many opportunities for improvement. They found issues with brakes, tires, exhaust systems, steering and suspension systems, including what they describe as a "singular matter of urgency" – that being defective and/or seized emergency brakes which bear "rollaway" risk.

In terms of processes, FCC points to various weaknesses related to inspection processes, quality assurance, safety awareness and training, contract oversight, qualifications, data management, and minimum standards requirements.

Perhaps most concerning to OCA is that FCC concluded that the subcontractors were seemingly incapable of maintaining their fleets to the standards of safety required. These concerns are only magnified with their observation that some vehicles were taken out of service and retired permanently, shortly after the start of FCC's vehicle inspection campaign.

In addition to FCC's findings OCA did further work related to contract management and oversight.

We found that with one of the subcontractors (VanKleef), there was a related party relationship between the subcontractor and the automotive garage being used to certify their fleet. In our view, this is an apparent conflict of interest that creates a higher level of risk that vehicles not in an acceptable state of repair will be placed into service to meet operational exigencies. The other two subcontractors had related party relationships with their garages, however for certification purposes they used independent garages.

We found evidence that one of the auto repair businesses, and its owner, who is a principal of City Marvel, faced fraud charges in 2017 related to a police investigation into fraudulent insurance and vehicle safety certificates. Police charges against Naseem Jamil, of T & R Auto, alleged that fraudulent documents were being issued from T & R Auto Service. He was later convicted via a guilty plea of document forgery in October 2018. City Marvel was brought on as a DARTS subcontractor in 2019.

After Council direction on May 18, 2022 that all vehicles must pass inspection before being used in passenger operations, we found 42 instances where that direction was not complied with, and DARTS had placed vehicles into service

that were not yet passed. We also found a number of passenger runs that were performed by vehicles without an identifying vehicle number, particularly on May 21 where 23 of 467 (4.9%) of the runs were performed by unidentified vehicles.

OCA found that there was limited involvement and oversight by Transit in the procurement by DARTS of its subcontractor City Marvel in 2019, and the required General Manager approval and corresponding support for such approval could not be located (also noted by FCC).

Consistent with FCC, we found that Transit did not avail itself of any regular, independent, unannounced site visits or inspections to validate the ongoing status of vehicles, as reported by DARTS, and the safety and roadworthiness requirements generally.

OCA concluded that Transit needs more functional access to Trapeze, the application used to manage clients and trips, as well as more real time data of DARTS vehicles and their status in order to properly oversee contractual compliance.

OCA confirmed that Transit has no formal contingency plans to deal with situations where they may choose to cancel a contract with a non-performing contractor or subcontractor.

Introduction and Background

Disabled and Aged Regional Transportation System ("DARTS") is an external organization that provides accessible transit services in Hamilton under contract with the City.

The Office of the City Auditor Work Plan 2019 to 2022 (AUD19007) included the completion of a DARTS Audit, noting that the audit was pending the completion of a revised Master Operating Agreement (MOA) between the City and DARTS. A revised MOA has not been completed, therefore plans to audit have up to now, been paused. The MOA that is in effect is the original 2012 MOA which expired in 2017. It is being utilized on a month-to-month basis. Under its current terms, DARTS is permitted to utilize sub-contractors to deliver services under certain circumstances, subject to approval by the General Manager of Public Works.

In the course of its work in managing the City of Hamilton's Fraud and Waste Hotline, OCA received a confidential Fraud and Waste report in September

2021 that was originally received by the Transit Division via a Councillor's Office. The Transit Division notified the Office of the City Auditor (OCA) of the report promptly. An allegation was made that a DARTS subcontractor performing maintenance on part of their fleet, did not have professional mechanics servicing the vehicles used in providing DARTS services, and that vehicles were being put on the road that were unsafe due to inadequate inspection and maintenance.

The OCA requested that the Transit Division investigate this matter further and to report back what it found to OCA. Transit began to investigate and while doing this, worked with Legal and Risk Management Services to enforce the City's contractual rights with DARTS per the existing Master Operating Agreement (MOA).

The Transit Division requested information from DARTS to allow them to demonstrate their compliance with the MOA in late September 2021, with ongoing communications between Transit and DARTS occurring in October 2021 to March 2022. It is the OCA's understanding that it was challenging for the Transit Division to receive the necessary information from DARTS, sufficient to allay concerns, including information such as vehicle inspection records and other support that should have been readily available. DARTS is responsible, overall, for the maintenance of vehicles although some of these activities are performed by their sub-contractors.

Since October 2021 the Transit Division has stepped up their oversight of DARTS' compliance with their contractual obligations to the City of Hamilton. Additionally, Transit began performing oversight work of DARTS' sub-contractors (a DARTS responsibility) due to concerns about all three of DARTS's sub-contractors (Hamilton Rising, VanKleef and City Marvel) that arose as a result of this increased oversight. Areas of concern remained, however, including incomplete vehicle inspection tracking, certificates of insurance (COI) not being readily available, and issues with COIs when they were provided. During this period of increased vigilance, the Transit Division's concerns became so significant that on February 15, 2022, they directed that one of DARTS' subcontractors (City Marvel) pull vehicles off the road for a short period of time.

As a result of the above information the OCA made the decision to independently investigate this matter further by undertaking a full audit of DARTS' vehicle maintenance and fleet management. With the ongoing issues encountered by the Transit Division in obtaining vehicle inspection information, insurance documentation and further concerns about DARTS oversight of their sub-contractors, the OCA was concerned about whether the compliance of DARTS with respect to inspection and maintenance activities had any impact on public safety.

The OCA sourced an external firm (Fleet Challenge Canada, "FCC") that specializes in fleet compliance to complete a thorough review of the inspection, maintenance and fleet management activities performed on DARTS operated vehicles with a view to identifying any control weaknesses or compliance issues that may impact public safety. This work included vehicle inspections completed by licensed Automotive Service Technicians and/or Truck and Coach Technicians.

On March 24, 2022 this issue was reported by the City Auditor as a "Serious Matter" to Council, per the "City Auditor Reporting of Serious Matters to Council" policy. The two criteria being applied were that there was a situation that could threaten public safety and could have a significant adverse impact on the City's vulnerable populations.

Audit Objective

The overall objective of the audit was to assess the maintenance and inspection activities employed by DARTS and its sub-contractors, with a view to concluding on the effectiveness of these processes in ensuring the safety of vehicles placed into service. Also in scope were the mechanisms used by Transit to oversee DARTS contract compliance and to monitor and gain assurance as to the safety of operations overall.

Audit Scope

Initially the audit scope was a fleet management audit which was to include a sample of about 40 vehicles having vehicle inspections completed by an independent third-party garage contracted and overseen by FCC. However, after receiving the initial inspection results, with 39 vehicles inspected and a failure rate of 46%, the OCA, in consultation with Transit, and consistent with direction of Council, decided that all vehicles in the fleet would be inspected as part of the audit.

What We Did

- Gained an understanding of fleet management processes as it related to municipal transit fleet management.

- Gained an understanding of operational processes and standards regarding fleet management safety inspections, maintenance best practices and common issues.
- Assessed vehicle safety inspection results to determine if they were consistent with industry best practices.
- Analyzed information indicative of whether the City is getting good value on its current contract for accessible transit services with DARTS.
- Obtained insights from experts in the field.

How We Did It

1. Analyzed vehicle maintenance records.
2. Performed site visits and walkthroughs.
3. Reviewed database records related to route scheduling and trips performed to ensure vehicles that were to be pulled from service pending inspection were actually out of service.
4. Reviewed relevant contractual documentation (e.g. Memorandum of Agreement, subcontractor agreements).
5. Physical observation of vehicles on the road at high volume pick-up/drop-off locations with subsequent validation to database records to ensure vehicles that were to be pulled from service pending inspection were actually out of service.
6. Engaged an external fleet management expert with municipal fleet experience to review key processes and oversee vehicle safety inspections and interpret inspection results.
7. Attended vehicle safety inspections to physically observe inspection results.
8. Reviewed other relevant documentation (e.g. court records, summons, orders to comply, corporate directorship reports).

Detailed Findings

External Subject Matter Expert

The audit itself was one that necessarily relied on the expertise of experienced professionals in fleet management from a safety perspective. Accordingly, Fleet Challenge Canada (FCC) was hired to be the primary technical consultant and to conduct the major portion of the work that needed to be done to objectively evaluate the current state of maintenance and inspection activities within DARTS's area of responsibility. Guided by OCA's overall objectives, FCC used their own experience and methodologies to design and conduct the necessary procedures to evaluate DARTS.

FCC was engaged to conduct substantive testing of the state of repair of DARTS operated and overseen vehicles, based on a reasonable sample, and to review the processes used by DARTS and its subcontractors to ensure vehicles placed in service meet the City's requirements and are safe to operate. They looked at the processes for inspection, the qualifications and training of personnel, the documentation maintained for management of the fleet, the oversight mechanisms of Transit, and they evaluated all manner of risks related to safe fleet operations.

The final report from Fleet Challenge Canada is attached as Appendix "B" to Report AUD22007 and contains 64 recommendations. (An additional 9 recommendations were made by OCA pursuant to observations made in the following sections).

Further Work by OCA

Based on the preliminary findings that were shared with us by FCC, OCA decided to undertake further work, in addition to what FCC performed. OCA's findings are as follows.

Related Parties for Subcontractors' Auto Garages

As of July 2022, there were three subcontractors being utilized by DARTS: City-Marvel Enterprises Inc. (City Marvel), Hamilton Rising Transportation Inc. (H-Rising), Van Kleef Group Inc. (VanKleef). In bringing vehicles to the minimum standards required by Transit, we were expecting that the subcontractors would be using independent garages for their fleet inspections and certifications. However, we found that with one of the subcontractors (VanKleef), there was a related party relationship between the subcontractor and the automotive garage

being used to certify their fleet. This is a situation that was not known to Transit management. In our view, this relationship creates an apparent conflict of interest that creates a higher level of risk that vehicles not in an acceptable state of repair will be placed into service to meet operational exigencies. In the business model used to pay the subcontractors, payment is based on a monetary amount per trip. So, under this type of arrangement there would be an inherent risk of experiencing operational and financial pressures that could impact the objective evaluation and assessment of the state of repair and roadworthiness of vehicles. We also found related party relationships that existed between the other two subcontractors, however we determined that for certification purposes the subcontractors were using independent garages.

Specifically, we found that:

City Marvel Enterprises Inc. and their main auto garage, T & R Auto Service Centre (T & R) are very likely related parties due to a common address and family name between directors of the two corporations. The same director in question (Naseem Jamil) for T & R is also a previous director of City Marvel who also represented himself as a current principal of City Marvel to Fleet Challenge Canada during their audit meeting. It is also DARTS' understanding that this individual is a principal of City Marvel (based on information they provided to the OCA).

H-Rising (Hamilton Rising Transportation Inc.) and their main auto garage, Ustad Kar Kare are likely related parties. This is because it is the OCA's opinion that the H-Rising mechanic (described as an H-Rising employee during FCC's audit meeting with H-Rising) is also the only corporate director of Ustad Kar Kare. FCC also found that H-Rising implied that the garage they utilized was "their" maintenance facility, not a 3rd party garage.

VanKleef (Van Kleef Group Inc.) and their main auto garage, Cosimo's Garage Limited are likely related parties as each have one corporate Director that is common to both.

Prior Criminal Convictions

In the course of reviewing information on the backgrounds and relationships of persons involved in each of the subcontractors and garages, we found evidence that one of the auto repair businesses, and its owner, faced fraud charges in 2017 related to a police investigation into fraudulent insurance and vehicle safety certificates. Police charges against Naseem Jamil, of T & R Auto, who is also a principal of City Marvel, alleged that fraudulent documents were being issued from T & R Auto Service. He was later convicted via a guilty plea of document forgery in October 2018.

There were also other convictions we found for driving while disqualified, and two older ones (one for Naseem Jamil and one for T & R Auto Service Centre) pursuant to *Building Code Act* offences.

T & R is the repair garage that we concluded is a related party to the owner of City Marvel. City Marvel became a DARTS sub-contractor in May 2019, after these charges and convictions were a matter of public record, some of which were reported in the Hamilton Spectator. In our view, this indicates an ineffective level of due diligence being performed by DARTS and Transit on prospective subcontractors prior to contracting with them.

Vehicles Remained on Road Uninspected Even After Council Directive

Given the unequivocally poor initial inspection results from the initial vehicle sample (46% fail rate), at the GIC meeting on May 18, 2022 Council Direction was received that DARTS (and their subcontractors') vehicles were to be kept out of service until they passed a safety inspection conducted by an independent garage of the City's choosing. The Transit Division provided this direction to DARTS. Given the high-risk nature of the audit due to public safety concerns, the OCA performed detailed analysis of operational data (Trapeze computer application records) to verify that DARTS, in fact, complied with this Directive and pulled the vehicles from service until they had passed a safety inspection.

Vehicles Not Pulled From Service Before Passing the Safety Inspection

An analysis of Trapeze data showed that contrary to the May 18th Council direction, some of the vehicles that had not yet passed the safety inspection were in service after this date. We found that:

- On May 19th, 23 of the 102 vehicles on the road had not passed inspection.
- On May 20th, 7 of 96 vehicles on the road had not passed inspection;
- On May 21st, 3 of 44 vehicles on the road had not passed inspection;
- On May 23rd 1 of 28 vehicles on the road had not passed inspection;
- On May 24th, 6 of 93 vehicles on the road had not passed inspection; and
- On May 25th, 2 of 95 vehicles on the road had not passed inspection.

Some Trips Could Not be Verified

In addition to the above, the Trapeze database showed that on 12 of the 43 days between May 19th and June 30th some passenger runs were performed by vehicles without an identifying vehicle number. While the number of such runs was generally quite small (usually less than 1% of the runs), 23 of 467 runs on May 21st were performed by vehicles without an identifying number. This represented 4.9% of the runs that day. The OCA has brought this matter to the Transit Division's attention, but the OCA was ultimately unable to determine the rationale for there being runs without vehicle numbers. This could have financial/billing implications, we note this as an item for management to consider performing analysis and review of.

Contract Oversight and Management

We found that until recently (2020 onwards), there was limited oversight and management of the DARTS contract (MOA) by the Transit Division. For example, when DARTS added City Marvel as a subcontractor in May 2019, DARTS procured the vendor on their own. Transit was not involved in the process of selection. They were merely informed by DARTS that a vendor had been selected and they (DARTS) requested approval and sign off by the General Manager of Public Works as is required under the contract. In following up on the required approval, however, we were unable to find evidence of the General Manager's official written approval, from neither the Transit Division nor DARTS, for all three of DARTS' current subcontractors (City Marvel, VanKleef, H-Rising). It is the OCA's understanding that this approval was confirmed via email communication. For such a critical decision, the OCA finds that email communication is not an appropriate form of documentation due to the record retention issues that can and have actually transpired.

For effective contract oversight we would have expected regular contractor and subcontractor site visits. However, it is our understanding that regular site visits to DARTS and subcontractor locations were not occurring, as of the date of our audit fieldwork. Having both a regularly scheduled and unannounced physical presence is a way to gain insight into the vendor's operations and provide further assurance that contractual requirements are being complied with.

Also, there was limited ability on the part of Transit to independently validate the roadworthiness of vehicles other than to rely on DARTS reports. We concluded that regularly conducted vehicle safety inspections that are unannounced are also needed. While the City is entitled to have vehicle inspections performed annually per the existing MOA, the City has not availed itself of this contractual provision in any meaningful or robust way. In order for this to be implemented

most effectively, the City should design, execute and maintain control of the sample of vehicles selected for inspection (i.e. not permit the vendor and their subcontractors to substitute vehicles) and there should be a mix of regularly scheduled inspections and unannounced inspections for the safety inspections to be effective.

Overall more robust contract management (including document management) processes are needed to effectively manage the contract for accessible transit services.

Access to OPS/Trapeze Database

Trapeze is the computer software application designed to register accessible transit clients, as well as to book trips, schedule, and dispatch DARTS and DARTS' Subcontractors vehicles. It is also used for trip planning and real time vehicle location. The OCA was provided access to this software to complete our audit testing by DARTS. When using the software, the OCA found that Transit Division staff did not have access to all the Trapeze functionalities and captured data that OCA had, and were unaware of these additional Trapeze features. In order to access some of the information needed, Transit Division staff had been creating work-arounds for the needed functionality, including manual tracking process which was ineffective.

Furthermore, it became apparent that DARTS had more fulsome access to data and greater functionality in its use than Transit. The contractor had been effectively "owning, managing, and controlling" City service data, albeit for operational purposes. The contractor (DARTS) provides accessible transit services on behalf of the City of Hamilton, and as such, the City should maintain control of the Trapeze application and the service data, and this should be a critical requirement for any future contract terms with a vendor.

Effective Vendor Reporting is Needed

The current MOA is silent on the requirement for a real time master list of DARTS and Subcontractor vehicles. Currently, DARTS will provide such a list when asked, but the details provided were found by the OCA to be inconsistent and unreliable. To facilitate oversight, an updated, real time list of DARTS and Subcontractor vehicles should be maintained, provided and/or made available to Transit Division in a timely manner. In order to properly identify each unique vehicle, this list should include the vehicle number, the license plate number, the VIN number and proof of insurance. It should also reflect whether the vehicle is active or inactive. If the vehicle is inactive it should indicate whether it is retired or in repairs. Further, an additional "spares" category should be used for the Subcontractors' vehicles as they have vehicles that are inactive but have not been retired. The accuracy and completeness of this list should be verified

periodically. Ideally all of these reports should be automated, and the Transit Division should be able to run them from the Trapeze software on a self-service basis.

Contingency Plans

In the course of our work we confirmed that Transit has no formal contingency plans to deal with situations where they may choose to cancel a contract with a non-performing contractor or subcontractor. This puts undue pressure on Transit to accept sub-par performance and carries greater risks and likelihood of disruption when deciding to assert their contractual rights to correct a systemic failure on the part of one of the parties.

Recommendations

All recommendations (those from both the OCA and FCC) are listed in Appendix "C" to Report AUD22007, along with a high-level management response. A more detailed management response will be developed in the coming months to ensure that the identified issues will be thoroughly addressed and will be presented to the Audit, Finance, and Administration Committee when they have been received by the OCA from the Transit Division.

Conclusion

The OCA and FCC have brought forward several observations and recommendations to strengthen controls, raise vehicle safety up to an adequate standard, and enhance the value for money achieved in the delivery of accessible transit services. The Transit Division has an opportunity to undertake transformative change in this area.

The OCA would like to thank Fleet Challenge Canada, Transit Division, Legal and Risk Management Division, and other participants for their contributions throughout this project. We look forward to following up with management in the future to see the progress of their action plans and their impact on achieving value for money in service delivery.

**Office of the
City Auditor**

Charles Brown, CPA, CA

City Auditor

Brigitte Minard, CPA, CA, CIA, CGAP

Deputy City Auditor

Domenic Pellegrini, CMA, CPA, CIA

Senior Auditor

Lyn Guo, MBA, CMA (US), CIA

Senior Auditor

Nancy Hu, CFE, CIA

Senior Auditor

Jacqui De Jesus, CPA

Senior Auditor

Cindy Purnomo Stuive

Audit Coordinator

Phone: 905-546-2424 ext. 2257

Email: cityauditor@hamilton.ca

Website: hamilton.ca/audit

SPEAK UP – Reporting Fraud and Waste

Online: hamilton.ca/fraud

Phone: 1-888-390-0393

Mail: PO Box 91880, West Vancouver, BC V7V 4S4

Email: cityofhamilton@integritycounts.ca

Copies of our audit reports are available at:
hamilton.ca/audit

Alternate report formats available upon request.

July 29,
2022

CITY OF HAMILTON DARTS FLEET REVIEW

FINAL REPORT

Prepared for the City of Hamilton, Office of the City Auditor

SUBMITTED BY: FLEET CHALLENGE CANADA INC.



Fleet Challenge Canada Inc.
777 Bay St. Ste. C208B
Toronto, Ontario M5G 2C8
416 418 9931
www.fleetchallenge.com

Table of Contents

Executive Summary.....	- 4 -
1.0 Introduction.....	- 8 -
2.0 Background	- 9 -
Master Operational Agreement and Subcontractor Agreements.....	- 10 -
Master Operational Agreement	- 10 -
Subcontractor Agreements.....	- 10 -
3.0 Chronology	- 12 -
4.0 Scope of Work	- 13 -
Approach and Methodology.....	- 14 -
6.0 Steps in the Fleet Review Approach	- 15 -
Step 1: Review of the Reporter’s Concern	- 15 -
Step 2: DARTS Vehicle Safety Inspections	- 15 -
Step 3: Business Process Discovery Meetings	- 17 -
About Motor Vehicle Technicians.....	- 18 -
Unlicensed Personnel	- 18 -
Licensed Technicians versus Unlicensed Personnel.....	- 19 -
Documentation	- 19 -
About Preventive Maintenance Practices	- 20 -
Step 4: Insurance Review	- 20 -
Step 5: Review of Contracts	- 21 -
Step 6: Reporting.....	- 21 -
7.0 Findings	- 22 -
Findings: Step 1 – Discussion with the Reporter.....	- 22 -
Synopsis.....	- 22 -
Recommendations – Driver Communications.....	- 23 -
Findings: Step 2 - DARTS Vehicle Safety Inspections	- 24 -
About Vehicle Safety Inspections of the DARTS Fleet.....	- 27 -
Synopsis – Vehicle Safety Inspections.....	- 28 -
Recommendations – Safety Inspections.....	- 30 -
Findings: Step 3 – Business Process Discovery Meetings.....	- 31 -
Discovery Meeting with ATS.....	- 33 -
Synopsis – ATS BMPR.....	- 33 -
Recommendations for ATS	- 34 -

Discovery Meeting with DARTS.....	- 36 -
Synopsis – DARTS BMPR.....	- 36 -
Recommendations for DARTS	- 40 -
Discovery Meeting with H-Rising	- 42 -
Synopsis – H-Rising	- 42 -
Discovery Meeting with City Marvel	- 44 -
Synopsis – City Marvel BMPR	- 44 -
Discovery Meeting with Vankleef	- 45 -
Synopsis – Vankleef BMPR	- 45 -
Recommendations for DARTS Regarding its Subcontractors	- 46 -
Findings: Step 4 – Insurance Review	- 47 -
Synopsis – Insurance Review	- 48 -
Recommendations - Insurance	- 50 -
Findings: Step 5 – Review of Contracts	- 52 -
About Contracts	- 52 -
About DARTS’ Contracts	- 52 -
About the DARTS Master Operational Agreement	- 52 -
Synopsis – Master Operating Agreement	- 54 -
Recommendations – Master Operating Agreement	- 56 -
DARTS Subcontractor Service Agreements	- 57 -
Synopsis - Subcontractor Service Agreements	- 58 -
Recommendations – Subcontractor Service Agreements.....	- 60 -
Appendix A –About Fleet Challenge Canada Inc.....	- 63 -
Unbiased Perspectives.....	- 63 -
Appendix B - About MTO Safety Standards Inspections.....	- 64 -
About Ontario Safety Standards Certificates	- 64 -
Appendix C – About Preventive Maintenance	- 66 -
Reactive Repairs vs. Preventive Maintenance	- 66 -
Appendix D – About Best Management Practices Review	- 68 -
Appendix E -Example of MTO 6-Month Safety Inspection.....	- 69 -
Appendix F – H-Rising Driver’s Vehicle Inspection Form	- 70 -
Appendix G – H-Rising Vehicle Checklist.....	- 71 -
Appendix H – H-Rising Incorrect Safety Inspection.....	- 72 -

Appendix I - Example (screen capture) of Vehicle Inspection Records	- 73 -
Appendix J – Enhanced DARTS Vehicle Safety Inspection Form	- 74 -
Appendix K- City Marvel Certificate of Insurance	- 75 -
Appendix L - Table of Failed Inspections – DARTS Fleet.....	- 76 -
Appendix M – Table of Failed Inspections – H-Rising Fleet	- 78 -
Appendix N – Table of Failed Inspections – City Marvel Fleet	- 80 -
Appendix O – Table of Failed Inspections – Vankleef Fleet.....	- 81 -
Appendix P - Table of Recommendations	- 82 -
Appendix R – Images of Fails	- 93 -

Executive Summary

Acting on *Fraud and Waste Report #50695* from a citizen about the safety of Disabled and Aged Regional Transit System (DARTS) sub-contractor vehicles, on March 3, 2022, the City of Hamilton, Office of the City Auditor (OCA) issued a *Request for Proposal (RFP)* to provide *Assurance and Business Advisory Services*.

On March 24, 2022, Fleet Challenge Canada Inc. (Fleet Challenge, FCC, FC) submitted a proposal and quotation to complete a review and safety inspection of the DARTS fleet (and DARTS subcontractor fleets). On April 04, 2022, the OCA retained FCC to complete the assignment.

The review included vehicle safety inspections of DARTS and DARTS subcontractor fleets. FCC also conducted business process discovery meetings with all parties and completed a review of DARTS contracts and insurance practices.

From our business process discovery meetings with DARTS and its subcontractors we noted numerous matters that are inconsistent with contemporary fleet management practices. Our findings, which are detailed in this report, include:

- Inadequate quality assurance processes in the DARTS fleet maintenance garage to ensure that repairs and inspections are being completed to industry standards
- Insufficient vigilance by DARTS personnel regarding contractual vehicle safety inspection requirements and maintenance practices of its subcontractors
- The current fleet maintenance information computer system used by DARTS is anachronistic and ineffective at providing the information and scheduling capabilities required to effectively manage and maintain a modern fleet.
- DARTS' current practice of manual preventive maintenance (PM) tracking and scheduling via a whiteboard is archaic and there is risk for missed maintenance checks
- There is too much dependency on DARTS drivers to detect and report vehicle mechanical problems between scheduled preventive maintenance (PM) inspections and 6-month MTO safety certifications.
- Current processes for DARTS and subcontractors to confirm and document their conformance to contractual mechanical safety standards to the City are onerous, time-consuming, error-prone, and wasteful of human resources.
- In the case of one DARTS subcontractor the person who signed the vehicle inspection forms in the space allotted for the signature of the vehicle's inspecting mechanic was not a licensed mechanic. And the person who co-signed the vehicle safety inspection forms for the subcontractor was also not a licensed mechanic.
- Vehicle safety inspection procedures in place at DARTS and subcontractors have proven to be inadequate as seen by the high vehicle safety inspection campaign failure rate.

- Despite claims made by a subcontractor that *“their vehicles are always in perfect condition and (they) can’t take any chances with safety,”* safety inspection campaign results show that is not likely true. Inspection procedures in place cannot be adequate when the inspection failure rate was so high.

Regarding DARTS contracts, among several findings and recommendations that are detailed in this report, our review noted:

- Although DARTS business structure has changed significantly over time the Master Operating Agreement (MOA), which was executed almost ten years ago, remains much the same.
- Terminology used in the MOA: "Certificate of Mechanical Fitness" is a colloquial term open to incorrect interpretation. The program is correctly referred to as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.
- DARTS vehicles, and several units operated by DARTS subcontractors are classified as "Accessible Vehicles" by the MTO. Accessible vehicles must receive MTO accessible vehicle safety inspections every 6-months. Currently there is no specific provision in the MOA contract requiring accessible vehicle safety inspections¹.
- There are no defined requirements in the MOA regarding new driver recruitment, pre-hire screening or driver abstracts, other qualifications, or driver’s license classifications to be a DARTS driver.
- There is no contract language regarding standards of safe driving, provision of safe driver training, professional driver improvements courses (PDICs), consequences of accidents, traffic violations, or accumulated demerit points, nor any provision to obtain driver abstracts at regular intervals.

During the DARTS vehicle safety inspection campaign organized by FCC at the behest of the OCA, of 39 safety inspections completed in the first week, **46% of DARTS vehicles failed** to meet Ministry of Transportation Ontario (MTO) safety standards. Examples of safety issues FCC discovered during the campaign included:

- Body panels rusted and large, jagged, sharp perforations
- Tires with 0/32” tread depth
- Tires with less than the legal minimum tread depth of 2/32 of an inch and a tire with its steel cords protruding through the sidewall; a rubber plug used to seal a leaking tire sidewall (strictly prohibited for safety reasons)

¹ Note: DARTS does currently complete these inspections despite there being no specific language or requirement in the MOA in this regard.

- An exhaust pipe located under the passenger compartment that was cracked and completely broken away (potentially allowing poisonous exhaust gases to enter the passenger compartment)
- A muffler with a large gaping hole rusted through it (potentially allowing poisonous exhaust gases to enter passenger compartment)
- Numerous loose and worn steering and suspension components
- Leaking hydraulic suspension struts
- Jagged steel components extending past the body (potentially harmful to passing pedestrians or cyclists)
- A broken spring
- Lights and/or windshield wipers or washer problems
- Several incidents of brake callipers not releasing
- Non-functional or seized emergency brakes

Because of the extraordinarily high rate of safety inspections failures, FCC was requested by the OCA to resume DARTS and sub-contractor safety inspections. The expanded scope of inspections began on Wednesday, May 11, 2022. First-time inspections and re-inspections continued for the ensuing nine weeks, and until the time of this report, July 29, 2022. Over the 10 weeks of the campaign, 202 safety inspections were completed including re-inspections for vehicles that failed their first inspections and those that failed their second or third re-inspections.

As of the date of this report, July 29, 2022, of 167 identified DARTS units, 25 vehicles were not inspected as they were out of service or retired. Two units were not safety-inspected because they are immobile awaiting repairs or replacement service parts. The remaining 140 units resulted in 202 inspections - 140 first inspections and an additional 62 re-inspections from vehicles failing inspections on at least one or more occasions.

Inspection Recap	Qty.	Percent
Identified DARTS units*	167	
Units taken out of service/retired**	25	15%
Units awaiting inspection	2	1%
Active units to be inspected	140	
Total inspections (including re-inspections)	202	
Total re-inspections (2nd, 3rd, 4th)	62	31%
Total first-time inspections	140	69%

*Includes all DARTS units

** Does not include two units retired after the first inspection

Putting it into Perspective

To help put the DARTS safety inspection failure rate of 46% in week-one into perspective, on April 27, 2022, an unannounced one-day commercial vehicle safety inspection took place in Canada and the United States¹.

This inspection and enforcement initiative, carried out by Commercial Vehicle and Safety Alliance¹ (CVSA) inspectors in 46 jurisdictions, saw a failure rate of **14.1%** of 9,132 vehicles inspected.

By comparison, the DARTS failure rate is exceptionally high.

¹ The Commercial Vehicle Safety Alliance (CVSA) is a non-profit association comprised of local, state, provincial, territorial and federal commercial motor vehicle safety officials and industry representatives. The Alliance aims to achieve uniformity, compatibility and reciprocity of commercial motor vehicle inspections and enforcement by certified inspectors dedicated to driver and vehicle safety. Source: <https://www.cvsa.org/about-cvsa/>

Herein we include **64 recommendations**. The recommendations have been designed to address the safety issues identified during the DARTS fleet review and safety inspections processes.

Recommendations appear at the end of each section of this report. A table summarizing all 64 recommendations is found in *Appendix P*.

1.0 Introduction

Acting on *Fraud and Waste Report #50695*, a report from a citizen about the safety of Disabled and Aged Regional Transit System (DARTS) sub-contractor vehicles, on March 3, 2022, the City of Hamilton, Office of the City Auditor (OCA), issued a *Request for Proposal (RFP)* to provide *Assurance and Business Advisory Services*.

Two primary reasons precipitated the need for a review of the DARTS fleet:

- (1) A report (Report) that was received from an individual requesting confidentiality as to their identity
- (2) Unsatisfactory responses from DARTS to questions by Hamilton Transit Division personnel

On March 24, 2022, Fleet Challenge Canada Inc. (Fleet Challenge, FCC, FC) submitted a proposal and quotation to complete a review of the DARTS fleet (and DARTS sub-contractor fleets) as sought by the OCA. On April 04, 2022, the OCA retained Fleet Challenge Canada Inc. to complete a review of these fleets.

On Tuesday, April 5, FCC launched its investigation and review by meeting with the OCA.

The following report describes the fleet review findings completed by FCC and our 64 recommendations regarding the DARTS operation.

2.0 Background

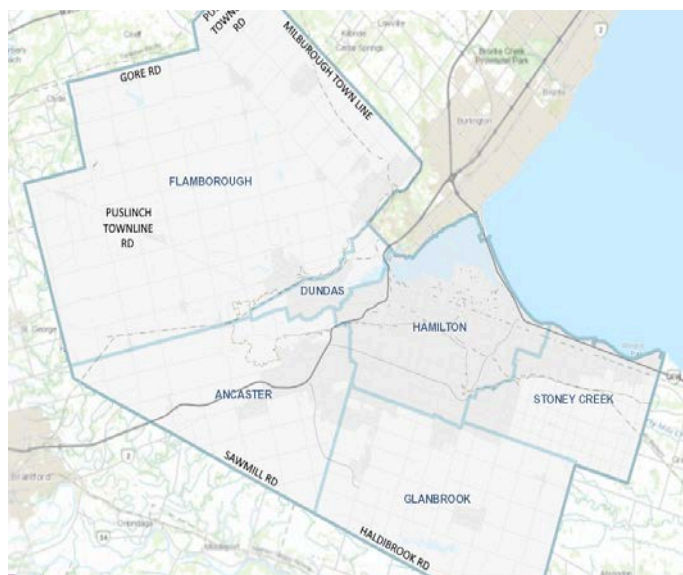
According to the DARTS website², the Disabled and Aged Regional Transit System (DARTS) is a non-profit, charitable organization that provides specialized transit services in the City of Hamilton.

As described on its website:

- DARTS is a door-to-door transportation service employing wheelchair-accessible buses, vans, MVs and contracted taxi services when appropriate.
- DARTS works under contract with Accessible Transportation Services (ATS), a department of the Hamilton Street Railway (HSR).
- ATS is responsible for the overall delivery of specialized transit services to the citizens of Hamilton, and registration for DARTS must be made through ATS.

DARTS service is available to persons with disabilities who are unable to access conventional transit service. The service is also available to qualified residents of other municipalities visiting the City of Hamilton.

Figure 1- DARTS Boundaries



VISION STATEMENT

DARTS is a leader in providing specialized transit for a safe and accessible community.

MISSION STATEMENT

DARTS is committed to providing a safe, high-quality, cost-effective, and customer-focused accessible transportation service.

DARTS operational boundaries are shown in *Figure 1- DARTS Boundaries* (above), as reproduced from a map displayed on the company's website: <https://www.dartstransit.com/#dartsServices>.

² Source: <https://www.dartstransit.com>

Master Operational Agreement and Subcontractor Agreements

The City of Hamilton and DARTS entered into agreements³ to provide accessible transit services for persons with disabilities in the City of Hamilton on July 1, 2003, and on June 1, 2010.

The term² of the ATS Services Agreement was for the period terminating on June 30, 2012. On December 14, 2011, the Council of the City approved Item 7 of the Public Works Committee Report No. 11-015, thereby authorizing the renewal of the ATS Services Agreement. Accordingly, the Agreement was executed on August 14, 2012.

Master Operational Agreement

As set out in Section 3.3.13(c)⁴ Vehicle Maintenance and Management of the Master Operational Agreement (MOA) between the City of Hamilton (the City) and the Contractor (DARTS), it:

“shall maintain all vehicles in safe working order and provide Certificate of Mechanical Fitness for each vehicle used in the Service, prior to commencing the Service and at least annually thereafter.”

The MOA allows DARTS to engage sub-contractors to provide services. As found in Section 3.3.2(b) Subcontracts and Assignments of the MOA:

“It is agreed and understood between the parties that the Contractor at the present time provides transportation services, by the utilization of its own employees, and additionally by subcontracting out work to independent subcontractors to perform transportation services as contemplated herein.”

Subcontractor Agreements

As permitted in Section 3.3.2(b) Subcontracts and Assignments of the MOA (see above), DARTS contractually engaged several subcontractors through Service Agreements to provide transportation services. Under Section 3.3.2 of the MOA, DARTS use of subcontractors is subject to the approval of the City of Hamilton's General Manager, Public Works Department, or such person as is duly authorized to act in his or her stead.

Regarding safety requirements, under Section 5(h) of Services Agreements between DARTS and its subcontractors, H-Rising, City Marvel, and Vankleef, we note the following:

³ Source: Master Operational Agreement Between CITY OF HAMILTON -and- DISABLED AND AGED REGIONAL TRANSIT SYSTEM. Dated 1st day of July, 2012

⁴ Text in *blue italics* is directly from the MOA or SA contracts

“all vehicles utilized by the Company⁵ in fulfillment of this contract shall be certified mechanically fit and safe, and meet the requirements of the Ministry of Transportation. A copy of the yearly inspection of each vehicle is to be provided to the DARTS Manager of Operations, and DARTS shall have the opportunity to inspect and check the vehicle on demand, at the expense of the Company, by the 31st of December of each year, or as required by the City of Hamilton.”

⁵ The “Company” in this context refers to DARTS subcontractors

3.0 Chronology

- A Hamilton City Councillor's office received a report from a citizen (the Reporter) in early September 2021. The Reporter requested confidentiality.
- On September 10, 2021, via e-mail, the matter was reported to the Manager of Accessible Transit Services in the Transit Division, with c.c. to the Councillor. The Reporter explained that a DARTS subcontractor does not have professional mechanics servicing their DARTS vehicles, the vehicles that are on the road are unsafe, and [the Reporter] was worried a deadly accident will occur.
- The Office of the City Auditor was advised of the incident on September 10, 2021.
- The Office of the City Auditor requested that Transit Management investigate this matter. Transit began to investigate and worked with Legal and Risk Management Services to enforce the City's contractual rights with DARTS per the Master Operating Agreement (MOA); they would report back to the OCA.
- The Transit Division requested information from DARTS to demonstrate their compliance with the MOA in late September 2021, with ongoing communications between Transit and DARTS occurring in October 2021 to the present.
- It is our understanding that it has been challenging for the Transit Division to obtain the necessary information from DARTS, including vehicle inspection records and other documentation.
- Since October 2021 the Transit Division has stepped up their oversight of DARTS' compliance regarding contractual obligations to the City of Hamilton and they have been performing oversight activities of DARTS' sub-contractor fleets Hamilton Rising, Vankleef and City Marvel. With increased oversight concerns escalated, including incomplete vehicle inspection tracking, certificates of insurance (COI) not being readily available, and issues with COIs when they are provided.
- OCA initially contacted FCC in late February 2022, and on April 04, 2022, engaged FCC to complete a review of the DARTS fleet.

4.0 Scope of Work

As described in the OCA's *Fraud and Waste Report #50695, Request for Proposal* document, the scope of work for the service provider (Fleet Challenge Canada Inc.) was as follows:

- Review processes, internal controls and oversight activities related to contract management of transit contractors and sub-contractors for accessible transit services (DARTS plus three sub-contractors), with a particular focus on compliance with vehicle safety and insurance requirements.
- Review relevant documentation and evaluate if adequate inspection records are maintained by DARTS and their three sub-contractors to evidence compliance with their contractual obligations.
 - Consider requirements such as qualified personnel, driver licensing and training and other relevant contract terms.
 - Identify and evaluate the operational, reputational, and other relevant risk exposure to the City of Hamilton if non-compliance is identified.
- Inspect relevant vehicles and note if the physical state of the vehicles is consistent with the inspection records reviewed. Note any inconsistencies and the relevant details.
 - Proposal to detail inspection approach to be taken, a sample-based approach is acceptable.
- Review insurance documents and evaluate if contractual requirements are met. Identify if there are any unusual/irregular items found during the review. Identify and evaluate the relevant risk exposure to the City of Hamilton if non-compliance is identified.
 - Proposal to detail insurance review approach to be taken, a sample-based approach is acceptable.
- Review existing contracts and recommend improvements to strengthen the contractual terms for future agreements.
 - Consider industry best practices, specifically municipal transit, and fleet best practices.
- Recommend improvements related to the above.

Approach and Methodology

Fleet Challenge Canada Inc. (FCC) began by systematically addressing each requirement set out in the *Fraud and Waste Report #50695, Request for Proposal* document prepared by the City of Hamilton, Office of the City Auditor (OCA).

Our work included a detailed review of the issues regarding the matter pertaining to the DARTS operation and its sub-contractors. The study extended to include the fleet operations, safety, business practices and maintenance procedures of:

- Accessible Transportation Services⁶ (ATS) of the Transit Division (City of Hamilton)
- Disabled and Aged Regional Transit Services (DARTS)
- H-Rising Transportation (H-Rising)
- City Marvel Enterprises Inc. (City Marvel)
- Vankleef Group Incorporated (Vankleef)

FCC reviewed business processes, internal controls and oversight activities related to the contract management of transit contractors and sub-contractors for accessible transit services (DARTS plus the three sub-contractors), with a focus on compliance with vehicle safety and insurance requirements.

During the week of May 2, 2022, Fleet Challenge scheduled 40 vehicles for safety inspections and requested the units be made available by DARTS and its sub-contractors. In all, over the initial one-week campaign, 39 safety inspections were completed. One of the 40 units scheduled was unavailable to be inspected as it was immobile due to prior mechanical problems.

⁶ Accessible Transportation Services (ATS) is a division of Hamilton Street Railway (HSR)

6.0 Steps in the Fleet Review Approach

Fleet Challenge employed a stepped approach to complete the DARTS fleet review assignment. Each of six steps was built upon the stage that preceded it. In this way, thoroughness, accuracy, and completeness were assured.

Step 1: Review of the Reporter's Concern

In *Step 1*, Fleet Challenge set out to comprehensively understand the Reporter's concerns. Our representatives had a one-to-one telephone discussion with the Reporter, in full accordance with the Reporter's wish to remain anonymous.

Step 2: DARTS Vehicle Safety Inspections

During the week of May 2, 2022, Fleet Challenge orchestrated random vehicle safety inspections (checks). These inspections included vehicles owned or operated by DARTS, and its three sub-contractors, H-Rising, City Marvel, and Vankleef Transportation.

To complete the DARTS Safety Standard Inspections (SSIs), FCC selected Active Green and Ross, a local service provider located at 455 Ottawa St. N., Hamilton. The company is a licensed Ontario Ministry of Transportation Motor Vehicle Inspection Station (MVIS).

Several factors contributed to the selection of the service provider that was selected: the location, having qualified and licensed motor vehicle technician(s) to complete the inspections, ample parking space and service bays, and vehicle lifts capable of managing larger-sized vehicles.

FCC organized random inspections of DARTS and sub-contractors' vehicles to be conducted at the selected service provider's Ottawa St. site. The SSIs were designed to determine whether DARTS vehicles met the safety standards requirements of the Ministry of Transportation (MTO), and the contractual obligations by DARTS as set out by ATS.

Fleet Challenge assigned a senior-level consultant to be present on-site during all inspections during the first week of the inspections for the purpose of overseeing and organizing the checks, as well as to document findings via inspection reports and digital images.

During the week of May 2, 2022, Fleet Challenge scheduled 40 vehicles for inspections and requested DARTS and its sub-contractors to make these units available as per a scheduled order of appointments at Active Green and Ross. DARTS schedulers co-operated with Fleet Challenge personnel in organizing the inspections each day. However, some vehicles randomly selected by FCC for inspections were reported to be unavailable, apparently immobile due to mechanical problems or service parts delays. In all, over the first week, 39 safety inspections were completed.

Of the 39 safety inspections completed in the first week, FCC noted a high incidence of vehicles that failed to meet MTO safety standards. Of 39 vehicles inspected, **46% of DARTS-operated and DARTS subcontractor vehicles failed the safety inspections.**

On May 18, 2022, via Confidential Report PW20057(b), the Transit Division presented a Contractor Service Update to the General Issues Committee. As a result of the report, Council direction was given that all the DARTS fleet, including sub-contractors, must be safety-inspected before any vehicles were to be put into service.

FCC arranged for Active Green and Ross to continue the safety inspections until all identified DARTS and sub-contractor units were examined. Due to the expanded number of vehicles requiring inspection, and in the interest of minimizing disruption of DARTS service to its users, FCC requested the service provider to assign a second inspection location at 955 Upper James St., Hamilton, Ontario. The request was made in concurrence with the Office of the City Auditor. The optimal schedule of inspections was increased. Up to 16 inspections, and/or re-inspections, were to be completed daily until the entire active fleet had been inspected and passed.

Fleet Challenge Canada and OCA personnel orchestrated and scheduled the inspections each day, acting as the liaison between DARTS personnel and management of the service provider's two garages. Each day FCC requested up to 16 DARTS vehicles be delivered to the service provider garages. In addition, FCC prepared and managed a master list of all checks and maintained a master database of related documentation and images provided by our on-site team member (in week one), and the safety inspection service provider, Active Green and Ross.

On-site support was provided by OCA staff in the latter weeks of inspections. Each day OCA personnel attended both Active Green and Ross garages to observe, document and provide in-person support for the co-ordination of the vehicle inspections.

The targeted number of sixteen daily safety inspections was generally achieved and sometimes exceeded (e.g., on May 20, 2022, twenty-one inspections were completed). However, some days the target number was not achieved due to vehicle unavailability, lengthy repairs required from previous inspection(s) causing delay for re-inspections, immobilized vehicles, and service part delays (e.g., on May 27, 2022, only four inspections were possible).

Fleet Challenge and OCA personnel documented findings and vehicle deficiencies observed during site visit(s).

After the first week of inspections, which was May 2 to 6, DARTS and sub-contractor safety inspections resumed on Wednesday, May 11, 2022. First-time inspections and re-inspections continued for the ensuing nine weeks, and until the time of this report, July 29, 2022. Over the 10-week campaign, a total of 202 safety inspections were completed including re-inspections for

vehicles that failed either their first inspections or their second or third re-inspections.

Step 3: Business Process Discovery Meetings

In Step 3, Fleet Challenge held several business process ‘discovery’ meetings with DARTS stakeholder organizations. Individual discussions took place with management personnel of each of the following:

- ATS
- DARTS
- H-Rising Transportation
- City Marvel Enterprises Inc.
- Vankleef Group Incorporated

Each discovery session was one to two hours in duration. Our fleet review team organized the meetings for the purpose of acquiring a close-up and comprehensive insight into the operations and management practices of the entities responsible for delivering DARTS services to the public.

The Fleet Challenge team designed the discovery meetings guided by a standard best-management practices review (BMPPR) template, a script developed and employed by our team for all fleet reviews we undertake. Best Management Practices Review™ (BMPPR) is a signature Fleet Challenge Canada Inc. process designed to inform our team about our client’s fleet business practices. The BMPPR process involves in-depth discussions with each group’s fleet management personnel. A more detailed look at BMPPR is in *Appendix D*.

The discovery processes began with ATS staff, followed by DARTS management personnel. Next, we focused the meetings on the sub-contractors.

We began each meeting with inquiries about fleet management and operating practices. Our team selected this critical preliminary step to become aware of, and familiar with, each fleet’s guiding operating principles, including (but not limited to) maintenance practices and procedures, business processes, financial structure, policies, operating practices, governance, reporting hierarchy, safety programs, corporate goals, targets, objectives, any challenges, or impediments it faces.

FCC reviewed relevant documentation during the virtual business process discovery meetings. We reviewed and evaluated vehicle maintenance and inspection records for DARTS, and its three sub-contractors. Documentation was reviewed to verify compliance with contractual obligations regarding DARTS sub-contractors.

FCC reviewed the qualifications of fleet maintenance personnel. We investigated (i) if technicians (mechanics) had the right classifications (i.e., trade classifications 310S, 310T) and licensed

mechanics were completing maintenance where required, (ii) driver licensing and safety administration, and (iii) training and other relevant matters relating to the DARTS fleet operation.

The Reporter alleged that a DARTS subcontractor *“does not have professional mechanics servicing DARTS vehicles.”* Therefore, Fleet Challenge carefully reviewed the contractor and sub-contractors’ vehicle records, including work orders or other vehicle maintenance histories. Additionally, regarding safety-related tasks (please see discussion in the following paragraphs), we attempted to confirm that a licensed motor vehicle technician (MVT) completed the maintenance or repair tasks.

About Motor Vehicle Technicians

An **Automotive Service Technician (310S)** is defined as a person who inspects/diagnoses, and troubleshoots/repairs/verifies repairs on motor vehicles and light trucks:

- Engine systems, electrical systems – starting and charging
- Engine management systems, electrical systems – body
- Fuel delivery systems
- Transmission systems
- Driveshafts, differentials, and drive axle assemblies
- Suspension systems and frames
- Steering systems, braking systems, tires, wheels, rims & hubs, heating, ventilation
- Air-conditioning systems, body and trim, exhaust, and intake & emission control systems

A **Truck and Coach Technician (310T)** inspects, repairs, and maintains commercial trucks, emergency vehicles, buses, and road transport vehicles, performing work on structural, mechanical, electrical, and electronic systems.

A Truck and Coach Technician inspects, repairs, and maintains:

- Electrical and electronic systems
- Engines including fuel, exhaust, intake, and emission controls
- Transmissions, clutches, drive shafts and axles
- Body and trim, frames, and hitching/coupling systems
- Steering, suspension, and computer control systems
- Tires, wheels, and hubs
- Braking systems, including air supply and hydraulic
- Heating, ventilation, air-conditioning and refrigeration systems

Unlicensed Personnel

Many fleet maintenance procedures do not require licensed technicians for completion. For reasons

of cost-efficiency, some tasks can be completed by unlicensed personnel. Examples are:

- Washing and re-fueling
- Oil changes, lubrication
- Replacing light bulbs
- Replacing wiper blades

Licensed Technicians versus Unlicensed Personnel

Many commercial garages and fleet operations employ a mix of skilled (licensed) technicians and unlicensed workers for economic and other reasons. This practice may be perfectly acceptable, providing the work completed by the latter group (unlicensed) is not safety-related and supervised and overseen by a skilled, licensed, and knowledgeable person(s).

Unlicensed workers may complete the preceding minor tasks (see list of tasks appearing above under the heading “Unlicensed Personnel”) with some degree of automotive knowledge or experience. However, assignments completed by licensed Automotive Truck and Coach Service Technicians -- including safety-related items like steering systems, braking systems, tires, wheels, rims & hubs, exhaust, heating, and ventilation -- are sacrosanct. Therefore, work of this type must not, under any circumstances, be completed by an unlicensed worker.

Fleet Challenge Canada Inc. reviewed the practices of DARTS and their sub-contractors to determine if safety-related fleet maintenance work requiring the skills of a licensed technician is completed consistently by skilled, trained, and licensed motor vehicle technicians.

We reviewed relevant documentation to evaluate if DARTS and its three sub-contractors maintain adequate inspection records as evidence of compliance with contractual obligations.

Aside from vehicle maintenance activities, our business process reviews included qualified personnel, driver licensing, training, and other relevant contract terms. In addition, this report identifies and evaluates the potential operational, reputational, and other risk exposure to the City of Hamilton if non-compliance was identified.

Documentation

During the DARTS discovery sessions, we requested relevant data and supporting documentation from each group for verification purposes. Examples are shown below (but not limited to these items):

- Preventive maintenance (PM) worksheets (showing technicians PM tasks)
- Shop work orders and vehicle maintenance histories (hard copy or electronic)
- PM scheduling processes (such as hard copy lists or computerized schedule reports)
- Completed work orders showing which technician completed each procedure/task

-
- Driver's vehicle complaint/defect reporting forms
 - Driver's vehicle complaint/defect reporting forms and evidence that reported defects were completed and by whom (i.e., the technician that completed the correction)
 - Driver's daily circle check forms (or e-copies)
 - Copies of technician's motor vehicle technician license(s) and other trade accreditations
 - Copies of insurance policies
 - Driver license abstracts
 - Documentation of driver training or commercial vehicle driver improvement courses
 - Verification - examples/supporting documentation of reporting mechanisms between ATS, DARTS and the sub-contractors
 - Verification - examples/supporting documentation of record-keeping practices of DARTS and the sub-contractors

About Preventive Maintenance Practices

Through preventive maintenance, vehicles are inspected, repaired, and maintained to prevent defects and failures which could lead to accidents and violations. If preventive maintenance is not performed regularly, vehicle life spans will be reduced, and risk is increased because vehicles may become unsafe due to a lack of PM.

Proper maintenance will help ensure safety standards are met and avoid litigation from negligence. Preventive maintenance is as necessary as a driver safety program. The fleet manager can be liable for negligent entrustment if a vehicle becomes unsafe due to a lack of maintenance or repair.

As defined, liability is premised upon providing an employee with a dangerous tool or instrument, such as a vehicle, while knowing or having reason to know that the use of the vehicle creates unreasonable risk or harm to others. Simply stated, the vehicle must be safe to operate. Should, for example, the brakes fail, causing a severe crash or fatality, authorities may impound the vehicle for investigation and charges laid against the person/s responsible.

Should the investigation determine defective brakes or other vehicle malfunctions contributed to the accident, authorities can seek a court order to obtain vehicle maintenance records. If the fleet manager fails to produce evidence that they practiced preventive maintenance, they could be prosecuted for negligence under these circumstances.

For more on Preventive Maintenance, please see *Appendix C*.

Step 4: Insurance Review

Informed by *Step 2- Discovery*, Fleet Challenge Canada Inc. reviewed insurance documents and

contractual requirements to confirm they align, and that the City is receiving full value. We sought to identify any unusual or irregular items during our review.

Step 5: Review of Contracts

Fleet Challenge Canada Inc. reviewed existing DARTS contracts, including the MOA and the Service Agreements (SAs) between DARTS and its sub-contractors. We examined the contractual obligations on both sides. We assessed the purposes and objectives of each contractual obligation and their effectiveness and sought to determine if all parties were complying.

Step 6: Reporting

With Steps 1 to 5 completed, Fleet Challenge Canada Inc. prepared a report with detailed recommendations for improvement to current-day practices at DARTS.

7.0 Findings

Findings: Step 1 – Discussion with the Reporter

Fleet Challenge Canada (FCC) representatives had a telephone conversation with the Reporter.

The Reporter wished for anonymity for fear of reprisal. The Reporter provided a telephone number for FCC to call and chose to use an alias.

FCC representatives began the call by re-iterating our conformance with the OCA's promise of confidentiality. Further, we explained to the Reporter that the allegations are being taken very seriously; their Report had been escalated to the Auditor General's Office.

We explained that the OCA had engaged FCC to investigate safety and roadworthiness concerns regarding DARTS and its subcontractor vehicles. We emphasized that the phone call was confidential and limited to the Reporter and two FCC representatives.

Synopsis

Although FCC's representatives repeatedly attempted to limit the conversation to vehicle safety-related matters, the Reporter kept returning the conversation to their dissatisfaction around the subcontractor. As far as potential vehicle safety defects, we heard the following key points:

- **Shaking Vehicles.** The Reporter described "shaking" vehicles. FC notes that, while shaking is undesirable in any vehicle and would create a sense of a vehicle being unsafe, it is not necessarily indicative of a safety defect. For example, a buildup of snow or ice on the wheels of a safe vehicle will cause an out-of-balance condition, and the entire vehicle will shake when driven.
- **Stalling.** The Reporter reported a vehicle had stalled on the highway and would not re-start. A vehicle stalling in a high-speed highway situation is unnerving and could lead to a crash. But a stalled, immobile vehicle, if safely moved out of traffic lanes and parked at the side of the roadway, is not necessarily unsafe, since it is immobile/inoperable. For example, a vehicle in top mechanical condition can stall if its fuel supply was depleted or a fuel line has frozen. In such a situation, the vehicle could cause a crash, despite being technically safe to operate.
- **Brakes not Holding.** The Reporter reported to our representatives on the call: "for some vehicles, the brakes did not hold." Clearly, a report of brakes not holding would define an unsafe vehicle. Brakes must be fully functional as designed by the vehicle's manufacturer.

Safe brakes are particularly critical in vehicles carrying passengers. This comment gave credence to the Reporter's claims of unsafe vehicles being operated.

- **Professional Mechanic.** The Reporter explained that one of the DARTS subcontractors does not have professional mechanics servicing their DARTS vehicles.

The Reporter found it necessary to report their vehicle safety concerns directly to a city councillor's office. All DARTS personnel, including its subcontractors, should have confidential recourse to register their concerns without fear of reprisal. Please see our recommendations (below) for managing this issue.

Recommendations – Driver Communications

No.	Recommendations Regarding DARTS Driver Communications
1	DARTS drivers, whether employed by DARTS or its subcontractors, should have a mechanism for freely reporting their concerns and complaints without fear of reprisal.
2	DARTS drivers filing a complaint or concern should be given the option of anonymity if that is their choice.
3	DARTS should appoint a designate to receive driver concerns and complaints. The designate should be a senior-level representative, sufficiently empowered and accountable for taking reasonable and appropriate corrective actions to address the driver's complaints/concerns once validated.
4	Complaints and comments by DARTS drivers should be documented and time-stamped, and an action plan prepared to address the driver's issue(s) by the DARTS designate selected to receive driver concerns and complaints.
5	The DARTS designate should ensure that there is a follow-up process in place to advise the complainant of the actions taken by DARTS to correct the issue.
6	The DARTS designate should be required to prepare a monthly report to DARTS senior management and the ATS of all complaints/concerns and corrective actions taken.

Findings: Step 2 - DARTS Vehicle Safety Inspections

During the week of May 2, 2022, Fleet Challenge orchestrated a campaign of random vehicle safety inspections. The safety inspections included vehicles owned or operated by DARTS, and its three sub-contractors, H-Rising, City Marvel, and Vankleef Transportation.

To complete the DARTS safety standard inspections (SSIs), Active Green and Ross, a local service provider located at 455 Ottawa St. N., Hamilton, was selected. The company is a licensed Ontario Ministry of Transportation MVIS. In addition, the service provider was conveniently and accessibly located, with qualified and licensed motor vehicle technician(s) to complete the inspections with ample parking space, service bays, and vehicle lifts capable of handling larger-sized vehicles.

FCC organized random inspections of DARTS and sub-contractors' vehicles to take place at the selected service provider's Ottawa St. site. The SSIs were to determine whether DARTS vehicles meet the safety standards requirements of the Ministry of Transportation (MTO).

Fleet Challenge assigned a senior-level consultant from our team to be present on-site during all inspections to help organize and oversee the inspections and document the findings with inspection reports and digital images.

During the week of May 2, 2022, Fleet Challenge scheduled 40 vehicles for inspections and requested the units be made available by DARTS and its sub-contractors. DARTS schedulers co-operated with Fleet Challenge personnel in organizing the inspections each day. However, some vehicles randomly selected by FCC for inspections were reported to be unavailable, apparently immobile due to mechanical problems or service parts delays. In all, over the week, 39 safety inspections were completed. DARTS tried to substitute vehicles each day which was not appropriate for an audit sample.

Of the 39 safety inspections completed in the first week, we noted a high incidence of failures. In week one 39 DARTS-operated and DARTS subcontractor vehicles were inspected, and **46% (18 vehicles) failed** the safety inspections.

Perspective

To help put the DARTS safety inspection failure rate of 46% in week-one into perspective, on April 27, 2022, an unannounced one-day commercial vehicle safety inspection took place in Canada and the United States¹.

This inspection and enforcement initiative, carried out by Commercial Vehicle and Safety Alliance¹ (CVSA) inspectors in 46 jurisdictions, saw a failure rate of **14.1%** of 9,132 vehicles inspected.

By comparison, the DARTS failure rate is exceptionally high.

¹ The Commercial Vehicle Safety Alliance (CVSA) is a non-profit association comprised of local, state, provincial, territorial and federal commercial motor vehicle safety officials and industry representatives. The Alliance aims to achieve uniformity, compatibility and reciprocity of commercial motor vehicle inspections and enforcement by certified inspectors dedicated to driver and vehicle safety. Source: <https://www.cvsa.org/about-cvsa/>

DARTS and sub-contractor safety inspections resumed on Wednesday, May 11, 2022. First-time inspections and re-inspections continued for the ensuing nine weeks, and until the time of this report, July 29, 2022.

On May 18, 2022, via Confidential Report PW20057(b), the Transit Division presented a Contractor Service Update to the General Issues Committee. As a result of the report, Council direction was given that all the DARTS fleet, including sub-contractors, must be safety-inspected before any vehicles were to be put into service.

FCC arranged with the service provider to continue the safety inspections until all identified DARTS and sub-contractor's units were completed. Due to the total number of vehicles requiring inspections, and in the interest of minimizing disruption of DARTS service to its users, with the concurrence of the City Auditor, FCC requested the service provider assign a second location at 955 Upper James St., Hamilton, Ontario. The target was increased to 16 inspections or re-inspections to be completed each day until the entire active fleet had been inspected and passed.

Fleet Challenge Canada and OCA personnel orchestrated and scheduled the inspections each day, acting as the liaison between DARTS personnel and management of the service provider's two garages. Each day, FCC staff requested up to 16 DARTS vehicles to be delivered to the service-provider's garages for inspections. In addition, FCC prepared and managed a master list of all checks and maintained a database of related documentation and images provided by our team member stationed on-site and the service provider.

The targeted number of safety inspections to be completed each day (16 was the target) was generally achieved and sometimes exceeded (e.g., on May 20, 2022, 21 inspections were completed). However, some days it was impossible to achieve the targeted number of inspections due to vehicle unavailability, repairs that stemmed from previous inspection(s) not being completed on time, immobilized vehicles, and service parts delays (e.g., on May 27, 2022, only four inspections were possible). Fleet Challenge personnel documented all findings and vehicle deficiencies observed during the site visit(s).

After the first week of inspections, May 2 to 6, DARTS and sub-contractor safety inspections resumed on Wednesday, May 11, 2022. First-time inspections and re-inspections continued for the ensuing nine weeks, and until the time of this report, July 29, 2022. Over the 10-week campaign, 202 safety inspections were completed including re-inspections for vehicles that failed either their first inspections or their second or third re-inspections.

As of the date of this report, July 29, 2022, of 167 identified DARTS units, 25 vehicles were out of service or retired. Two units were not safety-inspected because they are immobile awaiting repairs or replacement service parts. The remaining 140 units resulted in 202 inspections - 140 first inspections and an additional 62 inspections from vehicles failing inspections on at least one or more

occasions.

Lists of vehicles that failed the safety inspections and details of the causes of their failures are shown for DARTS and each of the three subcontractors in *Appendices L, M, N, and O*.

Inspection Recap	Qty.	Percent
Identified DARTS units*	167	
Units taken out of service/retired**	25	15%
Units awaiting inspection	2	1%
Active units to be inspected	140	
Total inspections (including re-inspections)	202	
Total re-inspections (2nd, 3rd, 4th)	62	31%
Total first-time inspections	140	69%

*Includes all DARTS units

** Does not include two units retired after the first inspection

For the six-week period between beginning on May 2, a week-by-week recap of the inspections is shown in the table below.

Inspection Campaign Results	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Weeks 7 to 10	Overall Total
Total Passes	21	17	63	19	10	6	6	142
Total Fails	18	7	24	8	2	1	0	60
Total	39	24	87	27	12	7	6	202
Percentage of fails - including re-inspections (average weekly):	46%	29%	28%	30%	17%	14%	0%	30%
Percentage of fails- first inspection only (average weekly):	46%	23%	30%	0%	25%	25%	0%	32%

Note: During week 4 there were 4 first inspections and all passed.

Percentage of fails- first inspection only - DARTS and Subcontractors	DARTS	H- Rising	City Marvel	Vankleef	Overall
	26%	34%	47%	35%	32%

About Vehicle Safety Inspections of the DARTS Fleet

Safety inspections of the DARTS fleet were completed in accordance with Ministry of Transportation of Ontario (MTO) Safety Standards Inspection (SSI) protocol and guidelines. As so, based on MTO guidelines, all critical aspects of vehicles being inspected must be functional as they were designed. Items inspected during a safety standards inspection are either pass or fail; there are no partial passes or partial failures. For example, while some may dismiss a failed headlight as being a minor failure, it could lead to a collision. Although a seemingly minor failure to some, a vehicle with a defective headlight would fail an MTO safety inspection. During the DARTS safety inspection campaign, several instances of so-called minor failures were found.

At the other side of the spectrum, and of critical concern, several serious safety violations were found in the DARTS fleet. Examples include:

- Body panels rusted and perforated through
- Tires with 0/32" tread depth; tires with less than the legal minimum tread depth of 2/32 of an inch, a tire with its steel cords protruding through the sidewall; a rubber plug used to seal a leaking tire sidewall (which is strictly forbidden for safety reasons)
- An exhaust pipe located under the passenger compartment that was cracked and completely broken away (potentially allowing poisonous exhaust gases to enter the passenger compartment)
- A muffler with a large gaping hole rusted through it (potentially allowing poisonous exhaust gases to enter passenger compartment)
- Numerous loose and worn steering and suspension components
- Leaking hydraulic suspension struts
- Jagged steel components extending past the body (potentially harmful to passing pedestrians or cyclists)
- A broken spring
- Lights and/or windshield wipers or washer problems
- Several incidents of brake callipers not releasing
- Non-functional or seized emergency brakes

Synopsis – Vehicle Safety Inspections

From our review, numerous issues relating to safety were identified by FCC. Our synopses and detailed recommendations for ATS, DARTS and DARTS subcontractors and found in ensuing sections of the report.

Focusing on the last issue on the above list, we will elaborate on the singular matter of emergency brakes. While some may dismiss a defective emergency brake as a relatively minor issue compared to (for example) critical vehicle systems such as defective steering, there are two important issues at play:

Issue One: If an emergency brake is seized, as was the case with many inspected DARTS vehicles, it is usually a ‘red flag’ to management that the driver has not been using the brake. Lack of use will lead to seized emergency brakes, and rusted components.

Commercial vehicle drivers must be unequivocally instructed to use their emergency brakes; simply placing a vehicle’s transmission in the ‘Park’ position is not an acceptable way of keeping a parked vehicle stationary -- the emergency brake must be used to prevent the possibility of a rollaway vehicle situation.

Vehicle rollaway is of particular importance in vehicles that are used to transport vulnerable passengers and even more so in hilly terrain such as Hamilton’s Niagara escarpment.

Issue Two: It is critically important to understand the difference between the emergency brake and the parking pawl. The primary purpose of the transmission’s ‘Park’ position (parking pawl) is to keep the engine’s power from reaching the drive wheels when the engine is running. The parking pawl is not designed to stop the vehicle from rolling when parked – that is the job of the emergency brake. If the driver does not employ the emergency brake, only the transmission park pawl is holding the vehicle in place⁷.

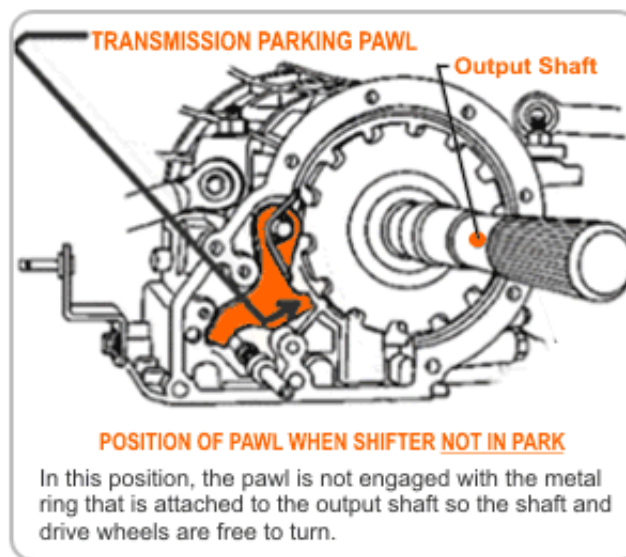
⁷ Source: <https://streetsmarttransmission.com/transmission-parking-pawl/>

The park pawl is a small steel pin inside the vehicle transmission. It engages a notched ring that is attached to the transmission's output shaft when the transmission shifter lever is placed in the 'P' (Park) position.

When the parking pawl is engaged it restricts the transmission's output shaft (and drive wheels) from turning in either direction. Please see *Illustration 3 – Transmission Park Pawl* (right).

Relying solely on the transmission's 'Park' position and the parking pawl to keep a vehicle from rolling when parked places undue stress on the pawl and other driveline components, which can cause excessive wearing of the pawl and lead to premature failure.

Illustration 3 - Transmission Park Pawl



The emergency brake is the only vehicle component designed to prevent it from rolling away on a hill. If the emergency brake has not been engaged by the driver or if it is non-functional, the driver may believe that the parking pawl will suffice – it is just a tiny piece of metal in the transmission not designed to hold the vehicle in place and is likely to fail.

Failure to use the emergency brake issue is of particular importance when passengers are boarding or disembarking DARTS units and creates an unacceptably high risk of potential harm to passengers and the public.

Our safety inspections revealed several cases of non-functional or seized emergency brakes in DARTS vehicles. Details and lists of DARTS vehicles that were safety inspected during the inspection campaign are shown in *Appendices M to P*.

Recommendations – Safety Inspections

Number	Recommendations regarding DARTS Safety Practices
7	DARTS should take immediate actions to ensure its vehicles, and those of its subcontractors always meet MTO safety standards, not just when inspections are completed.
8	Safety inspections of the DARTS fleet, and its subcontractors should be conducted in accordance with applicable Ministry of Transportation of Ontario (MTO) Safety Standards Inspection (SSI) protocol and guidelines. (For further details please see the section of this report that deals with DARTS and DARTS subcontractor's practices)
9	DARTS should provide drivers instruction on the use of emergency brakes and drivers should be required to deploy their emergency brakes whenever their vehicle is stopped.
10	DARTS should ensure that emergency brakes are inspected, tested and functional at all times.
11	DARTS should provide drivers with additional training and regular refresher on completing driver's daily inspections.

Findings: Step 3 – Business Process Discovery Meetings

Fleet Challenge conducted five individual business process discovery meetings with DARTS stakeholder organizations. Discussions took place with management representatives of:

- 1) ATS
- 2) DARTS
- 3) H-Rising Transportation
- 4) City Marvel Enterprises Inc.
- 5) Vankleef Group Incorporated

Each discovery session was one to two hours in duration. Our fleet review team organized the meetings to gain a close-up and comprehensive look into the operations and management practices of the entities responsible for delivering the DARTS services to the public.

The Fleet Challenge team was guided by a standard best-management practices review (BMPP) template, a script developed by our team to aid in all fleet reviews completed by our team.

Best Management Practices Review™ (BMPP) is a signature Fleet Challenge Canada Inc. process that enables our team to become familiar with a fleet's business practices. The BMPP process involves in-depth discussions with each group's fleet management personnel. A more detailed look at BMPP is in *Appendix D*.

Discovery processes began with ATS, followed by DARTS management personnel. Next, we focused the meetings on the sub-contractors, starting with H-Rising Transportation.

FCC completed a comprehensive review of its fleet management and operating practices. Our team selected this critical preliminary step to become aware of, and familiar with, each fleet's guiding operating principles, including (but not limited to) maintenance practices and procedures, business processes, financial structure, policies, operating practices, governance, reporting hierarchy, safety program, corporate goals, targets, objectives, as well as any challenges and/or impediments it faces.

FCC reviewed relevant documentation during the virtual business process discovery meetings. We evaluated DARTS, and its three sub-contractor's vehicle maintenance and inspection records. Documentation was reviewed to verify compliance with contractual obligations regarding DARTS sub-contractors.

FCC reviewed the qualifications of fleet maintenance personnel. We investigated (i) if technicians (mechanics) had the correct classifications (i.e., trade classifications 310S, 310T) and were completing safety maintenance where required, (ii) driver licensing and safety administration, and (iii) training and other relevant matters relating to the DARTS fleet operation.

The Reporter alleged that the owners of one of the DARTS subcontractors “*does not have professional mechanics servicing DARTS vehicles.*” Therefore, Fleet Challenge reviewed the contractor (DARTS) and sub-contractor’s vehicle records, including work orders or other vehicle maintenance histories. Additionally, regarding safety-related tasks we attempted to confirm that licensed motor vehicle technicians (MVTs) completed maintenance and repair tasks.

Discovery Meeting with ATS

Fleet Challenge Canada (FCC) representatives with Transit Division staff. FCC believes it is important for readers of this report to note that ATS has relatively new management. The Manager responsible for initiating the review of DARTS and subcontractor practices started in August 2021.

Synopsis – ATS BMPR

ATS does not have sufficient visibility into DARTS preventive maintenance (PM) practices and compliance as far as scheduling, PMs in progress, vehicle condition or vehicle maintenance histories. ATS is informed of DARTS and sub-contractor vehicle inspections only after the fact via Vehicle Inspection Records (VIRs).

ATS management staff are provided Vehicle Inspection Reports (VIRs) from DARTS, after DARTS and its sub-contractors have completed vehicle inspections. Records of the inspections (VIRs) are maintained and tracked by ATS management in Excel spreadsheets, a tedious and time-consuming task. Please see *Appendix I - Example (screen capture) of Vehicle Inspection Records*.

Real-time knowledge of current, outstanding, and past-due DARTS and sub-contractor safety inspections by ATS management is critical to effectively overseeing DARTS and subcontractors' vehicle safety inspection processes.

ATS has never conducted random safety inspections of DARTS units as described in the MOA. Unfortunately, the reference to random checks is contained in Schedule A, referring to City-owned vehicles leased to DARTS, a section that is no longer relevant.

Under the terms of the MOA, there is a contractual requirement for DARTS use of subcontractors to be approved by the General Manager of Public Works. DARTS management was unable to provide evidence of receiving this approval.

Recommendations for ATS

Number	Recommendations for ATS
12	ATS should conduct random MTO safety compliance inspections of Contractor (DARTS) and Subcontractor in-service vehicles.
13	Regarding contract language in the current MOA requiring DARTS vehicles to be “certified mechanically fit and safe” and “meet the requirements of the Ministry of Transportation” (MTO), the ATS should ensure that contract language is amended to apply the correct terminology and applicable requirements of the MTO (For further details please see section of this report dealing with Contracts)
14	ATS should have real-time online access into a new DARTS fleet maintenance information system (FMIS) that would be managed and maintained by DARTS. This would enable ATS to verify the status of all DARTS MTO safety inspections and vehicle histories at any time while saving ATS time and administrative effort (as opposed to the ATS’ current practice of laboriously tracking Vehicle Inspection Records (VIRs) in Excel after-the-fact). (For further details please see recommendations for DARTS later in this report)
15	DARTS and DARTS subcontractor’s driver’s daily inspections should be in electronic format (as opposed to paper-based as they are now). ATS should have real-time access to drivers’ inspection electronic records. Driver’s electronic daily reports should be integrated into a fleet maintenance information system (FMIS) managed by DARTS. ATS should always have online access to the system to confirm actions are being taken by DARTS and subcontractors when defects are reported by drivers.
16	Vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections should be reviewed by ATS to confirm full compliance with applicable MTO Safety Standards Inspection guidelines (see previous point)
17	ATS should review and ensure that vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections must be signed by the licenced mechanic completing the inspections.

Number	Recommendations for ATS
18	DARTS and DARTS subcontractors should provide ATS with current copies of the trade licences for their technicians/mechanics engaged in completing their MTO safety inspections and advise ATS in the event of a mechanic's trade certificate suspension.
19	Major portions of the DARTS Master Operating Agreement (MOA) are no longer relevant. A new MOA is needed, ideally prepared with a clean slate approach. (Please see Contracts section of this report)
20	An approval process and protocol to be followed by DARTS and ATS should be in place in the MOA regarding fuel rates and upcharges, weekend rates and in general, all relevant pricing and rate structures. (Please see Contracts section of this report)
21	Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire. (Please see Contracts section of this report)
22	Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and include a maximum demerit point threshold. (Please see Contracts section of this report)
23	Language in the DARTS subcontractors Service Agreements should include a commitment to professional driver improvement courses (PDIC) or remedial training, rather than taking a punitive approach when driver complaints are received, as is the current practice. (Please see Contracts section of this report)

Discovery Meeting with DARTS

Fleet Challenge Canada (FCC) met with DARTS personnel for a business practices discovery meeting. The Fleet Challenge team was guided by a standard best-management practices review (BMPPR) template, a script developed by our team to aid in all fleet reviews completed by our team.

Synopsis – DARTS BMPPR

DARTS Safety Inspection Results

68 DARTS-operated units were identified for safety inspections at the start of the DARTS vehicle safety inspection campaign. Until the date of this report (July 29, 2022) four units were not inspected; this was because there was no opportunity to inspect two of the three retired units along with two other units needing excessive repairs.

Two new units were added to the DARTS fleet from the start of the inspections, and these were inspected before going into active service, bringing the total number of completed inspections to 66. Of 66 units inspected:

- **Seventeen units failed** their first inspections, **or 26%**
 - Of these, **three units failed** second inspections

Preventive Maintenance of the DARTS Fleet

DARTS relies heavily on drivers' daily inspections to identify problems with vehicles between scheduled maintenance events. FCC asserts that drivers are drivers – they are not mechanics.

Daily driver checks are a recommended best practice for light-duty vehicles and intended for drivers to find and report obvious vehicle defects, such as non-functional lights and/or wipers, damaged tires etc. However, drivers are not trained to assess mechanical problems such as brake lining condition, suspension, exhaust, or steering components.

Preventive Maintenance of the Subcontractor Fleet

As stated in the subcontractor agreements: *“All vehicles utilized by the Company (the “Company” refers to the subcontractors) in fulfillment of this contract shall be certified mechanically fit and safe, and meet the requirements of the Ministry of Transportation. A copy of the yearly inspection of each vehicle is to be provided to the DARTS Manager of Operations, and DARTS shall have the opportunity to inspect and check the vehicle on demand, at the expense of the Company, by the 31st of December of each year, or as required by the City of Hamilton.”*

During our BMPR meetings with DARTS we were advised that the company requires its subcontractors' drivers to complete daily circle check and DARTS "completes snap inspections once a month or when on the road to track the circle checks". Aside from these practices there appears to be little, or no, DARTS oversight into the maintenance practices of the subcontractors.

As independent agents, aside from their obligation to provide evidence of annual mechanical "certifications" (more in this term later in this report), and to have their drivers complete circle checks, DARTS subcontractors have autonomy as far as their vehicle preventative maintenance practices. It is questionable if these minimal obligations are being carried out. DARTS has little or no oversight into the maintenance practices of its subcontractors.

Fleet Management Information System

DARTS developed its own software-based fleet management information system (FMIS) to track its fleet maintenance. There are some good features to the system e.g., the system tracks mechanic work orders, parts used, and vehicle maintenance histories. While DARTS can be commended for implementing this system years ago, compared to contemporary FMIS' used by best-in-class commercial fleets, the DARTS FMIS is an anachronism. It is inadequate for managing the fleet effectively.

*Illustration 4- DARTS Whiteboard Scheduling System.
Image by OCA staff.*



DARTS employs a whiteboard in the garage office area to track and schedule upcoming PM inspections. We are highly critical of this practice.

Manually tracking large amounts of important data using dry-erasable markers is archaic and vulnerable. For example, someone accidentally brushing against the board with their body could potentially erase large amounts of critical scheduling information.

Leading fleets employ automated scheduling for vehicle PM inspections. This standard practice by today's leading fleets reduces or eliminates errors, prevents missed PMs, and creates an audit trail. In addition, automated PM scheduling saves operating expenses by ensuring that vehicles are inspected at the right time - not too soon nor too late - both of which impact costs.

A modern fleet maintenance information system (FMIS) can reduce fleet operating expenses by up to 20% through better-informed management practices. Data captured during PM inspections can enable financial cost analysis and allow decision-making supported by historical data, be used to

schedule future PM events and track vehicle repairs requiring future attention, A contemporary FMIS offers additional fleet management benefits beyond accurate PM scheduling.

MTO Safety Inspections

The DARTS garage is not a licenced, accredited Ministry of Transportation (MTO) Motor Vehicle Inspection Station (MVIS).

We learned that sometime in the past DARTS applied to the MTO to become an MVIS however, their application was not approved by the MTO. We were advised that DARTS staff plan to re-apply to the MTO at some time in the future.

Since DARTS is not a MTO-accredited MVIS, it is not authorized by the MTO to issue (1) Safety Inspection Certificates (SSCs) (*Appendix E - Example of MTO 6-Month Safety Inspection*) or (2) the vehicle window stickers as proof that a vehicle has been MTO safety-inspected (See *Illustration 5* at right).

Currently DARTS uses the following process to MTO-safety certify its vehicles: (1) DARTS completes an in-house inspection by their fleet maintenance technician/s and make repairs if required, (2) they deliver the vehicle to an accredited MTO MVIS local garage, (3) the vehicle is re-inspected by the third-party garage; if it is deemed safe by MTO standards a SSC is prepared by the third-party inspection mechanic and a window sticker is affixed to the vehicle, (4) the vehicle is returned to the DARTS facility and to active service in the fleet.

Illustration 5 - Example of an MTO 6-month Safety Inspection Sticker (image by FCC)



This dependence on an external garage for MTO safety inspections is an inefficient and costly duplication of effort. In addition, this practice results in protracted periods of expensive vehicle downtime.

Quality Assurance Processes

We were unable to find evidence of any type of formal quality assurance (QA) processes within the DARTS fleet maintenance garage. DARTS mechanics are responsible for conducting repairs on vehicles as they determine to be necessary. Mechanics have autonomy to complete repairs and return vehicles to active service without oversight or any type of quality assurance processes.

Fleet Challenge sees quality assurance (QA) as a critical gap in DARTS fleet maintenance practices that have potential for several safety-related problems. Since no qualified individual at DARTS is responsible for inspecting, approving, and signing off on the work completed by the mechanics it is their sole responsibility to determine repairs that are required, complete the repairs, and return the

unit to service. In best-in-class fleets, the work completed by mechanics is overseen and quality-checked, both during the repair and, most importantly, after the mechanic has completed the repairs.

In our professional assessment, the DARTS fleet maintenance technicians seem skilled, well-intentioned, committed, and focused on providing high-quality services. However, there are obvious gaps we feel are mainly responsible for the safety inspection failure rate of 26% for DARTS operated vehicles. It is clear to FCC that improvements need to be made. Examples include:

- The current fleet maintenance information system used by DARTS is anachronistic and ineffective at providing the information and scheduling capabilities required to effectively manage and maintain a modern fleet.
- Manual preventive maintenance (PM) tracking and scheduling via a whiteboard with handwritten updates is archaic and there is risk for missed maintenance checks.
- Automated scheduling of vehicle PM inspections is standard practice in today's leading fleets.
- Automated PM scheduling in a fleet maintenance information system (FMIS) reduces or eliminates errors and the possibility of missed PMs, creates an audit trail and vehicle histories that can be used to analyse the fleet's performance, and improves cost control.
- Driver's daily inspections are paper-based requiring laborious handling and archiving. They provide no visibility or assurance to ATS that the inspections are actually completed and managed properly. Electronic options are simple to use, highly efficient, readily available, and commonly used.
- There is too much dependency on drivers to report vehicle mechanical problems between scheduled preventive maintenance (PM) inspections and 6-month MTO certifications. DARTS should improve PM practices to meet best-in-class PM scheduling standards, thereby reducing the dependency on drivers to detect mechanical problems.
- DARTS is not a licenced MTO Motor Vehicle Inspection Station (MVIS). Instead, it relies on third-party garages which is a costly and inefficient process.
- Currently DARTS and subcontractors demonstrate their conformance to mechanical safety standards (as set out in the Master Operating Agreement (MOA) for DARTS and the Service Agreements for DARTS subcontractors) by the following process: mechanics prepare paper forms in longhand, then scan each one and e-mail the vehicle inspection records (VIRS) to ATS. ATS then maintains an Excel-based file to track all inspections. The many processes for all parties are onerous, time-consuming, and wasteful of human resources.
- ATS should have readily available real-time visibility into the safety inspection status of any DARTS vehicle, without the current laborious records-keeping practice. This would be accomplished easily if DARTS installed a fleet maintenance/management information system (FMIS) to capture its inspections, repairs, and maintenance activities in real-time via mechanics' work orders.
- In the recommended FMIS, the same data should be tracked for DARTS sub-contractors. In such an FMIS, ATS would have sign-in privileges and user-rights to view status reports

(e.g., due/past-due/in-progress/completed) for each vehicle to confirm that all inspections are up to date.

Recommendations for DARTS

Number	Recommendations for DARTS
24	DARTS should practice vigilance regarding the contractual vehicle safety inspection requirements and maintenance procedures of its subcontractors to prevent a recurrence of unsafe subcontractor vehicles being operated in the DARTS fleet.
25	DARTS preventive maintenance (PM) inspections should be increased in intensity and frequency to reduce or eliminate safety defects – how much they need to increase would be determined by a new fleet maintenance information system (FMIS) (See point #28 below regarding fleet maintenance systems) based on “uptime” tracking functionalities of the FMIS.
26	The requirement for subcontractors’ drivers to complete daily vehicle circle checks, and the processes of managing the checks, and in particular, defects reported by drivers, should be defined in the subcontractor’s service agreements (SAs)
27	<p>DARTS should immediately implement quality assurance measures. In its current preventive maintenance practices, there are no quality assurance processes in place at DARTS. We feel this is likely the root cause of the high rate of safety inspection failures during the recent safety inspection campaign.</p> <p>The DARTS Maintenance/Driver Supervisor is not a licenced mechanic and therefore not in possession of the skills and accreditations required to confirm that the work of the mechanics is satisfactory.</p> <p>As one option, DARTS should consider a new Lead Mechanic job classification, in which a licensed mechanic would be given responsibility for final inspection of work completed by DARTS mechanics therefore assuring quality and increasing adherence to safety protocols.</p>

Number	Recommendations for DARTS
28	<p>DARTS should invest in a proper fleet maintenance information system (FMIS) to replace the current whiteboard. The fleet maintenance scheduling and management functionalities of the current program, which was developed in-house, are far inadequate for the needs of a modern fleet.</p>
29	<p>The recommended FMIS (see above) should be capable of multi-criteria preventive maintenance (PM) scheduling, tracking DARTS and subcontractor maintenance and safety inspection histories (now tracked by ATS externally in Excel), enable complex cost-analysis, track fuel usage and driver profiles, abstracts and a myriad of other functions required by a modern fleet. Electronic drivers' daily inspections should be connected to the FMIS to replace paper-based records now in place.</p>
30	<p>In the long-term, and once quality assurance processes are in place and the issue of safety inspections failures has been fully addressed in a manner that is acceptable to the ATS, DARTS should consider re-applying to become a licenced, accredited Ministry of Transportation (MTO) Motor Vehicle Inspection Station (MVIS).</p> <p>If successful in becoming an MVIS, it would lower costs and increase efficiencies by eliminating the dependency on third-party garages for performing its MTO safety inspections.</p> <p>That stated, without having quality assurance processes in place, as is the situation now, it would be risky if DARTS was able to complete its own MTO safety inspections given the results (~26% fail rate) from our independent safety inspections. At this time, a licenced, independent third-party MTO Motor Vehicle Inspection Station (MVIS) of the City's choosing would be a more prudent choice.</p>
31	<p>Under the terms of the MOA, there is a contractual requirement for DARTS use of subcontractors to be approved by the General Manager of Public Works. DARTS management should immediately seek this approval for existing and future subcontractors and ensure that documentation of the approval(s) is available at all times.</p>
32	<p>DARTS should conduct a detailed financial review to compare the cost of subcontractor vehicles versus similar vehicles being obtained by DARTS through</p>

Number	Recommendations for DARTS
	leases, rentals, or purchases. The latter options may be more cost-effective than previously expected. Consider issuing an RFQ/Q for the provision options (i.e., buy, rent or lease) for acquisition of light-duty vans now provided by its subcontractors.

Discovery Meeting with H-Rising

Fleet Challenge Canada (FCC) met with H-Rising personnel for a business practices discovery meeting.

Synopsis – H-Rising

Until late 2021, H-Rising completed vehicle inspections based on and guided by an earlier version DARTS inspection checklist. This form is shown in *Appendix G*. These forms were submitted to ATS to comply with the requisite sub-contractor’s mechanical safety inspections, per the requirements of the City’s (ATS) contract with DARTS and subsequently DARTS contracts with its subcontractors.

H-Rising’s Maintenance Supervisor signed the inspection forms in the space allotted to the signature of the inspecting mechanic. He is *not a licensed mechanic*. Co-signing the vehicle safety inspection forms was the H-Rising Road supervisor, who is *also not a licensed mechanic*.

After September 2021⁸, DARTS required its subcontractors to use an enhanced vehicle inspection form (see *Appendix J*), which required the inspecting mechanic to sign the form (as was the practice in the former inspection form) and, record their inspecting mechanic’s license number. The new forms tightened the previous gap, preventing anyone except a licensed mechanic to sign the forms.

We reviewed both the former and new enhanced inspection form versions, completed by H-Rising personnel, and subsequently submitted to DARTS and to ATS. The forms show every inspection point neatly check-marked and they bear the signature of the inspecting mechanic attesting to the completion of the inspections. We again note that on the former versions of the inspection forms, the persons signing for H-Rising were *not licensed mechanics*.

On May 17 H-Rising vehicle number HS102 was presented for its safety inspection. Classified as an “Accessible Vehicle” it is subject to mandatory six-month MTO Accessible Vehicle or Bus safety inspections. The unit failed its safety inspection during which we also noted it was bearing a Commercial-Trailer annual inspection sticker dated November 2022 valid for one-year after the inspection date. Therefore, vehicle HS102 was being operated by H-Rising in DARTS service without its legally mandatory 6-month Accessible Vehicle inspection. (Please see *Appendix H*)

⁸ This date could not be confirmed in our discussions with DARTS

From our management practice discussions with each H-Rising staff management member, we noted their comments that *“their maintenance system is working fine, not lacking on anything and doing an excellent job now.”* Further, H-Rising told us that *“their vehicles are always in perfect condition and (they) can’t take any chances with safety.”* However, their statements are patently contrary, as evidenced by the high rate of safety inspection failures during the City Auditor’s DARTS safety inspection campaign.

Fleet Challenge confirmed that the individual who completes maintenance on H-Rising’s vehicles and now signs the new, enhanced DARTS vehicle safety inspection forms, is a licensed mechanic under the provisions of Skilled Trades Ontario (STO).

Fleet Challenge notes the high rate of safety inspection failures for H-Rising. Of 32 H-Rising vehicles inspected, approximately one-third (34%) failed their first safety inspections during the DARTS safety inspection campaign. Please see details of the H-Rising vehicle safety inspections in Appendix M – Table of Completed Inspections – H-Rising Fleet.

Of the initial group of H-Rising vehicles, 11 of 32 units failed their initial safety inspections. Over the ensuing weeks of the DARTS vehicle inspection campaign, many were re-inspected (although some units were voluntarily retired by the subcontractor during this time).

Of the 11 vehicles that failed their initial inspection, **two units failed** their second inspection, and **one unit failed** its third inspection which necessitated a **fourth inspection** when it eventually passed. These results were despite the contractor having ample time to make corrections prior to re-inspections.

As the DARTS safety inspection campaign proceeded, our inspectors noticed increasingly that some vehicles, prior to arriving for their first inspections, had received new brakes and other safety component replacements. Regardless of these ‘fixes’, some vehicles *still failed* their inspections for other reasons. In addition, we noted that:

- Some vehicles required second and third inspections before receiving a ‘pass’ evaluation as per MTO safety standards, despite H-Rising having ample time to address deficiencies and deliver vehicles with acceptable safety levels prior to our inspections.
- An H-Rising Accessible Vehicle requiring an MTO 6-month Accessible/Bus safety inspection received an MTO one-year commercial trailer inspection – these are two very different inspections – the H-Rising Accessible Vehicle had the wrong inspection and was in service without an MTO 6-month Accessible/Bus safety inspection
- Vehicle inspection forms were not signed by a licensed mechanic as required; they were presented to DARTS, and ATS, as proof that H-Rising vehicles met MTO safety standards

According to H-Rising management: *“their vehicles are always in perfect condition and (they) can’t take any chances with safety”* – this was clearly untrue. H-Rising management’s competence and

ability to manage a fleet in conformance with prevailing MTO safety standards as required under their contractual agreement with DARTS is questionable.

In consideration of our review, in particular the high rate of initial safety inspections and re-inspection failures, and given its past operating practices, H-Rising seems incapable of maintaining its fleet to the standards of safety required by its contract with DARTS.

Discovery Meeting with City Marvel

FCC representatives met with City Marvel personnel for a management practices discovery session.

Synopsis – City Marvel BMPR

Of 19 first inspections of City Marvel vehicles, nine units or **47% failed**. Please see *Appendix N – Table of Failed Inspections – City Marvel Fleet* for full details. City Marvel appears to have inadequate fleet maintenance practices.

On the second attempt, despite City Marvel, having ample time to prepare for re-inspection of the failed units, **three of the nine** City Marvel units **failed again**. A third inspection was required before the units received a pass.

To save insurance costs, City Marvel makes a practice of reducing (minimizing) its vehicle insurance coverage for in-active DARTS service vehicles, such as the slow period during the COVID-19 pandemic. To reinstate a vehicle into active DARTS service their process is to contact their insurance broker and have the vehicle's coverage increased to fulfil their insurance obligations to DARTS; they must obtain proof in the form of an insurance liability slip.

City Marvel presented a Certificate of Insurance (COI) to DARTS and ATS as evidence of insurance coverage for a specific vehicle. Their insurance coverage applies only to specific vehicles, as shown on their COI (Please see *Appendix K*). Also, the COI presented to DARTS as proof of insurance coverage had many errors.

City Marvel makes it their practice to buy used vehicles to save acquisition costs. An example is vehicle number C219 which was added to the City Marvel fleet during the inspection campaign. This vehicle *began* service in the City Marvel DARTS fleet with almost 160,000 km on its odometer. At this advanced mileage, best-in-class fleet managers are considering disposing of their high mileage units, not bringing them newly into active service. High mileage vehicles are vulnerable and frequent mechanical failures typically will result. Regardless, vehicle C219 arrived for its inspection fitted with new front and rear brake pads and rotors and was found to be fit.

In our assessment, City Marvel's past performance and business processes demonstrate a lack of capability to provide the standards of safety sought by DARTS and for which they were contractually engaged. Our position is based on:

- City Marvel's lack of conformance to MTO safety standards – their initial failure rate was 47%
- The number of initial inspection failures and re-inspection failures - one-third failed again on re-inspection
- Lax business practices pertaining to insurance documentation
- Adding high-mileage vehicles (albeit under DARTS limits for maximum age) to their active DARTS fleet

Discovery Meeting with Vankleef

FCC representatives met with representatives of the Vankleef Group Incorporated for a management practices discovery session.

Synopsis – Vankleef BMPR

Vankleef completes annual inspections as per DARTS requirements. At every 5,000 kms vehicles come in for oil service and mechanics do a full inspection using DARTS new form. Cosimo's Garage is a subsidiary company that is located within Vankleef's building which completes the MTO inspections and annual checks/certifications.

Initially Vankleef had identified 37 vehicles as available for service to DARTS. Shortly after the start of the vehicle inspection campaign, 14 of these vehicles were declared out of service. FCC was not privy as to why these vehicles were removed from service. During the campaign, another vehicle was declared out of service after it failed its initial safety inspection. Therefore, of the twenty-three vehicles that were inspected at least once, **eight units (35%) failed**. Four of the eight failed their second inspections. On third inspections the remainder passed.

Based on the high rate of initial and subsequent safety inspection failures, the company's performance has been sub-par and therefore seems incapable of meeting DARTS' safety standards and contractual requirements as far as MTO mechanical safety standards.

Recommendations for DARTS Regarding its Subcontractors

Number	Recommendations for DARTS regarding its Subcontractors
33	DARTS should take a vigilant approach in managing its subcontractors as far as their vehicle safety inspections and quality standards. For example, DARTS should require that annual MTO Safety Standards Inspections and 6-month accessible vehicle MTO Safety Standards Inspections required under the subcontractor Service Agreements to be carried out at MTO licenced Motor Vehicle Inspection Stations (MVIS') of DARTS choice, not the subcontractors.
34	DARTS should re-investigate its dependency on outsourced subcontractors. Cost-effective alternatives may include in-sourcing the services now outsourced to the sub-contractors.
35	DARTS should complete comprehensive business case analysis to revisit the lowest cost options between insourcing or outsourcing to subcontractors
36	For vehicles now provided and driven by DARTS subcontractors, DARTS should consider a hybrid business model in which DARTS would provide and maintain the vehicles while drivers would be provided and managed by contracted driver pool service-provider(s).
37	DARTS subcontractor Service Agreements should set a limit regarding the maximum age and total kilometres for subcontractor vehicles. As a starting point, we recommend vehicles should be no older than five model years and 200,000 total kilometres, but these thresholds should be confirmed through historical operating data and safety inspection failure rate analysis.

Findings: Step 4 – Insurance Review

Section 3.3.17 - Insurance of the **Master Operating Agreement (MOA)** sets out DARTS requirements for vehicle insurance. Below, in **blue font**, is an extract of that section of the MOA as pertaining to vehicle coverages:

a) *Commercial General Liability Insurance;*

Commercial General Liability Insurance, written on IBC Form 2100 or its equivalent, including but not limited to bodily injury and personal injury liability, property damage, products liability, completed operations liability, owners & contractors protective liability, blanket contractual liability, tenant's legal liability, premises liability, broad form property damage, employer's liability and voluntary compensation) and contingent employer's liability coverage, having an inclusive limit of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (\$10,000,000) in the aggregate. Such coverage will include the City as an additional insured and contain a cross-liability clause and a severability of interest clause.

b) *Standard Ontario Policy Form Automobile Insurance;*

To cover all licensed vehicles owned or leased by the Contractor and used in connection with the operations under this Agreement. Such coverage will include:

- i. *Third Party Liability coverage having a limit of not less than Ten Million Dollars (\$10,000,000) for personal injury, bodily injury including death, or property damage, in respect of each claim/occurrence or such higher limits as the City, acting reasonably, may from time to time require;*
- ii. *Accident Benefits coverage in accordance with the legislation and regulations of the Province of Ontario;*
- iii. *"All Perils" coverage with respect to any loss of or damage to each and every vehicle, including associated or related equipment, used by the Contractor in the performance of its obligations under this Agreement;*
- iv. *OPCF 5, (permission to rent or lease automobiles);*
- v. *OPCF 6A (permission to carry passengers for compensation);*
- vi. *OPCF 22 (damage to property of passengers);*

Under **Section 7 of the subcontractor Service Agreements, INSURANCE:** (Note: Text in blue font is directly from the Agreements)

(a) Company shall maintain, at its own expense, during the term of this Agreement insurance covering the obligations set forth in the Agreement and any other insurance typically carried by a business providing the Services, including but not limited to the following:

- i. Commercial General Liability Insurance, written on IBC Form 2100 or its equivalent, including but not limited to bodily injury including death, passenger road hazard liability, or personal injury liability, property damage, products liability, completed operations liability, owners & contractors protective liability, blanket contractual liability, tenant's legal liability, premises liability, broad form property damage, employer's liability and voluntary compensation) and contingent employer's liability coverage, having an inclusive limit of not less than Five Million Dollars (\$5,000,000) per occurrence and Ten Million Dollars (\$10,000,000) in the aggregate inclusive.*
- ii. Insurance to cover all licensed vehicles owned or leased by the Company and used in connection with the operations under this Agreement, which shall include:*
 - 1. Third Party Liability coverage having a limit of not less than Ten Million Dollars (\$10,000,000) for personal injury, bodily injury including death, or property damage, in respect of each claim/occurrence or such higher limits as the City, acting reasonably, may from time to time require;*
 - 2. Accident Benefits coverage in accordance with the legislation and regulations of the Province of Ontario;*
 - 3. All Perils coverage with respect to any loss of or damage to each and every vehicle, including associated or related equipment, used by the Contractor*

(b) DARTS (and at its option, the City of Hamilton) shall be named as an additional insured on all such policies listed in (i) and (ii) above, and the insurers shall be advised by the Company that in the event of cancellation, non-renewal, and/or any changes in the policies, DARTS shall be notified at least thirty (30) days prior to such alterations in writing by Registered Mail. Proof of renewed insurance shall be filed with DARTS thirty (30) days before termination of the existing insurance contract. Company will provide to DARTS an insurance certificate confirming the existence of this coverage which is part of this Agreement. DARTS does not represent that the insurance coverage is adequate to protect Company's interests or to cover Company's liability. The insurance policies shall contain a cross liability clause and a severability of interest clause.

Synopsis – Insurance Review

We observed that the insurance requirements of the DARTS MOA and the subcontractors SAs appear to be in alignment. We also note that the limits of liability and coverages under both policies

seem appropriate relative to the degree of potential risk exposure for a commercial fleet that is in the business of transporting passengers. However, the amount of insurance coverage required for DARTS and subcontractors is a decision that must be made by the City of Hamilton, Risk Management after evaluating risks.

In a recent situation, the insurance coverages of a DARTS subcontractor, City Marvel, came into question. Namely, an erroneous Certificate of Insurance (COI) was provided by City Marvel which had obvious issues and errors (please see *Appendix K*). The COI was apparently intended to be their proof that a vehicle owned by the subcontractor, and the company, City Marvel had planned to put into DARTS service was covered under their insurance policy.

When issues with City Marvel's COI were discovered by ATS management, ATS requested DARTS to pull City Marvel vehicles from all passenger ride schedules, until such time as the certificate (COI) could be vetted and approved by City of Hamilton's Risk Management personnel.

FCC discussed the incident of the dubious COI with City Marvel representatives during our business process discovery meeting with them. Regarding the City Marvel insurance liability slip that came into question by ATS, they claimed it happened because their insurance broker was in India and apparently difficult to contact, to correct the issues that were discovered by ATS. We were told that, once contacted, the broker quickly updated the form. Per the transcript of our discussion with City Marvel, as the representatives described it, City Marvel had to: *"track him down in India and the guy fixed it"*. Subsequently, the corrected City Marvel COI was approved, and the vehicles resumed DARTS service.

In another recent instance, ATS found that the insurance information for City Marvel unit number C218 which was provided to ATS by DARTS had an issue. Specifically, the Vehicle Identification Number (VIN) listed on the pink insurance liability slip didn't match the VIN listed on the vehicle's registration and the City Marvel list of insured vehicles. When this discrepancy was discovered by ATS, its management initiated a review of all City Marvel insurance pink slips and registrations against the list of insured vehicles for City Marvel.

The level of insurance coverages required by ATS is apparently quite costly as was learned from DARTS, whose management related to the City Auditor that insurance for a vehicle is \$1,500/month. From our management practices review discussion with City Marvel, the representatives described their insurance costs, *"when City Marvel first started with DARTS"* (as described by City Marvel representatives) *"all was okay and then DARTS changed insurance requirements to increase insurance to \$5m liability"*. The cost of the insurance premiums negatively affected the subcontractors operating costs. As so, during the Covid-19 pandemic when DARTS ridership decreased significantly, some of City Marvel's vehicles were sidelined and they reduced their coverages to minimal insurance for their out-of-service units.

As the time of this report (July 15, 2022), the issues around City Marvel's vehicle insurance had not been fully resolved and a review is pending from the City's Risk Management. Until such time, ATS has advised DARTS that vehicle #C218 cannot be back on the road until Risk Management has heard back from the named insurer on the COI (FCC: to confirm coverage).

FCC discussed the matter of insurance coverages with the other two DARTS subcontractors, H-Rising and Vankleef. No issues were reported by either. We learned that for one DARTS subcontractor, Vankleef, they do not make a practice of minimizing insurance coverages on vehicles that have been sidelined, as is the practice with City Marvel.

It is essential that insurance coverage is in place on all vehicles in DARTS service for obvious reasons. Current processes around a subcontractor's proof of coverage have been questionable due to repeated incidents of erroneous information. Managing the insurance program to ensure proper coverage is in place as required by the DARTS MOA and subcontractors SA contracts is onerous and time-consuming to manage by ATS. Improvements are needed.

Recommendations - Insurance

Number	Recommendations - Insurance
38	DARTS should require subcontractors to obtain insurance coverage that applies to all vehicles owned or operated by the insured (as opposed to insurance coverage for specific vehicles identified by their vehicle identifications numbers, fleet unit numbers, makes/model/year of units or other methods).
39	DARTS and ATS, as additional named insureds, on subcontractor's insurance policies should be provided legally notarized copies of the subcontractor's certificates of insurance (COIs).
40	In subcontractor COIs, DARTS and ATS should be provided full details including Declarations (e.g., at minimum the risks that are covered, policy limits, and deductibles), Insuring Agreements (e.g., policy conditions, exclusions and special limits, risks that are covered, policy limits, and deductibles, other insureds, a list of form numbers and endorsements that add to or alter the policy, losses covered, the subject matter of the insurance and description of the property covered, the perils insured against and circumstances when the insured may receive the proceeds of the insurance), Policy Conditions and Exclusions and Special Limits.
41	DARTS and ATS should be provided legally notarized subcontractor insurance COIs at least annually, any time changes are made to the policies, whenever a vehicle is added to the subcontractor's fleet, or any time a vehicle is returned to active DARTS service.

Number	Recommendations - Insurance
42	City of Hamilton Risk Management should review and approve in writing to DARTS and ATS management, the legally notarized COIs provided by each subcontractor's insurers before vehicles are put into active service in the DARTS operation.
43	City of Hamilton Risk Management should review subcontractor insurance requirements annually at a minimum.

Findings: Step 5 – Review of Contracts

About Contracts

We begin this section of this report with a definition of the word “contract”. A contract⁹ is an agreement between private parties creating mutual obligations enforceable by law. The basic elements required for the agreement to be a legally enforceable contract are mutual assent, expressed by a valid offer and acceptance; adequate consideration; capacity; and legality.

About DARTS’ Contracts

The DARTS operation is governed by two primary contracts:

- 1) The Master Operating Agreement (MOA) between the ATS and DARTS
- 2) Services Agreement (SA) contracts between DARTS and its subcontractors

Fleet Challenge Canada (FCC) reviewed the MOA and SA contracts to become familiar with the obligations of all parties including ATS, DARTS and DARTS subcontractors. FCC is a fleet management consulting firm; we are not trained or licenced in the law profession. Therefore, our review of the DARTS contracts was limited to finding areas of potential non-compliance by any of the named parties, where there may be conflicts, or contract language where interpretations may be nebulous or no longer relevant. Our objective was to highlight and recommend areas of the contracts for future legal expert review and identify sections which might be revised for better clarity in future contracts and best serve the City of Hamilton.

About the DARTS Master Operational Agreement

The Master Operating Agreement¹⁰ (MOA), *“was made in quadruplicate on the 1st day of July 2012 between the City of Hamilton (the “City”) and Disabled and Aged Regional Transit Service (“DARTS”) of the second part:”*

“WHEREAS the City and DARTS have previously entered into agreements for the provision of accessible transit services for persons with disabilities in the City of Hamilton on July 1, 2003, and on June 1, 2010, including all Appendices, Schedules and documents attached thereto and/or referenced therein (the “ATS Services Agreement”); “

“AND WHEREAS the term of the most recent ATS Services Agreement was for the period terminating on June 30, 2012;”

⁹ Source: <https://www.law.cornell.edu>

¹⁰ Please note that text appearing in italicized “blue font” was extracted directly from the MOA and SA contracts

“AND WHEREAS on December 14, 2011 the Council of the City approved Item 7 of the Public Works Committee Report No. 11-015 thereby authorizing a renewal of the ATS Services Agreement, in accordance with the terms and conditions hereinafter set forth; The City of Hamilton (ATS) and DARTS entered into agreements¹¹ to provide accessible transit services for persons with disabilities in the City of Hamilton on July 1, 2003, and on June 1, 2010.”

The MOA was developed many years ago and the DARTS business model has changed. For example, much of the original contract was premised on and structured around DARTS leasing its vehicles from the City of Hamilton.

DARTS no longer acquires vehicles by leasing from the City as it did in the past. Therefore, Schedule “A” to the Master Operational Agreement - Vehicle Equipment Lease Agreement and Appendices “A” and “B” seem redundant today. We were advised by Transit Division management that Schedule “A” has been stricken from the prevailing MOA, although no documentation of this was provided to support this for our review.

We noted that some of the contract language and some obligations in Schedule “A” seem to intertwine with the remainder of the prevailing MOA. Below are examples that seem to be superfluous and not relevant today, and which should be reviewed with a legal lens, including:

- Schedule “A”
- Appendices “A” and “B”
- Section 2.3.1 a), b), c) and d)
- Section 2.3.2 a) and b)
- Section 2.3.3 a) and b)
- Section 2.4 (possibly all sub-sections)
- Section 3.1.1 a) iii.
- 3.3.13 c) and d)
- SCHEDULE "C1" TO MASTER OPERATIONAL AGREEMENT - SERVICE LEVEL AGREEMENT, 4.0 Roles and Responsibilities - FLEET SERVICES¹²

The MOA and its Schedules and Appendices contain specific requirements for both sides as far as vehicles, buildings, and computers but as a transportation services provider to the City, there is little in the agreement pertaining to the drivers of DARTS vehicles. In Section 3.3.1 f) of the MOA is found:

f) “The Contractor shall provide sufficient trained personnel that exhibit a high quality

¹¹ Source: Master Operational Agreement Between CITY OF HAMILTON -and- DISABLED AND AGED REGIONAL TRANSIT SYSTEM. Dated 1st day of July 2012

¹² In 4.1 Fleet Services it is stated: Through this SL Agreement, Fleet Services will be the primary service provider for fleet management services. DARTS completes its own fleet maintenance today.

and professional service image at all times.”

In 3.3.1 h) (from i. through to v.i.) the MOA details requirements regarding passenger safety and special handling of disabled persons. However, we do not see requirements in the MOA regarding new driver recruitment, pre-hire screening or driver abstracts, other qualifications, or driver’s licence classifications to qualify as a DARTS driver. Further, there is no contract language regarding standards of safe driving, provision of safe driver training, professional driver improvements courses (PDICs), consequences of accidents, traffic violations, or accumulated demerit points, or any provision to obtain driver abstracts at regular intervals. All of these are standard practices for today’s modern fleets.

DARTS Vehicle Safety Standards

As in Section 3.3.13(c) Vehicle Maintenance and Management of the Master Operational Agreement (MOA) between the City of Hamilton (the City) and the Contractor (DARTS), the contractor:

3.3.13 c) The Contractor (FCC note: per the terms of the MOA the Contractor refers to DARTS) *shall maintain all vehicles in safe working order and provide a Certificate of Mechanical Fitness for each vehicle used in the Service, prior to commencing the Service and at least annually thereafter. The Contractor shall keep records of vehicle maintenance, as set out in Schedule "A" hereto the Vehicle Equipment Lease Agreement between the City and the Contractor and shall provide access to these records by the City on request.*

Synopsis – Master Operating Agreement

With regards to the Master Operating Agreement (MOA) we note several areas of concern:

- 1) The terminology used in the MOA section 3.3.13 c): *“Certificate of Mechanical Fitness”* we believe to be is a colloquial term open to incorrect interpretation. The program is correctly referred to today as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program. Under the SSI program vehicles can be safety-inspected at an MTO-accredited Motor Vehicle Inspection Station (MVIS). With a pass from the SSI, vehicle owners are issued a Safety Standards Certificate (SSC).
- 2) Many DARTS vehicles, including those of DARTS, the company and several units operated by DARTS subcontractors are classified as “Accessible Vehicles” by the MTO¹³. Accessible vehicles must receive MTO accessible vehicle safety inspections every 6-months. Currently there is no specific provision in the MOA contract requiring DARTS to perform accessible

¹³ An “accessible vehicle” means a passenger vehicle or a bus, other than a school bus, that is designed or modified to be used for the purpose of transporting persons with disabilities and is used for that purpose, whether or not the vehicle is also used to transport persons without disabilities. Source: <https://www.ontario.ca/laws/regulation/900629>

vehicle safety inspections. Note: DARTS currently completes these inspections despite no specific language in the MOA in this regard.

- 3) In Section 3.3.13 c) of the MOA we note: "*The Contractor shall keep records of vehicle maintenance, as set out in Schedule "A" hereto the Vehicle Equipment Lease Agreement between the City and the Contractor...*". This is an instance where the MOA and Schedule "A" intertwine. We question whether this wording might potentially release DARTS from its obligations to maintain records of its current fleet of vehicles to the standards required in Section 3.3.13 c), since the vehicles are no longer leased from the City under Schedule "A". Regardless, DARTS has continued the vehicles maintenance practices set out in Section 3.3.13 c) to this day, but we believe this to be an area of the MOA that should be reviewed and amended in future agreements between the City and DARTS.
- 4) Under Highway Traffic Act R.R.O. 1990, REGULATION 629 ACCESSIBLE VEHICLES (see: <https://www.ontario.ca/laws/regulation/900629>) are specific safety requirements for the modification and construction of accessible vehicles. Currently there is no specific language in the MOA requiring conformance to these standards.
- 5) Drivers of certain accessible vehicles¹⁴ are required to complete daily pre-trip inspections of their vehicles. Fleet Challenge's position is that daily pre-trip inspections of all commercial vehicles, including light- and heavy-duty vehicles is a fleet management best practice. Although driver's daily pre-trip inspections are being completed by DARTS now, there is no language in the MOA defining this as a requirement for DARTS.
- 6) There is no requirement in the MOA regarding new driver's abstracts which is a best management practice. Note: we are advised that this is a DARTS management practice today, however we feel it should be a stated requirement of the MOA contract.
- 7) The MOA contract language does not require any minimum standards as far as DARTS driver's demerit point status. Note: we are advised that this is a DARTS management practice today, but we feel it should be a stated requirement of the MOA contract.
- 8) After a DARTS driver is hired, the contract language does not require follow-up on obtaining the driver's abstracts. Note: we are advised that this is a DARTS management practice today, however we feel it should be a stated requirement of the MOA contract.

¹⁴ <https://www.ontario.ca/page/commercial-vehicle-safety-requirements>

Recommendations – Master Operating Agreement

Number	Recommendations – Contracts – the MOA
44	<p>The DARTS Master Operating Agreement (MOA) should be re-written or replaced in its entirety. Although DARTS business structure has changed significantly over the years the MOA was executed almost ten years ago and has remained much the same:</p> <ul style="list-style-type: none"> • MOA Schedule A is irrelevant as it relates to vehicles and buses, they (the City) leased to DARTS, however there are no buses leased to the City as of last year • MOA Schedule B relates to IT Services and has been stricken as DARTS procure their own servers and licences • MOA Schedule C relates to City-owned land, offices & parking used by DARTS • ATS no longer handles reservations – now DARTS manages
45	<p>The terminology used in the MOA section 3.3.13 c): “Certificate of Mechanical Fitness” should be referred to as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.</p>
46	<p>The MOA should define requirements of accessible vehicles that must receive MTO accessible vehicle safety inspections every 6-months.</p>
47	<p>The MOA should be re-worded to require the Contractor (DARTS) to keep records of vehicle maintenance (it now refers to Schedule A regarding leased City-owned vehicles)</p>
48	<p>The MOA should define the requirement for driver's daily pre-trip inspections and the processes for managing documentation of, and actions resulting from these inspections</p>
49	<p>The MOA should set out the requirements regarding driver screening and driver’s abstracts, both pre-hire and during employment.</p>
50	<p>The MOA contract language should define the minimum standards as far as DARTS driver’s demerit point status.</p>

DARTS Subcontractor Service Agreements

Based on the provisions of Section 3.3.2(b) Subcontracts and Assignments of the MOA, DARTS management contractually engaged several subcontractors through Service Agreements to provide transportation services. In this section of our report, we highlight sections of the subcontractor Services Agreement (SA) contracts that we feel should be revisited or requiring refinements in future DARTS SAs.

The MOA allows DARTS to engage sub-contractors to provide services. This agreement is found in Section 3.3.2(b) Subcontracts and Assignments of the MOA:

“It is agreed and understood between the parties that the Contractor at the present time provides transportation services, by the utilization of its own employees, and additionally by subcontracting out work to independent subcontractors to perform transportation services as contemplated herein.”

DARTS has Service Agreements (SAs) in place which are contracts between DARTS and its subcontractors including H-Rising, City Marvel, and Vankleef.

From Section 5 (h) Validated Registered Drivers of the Services Agreements (SAs) between DARTS and its subcontractors, including H-Rising, City Marvel and Vankleef we note the following:

“all vehicles utilized by the Company¹⁵ in fulfillment of this contract shall be certified mechanically fit and safe, and meet the requirements of the Ministry of Transportation. A copy of the yearly inspection of each vehicle is to be provided to the DARTS Manager of Operations, and DARTS shall have the opportunity to inspect and check the vehicle on demand, at the expense of the Company, by the 31st of December of each year, or as required by the City of Hamilton.”

DARTS Subcontractor Vehicle Safety Requirements

Within Section 5. VALIDATED REGISTERED DRIVERS of the DARTS subcontractor Service Agreements (SAs), we note the following section:

The Company (i.e., the DARTS subcontractors) hereby covenants, represents, and warrants as follows:

(h) “All vehicles utilized by the Company (FCC note: per the terms of the SA, the Company refers to DARTS subcontractors) in fulfillment of this contract shall be certified mechanically fit and safe, and meet the requirements of the Ministry of Transportation. A copy of the yearly inspection of each

¹⁵ The “Company” in this context refers to DARTS subcontractors

vehicle is to be provided to the DARTS Manager of Operations, and DARTS shall have the opportunity to inspect and check the vehicle on demand, at the expense of the Company, by the 31st of December of each year, or as required by the City of Hamilton.”

In Section 4 COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE COMPANY of the DARTS subcontractor Service Agreements (SAs), we note the following:

(c) “The Company (FCC note: per the terms of the SA, the Company refers to DARTS subcontractors) shall not permit any driver who is not a Validated Registered Driver to transport DARTS' passengers.”

In Section 5, VALIDATED REGISTERED DRIVERS of the DARTS subcontractor Service Agreements (SAs), we note the following:

“(a) Validated Registered Drivers are drivers driving for the Company who have completed background checks, provided a driver's abstract to DARTS, and been approved by DARTS, in DARTS' sole, absolute and unfettered discretion.”

“(b) Without limiting the foregoing, each Validated Registered Driver:

- i. shall be licensed by the Ministry of Transportation, as well as by appropriate municipal authorities, to operate a taxi/livery service in the City of Hamilton;*
- ii. shall have completed the DARTS training course;*
- iii. shall wear a visible identity badge paid for by the Company and approved by DARTS at all times during the provision of services to DARTS passengers.”*

“(c) If DARTS or the Company receive three or more complaints in respect of a Validated Registered Driver, such drivers as a Validated Registered Driver shall be immediately suspended and shall such driver shall not be permitted to drive DARTS passengers until DARTS, in its sole, absolute and unfettered discretion, reinstates such driver as a Validated Registered Driver.”

Synopsis - Subcontractor Service Agreements

1. The subcontractor's obligations in their SAs should be in alignment with DARTS MOA obligations to the City. For example, in the MOA states that DARTS: *“shall maintain all vehicles in safe working order and provide a Certificate of Mechanical Fitness for each vehicle used in the Service, prior to commencing the Service and at least annually thereafter”*. It is our belief that DARTS subcontractors should be required to do the same. Also, the contract language should be updated to correctly refer to the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.

2. The terminology and subcontractor obligations in Section 5 (h), Validated Registered Drivers section of the Services Agreements (SAs) between DARTS and its subcontractors is very general. We feel it should be tightened up and more specific (see next paragraph) in future SAs.
3. Many DARTS vehicles, including those of DARTS, the company and several units operated by DARTS subcontractors are classified as “Accessible Vehicles” by the MTO¹⁶. Accessible vehicles must receive MTO accessible vehicle safety inspections every 6-months. Currently there is no specific provision in the SA contracts requiring DARTS subcontractors to obtain accessible vehicle safety inspections. Note: DARTS subcontractors are apparently completing or obtaining these inspections despite there being no specific language in their SAs in this regard. However, it should be a stated requirement of SA contracts.
4. Under Highway Traffic Act R.R.O. 1990, REGULATION 629 ACCESSIBLE VEHICLES (see: <https://www.ontario.ca/laws/regulation/900629>) are specific safety requirements for the modification and construction of accessible vehicles. Currently there is no specific language in the SA requiring subcontractor vehicles to conform to these standards.
5. Drivers of certain accessible vehicles¹⁷ are required to complete daily pre-trip inspections of their vehicles. Fleet Challenge’s position is that daily pre-trip inspections of all commercial vehicles, including light- and heavy-duty vehicles is a fleet management best practice. Although driver’s daily pre-trip inspections are completed by DARTS subcontractors now, there is no language in the SA defining this requirement for DARTS subcontractors.
6. In Section 5, VALIDATED REGISTERED DRIVERS of the DARTS subcontractor Service Agreements (SAs), we note that: *“(a) Validated Registered Drivers are drivers driving for the Company who have completed background checks, provided a driver's abstract to DARTS, and been approved by DARTS, in DARTS' sole, absolute and unfettered discretion.”* Further to this requirement, we note that *“(c) If DARTS or the Company receive three or more complaints in respect of a Validated Registered Driver, such drivers as a Validated Registered Driver shall be immediately suspended and such driver shall not be permitted to drive DARTS passengers until DARTS, in its sole, absolute and unfettered discretion, reinstates such driver as a Validated Registered Driver.”*

The SA takes a punitive, disciplinary approach to Validated Registered Drivers for whom DARTS, or the Company (the subcontractor) have received three or more complaints. The term “complaints” is broad and could refer to complaints by DARTS riders, or it could also

¹⁶ An “accessible vehicle” means a passenger vehicle or a bus, other than a school bus, that is designed or modified to be used for the purpose of transporting persons with disabilities and is used for that purpose, whether or not the vehicle is also used to transport persons without disabilities. Source: <https://www.ontario.ca/laws/regulation/900629>

¹⁷ <https://www.ontario.ca/page/commercial-vehicle-safety-requirements>

refer to complaints from other motorists, or complaints by DARTS management or even the driver's co-workers. There is no mechanism or language requiring investigation of the validity of the complaints before punitive actions are applied.

There are several areas of this section of the SAs that we feel should be tightened up or improved upon:

- While obtaining a new recruit's driver's abstract is a best management practice, the contract language does not require any minimum standards as far as the new driver's demerit point status as per their driver's abstracts. Note: we are advised that this is a DARTS management practice today but feel it should be a stated requirement of the SA contracts.
- The SA does not require that, once a driver has been hired for DARTS service, follow-up driver's abstracts are to be obtained. Note: we are advised that this is a DARTS management practice today, however we feel it should be a stated requirement of the SA contracts.
- There is no contract language regarding the consequences of driver's bad driving habits, excessive demerit points, or multiple at-fault vehicle collisions. Today, commercial vehicle drivers are in demand. Contemporary, progressive fleet managers prefer remedial training over disciplinary actions. Helping a driver with a poor driving record improve their driving habits should be the approach, rather than taking a disciplinary approach and we feel this should be articulated in the contract.

Recommendations – Subcontractor Service Agreements

Number	Recommendations – Contracts - Subcontractor Service Agreements (SAs)
51	Subcontractor Service Agreements (SAs) should be aligned with the DARTS MOA contractual obligations to the City.
52	Contract language throughout the subcontractor SAs including current references to "Certificate of Mechanical Fitness", should be updated to correctly refer to the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.
53	The SAs should define requirements for accessible vehicles to receive MTO accessible vehicle safety inspections every 6-months.

Number	Recommendations – Contracts - Subcontractor Service Agreements (SAs)
54	The SAs should be re-worded to require the subcontractors to keep records of vehicle maintenance and promptly provide such records to DARTS
55	The SAs should define minimum acceptable vehicle safety and preventive maintenance (PM) standards consistent with MTO safety standards.
56	The SAs should set out the consequence of non-compliance with MTO safety standards.
57	The SAs should define the consequence of non-compliance with MTO safety and PM standards, up to and including cancellation of their SA contracts
58	The SAs should define the requirement for driver's daily pre-trip inspections, the processes for managing documentation of, and corrective actions resulting from these inspections.
59	The SAs should set out the requirements regarding driver screening and driver's abstracts, both pre-hire and during employment.
60	The SAs contract language should define the minimum standards as far as driver's demerit point status.
61	The SAs should include specific language requiring subcontractor vehicles to conform to safety requirements for the modification and construction of accessible vehicles.
62	Language in the SAs regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire.
63	Language in the SAs regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and a maximum demerit point threshold.

Number	Recommendations – Contracts - Subcontractor Service Agreements (SAs)
64	Language in the SAs should include remedial measures such as professional driver improvement courses (PDIC) or training, rather than taking a punitive approach when driver complaints are received.

Appendix A –About Fleet Challenge Canada Inc.

Fleet Challenge Canada Inc. www.fleetchallenge.com is a fleet management consulting company based in Toronto, Ontario. Municipal fleet review is a Fleet Challenge Canada Inc. specialty. Since 2005, our team has completed more than 150 municipal fleet review and management consulting projects for Canadian municipal fleets.

The Fleet Challenge Canada Inc. team is comprised of veteran experts in fleet management. In addition, our subject matter experts have extensive experience in a broad range of related fields: automotive industry, business/finance, data-analysis, environmental, and LEED™ certification. Fleet Challenge America Inc. (FCA) serves our American clients.

Unbiased Perspectives

Fleet Challenge Canada Inc. (FCC) strongly believes that management consulting firms must be impartial and unbiased. For this reason, our firm was structured, incorporated, and functions as an independently funded entity. Accordingly, FCC does not partner with, accept remuneration from, or endorse any commercial products or services to ensure our neutrality.

Appendix B - About MTO Safety Standards Inspections

Ontario's Ministry of Transportation (MTO) is responsible for vehicle safety standards. An example/image of an MTO Safety Standards Certificate (SSC) is shown in *Figure 2* (left). The SSC confirms that a vehicle meets the minimum safety standards on the date the certificate was issued.

Figure 2-MTO Safety Standards Certificate



The image shows a sample of an Ontario Safety Standards Certificate (SSC) form. It is a bilingual document with English and French text. The form includes sections for:

- Inspector information: Name, Commercial status, License number, and MTO identification number.
- Vehicle information: Make, Model, Year, and Weight Rating (under 4500 kg or over 4500 kg).
- Inspection details: Date of inspection and a statement certifying that the vehicle meets the standards.
- Signatures: Spaces for the Inspector and the Licensee Agent.

 A prominent warning states: "This Certificate expires 36 days from this date" / "Ce certificat expire 36 jours à compter de cette date".

An MTO safety standards certificate (SSC) is issued upon completing a Safety Standards Inspection (SSI).

MTO SSIs are completed and SSCs issued by MTO Motor Vehicle Safety Standards Inspection Stations (MVISs). MVISs display the signage shown in *Figure 3* (right).

About Ontario Safety Standards Certificates

The Ontario Safety Standards Certificate¹⁸ (SSC) is the documentation of a Mechanical Fitness Inspection. As stated by the Ontario Ministry of Transportation (MTO), to obtain the SSC, licensed Motor Vehicle Inspection Station, owners and technicians must carefully review and apply the requirements in the technical Passenger/Light-Duty Vehicle Inspection Standard (the "Standard"). This Standard is intended to apply to light-duty trucks and passenger vehicles requiring the issuance of a Safety Standards Certificate (SSC) for vehicle registration or transfer of ownership.

Figure 3- Motor Vehicle Inspection Station Signage



The purpose of the inspection is to ensure that the vehicle meets a minimum safety standard at the time of inspection. An SSC is a legal declaration² that a vehicle was inspected under the legislation, Regulation 611, the Standard, and met all the requirements *at the time of the inspection*. As stated by the MTO, a pass or fail outcome of a vehicle inspection is based on the vehicle's condition at the time of the inspection. The determination does not involve predicting a vehicle's condition in the future.

By industry-standard categorization protocol, DARTS vehicles are light-duty vehicles because their gross vehicle weight ratings (GVWRs) are less than 4,500 kg. The MTO sets out clearly defined

¹⁸ Source: <http://www.mto.gov.on.ca/english/trucks/pdfs/passenger-light-duty-vehicle-inspection-standard.pdf>

vehicle safety standards for light-duty vehicles in its Passenger / Light-Duty Vehicle Safety Standard Reference Handbook. See: <https://www.ontario.ca/files/2022-03/mto-passenger-light-duty-vehicle-inspection-standard-en-2022-03-18.pdf>

Appendix C – About Preventive Maintenance

Leading fleets employ a progressive system of minor and major PM inspections. PM events are often designated as A, B, C, D, etc. As one moves down the alphabet from A to B and so on, the PM (and completion time required) increases in complexity. The actual maintenance portion of PM is composed of scheduled, standardized inspections and maintenance.

An "A" level PM ("A" is usually a minor PM) generally consists of a safety check and lubrication as well as checks of critical components such as brakes, lights, steering, tire condition and inflation, fuel filter replacements and fluid level checks. It also includes checking and adjusting high-wear components.

A "B" inspection is more complex and includes all aspects of an "A," but is a deeper level of checks that may consist of a wheels-off brake inspection, battery and alternator testing, transmission and differential servicing, filter changes and breather servicing and fuel filter changes among other procedures determined by the vehicle's manufacturer. A "B" level PM may also include a download of the electronic control module (ECM) and action on any trouble codes or problems reported by the ECM (if applicable).

Reactive Repairs vs. Preventive Maintenance

When a vehicle is brought into a garage needing something unexpected or unplanned, it is described as a reactive (i.e., unplanned) repair. Reactive repairs are based on failures, resulting in downtime and idle equipment costs.

On the other hand, a PM program brings vehicles in for inspection and maintenance on a schedule and repairs any items that meet or are approaching a fixed cut-off point. Being proactive about PMs means making repairs on a pre-determined schedule, preventing violations and accidents, and keeping the vehicles rolling.

Leading commercial fleets place the highest importance on preventive maintenance (PM). Effective PM programs are designed to avoid reactive repairs and resultant downtime. Reactive repairs include vehicle breakdowns and other unexpected failures, which are costly. This is not only because of the costs of unplanned repairs but also due to the cost of spare vehicles or rentals, plus the costs associated with the loss of productivity (such as the driver – or an entire crew – being unable to complete his/her/their work that day).

Most fleets synchronize their "A" and "B" PMs with routine oil changes to avoid multiple trips to the shop and extra downtime. Typically, a minor "A" inspection should be carried out several times yearly. For light-duty vehicles, the usual interval for "A" level PM is between 2,500 to 5,000 kilometres, coupled with a time interval not to exceed a pre-determined threshold (such as 30-120 days

depending on utilization levels), and between 8,000 and 16,000 kilometres for medium- and heavy-duty vehicles, also coupled with a time-interval (days/weeks/months) threshold.

Maintenance scheduling is an elaborate and exacting science: under-maintaining or over-maintaining vehicles can both be very costly. For this reason, leading fleets employ fleet management information software (FMIS) systems with robust and complex PM scheduling capabilities. For example, if a large fleet of 500 trucks conducts just one premature PM per year per truck at the cost of, say, \$1,000 each, including downtime, the annual cost would be 1/2 million dollars.

Under-maintaining has its own costs, including failed engines, breakdowns, or worse. Either of these scenarios is costly – if a vehicle is under-maintained, it can lead to expensive failures and potential safety issues. Conversely, if a unit is over-maintained, premature and unnecessary costly inspections may occur while wasting resources.

Scheduling PMs based on engine hours can make sense for fleets with widely variable usage patterns, but again should be based on dual parameters (such as kms travelled, engine hours operated, and a time interval such as days, weeks, or months) to ensure no PM inspections are missed.

Appendix D – About Best Management Practices Review

Best Management Practices Review™ (BMPR) - [bump-er] is a signature Fleet Challenge Canada Inc. process that enables our team to become familiar with a fleet's business practices.

The BMPR step involves in-depth discussions with each group's fleet management personnel (ATS/HSR, DARTS, and the three sub-contractors). We systematically reviewed specific focal points relative to the project's goals and objectives.

Our discussions were guided by our standard BMPR™ template, including up to 200 fleet management topics in 16 specific areas of interest (below). We tailored the template to include only the issues relevant to the Hamilton OCA assignment.

- | | |
|-------------------------------------|--------------------------------------|
| 1. Asset Management | 9) Fuel Procurement and Distribution |
| 2. Vehicle Specifications | 10) Accidental Damages |
| 3. Finance | 11) Vehicle Safety |
| 4. Operating and Capital Budgeting | 12) Environment |
| 5. Information Technology | 13) Policies and Procedures |
| 6. Human Resources | 14) Procurement |
| 7. Fleet Operations | 15) Performance Management |
| 8. Preventive Maintenance Practices | 16) Communications |

BMPR was designed in 2016 by Fleet Challenge Canada Inc. to systematically explore what's working well in a fleet, where business process gaps may exist, and areas of potential risk exposure. BMPR will help the FCC team become quickly and efficiently familiar with DARTS business practices and those of its sub-contractors. The BMPR process identifies potential gaps, new efficiencies and a roadmap to improvement and helps determine:

- What's working in the fleet --and what isn't
- Areas of potential non-compliance
- Areas of potential risk exposure

Appendix E -Example of MTO 6-Month Safety Inspection

Ontario  Ministry of Transportation / Ministère des Transports

Semi-Annual Inspection Certificate
Certificat d'inspection semestrielle

121 S 1548593

Make/Marque: RAM Model/Modèle: Promaster VIN/MV: BC6TRVPG6HE529790 Jurisd./Jurist: QNT

Licence Plate No./N° de plaque d'immatriculation: A.V.1.9799 Vehicle Owner / Operator/Propriétaire exploitant(e) du véhicule: Darts Transportation

Odometer/Compteur kilométrique: 1.92.585 Street No. & Name/Rue et n°: 235 Birch ave North

City, Town/Ville: Hamilton Province/State/Province/État: Ontario Postal Code/Code postal: L8L 0B7

Vehicle Type/Type de véhicule:
 Bus
 Accessible Vehicle / Véhicule accessible
 School Purposes Vehicle / À vocation scolaire

I certify this vehicle was inspected in accordance with the Highway Traffic Act, Regulation 611 for the type of vehicle indicated and found the items listed on the reverse to be within the prescribed safety standards.
 J'affirme que ce véhicule a été inspecté conformément aux dispositions du Code de la route, Règlement 611, pour le type de véhicule indiqué et que les éléments figurant au verso satisfont aux normes de sécurité prescrites.

Inspection Station Name/Nom du poste d'inspection: Yubbers Brake & Alignment Number/Numéro: 2306448


Signature of Licensee/Signature du/de la titulaire de permis: [Signature] Date Inspected/Date de l'inspection: 21/1/08

Signature of Inspecting Mechanic/Signature du mécanicien de la mécanicienne ayant effectué l'inspection: [Signature] Mechanic's Number/Numéro du mécanicien: 3105 400 968 563


Certificate expires at the end of the 6th month after inspection. Le certificat expire à la fin du 6^e mois suivant l'inspection.

811-E 267 10-19 white/blanc: vehicle operator/conducteur • yellow/jaune: MVIS/CIVA

Appendix F – H-Rising Driver’s Vehicle Inspection Form



H-RISING TRANSPORTATION
VEHICLE INSPECTION LOG-BOOK



Vehicle Number. _____

DRIVER’S NAME: _____ DATE: _____

UNIFORM VEST ICARD CONE STOOL FIRE EXT. FIRST AID KIT
 CASH _____ _____

Presto _____

KM: _____

PLEASE REPAIR: (please tick mark)

Battery	Doors	Tires / Wheels	Driver’s Seatbelt
Radiator Engine	Exhaust	Transmission	Windows
Washer Fluid	Lights / Signals	Wipers	Heaters
Wiring	Mirrors	Running Board	Deckles
Body & Frame	Last Oil Change Date: _____		

Horn	Brakes	_____
Cleanliness	Lights- Codes	_____
Insurance / Ownership	Camera Inspection	_____

COMMENTS: _____

DRIVER’S SIGNATURE: _____ SUPERVISOR’S SIGNATURE: _____

FORM 004 | REV 2

Appendix G – H-Rising Vehicle Checklist

VEHICLE CHECKLIST
Toyota Sienna

DATE: Sep. 30. 21 VEHICLE #: HS. 100
W.O. #: Vin 5TDKZ3D60J5925607 MILEAGE: 126915

INTERIOR OF COACH Starting from Driver's Seat				EXTERIOR OF COACH Counter Clock Rotation				UNDER COACH Back to Front			
1	CK	Ignition Switch, Start Van	✓	1	CK	All Exterior Lights	✓	1	CK	Fluid Leaks	✓
2	CK	All Interior Lights	✓	2	CK	Mirrors	✓	2	CK	Steering System	✓
3	CK	Neutral Safety Switch	✓	3	CK	Wiper Arms & Nozzles	✓	3	CK	Under carriage for Damage	✓
4	CK	Fuel/Temp Gauges	✓	4	CK	Exterior for Damage	✓	4	CK	Engine air filter	✓
5	CK	Speedometer Operation	✓	5	CK	Window Glass	✓	5	CK	Exhaust System / Muffler	✓
6	CK	Tail-tales and buzzers	✓	6	CK	Transmission Fluid Levels	✓	6	CK	Fuel Tank & Straps	✓
7	CK	Signals & High Beam Switches	✓	7	CK	Coolant Level	✓	7	CK	Driveshaft & U-Joints	✓
8	CK	Wiper & Washer Controls	✓	8	CK	Power Steering Level	✓	8	CK	Inflated Tires	✓
9	CK	Aim Headlights	✓	9	CK	Brake Fluid Level	✓	9	CK	Check brakes	✓
10	CK	Horn	✓	10	CK	Radiator	✓	10	CK	Suspension	✓
11	CK	All Toggle Switches Operation	✓	11	CK	Drive Belts	✓	11	CK	Torque wheel nuts	✓
12	CK	Driver's Seat Belt	✓	12	CK	A/C System	✓				
13	CK	Heater & Defroster Operation	✓	13	CK	A/C Compressor	✓				
14	CK	PTT Communication	✓	14	CK	Batteries	✓				
15	CK	Update PTT on Unders	✓	15	CK	Battery Cables & Ground	✓				
16	CK	Reboot Unders	✓	16	CK	Cabin Air Filter	✓				
17	CK	Survivors	✓	17	CK	Back-up Alarm Beeper	✓				
18	CK	Mirrors	✓	18	CK	Lube Door Hinges	✓				
19	CK	Fire Extinguisher System	✓								
20	CK	First Aid Kit	✓								
21	CK	Gloves & Wipes	✓								
22	CK	Crow Bar	✓								
23	CK	Flare Kit	✓								
24	CK	Doors for Operation & Lube	✓								
25	CK	Steering	✓								
26	CK	Owenship	✓								
27	CK	Insurance Slip	✓								
28	CK	MTD Inspection Slip	✓								
29	CK	Window Latches & Hinges	✓								
30	CK	Passenger Seats & Frames	✓								
31	CK	Passenger Seat Belts	✓								
32	CK	Chimes/Bells	✓								
33	CK	Interior Damage	✓								
34	CK	Emergency Exits	✓								
35	CK	Safety Vest	✓								
36	CK	Ice Scraper	✓								
37	CK	Log Book	✓								
38	CK	Burglar Cord (2)	✓								

REAR RAMP

1	CK	RAMP OPERATION	✓
2	CK	RAMP HANDLES / COVERS	✓
3	CK	Q-LINE RETRACTORS	✓
4	CK	RAMP FLAP HINGE	✓
5	CK	REAR LED LIGHT	✓
6	CK	RAMP LOCKS / LATCHES	✓
7	CK	ANTI-SKID / REFLECTIVE TAPE	✓
8	CK	FOR DEBRIS (CLEAN IF ANY)	✓

ROAD TEST

1	CK	Steering	✓
2	CK	Speedometer	✓
3	CK	Brake Pull	✓
4	CK	For Noises	✓
5	CK	For Vibration	✓
6	CK	Muffler Rattle / Noise	✓
7	CK	Re-torque Wheels	✓

CK -- meets safety specifications
 R Repair
 - Not Applicable

YES NO Shift Carry-Over?

Mechanic's Signature

NOTE ADDITIONAL REPAIRS / SERVICES (TRANSMISSION FLUID, SUSPENSION, ETC)

Updated APRIL 2019

Appendix H – H-Rising Incorrect Safety Inspection

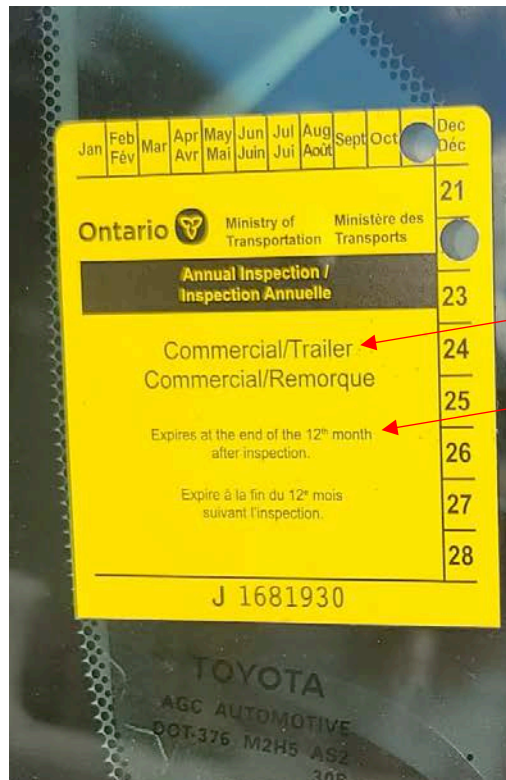


Image by FCC.

Appendix I - Example (screen capture) of Vehicle Inspection Records

	A	B	C	D	E	F	G	H	I	J
	Vehicle Num	MAKE/MODEL	DATE OF INSPECTION (dd-mm-yy)	DATE RECEIVED (dd-mm-yy)	KM	NOTES	6-MONTH DUE DATE FOR ACCESSIBLE VEHICLES	DATE NEXT DUE TO ATS (dd-mm-yy)	DATE OF INSPECTION (dd-mm-yy)	
2	410063	DODGE GRAND CARAVAN SXT	12-Nov-21	1-Mar-22	190,129 km		12-May-22	12-Nov-22		
3	410064	DODGE GRAND CARAVAN SXT	29-Sep-21	26-Jan-22	195,016 km		29-Mar-22	29-Sep-22		
4	410065	DODGE GRAND CARAVAN SXT	24-Nov-21	26-Jan-22	206,619 km		24-May-22	24-Nov-22		
5	410066	DODGE GRAND CARAVAN SXT	21-Sep-21	26-Jan-22	184,587 km		21-Mar-22	21-Sep-22		
6	410068	DODGE GRAND CARAVAN SXT	25-Nov-21	26-Jan-22	202,590 km		25-May-22	25-Nov-22		
7	410069	DODGE GRAND CARAVAN SXT	22-Nov-21	26-Jan-22	195,764 km		22-May-22	22-Nov-22		
8	410070	DODGE GRAND CARAVAN SXT	21-Sep-21	26-Jan-22	161,060 km		21-Mar-22	21-Sep-22		
9	410106	RAM PROMASTER	14-Jul-21	26-Jan-22	250,396 km		14-Jan-22	14-Jul-22		
10	410107	RAM PROMASTER	8-Nov-21	26-Jan-22	263,612 km		8-May-22	8-Nov-22		
11	410108	RAM PROMASTER	29-Sep-21	26-Jan-22	247,671 km		29-Mar-22	29-Sep-22		
12	410109	RAM PROMASTER	23-Sep-21	26-Jan-22	410,109 km		23-Mar-22	23-Sep-22		
13	410110	RAM PROMASTER	5-Oct-21	26-Jan-22	248,120 km		5-Apr-22	5-Oct-22		
14	410111	RAM PROMASTER	8-Nov-21	26-Jan-22	231,320 km		8-May-22	8-Nov-22		
15	410112	RAM PROMASTER	30-Jun-21	26-Jan-22	229,235 km		30-Dec-21	30-Jun-22		
16	410113	RAM PROMASTER	17-Jun-21	26-Jan-22	218,886 km		17-Dec-21	17-Jun-22		
17	410114	RAM PROMASTER	20-Jul-21	26-Jan-22	223,818 km		20-Jan-22	20-Jul-22		
18	410115	RAM PROMASTER	19-Jul-21	26-Jan-22	211,677 km		19-Jan-22	19-Jul-22		
19	410116	RAM PROMASTER	24-Sep-21	26-Jan-22	218,410 km		24-Mar-22	24-Sep-22		
20	410117	RAM PROMASTER	18-Aug-21	26-Jan-22	214,659 km		18-Feb-22	18-Aug-22		
21	410118	RAM PROMASTER	4-Oct-21	26-Jan-22	224,143 km		4-Apr-22	4-Oct-22		
22	410119	RAM PROMASTER	30-Sep-21	26-Jan-22	222,652 km		30-Mar-22	30-Sep-22		
23	410120	RAM PROMASTER	22-Sep-21	26-Jan-22	223,508 km		22-Mar-22	22-Sep-22		
24	410121	RAM PROMASTER	8-Oct-21	26-Jan-22	192,585 km		8-Apr-22	8-Oct-22		
25	410122	RAM PROMASTER	14-Dec-21	26-Jan-22	216,437 km		14-Jun-22	14-Dec-22		
26	410123	RAM PROMASTER	27-Aug-21	26-Jan-22	192,062 km		27-Feb-22	27-Aug-22		
27	410124	RAM PROMASTER	27-Aug-21	26-Jan-22	192,822 km		27-Feb-22	27-Aug-22		
28	410125	RAM PROMASTER 3500	15-Nov-21	26-Jan-22	123,874 km		15-May-22	15-Nov-22		
29	410126	RAM PROMASTER 3500	24-Aug-21	26-Jan-22	106,668 km		24-Feb-22	24-Aug-22		
30	410127	RAM PROMASTER 3500	3-Sep-21	26-Jan-22	104,908 km		3-Mar-22	3-Sep-22		
31	410128	RAM PROMASTER 3500	19-Oct-21	26-Jan-22	117,888 km		19-Apr-22	19-Oct-22		
32	410129	RAM PROMASTER 3500	10-Dec-21	26-Jan-22	98,713 km		10-Jun-22	10-Dec-22		
33	410130	RAM PROMASTER 3500	9-Dec-21	26-Jan-22	94,638 km		9-Jun-22	9-Dec-22		
34	410131	RAM PROMASTER	7-Oct-21	26-Jan-22	59,951 km		7-Apr-22	7-Oct-22		
35	410132	RAM PROMASTER	11-Aug-21	26-Jan-22	11,293 km		11-Feb-22	11-Aug-22		
36	410133	RAM PROMASTER	7-Oct-21	26-Jan-22	15,417 km		7-Apr-22	7-Oct-22		
37	410134	RAM PROMASTER	17-Dec-21	26-Jan-22	26,599 km		17-Jun-22	17-Dec-22		
38	410135	RAM PROMASTER	2-Dec-21	26-Jan-22	22,251 km		2-Jun-22	2-Dec-22		
39	410136	RAM PROMASTER	7-Jan-22	26-Jan-22	19,834 km		7-Jul-22	7-Jan-23		
40	410137	RAM PROMASTER	19-Jan-22	26-Jan-22	21,954 km		19-Jul-22	19-Jan-23		
41	410138	RAM PROMASTER	19-Nov-21	26-Jan-22	9,710 km		19-May-22	19-Nov-22		
42	410139	RAM PROMASTER	15-Dec-21	1-Mar-22	69 km		15-Jun-22	15-Dec-22		
43	410140	RAM PROMASTER	21-Dec-21	1-Mar-22	60 km		21-Jun-22	21-Dec-22		
44	410141	RAM PROMASTER	24-Jan-22	1-Mar-22	52 km		24-Jul-22	24-Jan-23		
45	410204	MOBILE MV 1 DX	3-Nov-21	26-Jan-22	213,273 km		3-May-22	3-Nov-22		
46	410205	MOBILE MV 1 DX	23-Nov-21	26-Jan-22	216,683 km		23-May-22	23-Nov-22		
47	410206	MOBILE MV 1 DX	30-Nov-21	26-Jan-22	208,292 km		30-May-22	30-Nov-22		

Appendix J – Enhanced DARTS Vehicle Safety Inspection Form

Subcontractor Annual Inspection Certificate



Make DODGE	Vin# 2C4R0GB69ER186679																		
Model CARAVAN	Licence Plate CHZK 703	Vehicle Number HV 103	Odometer Reading 350967																
Interior of Coach		Exterior of Coach	Under Coach																
Starting from Driver's Seat		Counter Clockwise Rotation	Back to Front																
1. Ignition switch, start vehicle	<input checked="" type="checkbox"/>	1. All exterior lights	<input checked="" type="checkbox"/>																
2. All interior lights	<input checked="" type="checkbox"/>	2. Mirrors	<input checked="" type="checkbox"/>																
3. Neutral safety switch	<input checked="" type="checkbox"/>	3. Wiper arms and nozzles	<input checked="" type="checkbox"/>																
4. Fuel/Volt/Oil/Water gauges	<input checked="" type="checkbox"/>	4. Exterior damage	<input checked="" type="checkbox"/>																
5. Speedometer operation	<input checked="" type="checkbox"/>	5. Window glass	<input checked="" type="checkbox"/>																
6. Tell-tales and buzzers	<input checked="" type="checkbox"/>	6. Transmission fluid level	<input checked="" type="checkbox"/>																
7. Signals and high beam switches	<input checked="" type="checkbox"/>	7. Coolant level	<input checked="" type="checkbox"/>																
8. Wiper and washer controls	<input checked="" type="checkbox"/>	8. Power steering fluid level	<input checked="" type="checkbox"/>																
9. Air headlights	<input checked="" type="checkbox"/>	9. Brake fluid level	<input checked="" type="checkbox"/>																
10. Horn	<input checked="" type="checkbox"/>	10. Radiator	<input checked="" type="checkbox"/>																
11. All toggle switches operational	<input checked="" type="checkbox"/>	11. Drive belts	<input checked="" type="checkbox"/>																
12. Driver's seat belt	<input checked="" type="checkbox"/>	12. A/C system	<input checked="" type="checkbox"/>																
13. Heater and defroster operational	<input checked="" type="checkbox"/>	13. A/C compressor	<input checked="" type="checkbox"/>																
14. PTT radio communication	<input checked="" type="checkbox"/>	14. Batteries	<input checked="" type="checkbox"/>																
15. Update PTT on Uniden	<input checked="" type="checkbox"/>	15. Battery cables and ground	<input checked="" type="checkbox"/>																
16. Reboot Uniden	<input checked="" type="checkbox"/>	16. Cabin air filters	<input checked="" type="checkbox"/>																
17. Subvisors	<input checked="" type="checkbox"/>	17. Lube door hinges	<input checked="" type="checkbox"/>																
18. Mirrors	<input checked="" type="checkbox"/>	Rear Ramp - Toyota Sienna																	
19. Fire extinguisher system	<input checked="" type="checkbox"/>	1. Ramp operation	<input checked="" type="checkbox"/>																
20. First aid kit	<input checked="" type="checkbox"/>	2. Ramp handles/covers	<input checked="" type="checkbox"/>																
21. Gloves and wipes	<input checked="" type="checkbox"/>	3. Q-inline retractors	<input checked="" type="checkbox"/>																
22. Crow bar	<input checked="" type="checkbox"/>	4. Ramp flap hinge	<input checked="" type="checkbox"/>																
23. Safety kit box	<input checked="" type="checkbox"/>	5. Rear LED light	<input checked="" type="checkbox"/>																
24. Doors for operation and lube	<input checked="" type="checkbox"/>	6. Ramp locks/latches	<input checked="" type="checkbox"/>																
25. Steering	<input checked="" type="checkbox"/>	7. Anti-skid/reflective tape	<input checked="" type="checkbox"/>																
26. Ownership	<input checked="" type="checkbox"/>	8. For debris (clean if any)	<input checked="" type="checkbox"/>																
27. Insurance slip	<input checked="" type="checkbox"/>																		
28. Lube cylinders and linkages	<input checked="" type="checkbox"/>																		
29. Window latches and hinges	<input checked="" type="checkbox"/>																		
30. Passenger seats and frames	<input checked="" type="checkbox"/>																		
31. Passenger seatbelts	<input checked="" type="checkbox"/>																		
32. Chimes/Bells	<input checked="" type="checkbox"/>																		
33. Interior damage	<input checked="" type="checkbox"/>																		
34. Emergency exits	<input checked="" type="checkbox"/>																		
35. Safety vest	<input checked="" type="checkbox"/>																		
36. Ice scraper	<input checked="" type="checkbox"/>																		
37. Defect Sheet	<input checked="" type="checkbox"/>																		
<table border="1"> <tr> <td colspan="2">Road Test</td> </tr> <tr> <td>1. Steering</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>2. Speedometer</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>3. Brake pull</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>4. For noises</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>5. For vibration</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>6. Muffler rattle/noise</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>7. Tie torque wheels</td> <td><input checked="" type="checkbox"/></td> </tr> </table>				Road Test		1. Steering	<input checked="" type="checkbox"/>	2. Speedometer	<input checked="" type="checkbox"/>	3. Brake pull	<input checked="" type="checkbox"/>	4. For noises	<input checked="" type="checkbox"/>	5. For vibration	<input checked="" type="checkbox"/>	6. Muffler rattle/noise	<input checked="" type="checkbox"/>	7. Tie torque wheels	<input checked="" type="checkbox"/>
Road Test																			
1. Steering	<input checked="" type="checkbox"/>																		
2. Speedometer	<input checked="" type="checkbox"/>																		
3. Brake pull	<input checked="" type="checkbox"/>																		
4. For noises	<input checked="" type="checkbox"/>																		
5. For vibration	<input checked="" type="checkbox"/>																		
6. Muffler rattle/noise	<input checked="" type="checkbox"/>																		
7. Tie torque wheels	<input checked="" type="checkbox"/>																		
<table border="1"> <tr> <td colspan="2">Legend</td> </tr> <tr> <td>OK, meets safety specs</td> <td><input checked="" type="checkbox"/> OK</td> </tr> <tr> <td>Repair required</td> <td>R</td> </tr> <tr> <td>Not applicable</td> <td>-</td> </tr> </table>				Legend		OK, meets safety specs	<input checked="" type="checkbox"/> OK	Repair required	R	Not applicable	-								
Legend																			
OK, meets safety specs	<input checked="" type="checkbox"/> OK																		
Repair required	R																		
Not applicable	-																		
<table border="1"> <tr> <td colspan="2">Shift Carry-Over?</td> </tr> <tr> <td>Yes</td> <td>No</td> </tr> </table>				Shift Carry-Over?		Yes	No												
Shift Carry-Over?																			
Yes	No																		
<p>I certify that I inspected this vehicle, and I further warrant that the condition of the items listed above as installed on this vehicle are within safe regular operation limits as described in the MTO light-duty vehicle certification process. False or forged documents are a violation of the subcontractor agreement with DARTS and will result in immediate termination of contract.</p>																			
Mechanic's Name (Please Print) NUSRAAT MEHMOOD		Mechanic's # 3105 401005405																	
Mechanic's Signature <i>Nusraat</i>		Date May 05, 2022																	



Appendix K- City Marvel Certificate of Insurance

CERTIFICATE OF INSURANCE

Issued on behalf of Facility Association
 by: Royal & Sun Alliance Insurance Company of Canada (The Insurer)
 18 York Street, Suite 800, Toronto, Ontario M5J 2T8
A Servicing Carrier for Facility Association

This is to Certify to:
 CITY OF HAMILTON
 71 MAIN STREET WEST
 HAMILTON, ONT, L8P4Y5

DATE: 02/14/2022

That Policies of insurance as herein described have been issued to the Insured named below and are in force at this date.

BROKER: YOUNGS INSURANCE BROKERS INC

INSURER: ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA

REGIONAL ADDRESS: 137 VENTURE RUN SUITE 300 DARTMOUTH NS B3B 0L9

NAMED INSURED: CITY - MARVEL ENTERPRISES INC.

ADDRESS: 19 DRIFTWOOD PLACE, STONSY CREEK, ONTARIO, L8J2N7

KIND OF POLICY	POLICY NUMBER	EXPIRY DATE DD MMM YY	LIMITS OF INSURANCE								
COMMERCIAL GENERAL LIABILITY Occurrence <input type="checkbox"/> or Claims Made <input type="checkbox"/> Employers' Liability { Included <input type="checkbox"/> Excluded <input type="checkbox"/> Cross Liability Include <input checked="" type="checkbox"/>	*		Limits of Insurance are in Canadian Currency. \$ BODILY INJURY AND PROPERTY DAMAGE LIABILITY LIMIT Each Occurrence \$ PERSONAL AND ADVERTISING INJURY LIMIT Each Occurrence \$ MEDICAL EXPENSE LIMIT Any One Person \$ TENANTS' LEGAL LIABILITY LIMIT Any One Premise \$ GENERAL AGGREGATE LIMIT \$ PRODUCTS AND COMPLETED OPERATIONS AGGREGATE LIMIT To the extent provided by the policy, aggregate may reduce the amount of insurance available to pay a loss, as Insurer's payments are made.								
AUTOMOBILE LIABILITY All owned automobiles <input type="checkbox"/> Leased automobiles *** <input type="checkbox"/> Standard Non-Owned Policy <input type="checkbox"/> Specific vehicles only <input checked="" type="checkbox"/>	*		\$.5000,000.00 INCLUSIVE LIMIT <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">EACH PERSON</td> <td style="width: 33%; text-align: center;">EACH OCCURRENCE</td> <td style="width: 33%; text-align: center;">EACH ACCIDENT</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$ 5000,000.0</td> <td style="text-align: center;">\$</td> </tr> </table>			EACH PERSON	EACH OCCURRENCE	EACH ACCIDENT	\$	\$ 5000,000.0	\$
EACH PERSON	EACH OCCURRENCE	EACH ACCIDENT									
\$	\$ 5000,000.0	\$									
*** ALL AUTOMOBILES LEASED IN EXCESS OF 30 DAYS WHERE THE INSURED IS REQUIRED TO PROVIDE INSURANCE.											
OTHER (Describe)	*										
NOTE:											
* ABSENCE OF AN ENTRY IN THESE SPACES MEANS THAT INSURANCE IS NOT IN FORCE IN RESPECT OF THE COVERAGES OPPOSITE THERETO.											

The insurance afforded is subject to the terms, conditions and exclusions of the applicable policy. This Certificate is issued as a matter of information only and confers no rights on the holder and imposes no liability on the insurer. The Insurer will endeavour to mail to the holder of this certificate 15 days written notice of cancellation of these policies, but assumes no responsibility for failure to do so.

Date: 02/14/2022

Authorized Representative

 6790 Davand Drive, Unit 1
 Mississauga, ON L5T 2G5

Appendix L - Table of Failed Inspections – DARTS Fleet

Vehicle Number	MAKE/MODEL	First Inspection Pass/Fail	Reason for Failure, Mechanic's Notes	Re-(2nd) inspection	Notes	Re-Re-(3rd) Inspection	Notes	Images
410065	DODGE GRAND CARAVAN SXT	Fail May 12	Rear hatch is rotten (sharp edge) - 2 brackets behind front wheels need to be removed (sharp edge)	Pass June 3				
410068	DODGE GRAND CARAVAN SXT	Fail May 17	Needs front tires. Finding: The parking brake does not fully release when the release control is operated. Device or Equipment Attached or Mounted to the Vehicle. Finding: Any section has an exposed sharp edge, is torn or protrudes out in a manner that could be hazardous to the driver, a passenger, pedestrian, or cyclist	Pass May 19	Repairs completed, E brake, tires. Sharp objects corrected. Pass			
410069	DODGE GRAND CARAVAN SXT	Fail May 18	Exposed sharp edge, is torn or protrudes out in a manner that could be hazardous to the driver, a passenger, pedestrian or cyclist. Ls license plate light	Pass May 25				
410106	RAM PROMASTER	Fail May 2-6	Exhaust broken off	Pass May 18				See figure 11
410107	RAM PROMASTER	Fail May 2-6	Retired as per T. Souse May 18 2022)	Retired				See figure 12
410108	RAM PROMASTER	Fail May 12	Finding: The parking brake does not fully release when the release control is operated	Fail May 24	Work not completed Fail. According to the technician the tie rod ends for which this vehicle was cited have not been touched.	Pass Jun 7	Repairs completed, inner tie rods replaced Pass	
410118	RAM PROMASTER	Fail May 18	CV boot leaking	Pass May 24				
410121	RAM PROMASTER	Fail May 17	Fail RF CV boot torn	Pass May 25				
410123	RAM PROMASTER	Fail May 2-6	Steering: RF INNER TIE ROD WOULD NOT PASS SAFETY	Pass May 18	Tie rod end replaced			
410127	RAM PROMASTER 3500	Fail May 2-6	Wiper nozzle and left turn signal won't cancel. Note:(3) Suspension: PASS, MINOR PLAY IN LOWER BALL JOINTS	Fail May 12	Washer hose off	Pass May 19		
410205	MOBILE MV 1 DX	Fail May 20	Fail RF Tire (6 moth sticker Nov 2021)	Pass May 24	Tires replaced Pass			
410207	MOBILE MV 1 DX	Fail May 19	Wheel stud snapped	Pass May 20	Driver Side front tire tread: 4/32nd inches Passenger Side front tire			

Vehicle Number	MAKE/MODEL	First Inspection Pass/Fail	Reason for Failure, Mechanic's Notes	Re-(2nd) inspection	Notes	Re-Re-(3rd) Inspection	Notes	Images
					tread: 2/32nd inches			
410210	MOBILE MV 1 DX	Fail May 20	Fail RR caliper leaking, LF inner/outer tie rod. (6 mth sticker Dec 2021)	Fail May 26	FAIL - Right Rear caliper leaking / Left Front inner and outer tie rods have play. According to Donna Haining, DARTS Maintenance Supervisor, these two vehicles have not been repaired. The parts needed are not available at this time.	Pass May 27	Repairs completed, RR caliper, Inner tie rod Pass	
410211	MOBILE MV 1 DX	Fail May 20	Left rear brake caliper, 3rd brake light. Jan 2021 6 mo. sticker	Pass May 26	Repairs completed LR Caliper, 3rd Brake Light Pass			
410215	MOBILE MV 1 DX	Fail May 20	The parking brake does not fully release when the release control is operated. Driver Side front tire tread: 3/32nd inches. Passenger Side front tire tread: 2/32nd inches. 6 mo. sticker Nov 2021	Pass May 26	E-brake repaired and all tires have been replaced.			
410219	MOBILE MV 1 DX	Fail May 20	Per Cindy. Fail e-brake. 6 month sticker Nov 2021	Pass May 20	Emergency brake repaired and leaking shock absorber replaced.			
410222	MOBILE MV 1	Fail May 20	Tie rod, brake issues. UNIT 410222 Right front inner tie rod end has play , right rear caliper seized and leaking brake fluid.	Pass May 24	Work completed , RF inner Tie rod, RR Caliper Pass			

Appendix M – Table of Failed Inspections – H-Rising Fleet

Vehicle Number	MAKE/MODEL	First Inspection Pass/Fail?	Reason for Failure, Mechanics' Notes	Re-(2nd) inspection	Notes	Re-re (3rd) Inspection	Notes	Re-re-re (4th) Inspection	Images
HS 100	TOYOTA / SIENNA	Fail May 18	License light out	Pass May 19	Bulb replaced				
HS 101	TOYOTA / SIENNA	Fail May 18	Licence plate light out Lights, Sharp objects	Pass May 18	Lights, Sharp objects Pass				
HS 102		Fail May 17	E brake will not hold. Note: vehicle had incorrect inspection sticker installed (PMCVI - trailer inspection). Notified DARTS.	Pass May 18	E brake repaired Pass. E-mailed for correct 6-month sticker to DARTS				See Figure 2
HV 100	CHRYSLER / TOWN & COUNTRY	Fail May 2	FAIL PB (parking brake) will not release. Could be cables or calipers. Lamps: fail. Left licence lamp out. Pass minor play in inner tie rod ends note: vehicle has no backup alarm. Tires: tread depth RF 7MM, LF 7MM, RR 6MM, LR 7MM	Fail May 12	Note original fail not corrected plus now the rear tires are shot and a plug in the sidewall (not allowed) (15) Tires: tread depth (measure & record) RF 7MM, LF 7MM, RR 6MM, LR 7MM. HV100 Re-inspection. FAIL (again). Parking Brake Finding: doesn't fully release both sides (same as last week) and also note (below). NOTE: This vehicle had safe tires last week when we inspected it. Now Rear tire condition finding: plug in side wall of tire right rear. Observations Driver Side rear tire tread (outer): 8/32nd inches Passenger Side rear tire tread (outer): 8/32nd inches Driver Side rear tire tread (inner): 0/32nd inches Passenger Side rear tire tread (inner): 0/32nd inches	May 25 Fail	The AG&R technician advised that the e-brake cable snapped	Pass May 26	
HV 103	DODGE / CARAVAN	Fail May 2-6	Steering: fail right inner rack boot broken. See pic	Pass May 11	Pass re-inspection				
HV 108	HONDA / ODYSSEY	Fail May 17	HV 108 Failed needs plate light bulb , 2 tires are 235/65R17, 2 X tires are 235/60R17 - need to be factory spec which is 235/65R17	Pass May 18	Tires were replaced, light fixed				
HV 112	DODGE / CARAVAN	Fail May 16	Fail/ E brake won't return. Rf Side marker bulb	Fail May 25	Fail due to battery very loose- front brake pads and rotors new, rear pads and rotors new , tires new	Pass May 25	Correction made		
HV113		Fail June 3	Front & Rear Brake Pads & Rotors were new , New Tie Rod Ends Both Side Front.	June 7 pass	Comments: Transmission Leak fixed				See Figure 1

Vehicle Number	MAKE/MODEL	First Inspection Pass/Fail?	Reason for Failure, Mechanics' Notes	Re-(2nd) inspection	Notes	Re-re (3rd) Inspection	Notes	Re-re-re (4th) Inspection	Images
			Vehicle Failed Due to Transmission leak Level						
HV 120	TOYOTA / SIENNA	Fail May 2-6	Steering: fail left front inner tie rod needs replacing. Lamps: fail left licence light out	Pass May 12					
HV 123	DODGE / CARAVAN	Fail May 2-6	Lamps: FAIL. LF HEAD LAMP OUT	Pass May 12					
HV 125	CHRYSLER / TOWN & COUNTRY	Fail May 19	Failed Engine oil pan leaking Level 3 leak, mismatched tires, but new parts on vehicle, front pads and rotors , L/F inner outer tie rod, R/F inner and outer tie rod , R/R parking brake cable , rear shocks L/F lower control arm	Pass May 24					

Appendix N – Table of Failed Inspections – City Marvel Fleet

Unit #	MAKE/MODEL	First Inspection Pass/Fail?	Reason for Failure, Mechanic's Notes	Re-(2nd) inspection	Notes	Re-re- (3rd) inspection Results	Notes	Images
CV-203	DODGE / CARAVAN	Fail May 2-6	Fail, right front wheel bearing (bearing) has excessive play. (41) pass, right front strut leaking. Tires: tread depth (measure & record): (42) RF (43) RR (44) LF (45) LR (46) 7MM (47) 5MM (48) 4MM (49) 3MM	Fail May 11	Two tires worn out. Driver Side front tire tread: 1/32nd inches Passenger Side front tire tread: 5/32nd inches Front tire size: 225/65/17 Front Tire model: Firestone fr710 & General Evertek	Pass May 18		See figure 9
CV-208	DODGE / CARAVAN	Fail May 16 2022	Failed .needs left inner tie rod end	Pass May 16	Tie-rod end replaced same day & passed			
CV-209	DODGE / CARAVAN	Fail May 16 2022	Fails Left Rear tire , Right Front tire , plate light bulb	Pass May 16	Tires replaced and plate lights repaired vehicle. Passed			
CV-211	DODGE / CARAVAN	Fail June 2 2022	Although there are new brakes, Vehicle CV211 (not C211) FAILED due to a seized right rear caliper. The driver was notified per Council direction vehicle to be pulled until repaired and re-inspected. Cindy e-mail	Pass June 2	Vehicle CV211 passed. Right rear caliper replaced.			
CV-212	DODGE / CARAVAN	Fail May 17	CV 212 Failed RF wheel with one stud and lug nut cross threaded and missing battery hold down.	Pass May 18				
CV-213	DODGE / CARAVAN	Fail May 2-6	Suspension: FAIL. RIGHT FRONT LOWER CONTROL ARM INNER BUSHING HAS EXCESSIVE PLAY.	Fail May 18	CV213 Failed Needs Tires	Pass May 19		
CV-214	DODGE / CARAVAN	Fail May 2-6	Fail: left rear caliper seized. Park brake will not release.	Pass/Fail May 11	Original brake problem was a pass but rear wiper doesn't clean window	Pass May 12		
CV-217	DODGE / CARAVAN	Fail May 2-6	Instruments and Auxiliary Equipment: fail rear washer fail hose off pump. See pic note - has incorrect owner on registration. See images of ownership doc and March 18 SSC .jpg	Pass May 12				
CV218	DODGE / CARAVAN	Fail June 6	Vehicle C218 Failed - horn rigged to a button on left not OEM and not identifiable, right front passenger side outer constant velocity boot leaking. New Front Brake Pads + Rotors, Rear Brake Pads + Rotor , New Tire's	Pass June 10	MVIS Safety Inspection - Re-Inspection Horn works on the steering wheel not a button			See figure 10

Appendix O – Table of Failed Inspections – Vankleef Fleet

Unit #	MAKE/MODEL	First Inspection pass/fail?	Reason for Failure, Mechanic's Notes	Re-(2nd) inspection	Notes	Re-re (3rd) Inspection	Notes	Images
606	DODGE / CARAVAN	Fail May 2-6	(1) Fail: emergency brake seized at rt rear caliper (29) steering: fail: rt inner tie rod excessive play pass: rt ft tire worn on outer edge, probably because of the faulty tie rod	Fail May 27	Repairs not completed E Brake still does not release, Tires replaced inner tie rod replaced Fail. Vehicle 606 re-inspected. Tires replaced and tie rod repaired (passed). Emergency brake (failed) as it won't release right rear tire.	June 2 Pass	Repairs completed, E brake releasing inner tie rod, LF tire Pass	See figure 4
607	DODGE / CARAVAN	Fail May 2-7	(1) Steering: fail: rt inner tie rod excessive play. (28) lamps: fail: left head light out. (30) body: fail: hole in rocker panel see pic	Fail May 26	RR parking brake applied but not holding up. Also not retracting back to original position. RR caliper might be seized up. Also had New Right front inner tie rod	May 27. Pass	Repairs completed Right inner tie rod, RF tire, Lights, Rocker Pass	See figure 5
611	DODGE / CARAVAN	Fail May 2-6	Fail: (27) Instruments and Auxiliary Equipment: fail: rear wiper does not contact glass. (28) lamps: Fail: right license light out	Fail May 25	Comments: Fail due to both inner tie rod boots torn. Also had New Right front inner tie rod	Pass May 27		See figure 6
614	DODGE / CARAVAN	Fail May 2-6	Fail: emergency brake will not release. (26) steering: Fail: l inner tie rod excessive play. Fail: r wiper does not contact glass	Pass May 12	Left front stabilizer link. Pass - It has been replaced and re-inspected, passes now.			
619	DODGE / CARAVAN	Fail May 2-6	Fail: heat shield over rear muffler loose fail: lr spring broken. Fail: left inner tie rod excessive play. Fail: driver's window won't go down - Will be taken off the road - see e-mail string Sue Lipnisky	Retired				
648	DODGE / CARAVAN	Fail May 2-6	Body rusted - Fail	Pass May 24	his vehicle was brought into 455 Ottawa St shop by a driver from Cosimo's garage. The G&R Tech (Brad Noble) told me that the rusted rocker panel had been repaired. (He also said that the repair was a better job than he would have done.)			
672	DODGE / CARAVAN	Fail May 17	Heat shield is loose	Fail May 25	Inner tie rod boots both torn, Wrong tire sizes (not manufacturer spec) Mismatched struts (different sizes and different brands)	Pass June 3	Vehicle #672 Passed - new front struts, tire rod, and all tire size match (per e-mail Cindy)	See figure 7
675	DODGE / CARAVAN	Fail May 11	Right front control arm bushing separated from control arm	Pass May 12	This unit #675 was a re check need right lower control arm bushing was separated it was replaced and good to go.			

Appendix P - Table of Recommendations

No.	Recommendations regarding DARTS Driver Communications
1	DARTS drivers, whether employed by DARTS or its subcontractors, should have a mechanism for freely reporting their concerns and complaints without fear of reprisal.
2	DARTS drivers filing a complaint or concern should be given the option of anonymity if that is their choice.
3	DARTS should appoint a designate to receive driver concerns and complaints. The designate should be a senior-level representative, sufficiently empowered and accountable for taking reasonable and appropriate corrective actions to address the driver's complaints/concerns once validated.
4	Complaints and comments by DARTS drivers should be documented and time-stamped, and an action plan prepared to address the driver's issue(s) by the DARTS designate selected to receive driver concerns and complaints.
5	The DARTS designate should ensure that there is a follow-up process in place to advise the complainant of the actions taken by DARTS to correct the issue.
6	The DARTS designate should be required to prepare a monthly report to DARTS senior management and the ATS of all complaints/concerns and corrective actions taken.

Number	Recommendations regarding DARTS Safety Practices
7	DARTS should take immediate actions to ensure its vehicles, and those of its subcontractors always meet MTO safety standards, not just when inspections are completed.

Number	Recommendations regarding DARTS Safety Practices
8	Safety inspections of the DARTS fleet, and its subcontractors should be conducted in accordance with applicable Ministry of Transportation of Ontario (MTO) Safety Standards Inspection (SSI) protocol and guidelines. (For further details please see the section of this report that deals with DARTS and DARTS subcontractor’s practices)
9	DARTS should provide drivers instruction on the use of emergency brakes and required to deploy their emergency brakes whenever their vehicle is stopped.
10	DARTS should ensure that emergency brakes are inspected, tested and functional at all times.
11	DARTS should provide drivers with additional training and regular refresher on completing driver’s daily inspections.

Number	Recommendations for ATS
12	ATS should conduct random MTO safety compliance inspections of Contractor (DARTS) and Subcontractor in-service vehicles.
13	Regarding contract language in the current MOA requiring DARTS vehicles to be “certified mechanically fit and safe” and “meet the requirements of the Ministry of Transportation” (MTO), the ATS should ensure that contract language is amended to apply the correct terminology and applicable requirements of the MTO (For further details please see section of this report dealing with Contracts)

Number	Recommendations for ATS
14	ATS should have real-time online access into a new DARTS fleet maintenance information system (FMIS) that would be managed and maintained by DARTS. This would enable ATS to verify the status of all DARTS MTO safety inspections and vehicle histories at any time while saving ATS time and administrative effort (as opposed to the ATS' current practice of laboriously tracking Vehicle Inspection Records (VIRs) in Excel after-the-fact). (For further details please see recommendations for DARTS later in this report)
15	DARTS and DARTS subcontractor's driver's daily inspections should be in electronic format (as opposed to paper-based as they are now). ATS should have real-time access to drivers' inspection electronic records. Driver's electronic daily reports should be integrated into a fleet maintenance information system (FMIS) managed by DARTS. ATS should always have online access to the system to confirm actions are being taken by DARTS and subcontractors when defects are reported by drivers.
16	Vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections should be reviewed by the ATS to confirm full compliance with applicable MTO Safety Standards Inspection guidelines (see previous point)
17	ATS should review and ensure that vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections must be signed by the licenced mechanic completing the inspections.
18	DARTS and DARTS subcontractors should provide ATS with current copies of the trade licences for their technicians/mechanics engaged in completing their MTO safety inspections and advise the ATS in the event of mechanic's trade certificate suspensions.
19	Major portions of the DARTS Master Operating Agreement (MOA) are no longer relevant. A new MOA is needed, ideally prepared with a clean slate approach. (Please see Contracts section of this report)

Number	Recommendations for ATS
20	An approval process and protocol to be followed by DARTS and ATS should be in place in the MOA regarding fuel rates and upcharges, weekend rates and in general, all relevant pricing and rate structures. (Please see Contracts section of this report)
21	Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire. (Please see Contracts section of this report)
22	Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and include a maximum demerit point threshold. (Please see Contracts section of this report)
23	Language in the DARTS subcontractors Service Agreements should include a commitment to professional driver improvement courses (PDIC) or remedial training, rather than taking a punitive approach when driver complaints are received, as is the current practice. (Please see Contracts section of this report)

Number	Recommendations for DARTS
24	DARTS should practice vigilance regarding the contractual vehicle safety inspection requirements and maintenance procedures of its subcontractors to prevent a recurrence of unsafe subcontractor vehicles being operated in the DARTS fleet.
25	DARTS preventive maintenance (PM) inspections should be increased in intensity and frequency to reduce or eliminate safety defects – how much they need to increase would be determined by a new fleet maintenance information system (FMIS) (See point #28 below regarding fleet maintenance systems) based on “uptime” tracking functionalities of the FMIS.

Number	Recommendations for DARTS
26	<p>The requirement for subcontractors' drivers to complete daily vehicle circle checks, and the processes of managing the checks, and in particular, defects reported by drivers, should be defined in the subcontractor's service agreements (SAs)</p>
27	<p>DARTS should immediately implement quality assurance measures. In its current preventive maintenance practices, there are no quality assurance processes in place at DARTS. We feel this is likely the root cause of the high rate of safety inspection failures during the recent safety inspection campaign.</p> <p>The DARTS Maintenance/Driver Supervisor is not a licenced mechanic and therefore not in possession of the skills and accreditations required to confirm that the work of the mechanics is satisfactory.</p> <p>As one option, DARTS should consider a new Lead Mechanic job classification, in which a licensed mechanic would be given responsibility for final inspection of work completed by DARTS mechanics thusly assuring quality and increasing adherence to safety protocols.</p>
28	<p>DARTS should invest in a proper fleet maintenance information system (FMIS) to replace the current whiteboard. The fleet maintenance scheduling and management functionalities of the current program, which was developed in-house, are far inadequate for the needs of a modern fleet.</p>
29	<p>The recommended FMIS (see above) should be capable of multi-criteria preventive maintenance (PM) scheduling, tracking DARTS and subcontractor maintenance and safety inspection histories (now tracked by ATS externally in Excel), enable complex cost-analysis, track fuel usage and driver profiles, abstracts and a myriad of other functions required by a modern fleet. Electronic drivers' daily inspections should be connected to the FMIS to replace paper-based records now in place.</p>

Number	Recommendations for DARTS
30	<p>In the long-term, and once quality assurance processes are in place and the issue of safety inspections failures has been fully addressed in a manner that is acceptable to the ATS, DARTS should consider re-applying to become a licenced, accredited Ministry of Transportation (MTO) Motor Vehicle Inspection Station (MVIS).</p> <p>If successful in becoming an MVIS, it would lower costs and increase efficiencies by eliminating the dependency on third-party garages for performing its MTO safety inspections.</p> <p>That stated, without having quality assurance processes in place, as is the situation now, it would be risky if DARTS was able to complete its own MTO safety inspections given the results (~26% fail rate) from our independent safety inspections. At this time, a licenced, independent third-party MTO Motor Vehicle Inspection Station (MVIS) of the City's choosing would be a more prudent choice.</p>
31	<p>Under the terms of the MOA, there is a contractual requirement for DARTS use of subcontractors to be approved by the General Manager of Public Works. DARTS management should immediately seek this approval for existing and future subcontractors and ensure that documentation of the approval(s) is available at all times.</p>
32	<p>DARTS should conduct a detailed financial review to compare the cost of subcontractor vehicles versus similar vehicles being obtained by DARTS through leases, rentals, or purchases. The latter options may be more cost-effective than previously expected. Consider issuing an RFQ/Q for the provision options (i.e., buy, rent or lease) for acquisition of light-duty vans now being provided by its subcontractors.</p>

Number	Recommendations for DARTS regarding its Subcontractors
33	DARTS should take a vigilant approach in managing its subcontractors as far as their vehicle safety inspections and quality standards. For example, DARTS should require that annual MTO Safety Standards Inspections and 6-month accessible vehicle MTO Safety Standards Inspections required under the subcontractor Service Agreements to be carried out at MTO licenced Motor Vehicle Inspection Stations (MVIS') of DARTS choice, not the subcontractors.
34	DARTS should re-investigate its dependency on outsourced subcontractors. Cost-effective alternatives may include in-sourcing the services now outsourced to the sub-contractors.
35	DARTS should complete comprehensive business case analysis to revisit the lowest cost options between insourcing or outsourcing to subcontractors
36	For vehicles now provided and driven by DARTS subcontractors, DARTS should consider a hybrid business model in which DARTS would provide and maintain the vehicles while drivers would be provided and managed by contracted driver pool service-provider(s).
37	DARTS subcontractor Service Agreements should set a limit regarding the maximum age and total kilometres for subcontractor vehicles. As a starting point, we recommend vehicles should be no older than five model years and 200,000 total kilometres, but these thresholds should be confirmed through historical operating data and safety inspection failure rate analysis.

Number	Recommendations - Insurance
38	DARTS should require subcontractors to obtain insurance coverage that applies to all vehicles owned or operated by the insured (as opposed to insurance coverage for specific vehicles identified by their vehicle identifications numbers, fleet unit numbers, makes/model/year of units or other methods).
39	DARTS and ATS, as additional named insureds, on subcontractor's insurance policies should be provided legally notarized copies of the subcontractor's certificates of insurance (COIs).
40	In subcontractor COIs, DARTS and ATS should be provided full details including Declarations (e.g., at minimum the risks that are covered, policy limits, and deductibles), Insuring Agreements (e.g., policy conditions, exclusions and special limits, risks that are covered, policy limits, and deductibles, other insureds, a list of form numbers and endorsements that add to or alter the policy, losses covered, the subject matter of the insurance and description of the property covered, the perils insured against and circumstances when the insured may receive the proceeds of the insurance), Policy Conditions and Exclusions and Special Limits.
41	DARTS and ATS should be provided legally notarized subcontractor insurance COIs at least annually, any time changes are made to the policies, whenever a vehicle is added to the subcontractor's fleet, or any time a vehicle is returned to active DARTS service.
42	City of Hamilton Risk Management should review and approve in writing to DARTS and ATS management, the legally notarized COIs provided by each subcontractor's insurers before vehicles are put into active service in the DARTS operation.
43	City of Hamilton Risk Management should review subcontractor insurance requirements at least annually.

Number	Recommendations – Contracts – the MOA
44	The DARTS Master Operating Agreement (MOA) should be re-written or replaced in its entirety. Although DARTS business structure has changed significantly over the years the MOA was executed almost ten years ago and has remained much the same:

Number	Recommendations – Contracts – the MOA
	<ul style="list-style-type: none"> • MOA Schedule A is irrelevant as it relates to vehicles and buses, they (the City) leased to DARTS, however there are no buses leased to the City as of last year • MOA Schedule B relates to IT Services and has been stricken as DARTS procure their own servers and licences • MOA Schedule C relates to City-owned land, offices & parking used by DARTS • ATS no longer handles reservations – now DARTS manages
45	<p>The terminology used in the MOA section 3.3.13 c): “Certificate of Mechanical Fitness” should be referred to as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.</p>
46	<p>The MOA should define requirements of accessible vehicles that must receive MTO accessible vehicle safety inspections every 6-months.</p>
47	<p>The MOA should be re-worded to require the Contractor (DARTS) to keep records of vehicle maintenance (it now refers to Schedule A regarding leased City-owned vehicles)</p>
48	<p>The MOA should define the requirement for driver's daily pre-trip inspections and the processes for managing documentation of, and actions resulting from these inspections</p>
49	<p>The MOA should set out the requirements regarding driver screening and driver’s abstracts, both pre-hire and during employment.</p>
50	<p>The MOA contract language should define the minimum standards as far as DARTS driver’s demerit point status.</p>

Number	Recommendations – Contracts - Subcontractor Service Agreements (SAs)
51	Subcontractor Service Agreements (SAs) should be aligned with the DARTS MOA contractual obligations to the City.
52	Contract language throughout the subcontractor SAs including current references to “Certificate of Mechanical Fitness”, should be updated to correctly refer to the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.
53	The SAs should define requirements for accessible vehicles to receive MTO accessible vehicle safety inspections every 6-months.
54	The SAs should be re-worded to require the subcontractors to keep records of vehicle maintenance and promptly provide such records to DARTS
55	The SAs should define minimum acceptable vehicle safety and preventive maintenance (PM) standards consistent with MTO safety standards.
56	The SAs should set out the consequence of non-compliance with MTO safety standards.
57	The SAs should define the consequence of non-compliance with MTO safety and PM standards, up to and including cancellation of their SA contracts

Number	Recommendations – Contracts - Subcontractor Service Agreements (SAs)
58	The SAs should define the requirement for driver's daily pre-trip inspections, the processes for managing documentation of, and corrective actions resulting from these inspections.
59	The SAs should set out the requirements regarding driver screening and driver's abstracts, both pre-hire and during employment.
60	The SAs contract language should define the minimum standards as far as driver's demerit point status.
61	The SAs should include specific language requiring subcontractor vehicles to conform to safety requirements for the modification and construction of accessible vehicles.
62	Language in the SAs regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire.
63	Language in the SAs regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and a maximum demerit point threshold.
64	Language in the SAs should include remedial measures such as professional driver improvement courses (PDIC) or training, rather than taking a punitive approach when driver complaints are received.

Appendix R – Images of Fails

Figure 1. H-Rising #HV113 major oil leak - Image by OCA



Figure 2. H-Rising #HS102 Incorrect safety (trailer) inspection sticker installed. Shown with correct sticker applied later. Image by OCA



Figure 3. H-Rising #HV103 CV Joint boot broken/split. Image by FCC Inc.



Figure 4. Vankleef #606 – Brake issues. Image by AG&R



Figure 5. Vankleef #607 rusted hole in body panel. Image by FCC Inc.



Figure 6. Vankleef #611. Both inner tie rod boots torn. Image by AG&R



Figure 7. Vankleef #672 Split inner tie rod boot. Image by AG&R



Figure 8. Vankleef #606 bald tire with steel cords exposed. Image by OCA



Figure 9. City Marvel #CV203 - Strut leaking. Image by FCC Inc.



Figure 10. City Marvel #CV218 – Auxiliary horn button unlabelled, not OEM. Factory horn non-functional. Image by OCA



- 98 Figure 11. DARTS #410106 Exhaust broken off. Image by FCC Inc.



Figure 12. DARTS Unit #410107 - Large hole rusted in muffler. Image by FCC Inc.



Figure 13. City Marvel #CV211. Seized brake caliper. Image by OCA.





Hamilton

Office of the City Auditor

**Accessible Transit Services:
DARTS Fleet Management and Vehicle
Safety Audit (Report #50695)**

**Recommendations
and
Management Responses**

September 8, 2022

**Office of the City Auditor
Brigitte Minard, Deputy City Auditor
Domenic Pellegrini, Senior Auditor
Charles Brown, City Auditor**

Introduction

As a result of the audit completed by the Office of the City Auditor (OCA) with support from Fleet Challenge Canada (FCC), many significant opportunities for improvement were identified and a total of 73 (nine from the OCA and 64 from FCC) recommendations were made (as noted in Appendix "B" to Report AUD22007).

The Office of the City Auditor requested one high-level management response from management in the Transit Division. They will be providing the OCA with a detailed response to each individual recommendation within the next few months after they consult with Legal and Risk Management Services, complete benchmarking research and consult with the vendor (DARTS).

FCC Recommendations-Key Highlights

The FCC recommendations covered a broad range of themes including:

- DARTS Driver Communications
- DARTS Safety Practices
- Recommendations for Accessible Transit Services (ATS)
- Recommendations for DARTS
- Recommendations for DARTS Regarding its Subcontractors
- Insurance
- Contracts-Memorandum of Agreement (MOA)
- Contracts-Subcontractor Service Agreements

Broadly speaking, many recommendations related to vehicle safety and how to ensure that service is delivered to residents-that is providing them with a trip in a safe vehicle that is properly insured, and are driven by a driver that is properly trained with an adequate safety and training record.

The many recommendations that related to contracts and insurance ultimately support the safe delivery of accessible transit services, while achieving value for money in service delivery (primary focus being effectiveness of service delivery).

Recommendations

Office of the City Auditor Recommendations

Recommendation 1

We recommend that the existing Memorandum of Agreement (MOA) be substantially redesigned with a view to ensuring safe and efficient operations, clear standards, and effective remedies and contingencies. The MOA is dated, and lacks many critical areas of contract language such as driver training, vehicle safety, remedies for non-performance or conformance, penalties for non-compliance, vehicle specifications and standards, etc. A new, modern legal document that meets the City's requirements is needed.

Recommendation 2

We recommend that the Transit Division set standards for contractor and sub-contractor vehicle safety inspection results and include this language in future contract updates to ensure public safety risks are properly addressed. When assessing inspection results, the City should exercise contractual rights to penalize contractors failing to meet the safety standards to the fullest extent possible, and it should have intervention mechanisms that are effective and timely.

Recommendation 3

We recommend that a single, accurate, and complete list of DARTS and Subcontractor vehicles be maintained by the contractor and be available to the Transit Division. The list should be up to date in real time and revised whenever there are changes proposed by the contractor. This should be part of any updated contract related to the provision of accessible transit services.

In order to properly identify each unique vehicle, this list should include the vehicle number, the license plate number, the VIN number, and proof of insurance. It should also reflect whether the vehicle is active or inactive. The accuracy and completeness of this list should be tested and verified at least annually. Consideration should also be given to defining key terms relating to the above in future contract updates.

Recommendation 4

We recommend that Transit's contract management practices be improved to ensure adequate contract management documentation is maintained by the City, including for amendments, non-conformances, and penalties, ensuring that contract management administrative requirements are strictly adhered to, maintaining appropriate contractor boundaries, and formal communications with them are timely, effective, and sufficient.

Recommendation 5

We recommend that Transit's process for approving subcontractors be improved and replaced with a consistent, formalized process and criteria that will ensure appropriate due diligence and provide the City with assurances that any proposed subcontractors are being properly vetted prior to being considered for approval. It should be the City's sole discretion if any sub-contractors are to be utilized or not.

Recommendation 6

We recommend that the Trapeze application and the service data be under the control of the City. The Transit Division needs access to all the Trapeze functionalities and captured data, and this should be a critical requirement of the terms that form part the next agreement with a contractor. Consideration should also be given to having future contracts include some level of authority over routing decisions by the City.

Recommendation 7

We recommend that contractor performance for the accessible transit services contracts be tracked and evaluated using a consistent and robust process.

Recommendation 8

We recommend that contract management training be provided to Transit Division staff to ensure the City's rights under contract are protected and timely remedies can be implemented during the contract management process.

Recommendation 9

We recommend that Transit develop contingency plans that can be executed should the need arise to replace and/or cancel a contract with a contractor/subcontractor.

Fleet Challenge Canada Recommendations

Theme A: Recommendations Regarding DARTS Driver Communications

Recommendation 1

DARTS drivers, whether employed by DARTS or its subcontractors, should have a mechanism for freely reporting their concerns and complaints without fear of reprisal.

Recommendation 2

DARTS drivers filing a complaint or concern should be given the option of anonymity if that is their choice.

Recommendation 3

DARTS should appoint a designate to receive driver concerns and complaints. The designate should be a senior-level representative, sufficiently empowered and accountable for taking reasonable and appropriate corrective actions to address the driver's complaints/concerns once validated.

Recommendation 4

Complaints and comments by DARTS drivers should be documented and time-stamped, and an action plan prepared to address the driver's issue(s) by the DARTS designate selected to receive driver concerns and complaints.

Recommendation 5

The DARTS designate should ensure that there is a follow-up process in place to advise the complainant of the actions taken by DARTS to correct the issue.

Recommendation 6

The DARTS designate should be required to prepare a monthly report to DARTS senior management and the ATS of all complaints/concerns and corrective actions taken.

Theme B: Recommendations Regarding DARTS Safety Practices

Recommendation 7

DARTS should take immediate actions to ensure its vehicles, and those of its subcontractors always meet MTO safety standards, not just when inspections are completed.

Recommendation 8

Safety inspections of the DARTS fleet, and its subcontractors should be conducted in accordance with applicable Ministry of Transportation of Ontario (MTO) Safety Standards Inspection (SSI) protocol and guidelines.

(For further details please see the section of this report that deals with DARTS and DARTS subcontractor's practices)

Recommendation 9

DARTS should provide drivers instruction on the use of emergency brakes and required to deploy their emergency brakes whenever their vehicle is stopped.

Recommendation 10

DARTS should ensure that emergency brakes are inspected, tested and functional at all times.

Recommendation 11

DARTS should provide drivers with additional training and regular refresher on completing driver's daily inspections.

Theme C: Recommendations for ATS

Recommendation 12

ATS should conduct random MTO safety compliance inspections of Contractor (DARTS) and Subcontractor in-service vehicles.

Recommendation 13

Regarding contract language in the current MOA requiring DARTS vehicles to be "certified mechanically fit and safe" and "meet the requirements of the Ministry of Transportation" (MTO), the ATS should ensure that contract language is amended to apply the correct terminology and applicable requirements of the MTO (For further details please see section of this report dealing with Contracts)

Recommendation 14

ATS should have real-time online access into a new DARTS fleet maintenance information system (FMIS) that would be managed and maintained by DARTS. This would enable ATS to verify the status of all DARTS MTO safety inspections and vehicle histories at any time while saving ATS time and administrative effort (as opposed to the ATS' current practice of laboriously tracking Vehicle Inspection Records (VIRs) in Excel after-the-fact). (For further details please see recommendations for DARTS later in this report)

Recommendation 15

DARTS and DARTS subcontractor's driver's daily inspections should be in electronic format (as opposed to paper-based as they are now). ATS should have real-time access to drivers' inspection electronic records. Driver's electronic daily reports should be integrated into a fleet maintenance information system (FMIS) managed by DARTS. ATS should always have online access to the system to confirm actions are being taken by DARTS and subcontractors when defects are reported by drivers.

Recommendation 16

Vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections should be reviewed by the ATS to confirm full compliance with applicable MTO Safety Standards Inspection guidelines (see previous point)

Recommendation 17

ATS should review and ensure that vehicle inspection worksheets prepared to guide technicians in completing DARTS and subcontractor vehicle safety inspections must be signed by the licenced mechanic completing the inspections.

Recommendation 18

DARTS and DARTS subcontractors should provide ATS with current copies of the trade licences for their technicians/mechanics engaged in completing their MTO safety inspections and advise the ATS in the event of mechanic's trade certificate suspensions.

Recommendation 19

Major portions of the DARTS Master Operating Agreement (MOA) are no longer relevant. A new MOA is needed, ideally prepared with a clean slate approach. (Please see Contracts section of this report)

Recommendation 20

An approval process and protocol to be followed by DARTS and ATS should be in place in the MOA regarding fuel rates and upcharges, weekend rates and in general, all relevant pricing and rate structures. (Please see Contracts section of this report)

Recommendation 21

Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire. (Please see Contracts section of this report)

Recommendation 22

Language in the DARTS subcontractors Service Agreements regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and include a maximum demerit point threshold. (Please see Contracts section of this report)

Recommendation 23

Language in the DARTS subcontractors Service Agreements should include a commitment to professional driver improvement courses (PDIC) or remedial training, rather than taking a punitive approach when driver complaints are received, as is the current practice. (Please see Contracts section of this report)

Theme D: Recommendations for DARTS

Recommendation 24

DARTS should practice vigilance regarding the contractual vehicle safety inspection requirements and maintenance procedures of its subcontractors to prevent a recurrence of unsafe subcontractor vehicles being operated in the DARTS fleet.

Recommendation 25

DARTS preventive maintenance (PM) inspections should be increased in intensity and frequency to reduce or eliminate safety defects – how much they need to increase would be determined by a new fleet maintenance information system (FMIS) (See point #28 below regarding fleet maintenance systems) based on "uptime" tracking functionalities of the FMIS.

Recommendation 26

The requirement for subcontractors' drivers to complete daily vehicle circle checks, and the processes of managing the checks, and in particular, defects reported by drivers, should be defined in the subcontractor's service agreements (SAs)

Recommendation 27

DARTS should immediately implement quality assurance measures. In its current preventive maintenance practices, there are no quality assurance processes in place at DARTS. We feel this is likely the root cause of the high rate of safety inspection failures during the recent safety inspection campaign.

The DARTS Maintenance/Driver Supervisor is not a licenced mechanic and therefore not in possession of the skills and accreditations required to confirm that the work of the mechanics is satisfactory.

As one option, DARTS should consider a new Lead Mechanic job classification, in which a licensed mechanic would be given responsibility for final inspection of work completed by DARTS mechanics thusly assuring quality and increasing adherence to safety protocols.

Recommendation 28

DARTS should invest in a proper fleet maintenance information system (FMIS) to replace the current whiteboard. The fleet maintenance scheduling and management functionalities of the current program, which was developed in-house, are far inadequate for the needs of a modern fleet.

Recommendation 29

The recommended FMIS (see above) should be capable of multi-criteria preventive maintenance (PM) scheduling, tracking DARTS and subcontractor maintenance and safety inspection histories (now tracked by ATS externally in Excel), enable complex cost-analysis, track fuel usage and driver profiles, abstracts and a myriad of other functions required by a modern fleet. Electronic drivers' daily inspections should be connected to the FMIS to replace paper-based records now in place.

Recommendation 30

In the long-term, and once quality assurance processes are in place and the issue of safety inspections failures has been fully addressed in a manner that is acceptable to the ATS, DARTS should consider re-applying to become a licenced, accredited Ministry of Transportation (MTO) Motor Vehicle Inspection Station (MVIS).

If successful in becoming an MVIS, it would lower costs and increase efficiencies by eliminating the dependency on third-party garages for performing its MTO safety inspections.

That stated, without having quality assurance processes in place, as is the situation now, it would be risky if DARTS was able to complete its own MTO safety inspections given the results (~26% fail rate) from our independent safety inspections. At this time, a licenced, independent third-party MTO Motor Vehicle Inspection Station (MVIS) of the City's choosing would be a more prudent choice.

Recommendation 31

Under the terms of the MOA, there is a contractual requirement for DARTS use of subcontractors to be approved by the General Manager of Public Works. DARTS management should immediately seek this approval for existing and future subcontractors and ensure that documentation of the approval(s) is available at all times.

Recommendation 32

DARTS should conduct a detailed financial review to compare the cost of subcontractor vehicles versus similar vehicles being obtained by DARTS through leases, rentals, or purchases. The latter options may be more cost-effective than previously expected. Consider issuing an RFQ/Q for the provision options (i.e., buy, rent or lease) for acquisition of light-duty vans now being provided by its subcontractors.

Theme E: Recommendations for DARTS Regarding its Subcontractors

Recommendation 33

DARTS should take a vigilant approach in managing its subcontractors as far as their vehicle safety inspections and quality standards. For example, DARTS should require that annual MTO Safety Standards Inspections and 6-month accessible vehicle MTO Safety Standards Inspections required under the subcontractor Service Agreements to be carried out at MTO licenced Motor Vehicle Inspection Stations (MVIS') of DARTS choice, not the subcontractors.

Recommendation 34

DARTS should re-investigate its dependency on outsourced subcontractors. Cost-effective alternatives may include in-sourcing the services now outsourced to the sub-contractors.

Recommendation 35

DARTS should complete comprehensive business case analysis to revisit the lowest cost options between insourcing or outsourcing to subcontractors

Recommendation 36

For vehicles now provided and driven by DARTS subcontractors, DARTS should consider a hybrid business model in which DARTS would provide and maintain the vehicles while drivers would be provided and managed by contracted driver pool service-provider(s).

Recommendation 37

DARTS subcontractor Service Agreements should set a limit regarding the maximum age and total kilometres for subcontractor vehicles. As a starting point, we recommend vehicles should be no older than five model years and 200,000 total kilometres, but these thresholds should be confirmed through historical operating data and safety inspection failure rate analysis.

Theme F: Recommendations – Insurance

Recommendation 38

DARTS should require subcontractors to obtain insurance coverage that applies to all vehicles owned or operated by the insured (as opposed to insurance coverage for specific vehicles identified by their vehicle identifications numbers, fleet unit numbers, makes/model/year of units or other methods).

Recommendation 39

DARTS and ATS, as additional named insureds, on subcontractor's insurance policies should be provided legally notarized copies of the subcontractor's certificates of insurance (COIs).

Recommendation 40

In subcontractor COIs, DARTS and ATS should be provided full details including Declarations (e.g., at minimum the risks that are covered, policy limits, and deductibles), Insuring Agreements (e.g., policy conditions, exclusions and special limits, risks that are covered, policy limits, and deductibles, other insureds, a list of form numbers and endorsements that add to or alter the policy, losses covered, the subject matter of the insurance and description of the property covered, the perils insured against and circumstances when the insured may receive the proceeds of the insurance), Policy Conditions and Exclusions and Special Limits.

Recommendation 41

DARTS and ATS should be provided legally notarized subcontractor insurance COIs at least annually, any time changes are made to the policies, whenever a vehicle is added to the subcontractor's fleet, or any time a vehicle is returned to active DARTS service.

Recommendation 42

City of Hamilton Risk Management should review and approve in writing to DARTS and ATS management, the legally notarized COIs provided by each subcontractor's insurers before vehicles are put into active service in the DARTS operation.

Recommendation 43

City of Hamilton Risk Management should review subcontractor insurance requirements at least annually.

Theme G: Recommendations – Contracts – the MOA

Recommendation 44

The DARTS Master Operating Agreement (MOA) should be re-written or replaced in its entirety. Although DARTS business structure has changed significantly over the years the MOA was executed almost ten years ago and has remained much the same:

- MOA Schedule A is irrelevant as it relates to vehicles and buses, they (the City) leased to DARTS, however there are no buses leased to the City as of last year
- MOA Schedule B relates to IT Services and has been stricken as DARTS procure their own servers and licences
- MOA Schedule C relates to City-owned land, offices & parking used by DARTS
- ATS no longer handles reservations – now DARTS manages

Recommendation 45

The terminology used in the MOA section 3.3.13 c): "Certificate of Mechanical Fitness" should be referred to as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.

Recommendation 46

The MOA should define requirements of accessible vehicles that must receive MTO accessible vehicle safety inspections every 6-months.

Recommendation 47

The MOA should be re-worded to require the Contractor (DARTS) to keep records of vehicle maintenance (it now refers to Schedule A regarding leased City-owned vehicles)

Recommendation 48

The MOA should define the requirement for driver's daily pre-trip inspections and the processes for managing documentation of, and actions resulting from these inspections

Recommendation 49

The MOA should set out the requirements regarding driver screening and driver's abstracts, both pre-hire and during employment.

Recommendation 50

The MOA contract language should define the minimum standards as far as DARTS driver's demerit point status.

Theme H: Recommendations – Contracts - Subcontractor Service Agreements (SAs)

Recommendation 51

Subcontractor Service Agreements (SAs) should be aligned with the DARTS MOA contractual obligations to the City.

Recommendation 52

Contract language throughout the subcontractor SAs including current references to "Certificate of Mechanical Fitness", should be updated to correctly refer to the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.

Recommendation 53

The SAs should define requirements for accessible vehicles to receive MTO accessible vehicle safety inspections every 6-months.

Recommendation 54

The SAs should be re-worded to require the subcontractors to keep records of vehicle maintenance and promptly provide such records to DARTS

Recommendation 55

The SAs should define minimum acceptable vehicle safety and preventive maintenance (PM) standards consistent with MTO safety standards.

Recommendation 56

The SAs should set out the consequence of non-compliance with MTO safety standards.

Recommendation 57

The SAs should define the consequence of non-compliance with MTO safety and PM standards, up to and including cancellation of their SA contracts

Recommendation 58

The SAs should define the requirement for driver's daily pre-trip inspections, the processes for managing documentation of, and corrective actions resulting from these inspections.

Recommendation 59

The SAs should set out the requirements regarding driver screening and driver's abstracts, both pre-hire and during employment.

Recommendation 60

The SAs contract language should define the minimum standards as far as driver's demerit point status.

Recommendation 61

The SAs should include specific language requiring subcontractor vehicles to conform to safety requirements for the modification and construction of accessible vehicles.

Recommendation 62

Language in the SAs regarding Validated Registered Drivers should be reviewed to include pre-hire driver abstracts, and follow-up abstracts after hire.

Recommendation 63

Language in the SAs regarding Validated Registered Drivers should be reviewed to define the minimum standards for drivers and a maximum demerit point threshold.

Recommendation 64

Language in the SAs should include remedial measures such as professional driver improvement courses (PDIC) or training, rather than taking a punitive approach when driver complaints are received.

Management Response (Transit Division, Public Works Department)

Agree.

Management is generally agreeable with the OCA's audit findings. Management will review the recommendations in detail, coordinate responses with the City's external contractor (DARTS) on their specific issues and recommendations, and will work towards providing thorough Management Action Plans intended to strengthen the service delivery and the safety of accessible transit services in Hamilton. This will include providing further rigor to vehicle maintenance, inspection, fleet management, and contract management practices to ensure that program objectives are achieved, therefore ensuring the safe provision of service.

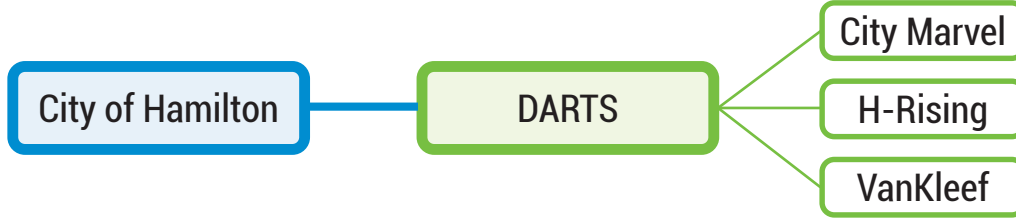
Management will provide specific responses and Management Action Plans to the OCA for each recommendation, including those of DARTS where applicable, so that the OCA can review and report to Committee and Council on the efficacy of measures being proposed and necessary resources required to address identified gaps.

Completion Type: Expected Completion

Completion Date: January 2023

ACCESSIBLE TRANSIT SERVICES IN HAMILTON








Accessible Transit Service Delivery



ACCESSIBLE TRANSIT SERVICES		
	2019 (Pre-COVID)	2021 (During COVID)
Annual Spend on DARTS	\$22.5M	\$13.1M
Number of Trips Per Year	844,007	281,326
Number of Active Riders	9,819	6,058
Per Trip Cost	\$26.71	\$46.59

73

Recommendations

FLEET SIZE				
	DARTS	City Marvel	H-Rising	VanKleef
 PROMASTER AND MOBILE MV	 54			
 MINIVAN	 14	 19	 32	 23

46%

Initial Fail Rate of the Vehicles Inspected

- ▣ Faulty brakes
- ▣ Leaking hydraulics
- ▣ Worn suspension
- ▣ Loose steering
- ▣ Bald tires
- ▣ Cracked exhaust pipes
- ▣ Rusted panels

AUDIT THEMES

- | | |
|---|--|
| <ul style="list-style-type: none">  QUALITY ASSURANCE PROCESSES  SAFETY AWARENESS AND TRAINING  CONTRACT OVERSIGHT  MINIMUM STANDARDS | <ul style="list-style-type: none">  QUALIFICATIONS  INSPECTION PROCEDURES  DATA MANAGEMENT |
|---|--|



Dodge Caravan

MV1

Promaster

Toyota Sienna

ACCESSIBLE TRANSIT SERVICES:

DARTS FLEET MANAGEMENT AND

VEHICLE SAFETY AUDIT

Charles Brown, City Auditor and Roger Smith, Fleet Challenge Canada











Hamilton

Office of the City Auditor

SEPTEMBER 8, 2022

ACCESSIBLE TRANSIT SERVICES

	2019 (Pre-COVID)	2021 (During COVID)
Annual Spend on DARTS	\$22.5M	\$13.1M
Number of Trips Per Year	844,007	281,326
Number of Active Riders	9,819	6,058
Per Trip Cost	\$26.71	\$46.59

FLEET SIZE				
	DARTS	City Marvel	H-Rising	VanKleef
  PROMASTER AND MOBILE MV	 54			
 MINIVAN	 14	 19	 32	 23

- Gained an understanding of fleet management processes, specifically municipal transit fleet management.
- Gained an understanding of operational processes and standards regarding fleet management safety inspections, maintenance best practices and common issues.
- Assessed vehicle safety inspection results to determine if they were consistent with industry best practices.
- Analyzed information indicative of whether the City is getting good value on its current contract for accessible transit services with DARTS.
- Obtained insights from experts in the field.



DARTS Fleet Review

About Fleet Challenge

- A leading **fleet management** consulting firm - Canada and USA
- **Clients** are municipal, provincial and federal government, 'triple A' corporations
- **Since 2005** almost 200 commercial fleet reviews have been completed

About Fleet Challenge

- No commercial affiliations, **unbiased**, neutral-party reviews
- We provide commercial fleet clients with **business analysis** and 3rd party validation
- Our consultants are **accredited professionals** who complete assignments projects based on their specific expertise

DARTS Fleet Review

- Between April 5, 2022, and July 29, 2022, Fleet Challenge completed a **fleet safety inspection** and **business practice review** of the DARTS operation
- The review **was completed** on behalf of the City of Hamilton Office of the City Auditor

DARTS - *Vehicle Safety Inspections*

- During the week of May 2, 2022, **39 DARTS and subcontractor vehicles** were safety-inspected
- The objective was to determine if DARTS and subcontractor fleets met **motor vehicle safety standards** of the Ministry of Transportation

DARTS Fleet Review - *Processes*

- Concurrently, we **completed in-depth business practice reviews** of the ATS, DARTS and subcontractor fleets
- We **met with management personnel** from each group to learn about their practices, policies, procedures and to review documentation
- The meetings were designed to allow us insights into each operation's business processes and practices and determine **contract and insurance compliance**

DARTS Safety Inspections - *Key Findings*

- In the first week, **39 random safety inspections** were completed
- **46% of DARTS and subcontractor vehicles failed** to meet Ministry of Transportation Ontario (MTO) safety standards
- Safety **failures included** exhaust, tires, brakes, body, lights, steering, and suspension

For context, a recent Commercial Vehicle and Safety Alliance (CVSA) inspection in 46 Canadian and US jurisdictions, had a failure rate of 14.1% of 9,132 vehicles inspected.

Examples of Safety Defects

Figure 11. DARTS #410106 Exhaust broken off. Image by FCC Inc.

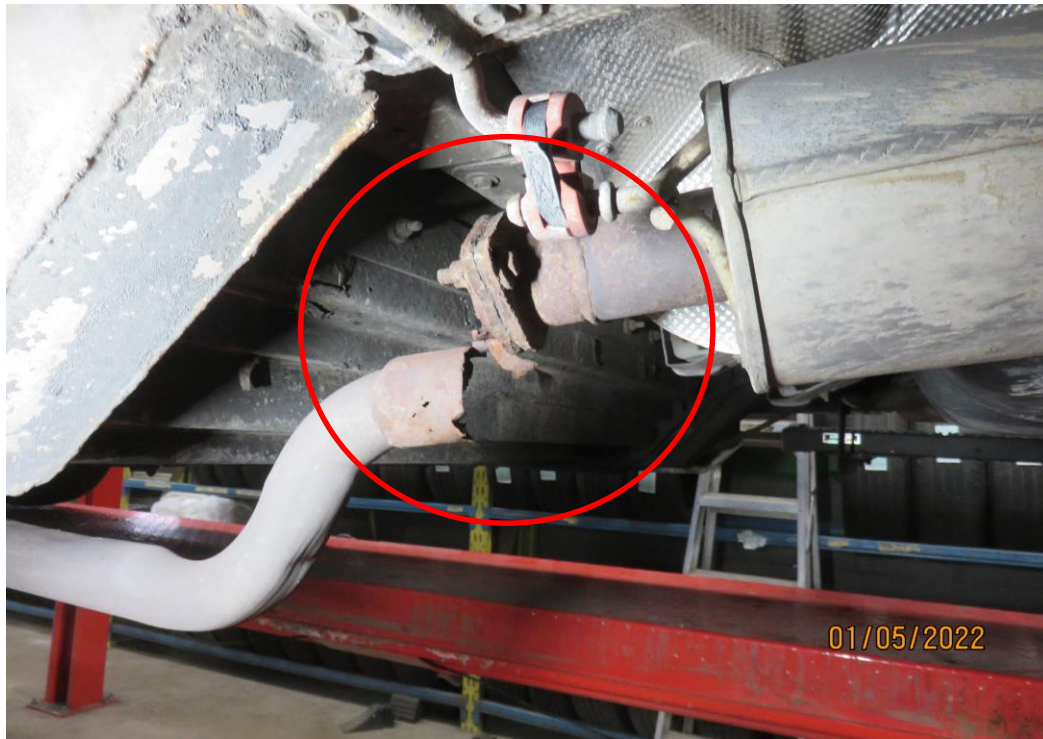


Figure 12. DARTS Unit #410107 - Large hole rusted in muffler. Image by FCC Inc.



Examples of Safety Defects

Figure 8. Vankleef #606 bald tire with steel cords exposed. Image by OCA



Figure 7. Vankleef #672 Split inner tie rod boot. Image by AG&R



Examples - Safety Defects & Incorrect Safety Inspection Documentation

Figure 5. Vankleef #607 rusted hole in body panel. Image by FCC Inc.



Figure 2. H-Rising #HS102 Incorrect safety (trailer) inspection sticker installed. Shown with correct sticker applied later. Image by OCA



DARTS Safety Inspections - *Key Findings*

- Considering the high incidence of failure in week one, a **decision was made** to inspect *all* DARTS and subcontractor vehicles
- **On-site support** provided by OCA staff to observe, document and provide in-person support for the co-ordination of inspections

DARTS Safety Inspections - *Key Findings*

- To **accelerate the safety inspection campaign**, team targeted sixteen daily inspections at two inspection centers
- Target was **generally achieved** and sometimes exceeded (e.g., on May 20, 2022, twenty-one inspections were completed)

DARTS Safety Inspections - *Key Findings*

- In all, **202 inspections completed** over a 10-week campaign
- The total **included re-inspections** for vehicles that **failed** either their **first inspections** or their **second or third** re-inspections

DARTS Safety Inspections - *Key Findings*

- Some vehicles **required second and third inspections** before receiving a pass evaluation as per MTO safety standards, despite having **ample time to address deficiencies** and deliver vehicles with acceptable safety levels prior to our inspections
- Over the 10-week safety inspection campaign **32% failed** first-time inspections

DARTS Safety Inspections - 10 Week Recap

Inspection Recap	Qty.	Percent
Identified DARTS units*	167	
Units taken out of service/retired**	25	15%
Units awaiting inspection	2	1%
Active units to be inspected	140	
Total inspections (including re-inspections)	202	
Total re-inspections (2nd, 3rd, 4th)	62	31%
Total first-time inspections	140	69%

* Includes all DARTS units

** Does not include two units retired after the first inspection

DARTS Safety Inspections - 10 Week Recap

Inspection Campaign Results	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Weeks 7 to 10	Overall Total
Total Passes	21	17	63	19	10	6	6	142
Total Fails	18	7	24	8	2	1	0	60
Total	39	24	87	27	12	7	6	202
Percentage of fails - including re-inspections (average weekly):	46%	29%	28%	30%	17%	14%	0%	30%
Percentage of fails- first inspection only (average weekly):	46%	23%	30%	0%	25%	25%	0%	32%

Note: During week 4 there were 4 first inspections and all passed.

DARTS *Business Practices–Key Findings*

- **Inadequate quality assurance processes** in the DARTS fleet maintenance garage to ensure that repairs and inspections are being completed to industry standards
- **Insufficient vigilance** by DARTS personnel regarding contractual vehicle safety inspection requirements and maintenance practices of its subcontractors

DARTS Fleet Review – *Key Findings*

- Vehicle safety inspection procedures in place at DARTS and subcontractors have proven to be **inadequate** as seen by the high vehicle safety inspection campaign failure rate
- There is **too much dependency** on DARTS drivers to detect and report vehicle mechanical problems between scheduled preventive maintenance (PM) inspections and 6-month MTO safety certifications

DARTS Contract Review – *Key Findings*

- Although DARTS business structure has changed significantly over time, the MOA, which was executed almost ten years ago, **remains much the same**
- Terminology in the MOA is nebulous: Example, term used: "*Certificate of Mechanical Fitness*" is a colloquial term open to incorrect interpretation. The program is **correctly referred to** as the Ministry of Transportation (MTO) Safety Standards Inspection (SSI) program.

DARTS Contract Review – *Key Findings*

- in the ATS-DARTS Master Operating Agreement (MOA) there are **no defined requirements** regarding new driver recruitment, pre-hire screening or driver abstracts, other qualifications, or driver's license classifications to qualify as a DARTS driver
- There is no contract language regarding **standards of safe driving**, provision of safe driver training, professional driver improvements courses (PDICs), consequences of accidents, traffic violations, or accumulated demerit points, nor any provision to obtain driver abstracts at regular intervals

DARTS Contract Review – *Key Findings*

- Procedurally, evidence of some DARTS contractual obligations was **absent** (example: documentation of Transit subcontractor approval)
- Several **irregularities** and areas of contractual **non-compliance** were apparent during our review of the subcontractor fleets

DARTS Contract Review – *Key Findings*

- In consideration of our review, in particular the high rate of initial safety inspections and re-inspection failures, and given past operating practices, DARTS **subcontractors seem incapable** of maintaining their fleets to the standards of safety required by their contracts with DARTS

DARTS Fleet Review – *Recommendations*

- Fleet Challenge Canada prepared a **final report** detailing our DARTS and subcontractor fleet review
- In our report we make **64 recommendations**
- The recommendations have been designed **to address the safety and procedural issues** identified during the DARTS fleet review and safety inspections processes

Additional Findings

- With one of the subcontractors there was a related party relationship between them and the garage used to certify vehicles – which could be considered a conflict of interest. The other 2 subs had related party garages but used independent garages for certification
- Evidence that a principal of one of the subs faced prior charges related to fraudulent insurance and safety certificates and was convicted of forgery in 2018. This calls into question the due diligence by DARTS and Transit when the subcontractor was brought on in 2019
- After Council directed that all vehicles had to pass the audit inspection process before being placed into service we found 42 instances of non-compliance

Additional Findings

- In addition there were instances found of passenger runs by vehicles without an identifying number
- Limited oversight and management of the DARTS contract –for example Transit did not conduct regular, independent, unannounced site visits or inspections
- Transit needs more functional access to Trapeze
- There are no contingency plans to deal with situations where the City may choose to cancel a contract for non-performance

AUDIT THEMES

-  QUALITY ASSURANCE PROCESSES
-  SAFETY AWARENESS AND TRAINING
-  CONTRACT OVERSIGHT
-  MINIMUM STANDARDS
-  QUALIFICATIONS
-  INSPECTION PROCEDURES
-  DATA MANAGEMENT

CONCLUSION

CITY OF HAMILTON

MOTION

Audit, Finance & Administration Committee: September 8, 2022

MOVED BY COUNCILLOR B. CLARK.....

SECONDED BY COUNCILLOR.....

Development Charge Demolition Charge Credit Extension for 708 Rymal Road East, Hamilton, Ontario

WHEREAS, on August 12, 2022 Council authorized staff to issue a demolition permit for 708 Rymal Road East, Hamilton, Ontario, L8W 1B3, pursuant to Section 33 of the *Planning Act*, as amended, without having to comply with the conditions of Sub-section 6.(a) of Demolition Control Area By-law 22-101;

WHEREAS, the City Development Charge Demolition Credit expires 5 years from the date of issuance of the demolition permit; and,

WHEREAS, the development of the applicant's lands cannot proceed until servicing is available, which is dependent on the timing of adjacent lands, which is outside of the control of the applicant;

WHEREAS, Education Development Charges are not within Municipal Authority and therefore Education Development Charge Demolition Credits cannot be extended by Council;

THEREFORE, BE IT RESOLVED:

- (a) That staff be authorized to extend the City Development Charge Demolition Credit at 708 Rymal Road East, Hamilton, Ontario, L8W 1B3 such that it expires 5 years after all the downstream servicing (storm, sanitary sewers & watermains) within the Sandrina Gardens development, connecting to the existing services on Terni Blvd., have been constructed and operational to the satisfaction of the City. Specifically, the 5 year limit would commence at the time of "acceptance of services" by the City in accordance with the Subdivision Agreement for Sandrina Gardens development; and,
- (b) That any foregone City Development Charge revenue related to the extension of City Development Charge Demolition Credits at 708 Rymal Road East, Hamilton, Ontario L8W 1B3, estimated at \$58,500 as at September 18, 2022 be funded through the Waterworks Capital Reserve (108015), the Sanitary Sewer Reserve (108005), the Storm Sewer Reserve (108010) and the Unallocated Capital (108020); at \$5,564, \$11,046, \$12,212 and \$29,678 respectively.