



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
 Transit Division

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	July 12, 2018
<b>SUBJECT/REPORT NO:</b>	DARTS 2017 Variance Funding (PW18055) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Jason VanderHeide (905) 546-2424, Extension 2390
<b>SUBMITTED BY:</b>	Jason VanderHeide Acting Director of Transit Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

That the General Manager of Public Works be authorized to pay DARTS an additional \$250,228 from account 12607-006100 for services provided for the year 2017, over and above those funds approved within the 2017 Transit Division budget.

**EXECUTIVE SUMMARY**

DARTS is a not-for-profit, charitable organization that provides the City's specialized door-to-door transportation services to persons with disabilities who are unable to use conventional transit service, under an agreement with the City. DARTS uses best efforts to provide the service in the most efficient and effective manner. City staff monitors DARTS' performance on a monthly basis to ensure adherence to the best effort philosophy.

Results for 2017 are as follows:

	Trips	Net Expenditures	Comment
Budget	709,706	\$16,781,198	Increase in trips in accordance with Council approved service level enhancements
Actual	674,476	\$17,031,426	
Variance	(35,230)	\$250,228	DARTS year-end

*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.*

In 2017 DARTS provided an additional 23,982 customer trips above the 650,494 trips delivered in 2016. However, in 2017 DARTS provided 35,230 fewer trips than forecasted. Due to the shortfall on delivered trips throughout 2017 the budgeted average cost of \$25 per trip for all service provided by DARTS and their sub-contractors increased to an average cost of \$27 per trip.

There are four (4) driving factors for the variance:

1. Fleet transition

The continuation of the fleet transition, retirement of buses and the transferring trips from buses to accessible vans and hybrid vans prior to the final three (3) months of 2017 was contemplated as part of the 2017 budget. The retirement of all buses was not realized due to a delay in the delivery of the replacement vehicles.

2. Vehicle type cost per trip

Cost per trip is dependent on the type of vehicle used for the trip. Estimations for the 2017 budget underestimated the number of higher cost trips, leading to a higher overall cost for trips provided.

3. Vehicle leasing

Due to the term of the Master Operating Agreement, vehicles were leased for three (3) years, as opposed to five (5), increasing the value of the lease payments.

4. Dwell times

Dwell times have increased due to less flexibility with wheelchairs on new vehicle types. This is expected to improve as drivers get used to the new vehicles.

As a not-for-profit, charitable organization, DARTS maintains no reserves to deal with budget variances.

***Alternatives for Consideration - See Page 3***

**FINANCIAL - STAFFING - LEGAL IMPLICATIONS**

Financial: The recommendation has no 2018 cost implications, as the expenditure and associated liability was recorded in the 2017 year-end financial statements of the City.

Staffing: None

Legal: Approval of the recommendation has no legal implications, although failure to approve funding of the variance may be cause for cancellation of the agreement between the City and DARTS.

## **HISTORICAL BACKGROUND**

Under the terms of the contract between the City and DARTS, Council has authority over budget and service levels.

DARTS is accountable for delivering the agreed level of service within the approved budget. City staff takes these variances into account in providing an assessment of financial performance.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

There are no policies affecting the proposal.

## **RELEVANT CONSULTATION**

Consultation has been undertaken with the Finance and Administration Division of Corporate Services.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The overall 2017 financial position for the Transit Division includes the DARTS variance of \$250,228. A liability payable to DARTS is accrued for 2017 year-end, and approval of this recommendation will allow the City to reimburse DARTS.

## **ALTERNATIVES FOR CONSIDERATION**

Non-acceptance of the recommendation will effectively serve to cancel the agreement between the City and DARTS, as DARTS maintains no reserves to deal with a net expenditure variance; as such, there are no alternatives to the recommendation.

## **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.*

## **APPENDICES AND SCHEDULES ATTACHED**

None

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