

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
16	06/12/17	Open	Action	06/05/17

Subject: Delegation of Authority to the General Manager/CEO to Negotiate and Execute the ADA Paratransit Services and Lease of Paratransit Buses Agreement with Paratransit, Inc.

ISSUE

Whether to not to delegate authority to the General Manager/CEO to negotiate and execute the ADA Paratransit Services Agreement and Lease of Paratransit Buses Agreement with Paratransit, Inc.

RECOMMENDED ACTION

- A. Adopt Resolution No. 17-06-___, Delegating Authority to the General Manager/CEO to Negotiate and Execute the ADA Paratransit Services Agreement with Paratransit, Inc.; and
- B. Adopt Resolution No. 17-06-___, Delegating Authority to the General Manager/CEO to Negotiate and Execute the Lease of Paratransit Buses Agreement with Paratransit, Inc.

FISCAL IMPACT

FY18:	Total ADA Paratransit Operating Costs	\$	16,534,519
	Less ADA Paratransit Fares	\$	1,647,494
	Less Paratransit, Inc. other funding sources	\$	3,299,025
	Net ADA Paratransit Operating Costs	\$	11,588,000
	ADA Certification Transportation Costs	\$	12,000
	One Time Payment	\$	325,000
	Total Payment to Paratransit, Inc.	\$	11,925,000

FY19: The base net cost for ADA paratransit service and ADA certification transportation will be \$11,600,000; however, if demand increases or decreases by 10 percent or more, the total cost to SacRT may change.

Note: The total cost of operating paratransit services would be the cost SacRT pays to Paratransit, Inc. including fares collected plus SacRT's direct overhead to manage the contract and the paratransit eligibility program.

DISCUSSION

SacRT has two agreements with Paratransit, Inc. for the provision paratransit service as part of SacRT's obligations as a public transit provider under the Americans with Disabilities Act (ADA). Under the first Agreement, Paratransit, Inc. provides ADA complementary paratransit services for

Approved:

Presented:

Final 06/06/17

General Manager/CEO

VP, Accountability & Performance

J:\Board Meeting Documents\2017\09 June 12, 2017\ADA Paratransit FY 2018 Agreement_LH and JNL Comments.doc

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individuals with disabilities (“ADA Paratransit Services Agreement”). This Agreement was amended and restated in its entirety on December 3, 2012, then amended again in July 2016. A second Agreement to lease SacRT’s vehicles to Paratransit, Inc. for ADA paratransit services (“ADA Paratransit Lease Agreement”) was amended and restated in its entirety on December 13, 2012. SacRT and Paratransit, Inc. now desire to amend and restate both Agreements to address fiscal sustainability and enhance the quality and productivity of the provision of ADA paratransit service. The Paratransit Business Model was one of the 12 strategic initiatives shared with the Board at the February 27, 2017 Strategic Vision Workshop.

Over 350,000 ADA complementary paratransit trips are made annually. SacRT values the quality of ADA paratransit service it provides to the community together with Paratransit, Inc. ADA paratransit service complements the public transit system in the Sacramento Region by serving as a safety net for individuals who, due to disability, are unable to navigate the fixed route system for some or all of their trips. ADA paratransit service, however, has been one of the fastest growing areas of SacRT’s operating budget. There has been approximately 10% in growth in the annual cost for ADA paratransit service over the last five years while demand for the service has increased, on average, approximately 4.8% per year.

For FY16, the approximate total cost to SacRT for ADA complementary paratransit service was \$19,315,561 (including costs under the ADA Paratransit Services Agreement, fares, SacRT’s ADA eligibility certification program, and all of SacRT’s direct and indirect overhead to manage the contract), which is \$64.59 per ADA eligible trip. This amount does not include \$1,976,952 from Measure A and other funding sources that Paratransit, Inc. allocated to ADA service. In FY16, the actual amount received by Paratransit, Inc. for ADA paratransit service under the ADA Paratransit Service Agreement and from fares was \$15,895,354 for 358,132 total trips. In FY17, Paratransit, Inc. is projected to receive \$16,815,666 from fares and SacRT under the ADA Paratransit Service Agreement to provide 372,440 projected trips.

Escalating ADA paratransit costs could jeopardize the SacRT public transportation system as a whole. SacRT and Paratransit, Inc. must ensure the fiscal sustainability of this service provided to our most vulnerable customers and avoid any impact to SacRT’s overall system, including fixed route bus and light rail service. SacRT and Paratransit, Inc. staff have been exploring a number of quality and productivity enhancement opportunities to contain paratransit costs and ensure compliance with applicable laws and regulations. Both parties have agreed to changes in the agreements to achieve stability and quality of service, without impacting fares. Over the past three years, SacRT has reduced its annual overhead for managing the paratransit service and ADA paratransit eligibility certification by approximately one-third through a reduction in administrative and management staff in its Accessible Services department, and will eliminate a leased facility used for the eligibility certification program in FY18. Our mutual goals are to increase cost effectiveness, maintain quality of the program, and ensure compliance with ADA paratransit service regulations.

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The new ADA Paratransit Services Agreement will have a two year term, with 3, 1-year, options to extend the term. The agreement will include a base amount payable to Paratransit, Inc. that does not exceed \$11,925,000 for Year 1 and \$11,600,000 for Year 2. This base amount is established by the projected annual number of ADA-eligible client trips (311,789 for FY18 and 326,759 for FY19) and includes \$12,000 for the provision of transportation to prospective ADA eligible clients to SacRT’s certification office. Paratransit, Inc. will agree to reduce its expenses and use other funding sources to meet the base amount. If the number of ADA-eligible client trips over the period of a fiscal year varies by more than ten percent from the annual projection, SacRT and Paratransit, Inc. will determine if additional compensation (or refund to SacRT) is warranted based on a review of data, reports, and/or cost information for the variance. Any additional compensation will not exceed the per trip cost, which is calculated by dividing \$11,588,000 by the projected annual total number of ADA-eligible client trips (311,789 for FY18 and 326,759 for FY19). The number of ADA-eligible client trips to be provided in FY19 is projected at 326,759 using an estimated growth rate of 4.8%. The actual total number of trips estimated over the next 2 years is higher as it includes ADA-eligible client trips as well as guests and Personal Care Attendants (PCAs), thus while trips appear to be reduced for FY18 and FY19, it is because RT will only be paying for ADA-eligible clients. Guests and PCAs account for approximately 15.8% of the overall total trips. For any option years exercised, SacRT and Paratransit, Inc. will reassess the base amount using the projected annual number of ADA paratransit trips for each optional year. Any increase to the base amount payable will not exceed the Bureau of Labor Statistics Western Region Consumer Price Index. SacRT and Paratransit, Inc. will also reassess the base payment amount in the event SacRT substantially alters its service area, which could increase or decrease the number of ADA paratransit trips, or if a new local ballot measure is passed or local fee is introduced that generates new public transportation revenue.

To help Paratransit, Inc. make structural changes necessary to improve efficiencies while keeping the service at its highest level, SacRT has agreed to make a one-time payment to Paratransit, Inc. of \$325,000, which is included in the FY18 figures referenced previously. Further, to help with cash flow, SacRT has agreed to pay for each month of paratransit service 31 days from the 1st of the month as well as paying half of the monthly amount due on the 15th of the month for July and August, 2017.

To support efforts in the region to provide coordinated paratransit service, the new ADA Paratransit Services Agreement will continue to allow the comingling of ADA eligible trips and non-ADA demand response trips (approximately 13% of all trips are non-ADA demand response trips). Additionally, PCAs may accompany ADA eligible passengers requiring a PCA at no additional cost to SacRT. PCAs must be able to accompany an ADA paratransit rider, and do not pay a fare to use ADA paratransit service, in accordance with federal regulations. Guests are required to pay fare and are allowed on a space available basis, at no additional cost to RT.

Staff has also been working with Paratransit, Inc. to provide SacRT with more meaningful monitoring and oversight of paratransit services and additional measures to validate compliance with ADA laws and regulations. To achieve greater oversight, the new Agreement will include a

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formal process for SacRT to request data, reports, and other information from Paratransit, Inc. Paratransit, Inc. will also provide monthly budget-to-actual performance data, which will give staff detailed information supporting actual costs for providing ADA paratransit service, as well as performance data to better allow analysis of the efficiency and effectiveness of the service provided. Finally, SacRT will receive direct read-only access to Paratransit, Inc.'s scheduling system, including the ability to run detailed reports.

SacRT provides vehicles to Paratransit, Inc. used to provide ADA paratransit service under the current Lease Agreement. The new Lease Agreement allows SacRT to retain title to paratransit buses provided to Paratransit, Inc. and provides that leased buses must be returned to SacRT at the end of their useful life at SacRT's request.

RESOLUTION NO. 17-06-_____

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

June 12, 2017

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO NEGOTIATE
AND EXECUTE THE ADA PARATRANSIT SERVICES AGREEMENT WITH
PARATRANSIT, INC.**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to negotiate and execute an ADA Paratransit Services Agreement between Sacramento Regional Transit District, therein referred to as "SacRT," and Paratransit, Inc., therein referred to as "Paratransit," whereby Paratransit agrees to provide Americans with Disabilities Act (ADA) complementary paratransit service for two years, ending on June 30, 2019, with three one-year options to extend, for an amount not to exceed \$23,525,000, is hereby approved.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary

RESOLUTION 17-06-_____

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

June 12, 2017

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO NEGOTIATE
AND EXECUTE THE LEASE OF PARATRANSIT BUSES AGREEMENT WITH
PARATRANSIT, INC.**

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

THAT, the Board hereby delegates authority to the General Manager/CEO to negotiate and execute an the Lease of Paratransit Buses Agreement between Sacramento Regional Transit District, therein referred to as "SacRT," and Paratransit, Inc., therein referred to as "Paratransit," whereby SacRT agrees to allow Paratransit use of SacRT's vehicles to provide Americans with Disabilities Act (ADA) complementary paratransit service as set forth in the ADA Paratransit Services Agreement between Sacramento Regional Transit District and Paratransit, Inc., is hereby approved.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary