

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	07/25/16	Open	Action	06/30/16

Subject: Approve Exhibit A to the Collaborative Agreement with Paratransit, Inc. for the Provision of ADA Paratransit Services for Fiscal Year 2016-2017

ISSUE

Whether or not to approve Exhibit A to the Collaborative Agreement with Paratransit, Inc. for the Provision of ADA Paratransit Services for Fiscal Year 2016-2017.

RECOMMENDED ACTION

Adopt Resolution No. 16-07-___, Approving Exhibit A to the Collaborative Agreement with Paratransit, Inc. for the Provision of ADA Paratransit Services for Fiscal Year 2016-2017 (FY17).

FISCAL IMPACT

Budgeted:	\$15,196,379	This FY:	\$	n/a
Budget Source:	Operating Budget	Next FY:	\$	15,196,379
Funding Source:	Operating Budget	Annualized:	\$	n/a
Cost Cntr/GL Acct(s) or Capital Project #:	CC38, GL630091	Total Amount:	\$	15,196,379
Total Budget:	\$ 15,196,379			

DISCUSSION

RT contracts with Paratransit, Inc. to provide complementary paratransit service to fulfill RT's obligations as a public transit provider under the Americans with Disabilities Act (ADA). This contract (the "Collaborative Agreement") was most recently amended in October 2015. The term of the agreement is 5 years and expires on June 30, 2017. The financial contributions of each party are set forth in an annually updated exhibit to the agreement (Exhibit A), which establishes the budget and service level for the year. These provisions may be readjusted annually by mutual approval of a new Exhibit A.

The adoption of a new Exhibit A was delayed due in part to not obtaining the pertinent trip data necessary to base the FY17 trip projections on in time to prepare for the June 2016 Board of Directors Meeting.

The Collaborative Agreement states that the budget for each new Fiscal Year (FY) must be established by multiplying the core trips to be provided by Paratransit, Inc. during the new Fiscal Year by the core rate per trip. The core trip projection will be based upon the prior years' actual service level increased by the demand growth estimate projected in the 10-year Nelson Nygaard demand forecast. The estimate includes the amount demand is projected to grow each year over

Approved:

Presented:

Final 07/20/16

General Manager/CEO

Accessible Services Administrator

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a ten year period (2012-2021) represented as a percentage increase in trips provided. For FY17 demand is projected to grow at a rate of 4.8%.

Per the Collaborative Agreement, the demand forecast was applied to the most recent 12-month rolling year trip data available; i.e., May 2015 through April 2016. The Agreement includes a methodology to reconcile actual service provided against projected service levels as the year progresses.

During the actual rolling year of May 1, 2015 through April 30, 2016, 355,382 ADA paratransit trips were provided. The growth forecast for FY17 service is 4.8% over FY16 levels. When the growth forecast of 4.8% is applied to the 2016-2017 rolling year, the projected number of trips for FY17 is 372,440 trips.

RT is not yet in agreement with Paratransit, Inc. regarding whether or not trips for personal care attendants and companions of riders should be charged as separate trips even though they are traveling together between the same origin and destination. These discussions have come to an impasse and will be addressed during the next negotiation cycle or sooner if possible.

If the number of actual ADA trips provided by Paratransit, Inc. is less than the projected number core trips, Paratransit, Inc. will provide reimbursement for such trips to RT. Likewise, if there are more trips than projected, RT will reimburse Paratransit for the trips provided. A decrease in projected core trips of more than 10% will establish a basis to re-open the budget discussion between RT and Paratransit, Inc.

In FY16, it was expected that ADA service would increase 4.8% over FY16 levels with a projection of 352,917 trips. While the first four months of FY16 averaged about 3% over projected levels, it is anticipated that actual FY16 service provided will be approximately 1.5% above projected, budgeted trip levels. The most recent trip demand data available for the second half of FY16 indicates demand is back in line with projections, with the exception of February which was 4.3% over projections which can be explained by an extra day in this month due to leap year. While actuals are not yet available for May and June 2016, demand is most recently trending .2% under budget, and the average for the second half of FY16 is expected to be extremely close to the original projections. All in all, the current growth trend appears to be normalizing.

The core rate per trip is subject to an annual indexed cost adjustment, based on the United States Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for Urban Consumers, West Region. The core rate per trip and variable rate per trip shall be adjusted by a percentage that is equal to the annual percentage change in the Index from March to March. The change between March 2015 and March 2016 was 1.54%.

In preparing the FY17 ADA paratransit budget, it was discovered that the annual indexed cost adjustment for the FY16 budget was inadvertently based on a sub-set of the afore-referenced CPI; instead of basing the CPI on the Western Urban Total as outlined in the Collaborative Agreement. The inadvertent error was found when verifying the CPI that Paratransit, Inc. provided

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for the indexed cost adjustment to calculate the per trip cost for FY17. When RT staff found that the CPI provided was not in line with the language in the Collaborative Agreement, Paratransit, Inc. stated it was better suited to the Sacramento area and was the CPI that had been applied in the past. It was determined that while the Collaborative Agreement specified otherwise, the incorrect CPI was applied in calculating the FY16 per trip cost. The annual indexed cost adjustment for the FY17 rate is based on a revision of the FY16 per trip cost as outlined in the chart below. The difference in the FY16 cost per trip will be corrected via the reconciliation process established in the Collaborative Agreement and the cost adjustment is expected to be about \$10,700.00 in RT's favor.

FY15	FY16	FY16 (adjusted)	FY17
	1.17	1.08	1.54
\$43.99	\$44.50	\$44.47	\$45.15
\$35.99	\$36.18	\$36.15	\$36.71

Therefore, the Core Rate per trip will be \$45.15. Any trips in excess of the projected core trips will be funded at the variable rate, which is \$36.71 in FY17. RT and Paratransit, Inc. will rectify the error in the calculation of the FY16 rate in the aforementioned reconciliation process.

Exhibit A for FY17 includes an estimate of 372,440 trips provided at the core rate of \$45.15, with any variable trips beyond the projected amount at \$36.71 per trip, reduced by \$1,631,287 in passenger fare revenue, resulting in an RT budget of approximately \$15,184,379. RT also provides funding at the rate of \$12,000 per year for the transportation of ADA paratransit applicants to the RT offices for eligibility certification, for a total RT contribution of \$15,196,379.

RESOLUTION NO. 16-07-_____

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

July 25, 2016

**APPROVING EXHIBIT A TO THE COLLABORATIVE AGREEMENT WITH
PARATRANSIT, INC. FOR THE PROVISION OF ADA PARATRANSIT SERVICES
FOR FISCAL YEAR 2016-2017 (FY17)**

WHEREAS, on December 13, 2012 the Parties entered into the Collaborative Agreement for the Provision of ADA Paratransit Service (the "Agreement").

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

THAT, the Fiscal Year 2016-2017 Exhibit A to the Collaborative Agreement with Paratransit, Inc. for the Provision of ADA Complementary Paratransit Services whereby Paratransit, Inc. agrees to provide complementary paratransit service through June 30, 2017 for an amount not to exceed \$15,196,379, subject to the provisions of the Collaborative Agreement, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute Exhibit A.

JAY SCHENIRER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

**EXHIBIT A
 BUDGETED SERVICE LEVELS AND PAYMENT RATES
 FISCAL YEAR 2016-17
 COLLABORATIVE AGREEMENT FOR PROVISION OF ADA COMPLEMENTARY
 PARATRANSIT SERVICE AND NON-ADA DEMAND RESPONSE SERVICE
 BETWEEN SACRAMENTO REGIONAL TRANSIT DISTRICT (RT) AND
 PARATRANSIT, INC. (Paratransit)**

1. Budgeted Costs, Funding Contributions and Service Levels for Fiscal Year 2016-17

A. The budgeted costs, funding sources, contribution amounts, and service levels for Type I Service for Fiscal Year (FY) 2016-17 are summarized in Table A-1

	FY 16-17
a. Total Operating Cost	\$16,815,666
b. Passenger Fare Revenue	\$1,631,287
c. RT Budget	\$15,184,379
d. Trips Provided (Core)	372,440
e. Trips Provided (Variable)	0
f. Cost Per Trip Provided (Core)	\$45.15
g. Cost Per Trip Provided (Variable)	\$36.71

B. The budgeted costs, funding sources, contribution amounts, and service levels for ADA Complementary Paratransit Service for FY 2016-17 are presented in greater detail in the attached FY 2016-17 Table A-2. RT agrees to pay Paratransit \$15,184,379 (\$16,815,666 minus projected fare of \$1,631,287) for 372,440 Core trips provided for FY 2016-17 (from July 1, 2016 through June 30, 2016). In addition:

- 1) RT agrees to pay Paratransit \$32.33 (\$36.71 minus a projected fare of \$4.38) for each Variable trip (or trip in excess of the 372,440 projected trips) in FY 2016-17 via the reconciliation process established in the Collaborative Agreement.
- 2) RT agrees to pay Paratransit \$12,000 for the transportation of ADA paratransit eligibility applicants for FY 2016-17.

2. Invoicing

- A. Paratransit's monthly invoice for FY 2016-17 shall include:
- 1) 1/12 of the annual amounts set out above for transportation of ADA service eligibility applicants; and
 - 2) The amount set out in Table A-2 for the applicable month.

3. Adjustment to Budgeted Funding Levels

The monthly payment amount, monthly number of ADA complementary paratransit trips, and the totals thereto may be adjusted by revising Exhibit A, which revisions must be signed by the parties to this Agreement in order to be effective. Each fiscal year during the term of this Agreement a subsequent Exhibit A will be prepared, each of which shall be labeled according to the applicable fiscal year (e.g., Fiscal Year 2017-18, etc.), and each which must be signed by the parties to these Agreement in order to be effective. If Exhibit A is amended during a fiscal year, each such amendment shall be sequentially labeled and dated (e.g., Exhibit A, Fiscal Year 2016-17, Revision 1, Exhibit A Fiscal Year 2016-17, Revision 2, etc.), restated in its entirety, and each must be signed by the parties to this Agreement in order to be effective.

IN WITNESS WHEREOF, the parties have entered into this Exhibit A to the Collaborative Agreement, on the day and year first hereinabove appearing.

PARATRANSIT, INC.

**SACRAMENTO REGIONAL
TRANSIT DISTRICT**

By: _____
SCOTT LEVENTON
President

By: _____
HENRY LI
General Manager/CEO

By: _____
LINDA DEAVENS
Chief Executive Officer

Approved as to Content

By: _____
MARK LONERGAN
VP of Transit Services/Chief
Operating Officer

Approved as to Legal Form:

Approved as to Legal Form:

By: _____
GREGORY D. THATCH

By: _____
RT Attorney

Table A-2
FY2016-17

Month	ADA Complementary Paratransit Service	ADA Complementary Paratransit Service Monthly Payment	% of Annual Budget	ADA Complementary Paratransit Service Passenger Fare Revenue	ADA Complementary Paratransit Service Funding	Transport of ADA Applicants Monthly Payment	Total Monthly Payment
Jul-16	30,365	\$ 1,237,981	8.2%	\$ 132,999	\$ 1,370,980	\$ 1,000	\$ 1,238,981
Aug-16	32,129	\$ 1,309,899	8.6%	\$ 140,725	\$ 1,450,624	\$ 1,000	\$ 1,310,899
Sep-16	31,117	\$ 1,268,640	8.4%	\$ 136,292	\$ 1,404,932	\$ 1,000	\$ 1,269,640
Oct-16	31,772	\$ 1,295,344	8.5%	\$ 139,161	\$ 1,434,505	\$ 1,000	\$ 1,296,344
Nov-16	29,585	\$ 1,206,180	7.9%	\$ 129,582	\$ 1,335,762	\$ 1,000	\$ 1,207,180
Dec-16	29,716	\$ 1,211,521	8.0%	\$ 130,156	\$ 1,341,677	\$ 1,000	\$ 1,212,521
Jan-17	29,751	\$ 1,212,948	8.0%	\$ 130,309	\$ 1,343,257	\$ 1,000	\$ 1,213,948
Feb-17	29,722	\$ 1,211,766	8.0%	\$ 130,182	\$ 1,341,948	\$ 1,000	\$ 1,212,766
Mar-17	32,638	\$ 1,330,651	8.8%	\$ 142,954	\$ 1,473,605	\$ 1,000	\$ 1,331,651
Apr-17	30,906	\$ 1,260,038	8.3%	\$ 135,368	\$ 1,395,406	\$ 1,000	\$ 1,261,038
May-17	32,862	\$ 1,339,784	8.8%	\$ 143,936	\$ 1,483,720	\$ 1,000	\$ 1,340,784
Jun-17	31,877	\$ 1,299,627	8.6%	\$ 139,623	\$ 1,439,250	\$ 1,000	\$ 1,300,627
Total	372,440	\$ 15,184,379	100.0%	\$ 1,631,287	\$ 16,815,666	\$ 12,000	\$ 15,196,379