



CITY OF HAMILTON

**PUBLIC WORKS DEPARTMENT
Transportation Division**

TO: Chair and Members Public Works Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: June 3, 2013	
SUBJECT/REPORT NO: D.A.R.T.S. 2012 Deficit Funding (PW13042) - (City Wide)	
SUBMITTED BY: Don Hull Acting General Manager Public Works Department	PREPARED BY: George Brovac Manager, Accessible Transportation Services (ATS) (905) 546-2424, Extension 1666
SIGNATURE:	

RECOMMENDATION

That the General Manager of Public Works be authorized to pay D.A.R.T.S. an additional \$50,927 from account 12607-006100 for services provided for the year 2012, over and above those funds approved under the 2012 Transit budget allocation.

EXECUTIVE SUMMARY

D.A.R.T.S. provides specialized transportation services to persons with disabilities, under an Agreement with the City. Subject to budgetary constraints, D.A.R.T.S. is obligated to “use [its] best endeavours to provide a good and efficient service for the registered clients within the City.” D.A.R.T.S performs trips at a level approved by the City and uses its best efforts to do so in the most efficient and effective manner. As in past years, City staff monitors D.A.R.T.S expenditures and service levels on a monthly basis to ensure that any variance to proposed levels are credible and reflect the best effort philosophy.

In 2012, D.A.R.T.S. was budgeted to deliver approximately 139,258 bus service hours, and 443,721 direct or subcontracted trips, with a 2012 net expenditure of \$11,328,250 and a target of 360 service related complaints.

D.A.R.T.S. actually provided about 139,358 bus service hours, and 436,419 trips, with an actual 2012 net expenditure of \$11,379,177 resulting in a funding deficit of \$50,927

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as confirmed by D.A.R.T.S. in its audited financial statement. This amount forms part of the overall 2012 Transit year end final budget variance, which is expected to be \$0. Additionally, ATS staff recorded 1,390 service related complaints in 2012, an increase of 1,030 complaints from target.

2012	Bus Service Hours	DARTS Trips	Net Expenditure	Complaints
Budgeted	139,258	443,721	\$11,328,250	360
Actual	139,358	436,419	\$11,379,177	1,390
Variance	-100	* 7,302	-\$50,927	-1,030

*Note 1: Had D.A.R.T.S. delivered the budgeted amount of trips the variance would have been an additional \$204,090

The major driving factors that contributed to the deficit were insurance costs greater than anticipated due to standard industry premium increases, increased information technology support from Trapeze relating to D.A.R.T.S. moving off the City of Hamilton IT and phone system and increased legal costs relating to new collective bargaining and arbitration. Passenger settlement payouts that arise as claims have been finalized and closed. In an attempt to lower insurance premiums and reduce passenger claims the City installed a full surveillance camera system on all D.A.R.T.S. vehicles.

As a not-for-profit organization, D.A.R.T.S. maintains no reserves to deal with budget variances. The staff recommendation will allow D.A.R.T.S. to carry out its 2013 service plan as set forward in the 2013 Transportation budget submission. Under the terms of the agreement between the City and D.A.R.T.S., Council has the discretion to deny funding of expenditures other than those approved as part of the annual budget process, but such denial of funding of the 2012 net expenditure deficit would provide effective cancellation of the agreement.

Alternatives for Consideration - See Page 3

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: The recommendation has no financial implications, as the liability is dealt with as part of the overall financial position of the City within the Transportation Division of Public Works.

Staffing: None

Legal: Approval of the recommendation has no legal implications, although failure to approve funding of the deficit may be cause for effective cancellation of the agreement between the City and D.A.R.T.S.

HISTORICAL BACKGROUND

Under the terms of the contract between the City and D.A.R.T.S., Council retains full discretion in matters including budget, service levels, fares and eligibility. While D.A.R.T.S. makes every effort to carry out service delivery within approved budget, circumstances outside of the control of D.A.R.T.S. such as variations in service demand, increased fuel and labour costs based on potential for service efficiency, and the age and condition of the fleet, have impacts on the cost of services which cannot be mitigated or otherwise absorbed within the proposed operating budget without having an impact on service availability.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

There are no policies affecting the proposal.

RELEVANT CONSULTATION

Consultation has been undertaken with the Finance & Administration Division of Corporate Services and they support the recommendation.

ANALYSIS / RATIONALE FOR RECOMMENDATION

The overall 2012 financial position for Transit includes the D.A.R.T.S. deficit of \$50,927. A liability payable to D.A.R.T.S. is accrued for 2012 year-end, and approval of this recommendation will allow the City to reimburse D.A.R.T.S. As such, it is recommended that Council approve the funding of the outstanding \$50,927 deficit.

ALTERNATIVES FOR CONSIDERATION

Non-acceptance of the Recommendation will effectively serve to cancel the agreement between the City and D.A.R.T.S., as D.A.R.T.S. maintains no reserves to deal with a net expenditure deficit; as such, there are no alternatives to the Recommendation.

ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

APPENDICES / SCHEDULES

None