

## Management Response to AUD22007 Recommendations Status Year-to-Date 2023

### AUDITOR GENERAL RECOMMENDATIONS

#### AUDITOR GENERAL 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 1 Management Response and Original Anticipated Completion Date**

Agreed. ATS acknowledges that the existing contract between the parties is insufficient. The overall approach to arrive at a new agreement will be undertaken in two parts:

- For existing terms which require minor updates or revisions, the Transit Division will work with internal legal counsel to issue an amending agreement to the existing contract between the parties, where it is practical to do so to cover interim matters pending the preparation of a new agreement. (in progress)
- For areas which require either substantive changes or new requirements, the Director of Transit will define business terms through discussions with the contractor. Legal counsel will thereafter prepare the appropriate terms and conditions for inclusion in a new agreement for the parties to execute. (not yet started)

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement).

#### **Status of Management Response**

#### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

#### AUDITOR GENERAL 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 2 Management Response and Original Anticipated Completion Date**

Agreed. Best practices in contracting provide clauses which escalate dependent on the severity of the incident and incorporate corrective measures and cancellation and/or termination clauses which are more robust in nature than in the existing document between the parties.

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement). See also response below to themed recommendations 44-50.

## **Status of Management Response**

### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

## **AUDITOR GENERAL 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 3 Management Response and Original Anticipated Completion Date**

Agreed. The City will establish a rolling fleet inventory report with specified requirements and timelines to be completed by the Contractor/subcontractors. This will be set out as an Appendix in the revised Master Operating Agreement (MOA). Contract Management (CM) criteria will be established for verifying the vehicles. The City will establish this on a shared Fleet Management Information System to which the parties can have real-time access.

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement) Q2 2023 (fleet management information system).

## **Status of Management Response**

### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

**In progress (fleet management information system).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

## **AUDITOR GENERAL 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 4 Management Response and Original Anticipated Completion Date**

Agreed. ATS service is delivered through contracted services and the audit findings highlight the need for stronger oversight of the contractor/subcontractors given the performance concerns. A Contract Management (CM) program will be embedded into future agreements between the parties based on the new terms.

While ATS has improved its contract management practices over the past two years, there is more work to be done. Currently, responsibility for contract management on the DARTS file is a shared responsibility between the Manager and a Senior Project Manager whose portfolio also includes other divisional contracts.

A review will be conducted to assess the need for a dedicated Contract Manager position with sole responsibility for managing ATS contracts/subcontractor activity.

Anticipated completion: Q4 2023 (following Agreement completion) for new contract management framework. Q3 2023 (business case for dedicated Contract Manager for 2024 budget submission).

##### **Status of Management Response**

###### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

**In progress (business case for dedicated Contract Manager).** The existing HSR staff complement includes a vacant position at the same remunerative level as a Contract Manager which will be repurposed to create a dedicated Project Manager role for the ATS department. Target for hiring is Q4 of 2023.

#### **AUDITOR GENERAL 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 5 Management Response and Original Anticipated Completion Date**

Agreed. ATS will include subcontractor approvals as part of the assessment set out in Recommendation 4 (above) regarding a dedicated Contract Manager.

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement); Q3 2023 (business case for dedicated Contract Manager).

##### **Status of Management Response**

###### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

**In progress (business case for dedicated Contract Manager).** The existing HSR staff complement includes a vacant position at the same remunerative level as a Contract Manager which will be repurposed to create a dedicated Project Manager role for the ATS department. Target for hiring is Q4 of 2023.

## **AUDITOR GENERAL 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 6 Management Response and Original Anticipated Completion Date**

Agreed. Trapeze should be returned to the control of the City, with contractor staff receiving restricted access based on job functions. ATS will discuss with Information Technology to determine a work plan to return that functionality back to City control.

A number of years ago, the City gave control to the contractor for reservations and routing, which necessitated the contractor having control of the software (PW11093).

ATS will conduct a study to determine if reservations and routing should be brought back within the control of the City not only for greater oversight of routing decisions, but also for effectiveness and efficiency reasons, including the delivery of a successful integrated transit pilot (see also Appendix "A" to Report PW21055 - Review of ATS Eligibility Determination Process and Services, and PW19083(a)/FCS18048(b) Investing in Canada Infrastructure Program, Public Transit Stream - Allocation of Funding Balance).

Anticipated completion date: Q3 2023 (workplan for return of Trapeze database to City control, with implementation to follow); Q4 2023 (business case for return of scheduling and reservations decisions to ATS).

### **Status of Management Response**

**In progress (workplan for return of Trapeze database to City control, with implementation to follow).** ATS is working with the HSR Senior Project Manager of Business Support and City of Hamilton Information Technology (IT) to outline the steps necessary. Return of the database will require a new service level agreement between DARTS and the City to address items such as maintenance, access/ privileges, backup frequency, and the level of ongoing City IT support needed. ATS is targeting Q4 of 2023 to finalize the workplan.

**Not yet started (business case for return of scheduling and reservations decisions to ATS).**

## **AUDITOR GENERAL RECOMMENDATION 7**

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

### **Recommendation 7 Management Response and Original Anticipated Completion Date**

Agreed. ATS will develop a new Contract Management (CM) framework based on the terms of a modified or new Agreement between the parties. The CM program will include site inspections, document review and reporting requirements, at a minimum.

Anticipated completion date: Q2 2023 (amending agreements) Q4 (new Agreement), Q3 2023 (business case for dedicated Contract Manager).

#### **Status of Management Response**

##### **In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

**In progress (business case for dedicated Contract Manager).** The existing HSR staff complement includes a vacant position at the same remunerative level as a Contract Manager which will be repurposed to create a dedicated Project Manager role for the ATS department. Target for hiring is Q4 of 2023.

### **AUDITOR GENERAL 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 7 Management Response and Original Anticipated Completion Date**

Agreed. ATS will ensure that staff receive updated Contract Management training from the City of Hamilton as available.

Anticipated completion date: Q3 2023.

#### **Status of Management Response**

Both Manager and SPM have completed procurement training as offered by City of Hamilton and consult with City of Hamilton Legal Services and Procurement as needed. Both Manager and SPM have completed ISO 9001 Internal Auditor Training.

ATS staff will participate in Contract Management training in Q2 2024.

### **AUDITOR GENERAL 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.

#### **Recommendation 9 Management Response and Original Anticipated Completion Date**

Management response: Agreed. ATS agrees that contingency planning is important, however, noting the specialized equipment in use on this type of contract, it is not operationally feasible to switch to a different provider in an emergent situation under a sole contract.

Future contingency planning will require consideration of more than one contract for similar work to ensure there are alternative service options.

Anticipated completion: Q3 2023 (contingency workplan).

### **Status of Management Response**

**Complete (contingency workplan)** Contingency workplan involves both exploration of other contract options and the potential purchase of accessible vehicles through the Investing in Canada Infrastructure Program (ICIP) grant (see PW19083(a)-FCS18048(b))

## **FLEET CHALLENGE CANADA RECOMMENDATIONS**

### **THEME A: RECOMMENDATIONS REGARDING DARTS DRIVER COMMUNICATIONS**

#### **FLEET CHALLENGE CANADA 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 1 Management Response and Original Anticipated Completion Date**

Agreed. The contractor has an Incident Management System in place available to it and its subcontractor drivers. The system has feedback loop capabilities and tiered access rights, and covers mechanical, scheduling, health and safety, and passenger issues.

Anticipated completion date: COMPLETE (incident management reporting system); Q2 2023 (Quality Management System database for anonymous and transparent non-conformance and resolution reporting).

### **Status of Management Response**

**Complete (incident management reporting system).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

#### **FLEET CHALLENGE CANADA RECOMMENDATION 2**

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

##### **Recommendation 2 Management Response and Original Anticipated Completion Date**

Agreed. The contractor advised they have an employee suggestion process available to staff. The contractor will implement a Non-Conformance Reporting (NCR) process for drivers through a Quality Management System database.

The contractor advised they will include an anonymous reporting feature on their web site for employee use, and issue resolution will be posted online for their employees and those of their subcontractors.

ATS is working with City staff to explore a QMS database solution for the contractor that aligns with City processes.

Anticipated completion date: COMPLETE (incident management reporting system); Q2 2023 (Quality Management System database for anonymous and transparent non-conformance and resolution reporting).

### **Status of Management Response**

**Complete (incident management reporting system).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

### **FLEET CHALLENGE CANADA 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 3 Management Response and Original Anticipated Completion Date**

Agreed. The contractor advised they have an employee suggestion process available to staff and will implement a Non-Conformance Reporting (NCR) process for drivers through a Quality Management System database.

The contractor will include an anonymous reporting feature on their web site for employee use, and issue resolution will be posted online for DARTS and subcontractor employees.

Anticipated completion date: COMPLETE (incident management reporting system); Q2 2023 (Quality Management System database for anonymous and transparent non-conformance and resolution reporting).

### **Status of Management Response**

**Complete (incident management reporting system).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023.

### **FLEET CHALLENGE CANADA 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 4 Management Response and Original Anticipated Completion Date**

Agreed. The contractor advised they have an employee suggestion process available to staff and will be implementing a Non-Conformance Reporting (NCR) process for drivers through a Quality Management System database.

The contractor will include an anonymous reporting feature on their web site for employee use, and issue resolution will be posted online for their employees and those of their subcontractors.

Anticipated completion date: COMPLETE (incident management reporting system); Q2 2023 (Quality Management System database for anonymous and transparent non-conformance and resolution reporting).

##### **Status of Management Response**

**Complete (incident management reporting system).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

#### **FLEET CHALLENGE CANADA 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 5 Management Response and Original Anticipated Completion Date**

Agreed. The contractor advised they have an employee suggestion process available to staff and will be implementing a Non-Conformance Reporting (NCR) process for drivers through a Quality Management System database.

The contractor will include an anonymous reporting feature on their web site for employee use, and issue resolution will be posted online for their employees and those of their subcontractors.

Anticipated completion date: COMPLETE (incident management reporting system); Q2 2023 (Quality Management System database for anonymous and transparent non-conformance and resolution reporting).

##### **Status of Management Response**

**Complete (incident management reporting system).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have access to all records housed there; both DARTS and ATS will have read-only access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

#### **THEME B: RECOMMENDATIONS REGARDING DARTS SAFETY PRACTICES**



## **FLEET CHALLENGE CANADA 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.

### **Recommendation 6 Management Response and Original Anticipated Completion Date**

Agreed. This will be incorporated into a Monthly Report from the contractor to ATS in an agreed-upon format, to include customer complaints and a summary of the incident management system referenced above. Customer complaints and Operator incident reports are currently followed up individually.

Anticipated completion date: Q2 2023 (finalize monthly report format).

#### **Status of Management Response**

**In progress (finalize monthly report format).** All customer complaints, including those received directly by DARTS, are sent to ATS to log and track. Complaints against DARTS and its subcontractors are processed individually upon receipt to DARTS to investigate and respond to. ATS has always followed up on any complaints that have not been responded to within the targeted turnaround time. ATS now provides weekly reports to DARTS of all contacts logged. DARTS provides all driver incident reports involving ATS clients as they occur and regularly sends lists of any incident reports not yet closed by ATS, for ATS staff to reconcile. Since 2021, DARTS has been providing copies of all incident reports involving injury or potential injury of clients, including in the event of vehicle collisions.

Collision reports are provided to ATS as individual collisions occur, with repair history as required, and vehicles are flagged for third party inspection by ATS as needed, before returning to service. This process will be managed in the Intelex QMS software once it has been fully installed and DARTS staff trained in its use. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

DARTS provides updated vehicle lists to ATS as vehicles are added/ removed/ suspended from service, and ATS bases its random selection of vehicles for inspection on these lists. DARTS has agreed to provide a copy of their internal collision tracking spreadsheet monthly, until ATS has access to their Intelex database, once installed.

## **FLEET CHALLENGE CANADA 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 7 Management Response and Original Anticipated Completion Date**

Agreed. The contractor immediately implemented a 6-month safety check process for all ambulatory vehicles (all accessible vehicles are already required to have a safety inspection ever 6 months under MTO regulation). The contractor hired a new Clerk to perform data entry for subcontractors, licence management, vehicle oversight, etc.

The contractor has been notified that ATS expects internal inspections to be completed monthly (at a minimum) for all vehicles used to provide service. Sample records are now audited by ATS, and ATS flags vehicles each month for third party inspections at an MVIS location beginning with the minimum random selection of five (5) percent of each fleet and adding more vehicles as is judged to be prudent, based on review of available records and

previous inspection outcomes. The contractor and subcontractors have been compliant with the third-party inspection process as communicated by ATS.

Based on the above process, ATS currently selects vehicles for inspection each month, and will continue to do so until it is satisfied that any residual vehicle issues are resolved. Expectations regarding the ongoing oversight and audit of contractor and subcontractor vehicle maintenance will be set in the revised contractor Agreement.

Anticipated completion date: Ongoing (ATS third party inspections); Q2 2023 (refine and document expectations as part of amending agreement to existing contract).

#### **Status of Management Response**

**Ongoing (ATS third party inspections).** Vehicles continue to be inspected monthly, and are chosen for inspection based on random selection, collision reports, repair history and prior inspection results.

**In Progress (refine and document expectations as part of amending agreement to existing contract).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

### **FLEET CHALLENGE CANADA 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 8 Management Response and Original Anticipated Completion Date**

Agreed. The contractor has been notified that ATS expects internal inspections to be completed at least monthly for all vehicles used to provide service: sample records are now audited by ATS each month and ATS flags vehicles each month for third party inspections at an MVIS location based on random selection as well as available records. The contractor and its subcontractors have been compliant with the third-party inspection process as communicated by ATS.

Anticipated completion date: COMPLETE (process in place for ATS third party vehicle inspections, ATS records inspections, and ATS expectations communicated). Q2 2023 (refine and document expectations as part of amending agreement to existing contract).

#### **Status of Management Response**

**Complete (process in place for ATS third party vehicle inspections, ATS records inspections, and ATS expectations communicated).**

**In Progress (refine and document expectations as part of amending agreement to existing contract).** Q1 2024 (amending agreements) Q3 (new Agreement)

### **FLEET CHALLENGE CANADA 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 9 Management Response and Original Anticipated Completion Date**

Agreed. The contractor advised the topic has been included in its Driver Refresher Training Workshops. Sessions are scheduled for once a year, in groups of 2-3 (so as not to impact service) and are 4 hours in length.

These workshops are designed to provide refresher opportunities and current issues of the day based on trends. Recent topics include Q-Straint securement techniques and the new circle check process in response to recent complaints and audit findings. Subcontractors will be providing the same training to their drivers and will share the curriculum and content expectations. Attendees will sign off on participation and filed in their employee records. The contractor has implemented electronic reminders on driver tablets and notices in driver mailboxes for safety bulletins.

Anticipated completion date: COMPLETE.

#### **Status of Management Response**

**Complete (driver instruction on use of emergency brakes).**

**Additional action in progress (oversight by ATS and HSR of DARTS and subcontractor Operator training).** Due to ongoing customer service and safety issues unrelated to vehicle maintenance, ATS has requested and received a copy of the DARTS Operator and subcontractor Operator comprehensive training manuals for review and markup by ATS and HSR management; plans are in place for ATS and HSR staff to observe upcoming training sessions. Target for full review of DARTS training process: Q1 2024.

### **FLEET CHALLENGE CANADA RECOMMENDATION 10**

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

#### **Recommendation 10 Management Response and Original Anticipated Completion Date**

Agreed. The contractor has added Emergency brakes to the revised vehicle Circle Check used by drivers and have been included for checking every time vehicle is in for other repair under the revised procedures.

Anticipated completion date: COMPLETE.

#### **Status of Management Response**

**Complete (inspection and testing of emergency brakes by contractor Operators at every vehicle circle check).**

**Additional action in progress (ATS and HSR on-site internal process review of DARTS and subcontractor vehicle circle check).** ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

### **FLEET CHALLENGE CANADA RECOMMENDATION 11**

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

### **Recommendation 11 Management Response and Original Anticipated Completion Date**

Agreed. The contractor has advised the topic has been included in Driver Refresher Training Workshops described above.

Anticipated completion date: COMPLETE.

#### **Status of Management Response**

**Complete (additional and regular Operator refresher training on completing driver's daily inspections).**

**Additional action in progress (oversight by ATS and HSR of DARTS and subcontractor Operator training).** Due to ongoing customer service issues unrelated to vehicle maintenance, ATS has requested and received a copy of the DARTS Operator and subcontractor Operator comprehensive training manuals for review and markup by ATS and HSR management; plans are in place for ATS and HSR staff to observe upcoming training sessions. Target for full review of DARTS training process: Q1 2024.

**Additional action in progress (on-site internal process reviews of vehicle circle check).** ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

## **THEME C: RECOMMENDATIONS FOR ATS**

### **FLEET CHALLENGE CANADA RECOMMENDATION 12**

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

#### **Recommendation 12 Management Response and Original Anticipated Completion Date**

Agreed. ATS has put a robust process in place for inspecting contractor and subcontractor vehicles:

ATS immediately began inspecting vehicles based on repair history up until October 21; as these inspections wrapped up, we directed the contractor as of November 16 that we expected safety inspections to be completed internally at minimum monthly, in addition to regularly scheduled MTO inspections and operator circle checks.

ATS has begun randomly selecting five (5) percent of vehicles monthly from each provider, starting in December, for third party safety inspection and on-site records inspection, with additional vehicles as deemed prudent based on ATS review of available vehicle records and previous inspection outcomes.

This will be embedded into the Contract Management program.

Anticipated completion date: COMPLETE.

### **Status of Management Response**

**Complete (random MTO compliance inspections of DARTS and subcontractor vehicles).**

**Additional action in progress (on-site internal process reviews of vehicle circle check).**

ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

### **FLEET CHALLENGE CANADA 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 13 Management Response and Original Anticipated Completion Date**

Agreed. These terms will be modified through an amending agreement between the parties.

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement).

#### **Status of Management Response**

**In progress (new contract management framework)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements) Q3 (new Agreement)

### **FLEET CHALLENGE CANADA 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 14 Management Response and Original Anticipated Completion Date**

Agreed. After consideration and consultation with City of Hamilton Information Technology division and Enterprise Asset Management team, ATS has decided to work with staff to develop an interim FMIS solution that the contractor will use.

Anticipated completion date: Q2 2023.

#### **Status of Management Response**

**In progress (FMIS).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intalex, the current platform used by Public Works for quality management, which will also be used to manage fleet

information. DARTS has purchased Intellex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intellex. Target for complete installation and training: Q4 2023, and Intellex will be live January 2024.

### **FLEET CHALLENGE CANADA 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 15 Management Response and Original Anticipated Completion Date**

Agree in part. ATS is now regularly conducting on-site inspections of DARTS and subcontractor vehicle records, including driver's daily inspections. ATS also requests additional records based on repair history or third-party inspection outcomes, as it deems necessary. The contractor has advised its current paper-based form has been updated to include more focus on undercarriage, tire check, visible fluids on ground. Proper completion of circle checks is part of new driver training. The process for driver reporting for major defect going into service aligns with industry norms. There are few known technologies for electronic pre-trip checks. The contractor is not acting on this recommendation at this time.

ATS notes that some of this functionality for electronic access to records will be addressed in the response to Recommendation 14.

Anticipated completion date: NOT APPLICABLE

### **FLEET CHALLENGE CANADA 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 16 Management Response and Original Anticipated Completion Date**

Agree. Working with the HSR Manager of Fleet Maintenance, ATS has reviewed monthly inspection forms in use by the contractor to provide direction for improvement and sample forms to use to ensure MTO compliance. The contractor is working with its subcontractors and with ATS to ensure all recommended amendments are clearly applied.

Anticipated completion date: COMPLETE (review and direction from ATS).

#### **Status of Management Response**

##### **Additional action in progress (on-site internal process reviews of vehicle circle check).**

ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

## **FLEET CHALLENGE CANADA 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 licensed mechanic completing the inspections.

### **Recommendation 17 Management Response and Original Anticipated Completion Date**

Agreed. Working with the HSR Manager of Fleet Maintenance, ATS has reviewed monthly inspection forms in use by DARTS and provided direction for improvement and sample forms to use to ensure MTO compliance. The contractor is working with its subcontractors and with ATS to ensure all recommended amendments are clearly applied. Mechanic's name, signature and license number are now added to all vehicle inspection worksheets.

Anticipated completion date: COMPLETE (review and direction from ATS).

#### **Status of Management Response**

#### **Additional action in progress (on-site internal process reviews of vehicle circle check).**

ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

## **FLEET CHALLENGE CANADA RECOMMENDATION 18**

DARTS and DARTS subcontractors should provide ATS with current copies of the trade licenses 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 18 Management Response and Original Anticipated Completion Date**

Agreed. All DARTS and DARTS subcontractor mechanic's license numbers have been provided to ATS for verification in the Skilled Trades Ontario public register. Expectations regarding updates to ATS in the event of license suspensions will be set in the revised contractor Agreement.

Anticipated date of completion: COMPLETE (review of DARTS and subcontractor mechanic's licenses); Q2 2023 (refine and document expectations as part of amending agreement to existing contract).

#### **Status of Management Response**

**Complete (review of DARTS and subcontractor mechanic's licenses).**

**In Progress (refine and document expectations as part of amending agreement to existing contract).** Q1 2024 (amending agreement)

## **FLEET CHALLENGE CANADA 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 19 Management Response and Original Anticipated Completion Date**

Agreed. ATS acknowledges that the existing contract between the parties is insufficient. The overall approach to arrive at a new agreement will be undertaken in two parts:

- For existing terms which require minor updates or revisions, the Transit Division will work with internal legal counsel to issue an amending agreement to the existing contract between the parties, where it is practical to do so to cover interim matters pending the preparation of a new agreement. (in progress)
- For areas which require either substantive changes or new requirements, the Director of Transit will define business terms through discussions with the contractor. Legal counsel will thereafter prepare the appropriate terms and conditions for inclusion in a new agreement for the parties to execute. (not yet started)

Anticipated completion: Q2 2023 (amending agreements); Q4 (new Agreement).

#### **Status of Management Response**

**In progress (new MOA).** Q4 (new Agreement)

### **FLEET CHALLENGE CANADA 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 20 Management Response and Original Anticipated Completion Date**

Agreed. ATS acknowledges that the existing contract between the parties is insufficient. The overall approach to arrive at a new agreement will be undertaken in two parts:

- For existing terms which require minor updates or revisions, the Transit Division will work with internal legal counsel to issue an amending agreement to the existing contract between the parties, where it is practical to do so to cover interim matters pending the preparation of a new agreement. (in progress)
- For areas which require either substantive changes or new requirements, the Director of Transit will define business terms through discussions with the contractor. Legal counsel will thereafter prepare the appropriate terms and conditions for inclusion in a new agreement for the parties to execute. (not yet started)

Anticipated completion: Q2 2023 (amending agreements); Q4 2023 (new Agreement).

#### **Status of Management Response**

**In progress (new MOA)** Revised Anticipated Completion Dates: Q4 (new Agreement)

### **FLEET CHALLENGE CANADA 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 21 Management Response and Original Anticipated Completion Date**

Agreed. DARTS will include language from its contract into those of their subcontractors for consistency.

Anticipated completion: Q4 2023.

#### **Status of Management Response**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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 22 Management Response and Original Anticipated Completion Date**

Agreed. DARTS will include language from its contract into those of their subcontractors for consistency.

Anticipated completion: Q4 2023.

#### **Status of Management Response**

**In progress (subcontractor agreements).**

**In progress (new contract management framework)** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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)

### **Recommendation 23 Management Response and Original Anticipated Completion Date**

Agreed. DARTS will include language from its contract into those of their subcontractors for consistency.

Anticipated completion: Q4 2023.

#### **Status of Management Response**

**In progress (subcontractor agreements)**

Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

## **THEME D: RECOMMENDATIONS FOR DARTS**

### **FLEET CHALLENGE CANADA 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 24 Management Response and Original Anticipated Completion Date**

Agreed. DARTS reports it has directed all sub-contractors vehicles to subject vehicles to monthly inspections and forward the paperwork to DARTS to monitor vehicle repairs; random selections for inspection by DARTS are now in effect in addition to the 6-month safety inspections in place.

Anticipated completion: Ongoing (DARTS implementation of internal monthly inspections process); COMPLETE (6-month safety inspections implemented).

#### **Status of Management Response**

**Ongoing (DARTS implementation of internal monthly inspections process).**

**Complete (6-month safety inspections implemented).** DARTS reports they are also monitoring 1-month inspections of all subcontractor and DARTS vehicles

**Additional action in progress (on-site internal process reviews of vehicle circle check).**

ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

### **FLEET CHALLENGE CANADA 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 25 Management Response and Original Anticipated Completion Date**

Agreed. After consideration and consultation with City of Hamilton Information Technology division and Enterprise Asset Management team, ATS has decided to work with staff to develop an interim FMIS in that will align with City of Hamilton practices.

ATS notified DARTS that it should be completing internal inspections at least monthly for all vehicles used to provide service. ATS audits sample records and then flags vehicles each month for third party inspections at an MVIS location based on both a minimum random selection, and on available records and previous inspection outcomes.

DARTS and subcontractors have been compliant with the third-party inspection process as communicated by ATS. DARTS reports it has implemented monthly vehicle inspection process for their fleet and that of their subcontractors, but ATS notes this has not yet been fully realized.

Anticipated completion date: COMPLETE (ATS third-party vehicle and ATS records inspections process implemented); Q2 2023 (FMIS); ongoing (DARTS internal monthly inspections process implemented).

#### **Status of Management Response**

**Complete (ATS third-party vehicle and ATS records inspections process implemented).**

**Ongoing (DARTS internal monthly inspections process implemented).**

**In progress (FMIS).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

**Additional action in progress (on-site internal process reviews of vehicle circle check).** ATS Manager and Senior Project Manager have now both completed ISO 9001 Internal Auditor training and have participated in the 2023 Public Works internal process reviews, as have the HSR Quality Management Systems Senior Project Manager and the HSR Quality Management Coordinator. Target for on-site internal process review of DARTS and subcontractor vehicle circle check: Q1 2024.

## **FLEET CHALLENGE CANADA 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 26 Management Response and Original Anticipated Completion Date**

Agreed. DARTS reports that all defect paperwork and maintenance checks for operators and subcontractors are being updated; DARTS will set expectations for subcontractors in updated subcontractor service agreements.

Anticipated completion date: Q4 2023.

### **Status of Management Response**

**In progress (subcontractor agreements).** Anticipated Completion Dates: Q1 2024 (amending agreements)

## **FLEET CHALLENGE CANADA 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 27 Management Response and Original Anticipated Completion Date**

Agreed. DARTS advised it has restructured its Maintenance area, hiring a shop assistant, three technicians (mechanics) and recruited a Lead Mechanic. Additionally, one of its existing technicians has been promoted to a Supervisor position.

ATS is working with City staff to explore a QMS database solution for DARTS that aligns with City processes, but DARTS will be required to have their own internal QMS.

DARTS reports they continue to use various software programs with tiered access according to position responsibilities; DARTS is currently investigating International Organization for Standardization (ISO) 9001 quality management training for the DARTS Supervisor of Quality Assurance, to be pursued in 2023.

Anticipated completion date: COMPLETE (licensed supervising mechanic and shop assistant); Q2 2023 (Quality Management System database); Q4 2023 (DARTS staff QMS training).

#### **Status of Management Response**

##### **Complete (licensed supervising mechanic and shop assistant).**

**In progress (Quality Management System database).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

DARTS reports the DARTS Executive Assistant has taken the ISO 9001:2015 Implementing a Quality Management System course (July 2023).

### **FLEET CHALLENGE CANADA 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 28 Management Response and Original Anticipated Completion Date**

Agreed. After consideration and consultation with City of Hamilton Information Technology division and Enterprise Asset Management team, ATS has decided to work with staff to develop an interim FMIS in that will align with City of Hamilton practices.

Anticipated completion date: Q2 2023.

**In progress (FMIS).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

## **FLEET CHALLENGE CANADA 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 29 Management Response and Original Anticipated Completion Date**

Agreed. After consideration and consultation with City of Hamilton Information Technology division and Enterprise Asset Management team, ATS has decided to work with staff to develop an interim FMIS in that will align with City of Hamilton practices.

Anticipated completion date: Q2 2023.

**In progress (FMIS).** ATS worked with DARTS and with the Public Works Quality Management Systems team to move forward with DARTS use of Intelex, the current platform used by Public Works for quality management, which will also be used to manage fleet information. DARTS has purchased Intelex and ATS management will have read-only access to all records housed there; both DARTS and ATS will have access to established Public Works expertise in use of Intelex. Target for complete installation and training: Q4 2023, and Intelex will be live January 2024.

## **FLEET CHALLENGE CANADA 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 30 Management Response and Original Anticipated Completion Date**

Agree in part. The DARTS location is unsuitable as an MVIS station as DARTS does not hold a lease to occupy its operating location at a facility that is shared by several different City divisions. To ensure our absolute confidence in MTO inspection outcomes, ATS has arranged a location for external third party MTO-grade inspections, as the prudent choice outlined in Recommendation 30 (above).

Anticipated completion date: NOT APPLICABLE (Contractor as MVIS); COMPLETE (process in place for third party MVIS inspections).

## **Status of Management Response**

**Complete (process in place for third party MVIS inspections).**

### **FLEET CHALLENGE CANADA 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 31 Management Response and Original Anticipated Completion Date**

Agreed. There are currently 3 subcontractors that DARTS utilizes to provide shared ride specialized transit service. DARTS reports all subcontractor contracts are currently with DARTS legal, and changes are being applied as requested by the City in response to Audit recommendations. DARTS anticipates completion of the sub-contractor contract drafts by March 2023, for submission to the City for review, noting that the drafts will be more fully informed by the terms in the new City and DARTS Agreement.

ATS notes that since September of 2022, challenges with subcontractors have continued.

Anticipated completion date: Q1 2023 (DARTS draft revised subcontractor agreements).

#### **Status of Management Response**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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.

#### **Recommendation 32 Management Response and Original Anticipated Completion Date**

Agree to investigate. DARTS has committed to undertaking this assessment, however, note that their current rented location at 330 Wentworth cannot house additional vehicles if expansion was considered. DARTS will perform this cost analysis and report back to ATS by Q2 2023.

Anticipated completion date: Q2 2023.

#### **Status of Management Response**

**In progress (assessment of current fleet configuration).** DARTS has projected an increase (before inflation) to their cost per trip of approximately 9 % if no subcontractors are used, and an increase of approximately 7% if only one subcontractor is used. DARTS has since reduced the number of subcontractors from two to three, at no impact to the 2024 budget. DARTS predicts improved control over Operator training and service delivery as a result. DARTS advises that there is capacity to assign all schedules to one of the remaining subcontractors should another subcontractor agreement terminate.

## **THEME E: RECOMMENDATIONS FOR DARTS REGARDING ITS SUBCONTRACTORS**

### **FLEET CHALLENGE CANADA 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 33 Management Response and Original Anticipated Completion Date**

Agreed. DARTS reports all subcontractors have been contacted with dates for 6-month safety inspections at the MVIS station of DARTS' choice.

In the intermission, ATS is reviewing subcontractor vehicle information with DARTS and sending vehicles for third party assessment when required. ATS can advise that challenges with the subcontractors has not resolved since October of 2022.

Anticipated completion date: ongoing.

#### **Status of Management Response**

**Complete (process in place for third party MVIS inspections).** ATS continues to observe inspection failures with subcontractor vehicles, as noted in report PWXXXX. DARTS reports they are monitoring 1-month and 6-month safety inspections for DARTS and subcontractor vehicles.

### **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 34 Management Response and Original Anticipated Completion Date**

Agree to investigate. DARTS has committed to undertaking this assessment, however, note that their current rented location at 330 Wentworth cannot house additional vehicles if expansion was considered.

ATS also notes that if subcontractors are no longer used, there is a risk of having no alternatives for service. DARTS will perform this cost analysis and report back to ATS by Q2 2023. ATS will also consider other alternatives.

Anticipated completion date: Q2 2023.

#### **Status of Management Response**

**In progress (assessment of current fleet configuration).** DARTS has projected an increase (before inflation) to their cost per trip of approximately 9 % if no subcontractors are used, and an increase of approximately 7% if only one subcontractor is used. DARTS has since reduced the number of subcontractors from two to three, at no impact to the 2024 budget. DARTS predicts improved control over Operator training and service delivery as a result. DARTS advises that there is capacity to assign all schedules to one of the remaining subcontractors should another subcontractor agreement terminate.

### **RECOMMENDATION 35**

DARTS should complete comprehensive business case analysis to revisit the lowest cost options between insourcing or outsourcing to subcontractors

#### **Recommendation 35 Management Response and Original Anticipated Completion Date**

Agree to investigate. DARTS has committed to undertaking this assessment, however, note that their current rented location at 330 Wentworth cannot house additional vehicles if expansion was considered.

ATS also notes that if subcontractors are no longer used, there is a risk of having no alternatives for service. DARTS will perform this cost analysis and report back to ATS by Q2 2023. ATS will also consider other alternatives.

Anticipated completion date: Q2 2023.

#### **Status of Management Response**

**In progress (business case to revisit lowest cost options between insourcing or outsourcing to subcontractors).** DARTS has projected an increase (before inflation) to their cost per trip of approximately 9 % if no subcontractors are used, and an increase of approximately 7% if only one subcontractor is used. DARTS has since reduced the number of subcontractors from two to three, at no impact to the 2024 budget. DARTS predicts improved control over Operator training and service delivery as a result. DARTS advises that there is capacity to assign all schedules to one of the remaining subcontractors should another subcontractor agreement terminate.

### **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 36 Management Response and Original Anticipated Completion Date**

Agree in part. ATS agrees with the investigation of alternative service models. Our immediate priority is public safety and the above suggestion would add management and oversight complexity.

DARTS reports its current location cannot accommodate housing and maintaining the vehicles currently housed on two subcontractor lots, and one subcontractor employs unionized staff who are allowed to bring their vehicles directly home at the end of their shift, as part of their collective bargaining agreement.

Anticipated completion date: NOT APPLICABLE.

### **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.



### **Recommendation 37 Management Response and Original Anticipated Completion Date**

Agreed. This is a material change in existing agreements. ATS will work directly with DARTS to review repair and inspection history of vehicles with more than 200,000 total kilometres and older than 10 model years to determine if this should be adjusted in the subcontractor agreements.

DARTS reports it has directed subcontractors to retire vehicles after 10 model years but have not applied a cap to kilometres.

Anticipated completion date: Q2 2023 (amending agreements).

#### **Status of Management Response**

**In progress (subcontractor agreements).** DARTS has applied a 100,000 km mileage cap in its updated subcontractor agreement. Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

## **THEME F: RECOMMENDATIONS – INSURANCE**

### **FLEET CHALLENGE CANADA 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 38 Management Response and Original Anticipated Completion Date**

Agreed. ATS is requesting copies of Certificate of Insurance (COI) for all vehicles owned and operated, as COIs are renewed. The type of policy used to cover all owned and operated vehicles is dependent on insurance policies obtained by subcontractors under the current DARTS MOA and subcontractor service agreements. COIs are reviewed for compliance under these agreements and sent for review by the City of Hamilton Legal and Risk Management Service. Contract language governing insurance in both the DARTS MOA and subcontractor service agreements will be reviewed to include the requirement for vehicle coverage that applies to “all owned or leased” as opposed to vehicle-specific “as described” coverage, to avoid the extra administrative work necessary to track coverage for individual vehicles added or removed from service. There may be circumstances wherein subcontractors are only able to procure “as described” coverage. In these instances, Risk Management Services will review the coverage to ensure compliance.

Anticipated completion date: Q4 2023 (revised subcontractor service agreement).

#### **Status of Management Response**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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 39 Management Response and Original Anticipated Completion Date**

Agreed, with an alternative and more vigilant approach as determined in consultation with the subject matter experts in Legal and Risk Management Services. Insurance documents from DARTS and/or their subcontractors should be submitted to ATS directly from the insurers, and then provided to Risk Management for a fulsome review, with a reserved right to request additional information and/ or notarized copies as needed to satisfy the City. Subject matter experts in Risk Management will reach directly out to these insurers as required. ATS has provided this direction to DARTS in a letter reviewed by Legal and Risk Management Services.

Anticipated completion date: Q3 2023 (last subcontractor renewal due).

#### **Status of Management Response**

**Complete (implementation of ATS review of insurance documents directly submitted from subcontractor's insurers)**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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 40 Management Response and Original Anticipated Completion Date**

Agreed, with an alternative and more vigilant approach as determined in consultation with the subject matter experts in Legal and Risk Management Services. Insurance documents from DARTS and/or their subcontractors should be submitted to ATS directly from the insurers, and then provided to Risk Management for a fulsome review, with a reserved right to request additional information and/ or notarized copies as needed to satisfy the City. Subject matter experts in Risk Management will reach directly out to these insurers as required. ATS has provided this direction to DARTS in a letter reviewed by Legal and Risk Management Services.

Anticipated completion date: Q3 2023 (last subcontractor renewal due).

#### **Status of Management Response**

**Complete (implementation of ATS review of insurance documents directly submitted from subcontractor's insurers)**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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 41 Management Response and Original Anticipated Completion Date**

Agreed, with an alternative and more vigilant approach as determined in consultation with the subject matter experts in Legal and Risk Management Services. Insurance documents from DARTS and/or their subcontractors should be submitted to ATS directly from the insurers, and then provided to Risk Management for a fulsome review, with a reserved right to request additional information and/ or notarized copies as needed to satisfy the City. Subject matter experts in Risk Management will reach directly out to these insurers as required. ATS has provided this direction to DARTS in a letter reviewed by Legal and Risk Management Services.

Anticipated completion date: Q3 2023 (last subcontractor renewal due).

#### **Status of Management Response**

**Complete (implementation of ATS review of insurance documents directly submitted from subcontractor's insurers)**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA 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 42 Management Response and Original Anticipated Completion Date**

Agreed, with an alternative and more vigilant approach as determined in consultation with the subject matter experts in Legal and Risk Management Services. Insurance documents from DARTS and/or their subcontractors should be submitted to ATS directly from the insurers, and then provided to Risk Management for a fulsome review, with a reserved right to request additional information and/ or notarized copies as needed to satisfy the City. Subject matter experts in Risk Management will reach directly out to these insurers as required. ATS has provided this direction to DARTS in a letter reviewed by Legal and Risk Management Services.

Anticipated completion date: Q3 2023 (last subcontractor renewal due).

#### **Status of Management Response**

**Complete (implementation of ATS review of insurance documents directly submitted from subcontractor's insurers)**

**In progress (subcontractor agreements).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

### **FLEET CHALLENGE CANADA RECOMMENDATION 43**

City of Hamilton Risk Management should review subcontractor insurance requirements at least annually.

### **Recommendation 42 Management Response and Original Anticipated Completion Date**

Agreed. City of Hamilton Risk Management reviews all COI's upon renewal and requests amendments where any deficiencies are noted.

Anticipated completion date: COMPLETE (all COIs and any amendments as required are submitted by ATS to Risk Management for review).

**Status of Management Response**

**Complete (all COIs and any amendments as required are submitted by ATS to Risk Management for review).**

**THEME G: RECOMMENDATIONS – CONTRACTS – THE MOA**

**FLEET CHALLENGE CANADA 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

**FLEET CHALLENGE CANADA 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.

**FLEET CHALLENGE CANADA RECOMMENDATION 46**

The MOA should define requirements of accessible vehicles that must receive MTO accessible vehicle safety inspections every 6-months.

**FLEET CHALLENGE CANADA 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)

**FLEET CHALLENGE CANADA 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.

**FLEET CHALLENGE CANADA RECOMMENDATION 49**

The MOA should set out the requirements regarding driver screening and driver’s abstracts, both pre-hire and during employment.

**FLEET CHALLENGE CANADA RECOMMENDATION 50**

The MOA contract language should define the minimum standards as far as DARTS driver’s demerit point status.

## **Themed Recommendations 44-50 Management Response and Original Anticipated Completion Date**

Agreed. ATS acknowledges that the existing contract between the parties is insufficient. The overall approach to arrive at a new agreement will be undertaken in two parts:

- For existing terms which require minor updates or revisions, the Transit Division will work with internal legal counsel to issue an amending agreement to the existing contract between the parties, where it is practical to do so to cover interim matters pending the preparation of a new agreement. (in progress)
- For areas which require either substantive changes or new requirements, the Director of Transit will define business terms through discussions with the contractor. Legal counsel will thereafter prepare the appropriate terms and conditions for inclusion in a new agreement for the parties to execute. (not yet started)

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement)

### **Status of Management Response**

**In progress (new MOA).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)

## **THEME H: RECOMMENDATIONS – CONTRACTS - SUBCONTRACTOR SERVICE AGREEMENTS (SAS)**

### **FLEET CHALLENGE CANADA RECOMMENDATION 51**

Subcontractor Service Agreements (SAs) should be aligned with the DARTS MOA contractual obligations to the City.

### **FLEET CHALLENGE CANADA 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.

### **FLEET CHALLENGE CANADA RECOMMENDATION 53**

The SAs should define requirements for accessible vehicles to receive MTO accessible vehicle safety inspections every 6-months.

### **FLEET CHALLENGE CANADA 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

### **FLEET CHALLENGE CANADA RECOMMENDATION 55**

The SAs should define minimum acceptable vehicle safety and preventive maintenance (PM) standards consistent with MTO safety standards.

#### **FLEET CHALLENGE CANADA RECOMMENDATION 56**

The SAs should set out the consequence of non-compliance with MTO safety standards.

#### **FLEET CHALLENGE CANADA 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

#### **FLEET CHALLENGE CANADA 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.

#### **FLEET CHALLENGE CANADA RECOMMENDATION 59**

The SAs should set out the requirements regarding driver screening and driver's abstracts, both pre-hire and during employment.

#### **FLEET CHALLENGE CANADA RECOMMENDATION 60**

The SAs contract language should define the minimum standards as far as driver's demerit point status.

#### **FLEET CHALLENGE CANADA RECOMMENDATION 61**

The SAs should include specific language requiring subcontractor vehicles to conform to safety requirements for the modification and construction of accessible vehicles.

#### **FLEET CHALLENGE CANADA 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.

#### **FLEET CHALLENGE CANADA 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.

#### **FLEET CHALLENGE CANADA 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.

#### **Themed Recommendations 51-64 Management Response and Original Anticipated Completion Date**

Agreed. ATS acknowledges that the existing contract between the parties is insufficient. The overall approach to arrive at a new agreement will be undertaken in two parts:

- For existing terms which require minor updates or revisions, the Transit Division will work with internal legal counsel to issue an amending agreement to the existing contract between the parties, where it is practical to do so to cover interim matters pending the preparation of a new agreement. (in progress)
- For areas which require either substantive changes or new requirements, the Director of Transit will define business terms through discussions with the contractor. Legal counsel

will thereafter prepare the appropriate terms and conditions for inclusion in a new agreement for the parties to execute. (not yet started)

Anticipated completion: Q2 2023 (amending agreements) Q4 (new Agreement)

**Status of Management Response**

**In progress (new MOA).** Revised Anticipated Completion Dates: Q1 2024 (amending agreements)