

If this information is required in an accessible format, please contact 1-800-372-1102 ext. 3702



Durham Region Transit Report

To: Durham Region Transit Executive Committee
From: General Manager, Durham Region Transit
Report: #2025-DRT-03
Date: April 2, 2025

Subject:

2024 Service Delivery Model Transition Outcomes

Recommendation:

That the Transit Executive Committee recommends

That this report be received for information.

Report:

1. Purpose

- 1.1 The purpose of this report is to inform the Transit Executive Committee (TEC) on the estimated outcomes from DRT's transition of the service delivery model to fully contract out demand response services, with DRT staff delivering all scheduled services.

2. Background

- 2.1 When formed in 2006, DRT retained the service contract from the Town of Whitby which continued the delivery of transit services through a third-party service provider. Through December 31, 2023, the DRT service model for scheduled services continued to include a third-party service provider. These service providers delivered approximately 15% of scheduled service hours.
- 2.2 When operations began in January 2006, DRT delivered the demand responsive Specialized transit service through a combination of DRT staff, supplemented by contracts with taxi companies in the various local

municipalities to provide services that exceeded the capacity of internal DRT operations.

- 2.3 Throughout the years DRT continued to maintain contracts with third party service providers for demand responsive services, which at the time included only Specialized Services. On Demand, a demand response service for customers who do not require Specialized transit services, was launched in 2016 across the municipalities of Scugog, Uxbridge and Brock using a third-party service provider.
- 2.4 DRT's service model remained unchanged until late 2020, when DRT contracted with one taxi company in the Region to provide supplementary Specialized transit services. In transitioning to a single service provider, DRT realized operational and administrative efficiencies while maintaining the same service for customers.
- 2.5 During the COVID-19 pandemic, the transit network evolved in response to changing travel patterns and customer demand. On Demand services were expanded across the Region providing access to public transit in low ridership zones within urban areas, and across all rural areas of the Region. During this period DRT also integrated demand responsive services into a single service called On Demand. Specialized transit was amalgamated with On Demand, and customers were comingled into the same vehicles, where applicable. On Demand was delivered following the long-standing service model, with some service delivered by DRT staff, and the balance delivered by the third-party service provider.
- 2.6 Following a year of operating the amalgamated On Demand service, in early 2023 DRT held an engagement session with customers and families registered with Specialized transit. Responses to the issues raised during that session were summarized in report DRT-2025-18. Applicable comments from that report are summarized below.
 - a. Regarding comments of limited availability of trips, specialized transit trips by active customers had recovered to pre-COVID levels. On average, active customers completed 14.6 trips in April 2023 compared to 14.3 trips in April 2019.
 - b. Regarding comments of last-minute trip cancellations, DRT had experienced reliability challenges in the spring 2023.

- c. Regarding comments about equipment and infrastructure, all vehicles used to deliver DRT services comply with the accessibility requirements outlined by the Ontario Highway Traffic Act and Accessible Vehicles regulation.
 - d. Regarding comments about service to adult day programs, On Demand, including Specialized transit trips, is a shared-ride public transit service, available to all eligible customers. To maximize capacity and deliver service for as many customers as possible within existing resources, all DRT trips may be shared with multiple customers. As a shared ride service, some variability in pick up and drop off times is expected as customer trip requests are scheduled in real-time and can be incorporated on a vehicle with an ongoing trip. Transit schedules, including pick-ups and drop-offs, can be impacted by various factors beyond the control of DRT (such as collisions, detours, unplanned delays at other pick-up/drop-offs).
 - e. Regarding comments for dedicated travel to/from day programs, as a public service provider DRT is prohibited to prioritize access to service based on trip purpose, customer abilities, or destination.
 - f. Regarding customer trips being longer than originally planned, the On Demand service and new booking technologies enable last-minute real-time bookings which increases travel for all customers. In doing so, additional customers may be picked up mid-way through a trip, resulting a slight increase to travel time.
 - g. Regarding comments about operators being unaware of special needs of customers, On Demand drivers are trained professionals and expected to follow established policies and procedures such as securing mobility devices on the vehicle, providing assistance between the vehicle and the accessible door of a building, and being sensitive to the general needs of persons with visible or invisible disabilities.
- 2.7 The integration of the On Demand service and related operational and administrative processes were fully completed in 2023, and not a factor in the 2024 service model transition.
- 2.8 Following ratification of the collective bargaining agreement with Unifor in 2022, DRT initiated the Commission-approved transition of the service model to deliver all scheduled service with DRT staff and contracting out On Demand services. This new service model commenced January 1, 2024. The objectives of the new service model included cost avoidance impact, operational efficiencies, expanding transit service access for residents, and an enhanced customer experience.

- 2.9 In 2022, approximately 40% of all demand responsive services were delivered internally by DRT, with all new On Demand services being delivered by the third-party service provider.
- 2.10 Effective January 1, 2024, all scheduled service was delivered by DRT staff, and all On Demand service delivered by a third-party service provider.

3. Previous Reports and Decisions

- 3.1 Report 2021-DRT-25 Demand Response Services recommended Specialized Services and On Demand be amalgamated into a single demand responsive service. The report was based on the 2021 DRT Demand Responsive Transit Study completed by EY Canada and funded through the provincial Audit and Accountability Fund. The study highlighted that the transition to a single demand responsive service will provide customers a spontaneous, equitable, reliable, and customer-focused service. The demand response service will generate efficiencies by leveraging a single fleet, co-mingling of demand response riders, centralized operator pools, maintaining a single technology platform, and other staff and resource efficiencies.
- 3.2 Report #2021-DRT-20 The Route Ahead Durham Region Transit 2022-2025 Service Strategy was endorsed by TEC in September 2021, and the strategy highlights opportunities for DRT to evolve its demand responsive services as part of its post-pandemic recovery efforts, including transition to a single demand response service.
- 3.3 Report 2022-DRT-13 Update Demand Response Services provided an update to the Transit Executive Committee on the status of the transition to a single demand response service.
- 3.4 Report 2023-DRT-18 Specialized transit update provided a summary of feedback to the issues and concerns raised by customers of Specialized transit after the first year of operating the amalgamated On Demand service.

4. Impact Analysis

- 4.1 To evaluate the outcomes of the service model transition, the actual 2024 financial performance under the new service delivery model was compared to estimates assuming the previous service model was delivered in 2024. As a result of the service model change implemented in 2024, DRT estimate a cost avoidance of approximately \$1.6 – \$2.0 million. In other words, delivering the

same level of service in 2024 using the previous service model, DRT would have needed either a \$1.6 - \$2.0 million increase to the 2024 budget, or an equivalent level of service reductions to meet the 2024 budget.

- 4.2 The following assumptions regarding service hours are made in the impact estimation analysis:
- Under the previous service delivery model, it is estimated that 66,000 annual scheduled service hours would have been contracted to PWT in 2024. This is in line with actual PWT hours delivered before the contract was closed out, representing approximately 15% of all scheduled service hours.
 - In 2024, all 168,000 demand responsive service hours were delivered through the third-party service provider. It is estimated that under the previous service model, DRT would have internally delivered 50,000 hours at most, given limited resources & capacity, while the third-party service provider would have delivered the remaining 118,000 hours.

Table 1: 2024 Avoided cost impact as a result of the service delivery model transition

2024 INCREMENTAL ESTIMATED COST ANALYSIS	Previous Service Delivery Model Cost Projection 66,000 scheduled hours contracted out, 50,000 demand responsive hours delivered internally,)	New Service Delivery Model Projection (66,000 scheduled service hours delivered internally, and 50,000 demand responsive hours contracted out)	Pressure (Cost avoidance)
Demand responsive service impact	\$12,500,000	\$9,500,000	(\$3,000,000)
Scheduled service impact (former PWT Service)	\$7,600,000	\$8,800,000	\$1,200,000
Total incremental cost	\$20,100,000	\$18,300,000	(\$1,800,000)

4.3 Contracting Out All Demand Response Services

As per Table 1 above, contracting out all demand responsive service resulted in avoiding an approximate \$3.0 million in gross annual impact, which includes

operating cost avoidance of approximately \$2.7 million from the lower contractor costs compared to internal operational costs, and an additional \$0.3 million in capital cost avoidance as a result of avoiding purchases of demand responsive vehicles.

4.4 DRT delivering All Scheduled Services

As per Table 1 above, fully delivering scheduled services using DRT staff would have increased DRT costs by an estimated \$1.2 million. The estimate includes an annual \$84,000 property lease cost to temporarily accommodate outdoor parking for the 22 buses that were previously assigned to the third-party service provider. The net estimated increased impact to deliver the 66,000 revenue service hours delivered by the third-party service provider was offset by the estimated costs avoided by contracting out demand response services, as aforementioned.

4.5 Through the new service delivery model, in 2024 DRT was able to expand and enhance the transit network within the approved budget. DRT was able to leverage efficiencies through the service delivery transition to stay within reach of the service growth targets of the 10 year Service and Financing Strategy (2023-2032).

4.6 Maintenance and servicing capacity as a result of the transition was not a significant factor considering the maintenance and servicing requirements of the 30 internal specialized vehicles that were retired by DRT and replaced by the 22 buses previously maintained by the third-party service provider.

5. Operational Outcomes

5.1 The \$1.6 - \$2.0 million cost avoidance enabled DRT to enhance capacity and reliability across the transit network.

5.2 In 2024, on-time performance of routes previously delivered through the third-party service provider improved by three to seven percent.

5.3 Many of the 35 employees hired from the third-party service provider have commented that they are happy and grateful to be directly employed by DRT. Specific comments relate to being a valued member of DRT, access to enhanced training and support, pay and benefits, and the sense of equity and respect they have experienced between employees across the organization.

- 5.4 As a result of all scheduled service being delivered internally, the planning and scheduling process are simplified and streamlined when creating vehicle and operator assignments. Consequently, staff capacity can be redirected to improving the reliability and efficiencies of schedules, and the work can be planned closer to their implementation date which enables staff to use the most up to date data. Delivering service through a common pool of vehicles and operators also provides additional opportunities for efficient schedules.
- 5.5 Since amalgamating all scheduled services internally, DRT has full transparency of the transit network. This includes issues such as commendations for employees, and responding to on-street incidents and service delays. The new service model enables staff to investigate incidents in real-time and a greater ability to respond to service disruptions by leveraging all resources within the network.
- 5.6 There was no measurable change in customer feedback as a result of the service model change.

6. Relationship to Strategic Plan

- 6.1 This report aligns with the following strategic goals and priorities in the Durham Region Strategic Plan:
 - a. Connected and Vibrant Communities
 - Improve public transit system connectivity, reliability, and competitiveness

7. Conclusion

- 7.1 By re-imagining how services are provided, DRT has delivered more transit service for residents.
- 7.2 Fully contracting out demand response services and contracting-in all scheduled services has enabled DRT to deliver better operational outcomes that enhance service growth and improve access and frequency of the transit service.

Respectfully submitted,

Original signed by

Bill Holmes

General Manager, DRT

Recommended for Presentation to Committee

Original signed by

Elaine C. Baxter-Trahair

Chief Administrative Officer