

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
18	6/28/10	Open	Action	5/26/10

Subject: Approve Exhibit A, Budget and Service Levels, of the Collaborative Agreement with Paratransit, Inc., for Fiscal Year 2010-11

ISSUE

Whether to Approve Exhibit A, Budget and Service Levels, of the Collaborative Agreement with Paratransit, Inc., for Fiscal Year 2010-11

RECOMMENDED ACTION

Adopt Resolution 10-06-_____, Approve Exhibit A, Budget and Service Levels, of the Collaborative Agreement with Paratransit, Inc., for Fiscal Year 2010-11

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	8,400,000
Budget Source:	Operating	Next FY:	\$	N/A
Funding Source:	N/A	Annualized:	\$	N/A
Cost Cntr/GL Acct(s) or	38-630091	Total Amount:	\$	8,400,000
Capital Project #:				
Total Budget:	\$ 8,400,000			

DISCUSSION

As discussed at the June 14, 2010 RT Board meeting, RT is actively re-negotiating its current agreement with Paratransit, Inc. for the provision of ADA complementary paratransit services. With input from Paratransit, Inc. on current and projected demand, as well as potential cost savings based on efficiencies, RT staff has developed a budget and service projection for FY 10-11.

Service demand in FY 09-10 is approximately 5% below original projections. It is anticipated that 259,389 trips will be provided to ADA-eligible individuals and 37,056 trips will be provided to Age-eligible individuals in FY 09-10 within the service area mandated by federal regulations for ADA complementary paratransit service. This is also known as the "Type I" service area. Due to the June 20, 2010 service reductions, trips required in the ADA complementary paratransit service area will decrease by approximately 9.5% in FY 10-11. This represents a 14.5% total reduction in Type I trips provided between FY 09-10 and FY 10-11. 234,747 ADA trips and 33,537 Age trips are projected for FY 10-11.

Approved:

Presented:

Final 6/23/10

General Manager/CEO

Director, Accessible Services & Customer Advocacy

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Also discussed at the June 14, 2010 meeting, was the elimination of the Age-based eligibility program during FY 10-11. This eligibility program is currently managed by RT and RT funds about half of Age-eligible trips. Paratransit, Inc., as the Consolidated Transportation Service Agency (CTSA) for the urbanized portion of Sacramento County, receives funding through Measure A and Transportation Development Act programs for transportation services to seniors. Paratransit, Inc. uses those funding sources to support Age-based service in the Type I and Type II paratransit service categories. By the end of FY 10-11, responsibility for any Age-based certifications for individuals age 75 or older who are ineligible for ADA paratransit service will be transitioned to Paratransit, Inc. With approval of Exhibit A, RT will agree to fund Age-eligible Type I trips in the month of July 2010 and then fund a percentage of trips projected to be provided to riders who were previously Age-eligible who transition to the ADA-eligibility program during the remainder of the fiscal year. RT is assuming additional ADA-eligible trips as this transition takes place over the fiscal year. With an information campaign beginning in July, Age-eligible riders actively using the paratransit system will be strongly encouraged to apply for ADA paratransit eligibility. Anticipating the changeover of a portion of Age-eligible riders to ADA, the total projected ADA complementary service increases to a total of 250,963 trips to be provided in FY 10-11. This number includes 16,216 of the projected 33,537 Age Type I trips, which is comparable to the number of Age trips funded by RT in the current fiscal year.

Taking into account the reduced number of eligible paratransit trips projected, and by applying a 13% savings in cost per trip due to additional efficiencies by Paratransit, Inc., RT expects Paratransit, Inc. to reduce RT's cost per trip from the \$42.76 budgeted in the current year to \$37.31 per passenger trip in FY 10-11. In comparison, RT fixed-route service cost per passenger will be reduced by 16% for bus service and 19% for light rail service between FY 09-10 and FY 10-11.

As the Paratransit, Inc. CEO, Linda Deavens, testified at the June 14 meeting, Paratransit, Inc. appears unwilling to reduce the cost per trip for ADA complementary service in FY 10-11 and projects a cost per passenger trip of approximately \$43.00. During recent dialogue with Paratransit, Inc. staff, Paratransit, Inc. expressed the opinion that the request for a reduction in cost per passenger trip is arbitrary and based on an unsubstantiated premise that Paratransit, Inc. is cost inefficient. Paratransit, Inc. asserts that it is highly cost efficient, citing external audits that demonstrate cost efficiency. Paratransit, Inc. was most-recently compared to its peers in a Transportation Development Act (TDA) audit. The audit includes a peer review based on FY 08-09 rates. The performance indicators included in this peer comparison indicate that Paratransit, Inc.'s cost per passenger trip was \$20.48 and the cost per vehicle service hour was \$57.49 in FY 08-09. These costs are based on an average of Paratransit, Inc.'s Type I, Type II, and Type III services. Type III services are services that are coordinated by Paratransit, Inc. as the Consolidated Transportation Service Agency (CTSA). Paratransit, Inc. coordinates CTSA trips with human service agency partners and does not incur the full cost of providing such services. Therefore, when the cost of CTSA service is averaged with the Type I and Type II demand-response service Paratransit, Inc. operates directly, it appears that the overall cost of service is much lower. Paratransit, Inc.'s cost for the demand response service it operates directly (both ADA Type I, and non-ADA Type II service) is much more costly. In FY 09-10, the budgeted cost

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of demand-response service operated directly by Paratransit, Inc. was \$73.78 per vehicle service hour and \$43.44 per passenger trip.

As identified in the Mundle & Associates *Review of Cost Allocation Model and Alternative Strategies for Paratransit Service*, increased productivity of RT’s ADA paratransit service through methods such as additional subscription service or an increase in the passenger trips provided per hour would generate significant savings in the overall cost of the service. Paratransit, Inc. contends that most of the subscription service and/or the highly productive service that would improve the rate of trips per hour is provided under the CTSA programs. RT commends the efforts of Paratransit, Inc. to coordinate human service transportation. However, RT does not benefit directly from these efficiencies, as demonstrated in the FY 09-10 budgeted cost per hour and per trip for the ADA complementary service, \$71.43 and \$42.76 respectively. RT’s service is not based on the lower “average” rate used in the TDA audit, but on the much higher demand-response rate.

Paratransit, Inc. has indicated that it will contribute \$1.14M to Type I service in FY 10-11. Although RT has not yet seen Paratransit, Inc.’s detailed budget for Type I and Type II service for FY 10-11, it is assumed at this time that this funding contribution will be directed to Age Type I service. Based on a \$43.00 per passenger trip rate, Paratransit, Inc. also projects a funding gap of approximately \$975,000. RT believes that a 13% reduction in cost per trip to \$37.31 per trip is reasonable, considering the agency-wide savings that Paratransit, Inc. experiences as the CTSA. This reduction will result in the elimination of any funding gap for ADA complementary paratransit service. For FY 10-11, the position of RT staff is that RT will fund 100% of the Type I service to ADA-eligible individuals; however, this funding will be based on a lower cost per trip. As RT continues to collaborate with Paratransit, Inc. as the CTSA in the provision of ADA paratransit services and non-ADA human service transportation in the region, RT must be able to achieve some of the cost benefit provided to Paratransit, Inc. through the coordination of funding sources. At \$37.31 per trip, the projected budget for ADA complementary service is \$8,388,000, plus \$976,248 in passenger fare revenue, for a total cost of \$9,364,248.

The 2005 agreement with Paratransit, Inc., for the provision of complementary paratransit services as required by the Americans with Disabilities Act (ADA) continues indefinitely until terminated by either party; however, the financial contributions of each party may be readjusted annually by means of a new Exhibit A to the agreement. With approval of this amendment to Exhibit A, RT’s total contribution for FY 10-11 is \$8,400,000, of which \$12,000 is for transporting paratransit applicants to RT’s offices and \$8,388,000 is for the provision of ADA complementary paratransit service, which includes \$94,642 that is contingent upon receipt of Transportation Development Act Article 4.5 funds from the City of Citrus Heights, and approximately \$17,498 that is contingent upon receipt of operating funds from the City of Folsom. Please note that the operating agreement with the City of Folsom is currently being renegotiated. Staff recommends that the Board approves a new Exhibit A at this time in order to establish the FY 2010-11 budget and service levels, while additional amendments to the body of the agreement continue to be

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negotiated. It is expected that additional amendments to the agreement will be submitted for approval at an RT Board meeting later in the summer.

RESOLUTION NO. 10-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 28, 2010

**APPROVE EXHIBIT A, BUDGET AND SERVICE LEVELS, TO THE
COLLABORATIVE AGREEMENT WITH PARATRANSIT, INC. FOR FISCAL YEAR
2010-11**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Fiscal Year 2010-11 Exhibit A to the Collaborative Agreement with Paratransit, Inc. between Sacramento Regional Transit District, therein referred to as "RT," and Paratransit, Inc. therein referred to as "Paratransit," whereby Paratransit agrees to provide ADA complementary paratransit service through June 30, 2011 for an amount not to exceed \$8,400,000, of which \$94,642 is contingent upon receipt of Transportation Development Act Article 4.5 funds from the City of Citrus Heights, and approximately \$17,498 of which is contingent upon receipt of operating funds from the City of Folsom, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute said Agreement.

STEVE MILLER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary