TO: Chair and Members  
Public Works Committee  

WARD(S) AFFECTED: CITY WIDE

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<th>COMMITTEE DATE:</th>
<th>March 22, 2010</th>
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<tr>
<td>SUBJECT/REPORT NO:</td>
<td>D.A.R.T.S. 2009 Deficit Funding (PW10030) - (City Wide)</td>
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<th>SUBMITTED BY:</th>
<th>PREPARED BY:</th>
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| Gerry Davis, CMA  
General Manager  
Public Works Department | Paul Thompson  
Manager, Fare Administration & ATS  
(905) 546-2424, Extension 1862 |

SIGNATURE:  

RECOMMENDATION:  
That the General Manager of Public Works be authorized to pay D.A.R.T.S. an additional $137,504.93 for services provided for the year 2009, over and above those funds approved under the 2009 Transit budget allocation.

EXECUTIVE SUMMARY

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

In 2009, D.A.R.T.S. was budgeted to deliver approximately 139,444 bus service hours, and 426,585 direct or subcontracted trips, with a 2009 net expenditure of $10,036,690.

D.A.R.T.S. actually provided about 143,914 bus service hours, and 430,100 trips, with an actual 2009 net expenditure of $10,174,194.93 resulting in a funding deficit of $137,504.93, as confirmed by D.A.R.T.S. in its audited financial statement. This amount forms part of the overall 2009 Transit year end final budget variance, which is expected to be $0.
The major driving factor that contributed to the deficit was the cost of vehicle repairs, these being over budget due to extended delays in the fleet replacement schedule, as previously reported to Council in report PW07144b. This issue, which had also been a major driver within the 2008 D.A.R.T.S. budget overrun, is remedied through the 2009 and 2010 bus procurement cycles.

As a not-for-profit organization, D.A.R.T.S. maintains no reserves to deal with budget variances. The staff recommendation will allow D.A.R.T.S. to carry out its 2010 service plan as set forward in the 2010 Transit budget submission. Under the terms of the agreement between the City and D.A.R.T.S., Council has the discretion to deny funding of expenditures other than those approved as part of the annual budget process, but such denial of funding of the 2009 net expenditure deficit would provide effective cancellation of the agreement.

Alternatives for Consideration - Not Applicable

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

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

Staffing: None

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

**HISTORICAL BACKGROUND**

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

**POLICY IMPLICATIONS**

There are no policies affecting the proposal.

**RELEVANT CONSULTATION**

Consultation has been undertaken with the Finance & Administration Division of Corporate Services.
ANALYSIS / RATIONALE FOR RECOMMENDATION

The overall 2009 financial position for Transit includes the D.A.R.T.S. deficit of $137,504.93. A liability payable to D.A.R.T.S. is accrued for 2009 year-end, and approval of this recommendation will allow the City to reimburse D.A.R.T.S. As such, it is recommended that Council approve the funding of the outstanding $137,504.93 deficit.

The significant driver affecting the D.A.R.T.S. deficit was vehicle maintenance, the result of extended time required for the City to carry out procurement of replacement vehicles utilizing ramp equipped vehicles only, and the corresponding impact of maintaining existing vehicles beyond their anticipated life expectancy. This issue, which had also been a major driver within the 2008 D.A.R.T.S. budget overrun, is remedied through the 2009 and 2010 bus procurement cycles, with the oldest D.A.R.T.S. vehicles remaining being in the fifth year of their expected seven year life. Further, it is expected that the design of the new vehicles should result in longer component usefulness over the vehicle life cycle.

ALTERNATIVES FOR CONSIDERATION:

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

CORPORATE STRATEGIC PLAN


Social Development

- Residents in need have access to adequate support services
- People participate in all aspects of community life without barriers or stigma

APPENDICES / SCHEDULES

None