Agenda – Executive Policy Committee – July 5, 2023

Report – Standing Policy Committee on Public Works – June 26, 2023

Item No. 1 Partial In-House Transit Plus Service

STANDING COMMITTEE RECOMMENDATION:

On June 26, 2023, the Standing Policy Committee on Public Works did not concur in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Council decision of October 28, 2021 with respect to the Standing Policy Committee on Infrastructure Renewal and Public Works Notice of Motion regarding Partial In-house Service for Winnipeg Transit Plus be rescinded, namely:

   "A. That the Winnipeg Public Service be directed to implement a service model in which 22 to 30% of all Winnipeg Transit Plus total annual service hours are provided by in-house service providers as of January 1, 2024."

2. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Public Works within 90 days with a plan to reduce, through consolidation, the number of contracts for the provision of Transit Plus services being awarded overall.

3. That, regardless of the award amount, awards for the provision of accessible transportation services for Winnipeg Transit Plus come to Council for approval until such time that each contract replacement (but not short-term extension) has been approved by Council.

4. That future Requests for Proposals (RFP) for Transit Plus service include the following:

   A. That drivers for the service providers must be employees of the firms, rather than sub-contracted drivers;

   B. That future award reports include, along with the bid amounts, scoring and other currently-included data, the names of all firms that have submitted a bid on the RFP; and

   C. That any index payments made to the contractors due to an increase in 'average wage' index are reflected in the wages received by the employees driving for the contractor.

5. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Public Works one year after the implementation of the RouteMatch software replacement with information on service delivery improvements and current average wait times.

Report – Standing Policy Committee on Public Works – June 26, 2023

STANDING COMMITTEE RECOMMENDATION (continued):

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

Agenda – Executive Policy Committee – July 5, 2023

Report – Standing Policy Committee on Public Works – June 26, 2023

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On June 26, 2023, the Standing Policy Committee on Public Works passed the following motion:

WHEREAS the Standing Policy Committee on Public Works is being presented with information from the Public Service that suggests bringing a portion of Winnipeg Transit Plus service in house will result in much higher costs than originally anticipated without meaningfully improving service to the passengers;

AND WHEREAS there are concerns about cost escalation in Winnipeg Transit Plus;

AND WHEREAS there are inconsistencies in the reporting of awards of Transit Plus service contracts;

AND WHEREAS Council has referred, in both the Poverty Reduction Strategy and Our Winnipeg, towards improving wages and working conditions for lowest paid workers;

AND WHEREAS approximately half of the drivers providing the service in 2020 demanded, through a petition, that Council improve working conditions for the service;

AND WHEREAS existing service delivery contracts involve a mix of employees and sub-contractors;

AND WHEREAS requiring ‘employee’ status will guarantee additional employment and wage standards, including CPP, EI and Workers Compensation coverage, and the ability to apply to the Employment Standards Branch or the Manitoba Labour Board in the event of unfair work conditions;

AND WHEREAS there is a desire to improve working conditions for all Transit Plus drivers, not just the smaller portion of drivers whose work was to be brought ‘in house’ due to the original motion;

AND WHEREAS the existing Transit Plus Requests for Proposals (RFPs) include an “indexing provision” that awards additional funds to the contractor after the first year so as to adjust for inflation, and the major determinant of the index is the “Canadian Industrial Average Wage”;

Report – Standing Policy Committee on Public Works – June 26, 2023

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

THEREFORE BE IT RESOLVED that the recommendation of the Winnipeg Public Service not be concurred in, and the following be recommended to the Executive Policy Committee and Council:

1. That Council rescind its decision of October 28, 2021 with respect to the Standing Policy Committee on Infrastructure Renewal and Public Works Notice of Motion regarding Partial In-house Service for Winnipeg Transit Plus, namely:

    "A. That the Winnipeg Public Service be directed to implement a service model in which 22 to 30% of all Winnipeg Transit Plus total annual service hours are provided by in-house service providers as of January 1, 2024."

2. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Public Works within 90 days with a plan to reduce, through consolidation, the number of contracts for the provision of Transit Plus services being awarded overall.

3. That, regardless of the award amount, awards for the provision of accessible transportation services for Winnipeg Transit Plus come to Council for approval until such time that each contract replacement (but not short-term extension) has been approved by Council.

4. That future Requests for Proposals (RFP) for Transit Plus service include the following:

    A. That drivers for the service providers must be employees of the firms, rather than sub-contracted drivers;

    B. That future award reports include, along with the bid amounts, scoring and other currently-included data, the names of all firms that have submitted a bid on the RFP; and

    C. That any index payments made to the contractors due to an increase in 'average wage' index are reflected in the wages received by the employees driving for the contractor.

Report – Standing Policy Committee on Public Works – June 26, 2023

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

5. That the Winnipeg Public Service be directed to report back to the Standing Policy Committee on Public Works one year after the implementation of the RouteMatch software replacement with information on service delivery improvements and current average wait times.

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

Councillor Mayes, St. Vital Ward, submitted a communication with respect to the matter.

On November 29, 2022, the Standing Policy Committee on and Public Works granted an extension of time of up to 180 days for the Winnipeg Public Service to report back on the matter.

Romeo Ignacio, President Business Agent, Amalgamated Transit Union 1505, submitted a communication with respect to the matter.

COUNCIL DECISION:

On December 15, 2021, Council adopted the recommendation of the Executive Policy Committee, which included the following:

OPERATING BUDGET RECOMMENDATIONS:

1.F. That the Council decision of October 28, 2021 directing the public service to implement a partial in-house service model for Winnipeg Transit Plus be amended to require that the public service report back to the appropriate committee of Council on or before December 31, 2022 with a proposed plan for Winnipeg Transit to deliver 22% to 30% of the Winnipeg Transit Plus program by in-house service providers beginning in 2024, including, but not limited to, full operational costing effective in 2024, incremental full-time equivalent requirements, implementation plan and impact on operations, and future capital program.

ADMINISTRATIVE REPORT

Title: Partial In-House Transit Plus Service

Critical Path: Standing Policy Committee on Public Works – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
T. Platt R. Young L. Fisher	G. Ewankiw	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

Council directed the Public Service to report back with a proposed plan to deliver 22% to 30% of the Winnipeg Transit Plus program by in-house service providers beginning in 2024. Various items were considered in developing the proposed plan to change the service delivery model, which included vehicle purchases, number of employees and training required, fleet maintenance, inclusive operational costs, impacts to the current operational model, and the impact to customers.

Total service hours will remain the same as are currently provided by contractors and will not increase efficiency or accommodate trips for Transit Plus customers. The main differences of the implementation of a partial in-house service model are that contracted drivers will be replaced by Transit employees and Winnipeg Transit will be responsible for the purchase, storage, and maintenance of the vehicles used to provide service.

Two models were reviewed for this report; to use cars with a targeted go-live date in 2024, or to use buses with a targeted go-live date in 2026 to deliver in-house service. The implementation plan outlined in this report are similar for each model.

Significant operational impacts to bringing 22% of service in-house were identified:

- A total of 56.3 permanent FTEs in the bus model and 55.3 for the car model (including 46 net new bus operators), plus 3.0 temporary FTEs will be required to execute the implementation plan and deliver service. As a result of collective agreement contract obligations, providing in-house service will require additional operational hours for bus operators to provide the same service hours currently provided by contractors. Additionally, new operator training will be extended to 35.5 days from 33 days to accommodate the required Transit Plus course material.
- The implementation timeline requires careful consideration of various factors. This report reflects the most expeditious timeline that can be achieved based on the expected delivery schedule for the vehicles and proposes an implementation date before the end of 2026 using buses as the recommended vehicle type.

- Until new garage space is added, the storage of these additional vehicles in the interim will have significant operational impacts, which may affect the efficiency of Transit operations.
- The limited interim storage capacity is the determining factor for the percentage of service that is feasible to deliver in-house; Transit Plus requires 20 vehicles comprised of 16 dedicated vehicles and four spare vehicles to deliver 22% of Transit Plus service in-house. This provides an in-house service target within the Council-provided range based on the replacement of three vehicle contracts.

The car model identified significant impacts including the recruitment required to meet the 2024 implementation plan which will not be feasible within the timeframe given current challenges of hiring bus operators industry-wide. Additional operational and financial issues with the car model include; outfitting cars with required hardware impacts seat capacity and trunk space, payment system/fare collection, scheduling and higher overall costs compared to the bus model.

The Department does not recommend proceeding with this model for the delivery of the in-house service. The remainder of the report highlights buses as the identified vehicle to deliver in-house service.

It will cost more for Transit to provide Transit Plus service in-house than is estimated would be paid to contractors. A full cost comparison for both models is outlined in Appendices A (buses) and B (cars). These appendices summarize the total cost to the organization by including the impact of both capital and operating expenses on an annual basis compared to the cost of contractor-provided service. The net additional annual cost of providing the service in-house compared to continuing having the service provided by contractors for the recommended model (buses) is summarized below:

2027	2028	2029
$2,344,976	$2,074,727	$2,360,190

The net operating budget impact (expenses in excess of revenues) which summarizes the annual operating cash flow requirements is detailed in Appendices C (buses) and D (cars). The operating budget impact for the first four years for the bus model is summarized below:

2024	2025	2026	2027
$100,658	$3,187,728	$4,540,542	$1,247,382

$9.25 million in capital funding has been approved in the 2023 capital budget for the purchase of vehicles for this initiative. The total capital needed to accommodate both the vehicles and their storage requirements is $12.78 million. Therefore, additional capital funding will be required in the amount of $3.53 million and this report assumes it will be funded through external debt.

For both the tables presented above, assumptions have been made with respect to future salary, fuel and parts costs using current collective agreement terms and information provided from a vehicle manufacturer.

Similarly, contractor savings reflect anticipated increased contractor costs beyond normal inflation rates over the next few years as they will also be faced with higher purchase and maintenance costs for vehicles, fuels and other expenses. However, the impact of the current inflation rates on future collective agreement terms, contractor costs and other operating expenses is difficult to assess. The financial models include above-average increases on future contractor costs to reflect this risk. Appendices C and D detail the capital budget impacts of each model for the purchase of vehicles and the long-term storage for new vehicles.

RECOMMENDATIONS

1. That the timeline for the implementation of partial in-house Transit Plus service be amended to be launched before the end of 2026 and that the service be provided through the use of buses as the preferred vehicle type.

2. That 56.3 permanent and 3.0 temporary FTEs be added to Winnipeg Transit's employee complement as follows:

	2024	2025	2026	2027
Permanent	0.50	33.08	54.09	56.30
Temporary	0.50	2.00	2.08	0.42

3. That the following operating budget requirements be referred to the 2024-2027 multi-year budget process:

2024	2025	2026	2027
$100,658	$3,187,728	$4,540,542	$1,247,382

4. That Winnipeg Transit's 2023 capital budget for Transit Plus In-House Service be reduced from $9,250,000 to $8,200,000 to reflect the updated funding required for the purchase of vehicles and that $1,050,000 in approved borrowing authority approved for this budget be cancelled.

5. That the 2024 capital budget requirement of an additional $4,580,000 in funding for the North Garage Replacement capital project to be financed by external debt be referred to the 2024-2027 multi-year budget process.

6. That, pending approval of the additional capital budget in Recommendation 5, additional borrowing authority in the amount of $4,580,000 be approved to fund the added costs for vehicle storage.

7. That the City Solicitor/Director of Legal Services be requested to submit the necessary borrowing by-law directly to Council.

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

REASON FOR THE REPORT

On October 28, 2021, Council approved a motion directing Winnipeg Transit to implement a partial in-house service model for Winnipeg Transit Plus to move 22% to 30% of the provision of the service in-house effective January 1, 2024.

Council amended the October 28, 2021, motion on December 15, 2021, to direct Winnipeg Transit to prepare and provide a report to the appropriate Committee before December 31, 2022, with a proposed plan for Winnipeg Transit to deliver 22% to 30% of the Winnipeg Transit Plus program by in-house service providers beginning in 2024, including but not limited to, full operational costing effective in 2024, incremental full-time equivalent requirements, implementation plan, operational impacts, and future capital program.

On November 29, 2022, the Standing Policy Committee on Public Works (SPC-PW) granted the Public Service an extension of time up to 180 days to report back with the proposed plan.

IMPLICATIONS OF THE RECOMMENDATIONS

Transit requires additional operating and capital budget funding, as detailed in Appendix C, as well as an additional 59.30 FTEs to implement 22% of Transit Plus service in-house using buses as the preferred vehicle type.

The recommended timeline will see the in-house service launch in 2026, which is later than the Council-recommended timeline of 2024.

HISTORY/DISCUSSION

On June 20, 2019, Council directed the Public Service that within 30 days of the ratification of the collective agreement renewal for current contract negotiations with the Amalgamated Transit Union, the Standing Policy Committee on Innovation consider bringing 30% of Transit Plus (formerly Handi Transit) ride volume in-house (i.e. delivered directly by the City of Winnipeg) by June 30, 2022, provided that agreement can be reached with the Amalgamated Transit Union to deliver such services in-house at a cost per ride roughly comparable to current privatized services.

On March 9, 2020, the Standing Policy Committee on Innovation and Economic Development referred the report of the Winnipeg Public Service to the Standing Policy Committee on Infrastructure Renewal and Public Works, and recommended that the feasibility of bringing Transit Plus service in-house to handle only rides requiring wheelchair-capable service be reviewed immediately.

On May 19, 2020, the Standing Policy Committee on Infrastructure Renewal and Public Works directed the Winnipeg Public Service to report back in 180 days on a review of the feasibility of bringing Transit Plus service in-house to handle only rides requiring wheelchair-capable service.

On December 4, 2020, the Standing Policy Committee on Infrastructure Renewal and Public Works granted an extension of time of 180 days for Winnipeg Transit to report back to the Committee.

On July 7, 2021, the Standing Policy Committee on Infrastructure Renewal and Public Works referred the funding required to bring 30% of all Winnipeg Transit Plus service in-house, as was outlined in Appendix A of the report tabled at that meeting, to the 2022 Budget Review Process.

On October 28, 2021, Council approved a motion that the Winnipeg Public Service be directed to implement a service model in which 22% to 30% of all Winnipeg Transit Plus total annual service hours are provided by in-house service providers as of January 1, 2024.

Subsequently, the Council decision of October 28, 2021 directing the Public Service to implement a partial in-house service model for Winnipeg Transit Plus was amended to require that the Public Service report back to the appropriate committee of Council on or before December 31, 2022 with a proposed plan for Winnipeg Transit to deliver 22% to 30% of the Winnipeg Transit Plus program by in-house service providers beginning in 2024, including, but not limited to, full operational costing effective in 2024, incremental full-time equivalent requirements, implementation plan and impact on operations, and future capital program.

At a Reports Briefing on November 22, 2022, an earlier draft of this administrative report was reviewed by members of the Executive Policy Committee and the following revisions were requested:

- In addition to the model contemplated in the report, the Public Service should consider a model which is based on utilizing cars only and not just a model of buses.

On November 29, 2022, the Standing Policy committee on Public Works (SPC-PW) granted the Public Service an extension of time up to 180 day to report back with the proposed plan.

Various items were considered in developing the proposed plan to change the service delivery model which included vehicle type and purchases, number of employees and training required, fleet maintenance, inclusive operational costs, impacts to the current operational model, and the impact to customers.

Total service hours will remain the same and will not increase service hours available for Transit Plus trips, nor will Transit Plus realize a significant impact to efficiency or overall customer satisfaction. The most visible differences of the implementation of a partial in-house service model are contracted drivers will be replaced by Transit employees and Winnipeg Transit will be responsible for the purchase, storage, and maintenance of the buses used to provide service.

The goal of the implementation plan is to have the transition from contractor-provided service to in-house service be seamless for the customer.

IMPLEMENTATION PLAN

A change to the service model for the provision of Transit Plus service will require several modifications and process adjustments to align the operations of the conventional and paratransit service in order to implement the direction by Council.

Although the implementation plan outlined in this report is similar for each model considered for this report, the Department does not recommend proceeding with the car model for the delivery of the in-house service. The Department has concluded that buses are the most suitable vehicle to meet the operational needs, has the least financial impact of the two models and would

support the future family of services model identified in the Winnipeg Transit Master Plan (WTMP).

Procurement of Vehicles
In order to provide 22% of Transit Plus service in-house, Transit needs to purchase 20 vehicles (16 to provide service and 4 spares). The bus purchases will be acquired through the City of Winnipeg's procurement process. The implementation plan recommends to purchase 27-foot buses that are built on a General Motor chassis; the same model that current contractors are required to purchase to procure bus contracts and will ensure that the specifications of the buses are limited to one type/model. This consistency in vehicle type will help facilitate the ongoing operator training, minimize costs on vehicle maintenance and parts, customer expectations of dimensions, and scheduling, as it offers a standardized vehicle foot print.

Operational Impacts: Industry issues impacting the delivery and costs of the vehicles will influence the acquisition of these vehicles. Issues being reported by the industry include shortage of raw materials and corresponding higher costs, price increases and surcharges for major components from suppliers, escalating freight costs, general delays, shortages, and exorbitant costs for microchip and electronic component supplies.

Discussions with vendors indicate that there is currently a backlog of chassis orders at the General Motors (GM) plant. Based on this information, the estimated delivery schedule provided from a vendor is up to 24 months, but may be up to 36 months if any further delays occur. Discussions with other transit properties in Canada also support the 24-36-month delivery timeline. The timeline proposed for this report assumes that Transit would be able to receive buses by February 2026. Meeting this assumption is critical if Transit is to launch in-house service in 2026 as the earliest implementation date.

Transit will not be able to meet the 2024 launch timeline as was in the Council approved recommendation due to the preference for buses as the optimal vehicle choice, the related lead time for the delivery of the bus order and the risk that the necessary number of bus operators will not be able to be recruited in time.

Recruitment
In the previous two years, Winnipeg Transit has been challenged to replace bus operators lost through normal attrition and to attract new hires. It is anticipated that recruitment issues will continue for the public transportation sector and attracting new applicants will continue to pose significant challenges for Winnipeg Transit as seen in other Transit properties.

Winnipeg Transit's recruiting process is comprehensive and requires candidates to successfully complete several evaluation stages. Although bus operator recruitment is an ongoing process, to ensure the total number of bus operators needed for launch are in place and fully trained for the recommended bus model, recruitment efforts are expected to be further accelerated beginning September 2024.

Operational Impacts and FTE Requirements**:** All Transit properties in Canada are experiencing significant difficulties fulfilling current personnel requirements and are struggling to attract and retain new candidates to deal with bus operator attrition. In response to the attraction and recruitment problem, Winnipeg Transit has increased advertising for new hires and has modified the process by reducing the recruitment timeline for hires; however, securing the total number of bus operators needed to implement the in-house service is one of the project's most significant risks.

In order to maintain this focus on bus operator recruitment and retention, additional resources are required. Winnipeg Transit Human Resources division requires 2.0 temporary FTEs to manage the initial recruitment efforts needed to on-board all the additional staff and the equivalent of 0.5 permanent FTE to manage the related impact of the added staff on the recruitment, safety, and other HR areas.

It is expected that Transit will continue to experience challenges recruiting bus operators needed to staff the current required employee complement, as the Department works towards restoring full service later in 2023, plus those needed for the added in-house service. Given the current hiring challenges, it will be critical to start to build up the number of total operators needed over time in order to meet the additional demand to staff and train the in-house Transit Plus service. To implement the recommended bus model, these recruitment efforts will need to start in 2024 in order to have the staffing levels in place and training completed to meet the 2026 launch date.

Training
In order to prepare bus operators to provide Transit Plus service, all new bus operators will receive accessibility, disability awareness, mobility aid securement training, and specific Transit Plus training. The Transit Plus training will also be provided to the bus operators who have signed up for the work and any senior operators who have signed as spare operators (all new hires are placed on the spare board upon completion of training consistent with the terms of the Collective Agreement). There will be a need to train over 270 operators before Transit can reliably provide in-house Transit Plus service as a result of the operational process that will be followed to allow operators to sign up for the work.

Training will commence well in advance of the launch date to ensure there are sufficient available bus operators to provide the partial in-house service. In addition to the specialized bus operator training, and since any operator will be able to sign up for this work based on seniority, there is also a requirement to cross-train all existing operations supervisors, inspectors, on-street supervisors, control centre staff, dispatchers, schedulers and timekeepers.

Operational Impacts and FTE Requirements**:** The introduction of the provision of in-house Transit Plus service will require the instruction branch to develop training modules for all operational areas and to provide additional ongoing training. Additional ongoing training is necessary to provide all the supplementary training that will be required for all new operators and auxiliary staff. The new operator training will also be extended from 33 to 35.5 days to include the additional Transit Plus training content that contractors currently receive. There will also be a need to continue training contractor drivers that will continue to provide a portion of service under this model. This level of extra training will require the addition of 2.0 FTEs to the existing instructor staff complement. Additionally, regularly scheduled bus operators will need to be backfilled to be able to participate in Transit Plus training which will result in additional overtime costs.

Resource Scheduling and Dispatching
The complement of operators required to provide the in-house Transit Plus service will be part of the general pool of operators who will have the ability to sign for conventional, On-Request, or Transit Plus work based on seniority. The Transit Plus schedule will be combined with the current scheduling and the sign-up process will be available to all bus operators. Bus operators on the spare board will also cover Transit Plus service in cases of absences and vacations of the assigned operator. The shifts will be structured similarly to the conventional service and will start and end at the Fort Rouge garage.

Vehicles and daily trips will continue to be scheduled by the software scheduling system and all operators will be dispatched each day by the conventional service dispatch. The dispatch function between conventional and paratransit will be aligned to ensure bus operators can be assigned daily to all services (conventional, paratransit or On-Request), as required. Dispatch will track the assigned operator, tablet number, and vehicle number for the day's service. Dispatch will also be responsible for finding a replacement operator to cover absences of the assigned operator to ensure no interruption in service.

To note, the costing models include one classification of bus operator in order to gain the most efficiency in the scheduling of work regardless of the vehicle type; bus or car. Utilizing trained operators for all Transit work from the spare board allows the flexibility of coverage to deliver this additional work. In a jurisdictional scan, there were reports of transit agencies currently reviewing wage parity where different classifications existed between conventional and paratransit operators suggesting there are challenges with that structure.

Communication
All the vehicles for Transit Plus service will be outfitted with a compatible radio communication system, similar to the system used on conventional buses. This system will allow calls from Transit Plus operators to be received and managed in the Transit control centre. The control centre will be the first point of contact for all bus operators, and the staff in the control centre will triage each call and contact relevant stakeholders including the Transit Plus team leads, for the resolution of presenting issues. With the exception of mechanical calls, all calls from all in-house Transit Plus operators will be sent to a Transit Plus team lead who will take appropriate actions to resolve presenting issues such as late requests, changes in trip times, and issues pertaining to trip planning or rescheduling for the day.

Operations supervisors and the control centre will collaborate with the Transit Plus operations supervisor to identify video from the vehicles that will have to be reviewed based on incidents consistent with the process for conventional buses.

Operational Impacts & FTE Requirements**:** The dispatch area and the timekeepers will be responsible for all scheduling and the coordination of training that must occur prior to the provision of in-house service. The amount of training that must occur in a short period of time will require timekeepers to adjust bus operator shifts to schedule existing bus operators for training and schedule replacements for their shifts to ensure no interruption in service. The dispatch area will require an additional dedicated timekeeper for a one-year temporary term to coordinate the additional training required for existing bus operators.

There will be additional operational hours required to cover operator time from the garage until their first pick-up and back to the garage at the end of their shift, which has a corresponding impact on the total bus operators required to perform the service hours as well as hours required for dispatchers to be on duty. Currently, Transit Plus does not pay contractors for their travel time to the first scheduled pickup or after their last drop-off. In total, 46.0 additional bus operator FTEs will be required to provide the service hours needed to bring 22% of Transit Plus service in-house. These added operating hours also increase the total number of vehicles needed by one unit when compared to the number of vehicles used by contractors.

In the current contractor model, contractors are responsible for triaging all issues from their drivers, and only calls of an urgent nature were taken by the Transit Plus team leads. In order to efficiently triage all issues from in-house Transit Plus operators in a timely fashion, to accommodate the additional hours that will have to be added for operator travel time, and to

deal with scheduled and unscheduled absenteeism, the team lead staffing complement will need to be increased by two FTEs for the Transit Plus Contact Centre.

In order to ensure that all videos are pulled and sent to key stakeholders in a timely fashion and to increase coverage, this area will need to be augmented by 0.3 FTE.

Supervision
Bus operators providing Transit Plus service will be part of the overall operator complement providing transit service. Treating all bus operators as part of an overall pool that is able to provide the three types of current Transit service (conventional, paratransit and On-Request) will facilitate the efficient allocation of bus operators. Supervision for all bus operators will continue to be provided by the current operations supervisors.

Transit Plus inspectors and conventional inspectors will work to provide on-street oversight, response, and support to bus operators providing Transit Plus service.

Operational Impacts & FTE Requirements**:** The implementation plan reflects that, consistent with the current framework in the collective agreement, all bus operators will be supervised by an Operations Supervisor. In order to accommodate the added supervision responsibilities from the added FTEs, this area will need to increase its complement by 0.3 FTE. A review will be done several months into implementation to assess the demand of added employee supervision and the requirement to increase the overall supervisory complement.

Outfitting and Maintenance of Vehicles
Once the buses have been delivered they will be outfitted with essential components to meet operational service needs.

Operational Impacts & FTE Requirements: The initial outfitting of the vehicles will be completed by Transit's Plant and Equipment Division. All the vehicles will be outfitted with various items including fareboxes, cameras, and radios.

The ongoing maintenance and daily servicing of the Transit Plus vehicles will be done by Transit staff with the overall maintenance needs being incorporated into the responsibility of Transit's Plant and Equipment Division. The added responsibilities for the daily servicing and maintenance of the buses will require the addition of 5.0 FTEs vehicle maintenance and bus servicing employees to the Plant and Equipment division as well as 0.2 FTE to the Information Systems division for the ongoing maintenance of the tablets and related systems.

Zero Emission Buses (ZEB)
Winnipeg Transit has explored the possibility of using zero-emission buses for the partial in-house Transit Plus service. While there are vehicle options available on the market, they are at an initial higher cost over comparable diesel or gasoline-powered models. Additionally, internally and operationally, it would not be possible to manage a fleet of zero-emission Transit Plus buses in-house until the new transit garage is fully operational, currently expected to be in 2027.

Transit's ZEB study found that the Fort Rouge campus is restricted with the amount of hydro power available for the campus. Thus, any charging capacity added for Transit Plus vehicles would reduce charging capacity for fixed route transit service and would put the success of the ZEB pilot scheduled to start in 2023 at risk. Electric buses require access to dedicated charging stations between the hours of 10 pm and 5 am. While Winnipeg Transit has developed a temporary accommodation plan for the storage of the in-house Transit Plus vehicles at the Fort

Rouge garage, doing so will require flexibility to park these vehicles in different available locations, including potentially outside at times, and moving or adding chargers for these vehicles is not a viable or workable option. For these reasons, the Public Service is recommending the initial Transit Plus buses for in-house service purchased prior to the opening of the new garage be powered by diesel or gasoline. Future opportunities to purchase ZEB vehicles for Transit Plus will be assessed as part of the Transition to ZEB project.

Storage of Vehicles
With the new garage not expected to be commissioned until 2027, an interim, temporary storage plan is required. This short-term plan will have a significant impact on Transit operations. Storing these additional vehicles puts the existing garages beyond their capacity and will restrict the movement of buses for daily service and repairs in the existing facilities.

Accommodating the added buses during the interim period within the existing garage space is a risk item related to the timeline proposed in this report.

Operational Impacts**:** The limited storage capacity is dictating the percentage of service that is feasible to deliver in-house until the new garage is complete. Twenty-two percent of total Transit Plus service can be delivered with the purchase of 20 additional buses. This is the maximum number of buses that can be stored given the existing capacity and in consideration of the need to store the zero emission buses for the 2023-2026 ZEB pilot project.

The long-term plan for storage is to expand the footprint of the new North Garage facility to accommodate the displacement of 40-foot buses from the Fort Rouge Garage where the new 27-foot buses will be stored and dispatched each day. This added square footage will require an additional $4,580,000 in capital budget for the North Garage Replacement capital project to allow for the addition of one storage track and added maintenance space. The space and respective costing for storage of the cars is less, but still has a financial impact and includes the addition or replacement of a gas tank required to service the fuel needed for cars.

Existing Contracts

The implementation timelines require careful consideration due to the expiry dates of the existing contracts. The contracts that were earmarked for replacement for in-house service were selected based on the proximity to the proposed implementation timeline which have been identified as the most logical contracts to replace with in-house service.

The timeline proposed for the implementation to bring partial Transit Plus in-house also has to consider the impact the change will have on existing contractors and the City's contractual obligations to these companies. As such, the plan for replacing contractors with in-house service has been designed to minimize the negative impact to the contractors, understanding that the service will still rely heavily on these companies to provide the balance of the Transit Plus service.

As part of the determination of the restructuring of contractors versus in-house, the timelines of all existing contracts were considered. Terminating a third bus contract early was considered; however, Transit does not expect the effort would be cost-effective as presumably the cost of negotiating the termination of existing contracts would not be settled for less than the remaining value of the contract costs. As the proposed plan allows the existing contracts to be in place until their end date, it is unlikely further savings would be achieved from terminating the contracts early.

Some potential impacts to the contractors, which influence the risk indicated above, are as follows:

- If the amount of service per contract is significantly reduced, the contractors stand to incur critical financial losses.
- Contractors have purchased specialized and expensive vehicles and are responsible for the expense of maintaining them.
- A reduction in available contracts could lead to impacts on employment and independent contractor agreements. Impact on contractors may not be evenly distributed causing considerable hardship for some owners and their employees.
- "Loss of faith" in relationship with the City of Winnipeg, as many of these contractors have multiple contracts with Winnipeg Transit and if they are negatively impacted on one contract, it could impact service delivery for other contracts or impede the ability to secure future contracts with them.

Review of Cars

A costing and implementation model considered the use of cars to meet Council direction to provide a proposed plan to deliver in-house service beginning in 2024. To adhere to Transit processes and governing collective agreements, there were several impacts identified that hinders the proposed car model, including:

The outfitting of cars: the small footprint of a car cannot accommodate the equipment required of the video, radio and farebox to meet operation needs. This outfitting impacts the seat capacity and trunk space required for customers and their mobility aid or medical devices. These vehicles do not offer the storage or seating capacity to accommodate the upcoming changes to service from the transportation standards outlined in the *Accessibility for Manitoban's Act* (AMA) (currently pending Legislative approval) nor allow the efficiency required for a family of services model outlined in the Winnipeg Transit Master Plan (WTMP). This outfitting is required to facilitate communication with Transit's Control Centre and align with Transit's internal controls and processes to ensure operational consistency for bus operators between conventional and Transit Plus service provision.

Recruitment of bus operators: to ensure bus operators receive the training required to perform Transit Plus work, operators must be in place one year prior to implementation. In order to meet Council direction to deliver partial in-house service beginning in 2024, recruitment would need to be complete by the fourth quarter of 2023. Given the challenges to obtain the operators needed to deliver current Transit service and upcoming service resumption targets, the ability to gain the required staff is not achievable within this timeline.

Payment system: the inability to eventually utilize a digital payment method (i.e. farebox, as achieved in the bus model) does not allow synergies with future Transit initiatives and in alignment with the goals of the WTMP and will not comply with the AMA's proposed requirement to provide customers with comparable fare payment options available on both paratransit and conventional services.

Costing model: in addition to the shortcomings identified above, implementing in-house service with cars is a more costly approach when compared to the bus model and thus would require a larger financial investment when considering both operating and capital funding requirements.

Family of Services

The WTMP is committed to and aligned with the Ombudsman's recommendations, the Human Rights Act and AMA to ensuring more accessible travel options for individuals with disabilities.

The current trend and industry direction is to promote the integration of conventional and paratransit services into what is referred to as a "family of services".

The WTMP lays the foundation, including infrastructure, supporting policies and funding towards the integration of the two services to accomplish cost efficiencies, promote independence, accessibility, inclusion, and flexibility for customers. This new type of alternative service model frees up the specialized vehicles to be available for those who cannot reasonably use the conventional service and promotes the use of conventional service for those that are able. This integration of services would effectively allow Winnipeg Transit to offer its customers the service that best fits their needs; conventional, On-Request, or paratransit as options, and effectively bring a portion of the paratransit service in-house at that time.

Financial

The investment required to bring the service in-house includes the following cost categories:

- Annual operating:
    - Salary and benefits;
    - Vehicle maintenance and repair, fuel and insurance;
    - Other operating costs including training, uniforms and software licensing;
    - Financing costs.
- Capital:
    - Purchase of vehicles;
    - Additional building square footage for long-term vehicle storage.

Two financial models were developed for consideration in this report – implementing in-house service in 2024 using cars and implementing in-house service in 2026 using buses.

Appendices A (buses) and B (cars) summarize the annual financial impact of providing an equivalent amount of in-house service measured against providing the same service hours, using the same vehicle type through a contractor. The results of this analysis indicated that using cars would have a larger financial impact to the City than implementing the in-house service with buses. This is one of the key reasons why the department is recommending proceeding with buses as the preferred vehicle type.

For comparison, the summary of the net additional cost, considering both capital and operating resources, compared to providing service through contractors for each model is:

Bus Model:

2027	2028	2029
$2,344,976	$2,074,727	$2,360,190

Car Model:

2026	2027	2027
$3,661,934	$3,908,685	$3,865,760

The operating and capital budget adjustments needed for the preferred model (buses) are detailed in Appendix C and are reflected in the Financial Impact Statement. The operating budget impact reflects required operating cash flow on an annual basis and is different from the total costing comparison shown in Appendix A due to the allocation of total costs into operating and capital components as required for budgeting purposes.

The operating budget impact for the preferred bus model for the four-year multi-year budget period is:

2024	2025	2026	2027
$100,658	$3,187,728	$4,540,542	$1,247,382

Assumptions have been made with respect to future salary, fuel and parts costs using current collective agreement terms and information provided from a vehicle manufacturer. However, the impact of the current inflation rates on future collective agreement terms and other operating expenses is difficult to assess.

Similarly, the contractor savings amounts reflect anticipated increased contractor costs beyond normal inflation rates over the next few years as they will also be faced with the higher purchase and maintenance costs for vehicles, fuels and other expenses. This added cost which would be passed on to the City in new contracts through future bid opportunities has been estimated reflecting above average increases and is included in the contractor savings amounts in both appendices accordingly. However, the actual cost of future contracts from new bid opportunities is also influenced by other factors and as such cannot be definitively known.

The 2023 Adopted Capital Budget includes the Transit Plus In-House Service project in the amount of $9,250,000 for the purchase of buses. The revised estimate for purchasing and outfitting 20 buses is $8,200,000 and reflects updated pricing received from a potential vendor. Transit is thus recommending that the 2023 capital budget for the Transit Plus In-House Service that is currently funded at $9,250,000 be reduced to $8,200,000 and the borrowing authority for the difference in the amount of $1,050,000 be cancelled.

The buses have an expected life of nine years at which time future capital funds will be required to facilitate their replacement.

Additional capital budget will be needed to provide long term storage for the vehicles in the amount of $4,580,000. The report assumes this will be funded through external debt.

When considering the external debt funding that is not needed for the purchase of the buses, the total capital requirements for this project require net additional funding in the amount of $3,530,000 over what has been approved by Council to date.

Note that the North Garage Replacement capital project is funded through the Investing in Canada Infrastructure Program (ICIP); however, as the City has maximized the funding available under this program, it is assumed for purposes of this analysis that the additional costs for garage expansion will not be eligible for shared funding and will need to be funded entirely by the City.

See Appendix C for a summary of the capital requirements and funding shortfall.

For reference, Appendix D summarizes the operating and capital budget impact for the car model which is not being recommended.

Debt Strategy
On October 28, 2015, Council adopted a Debt Strategy for Tax Supported, Utilities and total City borrowing.

Subject to the approval of the recommendations of this report, a net additional borrowing authority of $3,530,000 is required.

$162 million of Tax Supported and $139 million of Utilities borrowing capacity will remain if Council approves the recommendations in this report, based on 2023 borrowing estimates.

The impact of this debt financing falls within the debt limits established in the Council Policy as outlined in the table below:

Tax Supported net debt as a percentage of revenue not to exceed	80%
Forecasted peak rate including proposed debt from this report	56.0%
Utilities net debt as a percentage of revenue not to exceed	220%
Forecasted peak rate including proposed debt from this report	106.4%
Total City net debt as a percentage of revenue not to exceed	90%
Forecasted peak rate including proposed debt from this report	77.0%
Tax Supported debt servicing as a percent of revenue not to exceed	10%
Forecasted peak rate including proposed debt from this report	5.1%
Utilities debt servicing as a percent of revenue not to exceed	20%
Forecasted peak rate including proposed debt from this report	9.9%
Total City debt servicing as a percent of revenue not to exceed	11%
Forecasted peak rate including proposed debt from this report	7.0%
Tax Supported Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,142
Utilities Debt per Capita not to exceed	1,500
Forecasted peak rate including proposed debt from this report	1,171
Total City Debt per Capita not to exceed	2,800
Forecasted peak rate including proposed debt from this report	2,100

Requested Changes
At a Reports Briefing on November 22, 2022, an earlier draft of this administrative report was reviewed by members of the Executive Policy Committee and the following revisions were requested:

- In addition to the model contemplated in the report, the Public Service should consider a model which is based on utilizing cars only and not just a hybrid model of cars and buses.

FINANCIAL IMPACT

Financial Impact Statement

Date: May 2, 2023

Project Name:

PARTIAL IN-HOUSE TRANSIT PLUS SERVICE

First Year of Program **2023**

	2023	2024	2025	2026	2027
Capital					
Capital Expenditures Required	$ 8,200,000	$ 4,580,000	$ -	$ -	$ -
Less: Existing Budgeted Costs	9,250,000	-	-	-	-
Additional Capital Budget Required	$ (1,050,000)	$ 4,580,000	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	(1,050,000)	4,580,000	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ (1,050,000)	$ 4,580,000	$ -	$ -	$ -
Total Additional Capital Budget Required	$ 3,530,000				
Total Additional Debt Required	$ 3,530,000				
Current Expenditures/Revenues					
Direct Costs	$ -	$ 100,658	$ 3,187,728	$ 5,391,077	$ 6,082,709
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ 100,658	$ 3,187,728	$ 5,391,077	$ 6,082,709
Less: Existing Budget Amounts	-	-	-	850,535	4,835,327
Net Budget Adjustment Required	$ -	$ 100,658	$ 3,187,728	$ 4,540,542	$ 1,247,382

Additional Comments:

The capital costs reflect the amounts needed to purchase 20 vehicles (2023) and accommodate their long term storage requirements (2024). The 2023 adopted capital budget included $9.25 million in funding for Transit Plus In-House Service leaving $3.53 million in additional capital budget required, assumed to be funded through external debt.

The direct operating costs include the cost of the added salaries, training, uniforms and fleet costs as well as the principal and interest payments for the long term debt. Beginning in 2026 as contractor terms expire and are replaced with in-house service, the existing budget amounts for these contractors will be eliminated. The net budget adjustment required in each year reflects the cash flow requirements based on the timing of the implementation plan as described in the report.

Laurie Fisher May 2, 2023

Laurie Fisher, CPA, CA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

Environmental Resilience, Objective 2: Prioritize sustainable transportation as the mobility options of choice.
Prioritize sustainable transportation as the mobility options of choice. Transition to a sustainable transportation system that safely and efficiently moves people, goods and services, increases access to a variety of affordable mobility choices, encourages less reliance on personal vehicle travel, reduces travel time, mitigates congestion and related greenhouse gas emissions, and supports the development of denser, better-connected, healthy and complete communities.

Winnipeg Transit Master Plan (2021)

Network Goals:

1. Enhance Customer Experience

Increase Ridership
Improve Downtown Mobility
Complement Land-Use Development
Improve Multi-modal Mobility
Ensure Transit is Inclusive
Continuously Innovate
Empower Healthy Communities
Balance Investment with Affordability

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with the Winnipeg Climate Action Plan (WCAP) as per Directions 3.1 Increase Use and Efficiency of Public Transit Systems (p.46).

Relevant actions include: Deliver continuous improvement in transit service with a focus on customer service, reliability, and route connectivity, and public education found on page 46 of the WCAP.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Goal 5(a) Transportation System Equity is Enhanced – the affordability and accessibility of transportation and transit service is increased.

SUBMITTED BY

Department: Winnipeg Transit
Division: Client Services/Operations/Finance and Administration
Prepared by: Teresa Platt, Manager of Client Services
Richard Young, Manager of Operations
Laurie Fisher, Manager of Finance and Administration
Date: May 31, 2023

Attachments:

Appendix A - Full Costing - Bus Model

Appendix B - Full Costing - Car Model

Appendix C - Operating and Capital Budget Impact - Bus Model

Appendix D - Operating and Capital Budget Impact - Car Model