



Hamilton

Office of the City Auditor

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

Recommendations and Management Responses

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**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