Agenda - Executive Policy Committee - November 14, 2007

Moved by Councillor

That Rule 10(3) of The Procedure By-law No. 50/2007 be suspended in order that the following item, which was received less than 96 hours preceding the committee meeting, be considered by Committee.

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - November 13, 2007

Item No. 3 Amendments to Bus Charter Rates
File TT-2

STANDING COMMITTEE RECOMMENDATION:

On November 13, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submits the following to Council:

1. That City of Winnipeg bus charter rates approved by Council on April 30, 2003 be rescinded and replaced as follows:

Customer Group	Effective September 1, 2008	Effective September 1, 2009	Effective September 1, 2010
Regularly-scheduled, recurring services, chartered by school divisions and employers for the transport of students and employees	$70.00 per bus hour	$80.00 per bus hour	$85.00 per bus hour
Non-recurring charter services, excluding senior citizen groups during restricted times	$80.00 per bus hour	$100.00 per bus hour	$115.00 per bus hour
Non-recurring charter services for senior citizen groups, restricted to weekday travel between 9:00 a.m. and 3:00 p.m.	$70.00 per bus hour	$80.00 per bus hour	$85.00 per bus hour

2. That the Transit Department report back on its long term charter rate plan and the impact of its new rates in one year's time.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee – November 14, 2007

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - November 13, 2007

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On November 13, 2007, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

RE: **Amendment to Bus Charter Rates**

FOR SUBMISSION TO: **Standing Policy Committee on Infrastructure Renewal and Public Works**

ORIGINAL REPORT SIGNED BY: **Dave Wardrop, Director of Transit**

REPORT DATE: **October 25th, 2007**

RECOMMENDATIONS:

1. **That City of Winnipeg bus charter rates approved by Council on April 30, 2003 be rescinded and be replaced as follows:**

Customer Group	*Effective September 1, 2008*	*Effective September 1, 2009*	*Effective September 1, 2010*
Regularly-scheduled, recurring services, chartered by school divisions and employers for the transport of students and employees	**$70 per bus hour**	**$80 per bus hour**	**$85 per bus hour**
Non-recurring charter services, excluding senior citizen groups during restricted times	**$80 per bus hour**	**$100 per bus hour**	**$115 per bus hour**
Non-recurring charter services for senior citizen groups, restricted to weekday travel between 9:00 am and 3:00 pm	**$70 per bus hour**	**$80 per bus hour**	**$85 per bus hour**

2. **That the Transit Department report back on its long term charter rate plan and the impact of its new rates in one year's time.**

Report Summary

Key Issues:

- Charter rates have not changed since July 2003.
- The recommendation will result in Transit Department charter bus service customers paying higher rates.

Implications of the Recommendations:

General Implications

( ) None

( ) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s):
Customers hiring Winnipeg Transit for charter bus services will pay a higher rate.

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):
The additional revenue to be derived from the charter rate increase has been budgeted.

Report

REASON FOR THE REPORT:

By-law 7100/97 provides Council the authority to set bus charter rates for services rendered within the City of Winnipeg.

HISTORY:

The last amendment to bus charter rates took place effective July 2003.

DISCUSSION:

Rate increase rationale

The primary service offered by the City of Winnipeg Transit Department is the operation of the City's public transit system, comprised of the local, fixed–fare regular transit service and its parallel Handi-Transit service. The City also has the authority to operate chartered bus services. The ability to deliver this form of service is dependent on the Transit Department having resource capacity (in the form of bus operators and/or buses) after satisfying the commitments made to operate the public transit system. As such, delivering charter services is not the Transit Department's primary business. It makes use of resources that would otherwise be idle. In fact, presently, the Department does not have sufficient bus operators to actively pursue charter opportunities and charter rates should appropriately reflect this fact.

The current rates for bus charters were set effective July 2003. Since that time, the operating budget for the Transit Department has increased nearly 20%, largely driven by direct costs associated with service delivery – wages and benefits and diesel fuel.

At the same time, based on a survey of the marketplace, the rates presently charged by the City of Winnipeg for bus charters are low. A telephone survey indicates that two

major City competitors charge between $60 and $75 per hour for comparable work. In delivering its chartered services, the Transit Department dispatches its newest and clean buses, operated by one of its professional drivers. It also draws upon its expertise and established resources in planning, customer services and on-street supervision to ensure the charter experience is a premium one for the customer.

Recommended rates
Based on the foregoing, the Transit Department feels that its bus charter rates should be positioned to lead the market.

There are two categories of charter services provided by the department:

1. **Regularly-scheduled, recurring services chartered by school divisions and employers for the transport of students and employees.** These charter services are used to supplement school bus service operated by school divisions and to provide transit service to places of employment that are isolated from the regular transit network or that have shift changes during off-peak periods (late evenings, for example). In such instances, the charter services are planned well in advance with the school divisions and employers and are operated on a regular basis throughout a schedule period. Because these types of charters can be planned well in advance and be included in regular bus operator work assignments, they can be operated at regular bus operator wage rates. Consequently, they are less costly to operate than non-recurring charter services.

2. **Non-recurring charter services.** These types of charters are for one-time events that normally occur on a single day or over a few days (convention charters, for example). Because this type of work cannot be incorporated into the regular bus operator work assignments, it is usually operated by bus operators at overtime rates. Consequently, these charters are more expensive to operate than the first type.

Until now, a single charter rate has been charged for both types of charters. However, it is recommended that two rates be used – one for each of the two categories of charter service. Such an approach would better reflect the costs of providing the two different types of charter service.

The Transit Department recommends that City of Winnipeg bus charter rates approved by Council on April 30, 2003 be rescinded and be replaced as follows:

Customer Group	*Effective September 1, 2008*	*Effective September 1, 2009*	*Effective September 1, 2010*
Regularly-scheduled, recurring services chartered by school divisions and employers for the transport of students and employees	**$70 per bus hour**	**$80 per bus hour**	**$85 per bus hour**
Non-recurring charter services, excluding senior citizen groups during restricted times	**$80 per bus hour**	**$100 per bus hour**	**$115 per bus hour**
Non-recurring charter services for senior citizen groups, restricted to weekday travel between 9:00 am and 3:00 pm	**$70 per bus hour**	**$80 per bus hour**	**$85 per bus hour**

The charter rate increase is being implemented over three years to reduce the impact on organizations that would otherwise be experienced in 2008.

The current rate charged for both types of charters services is $61 per bus hour.

The charter rates adopted by Council also provide a 20% discount for senior citizen charters that take place on weekdays between 9:00 am and 3:00 pm. These charters are planned as a non-recurring charter. It is recommended that senior citizen charters that take place on weekdays between 9:00 am and 3:00 pm be charged at the regularly-scheduled, recurring services rate. This reflects Council's interest in providing this cliental with a discounted transit service rate.

The proposed charter rates effective September 1, 2009 and 2010 will be subject to further review to consider the impact of actual costs of operation, actual demand experience and availability of resources. The Transit Department will only report back to Council if there is a change in the rates proposed for each of those years.

Impact

The proposed rate increases will have an impact on all of the City's charter customers. The largest group of charter customers is those who receive their service under the regularly-scheduled, recurring service category. With the rate recommended for September 1, 2008, this group will experience a 15% increase, keeping in mind that this will be the first rate increase in five years.

The customers who will experience the greatest rate increase are the non-recurring school charters during the restricted times who will see a rate increase of $31 per bus hour. Presently, they receive the same discounted rate as senior citizen groups. However, a critical difference is that education is a Provincial responsibility.

So that all groups can properly plan, shortly after Council approval, the Transit Department will contact its regular customers to inform them of these rate amendments. With a September 1, 2008 implementation, it will provide customers sufficient time to budget for the increases and make appropriate plans to ensure their needs are accommodated.

Review and reporting on the impact of the recommended charter rate plan will occur. Reporting back to the Standing Policy Committee on Infrastructure Renewal and Public Works in one year's time is recommended.

Financial Impact Statement

Date: October 25, 2007

Project Name: Amendment to Bus Charter Rates

First Year of Program **2008**

	2008	2009	2010	2011	2012
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	4,000	34,000	51,000	75,000	75,000
Net Cost/(Benefit)	$ (4,000)	$ (34,000)	$ (51,000)	$ (75,000)	$ (75,000)
Less: Existing Budget Amounts	(4,000)	(34,000)	(51,000)	(75,000)	(75,000)
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The incremental revenue impact assumes that the rate increase will result in some loss of business. The budget amounts for 2008 and 2009 are administrative budgets only and have not been adopted by Council. The budget amounts for 2010 through 2012 assume the financial impact will carry forward to these years' budgets.

Original Signed by Paul D. Olafson
Manager of Finance & Administration

4082

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

NA

External Consultation With:

NA

THIS REPORT SUBMITTED BY:

Department: Transit
Division: Finance and Administration
Prepared by: Paul D. Olafson, CA
File No.: