

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

REVISED BACKUP

WORKSHOP SUMMARY

Meeting Date: January 28, 2014

Department: Palm Tran Connection

I. EXECUTIVE BRIEF

Title: Staff is seeking Board direction on the service delivery model to allow full transition from Metro Mobility in the first quarter of 2015. Staff will present a detailed analysis regarding service delivery models for Palm Tran Connection which includes capital, operating and labor costs associated with:

- 1) Continuation of the current public-private model of utilizing private vendors to provide vehicles, vehicle maintenance, dispatch and drivers;
- 2) Transitioning to an all public model where all employees would be Palm Beach County/Palm Tran employees with the County owning all assets, including vehicles and facilities; and
- 3) Other options include bringing dispatch functions in-house, bringing service to Belle Glade in-house and having the County purchase and lease all vehicles to the private providers.

Summary: On January 14, 2014, the Board of County Commissioners approved a Settlement Agreement relating to the Contract for Paratransit Services with Metro Mobility Management Group, LLC (MMMG) to terminate their existing contract and to provide service through January 31, 2015, with monthly extensions, if required. In order to meet this deadline, staff is seeking Board direction regarding the service delivery model as it relates to the use of private vendors. Board direction is needed to move forward in a timely manner with the development of a new Request for Proposal, if required. Countywide (DR)

Background and Policy Issues: On June 26, 2012, the Board approved a Contract (R2012-0934) with MMMG for the provision of paratransit services for a term of five years at the not to exceed amount of \$90,246,070.12 and ending on August 12, 2017. On April 23, 2013, the Board addressed service issues and gave MMMG until July 16, 2013 to bring the service into compliance with the Contract. On July 16, 2013, the Board further addressed service issues and urged MMMG to identify a partner who could improve service. As MMMG was unable to find a partner, the Board met on November 19th and approved staff to negotiate a Settlement Agreement with MMMG to terminate its contract early. Then on January 14, 2014, the BCC approved MMMG's Settlement Agreement allowing for a termination of their Contract on January 31, 2015, with monthly extensions, if required.

Attachments:

- 1. Staff Presentation
- 2. Detailed Cost Analysis
- 3. Consultant Report

Recommended by: Sharon G. Long 1/22/14
 Department Director Date

Approved by: Sharon G. Long 1/22/14
 Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2014	2015	2016	2017	2018
Capital Expenditures	\$0	\$0	\$0	\$0	\$0
Operating Costs	0	0	0	0	0
External Revenues	0	0	0	0	0
Program Income (County)	0	0	0	0	0
In-Kind Match (County)	0	0	0	0	0
NET FISCAL IMPACT	\$0*	\$0	\$0	\$0	\$0
# Additional FTE Positions (Cumulative)	0	0	0	0	0
Is Item Included in Current Budget:	Yes	_____	No	_____	

Budget Account No:

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

* Fiscal Impact is indeterminable at this time.

Departmental Fiscal Review: John Murphy, Finance Mgr

III. REVIEW COMMENTS

OFMB Fiscal and/or

OFMB

Maureen Hartman
1/20/14

**Contract Development & Control
Comments:**

Contract Dev. & Control

Dr. J. Jacobson 1123114

Legal Sufficiency:

Assistant County Attorney

[Signature] 1/28/14

Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

Palm Beach County Board of County Commissioners

January 28, 2014

In-House Service Analysis



Presentation Overview

- **Base Assumptions**
 - Existing Costs
 - Proposed Facilities
 - Proposed Labor
 - Proposed Vehicles
- **Capital Investment Requirements & Costs**
- **Labor Requirements & Costs**
- **Operating Requirements & Costs**
- **Cost Summary**
- **Possible Options**

Base Assumptions

Existing Costs

- **Current Labor – 64 Positions.....\$ 3,993,903**
 - Reservations/Scheduling32 positions
 - Customer Service/Eligibility6 positions
 - Administration/Supervision16 positions
 - Finance/IT/Training 10 positions
 - **Current Operating Cost Items.....\$ 442,640**
 - Repair/Maintenance
 - Communications/Operating Supplies
 - Temporary Services
 - Utilities/Other
 - **Contract Provider.....\$ 23,097,435**
- \$27,778,978**

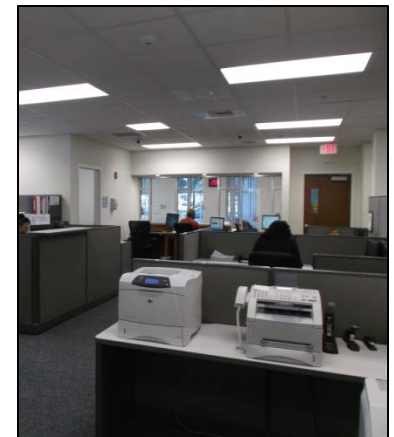
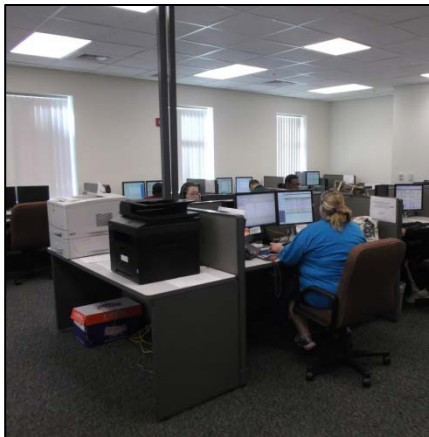
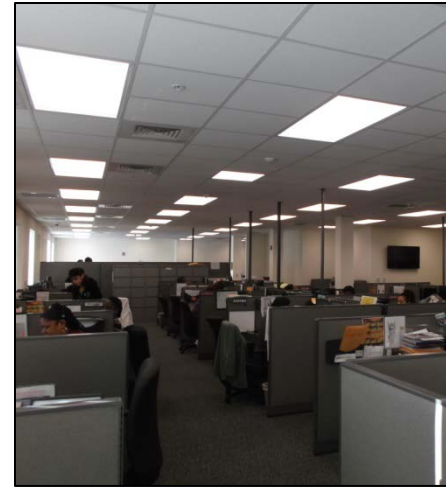
Base Assumptions

Proposed Facilities

- **Administrative staff assigned to 4-Points facility**
 - Current 11,000 sf would remain
 - Renovate additional 17,000 sf to accommodate new staff
- **Operational staff assigned to one (1) maintenance facility**
 - 16 – 20 acres
 - 8 maintenance bays and vehicle lifts
 - Painting bay
 - Fuel island and underground tank
 - Vehicle wash area
 - Cash counting vault
 - Employee and bus parking

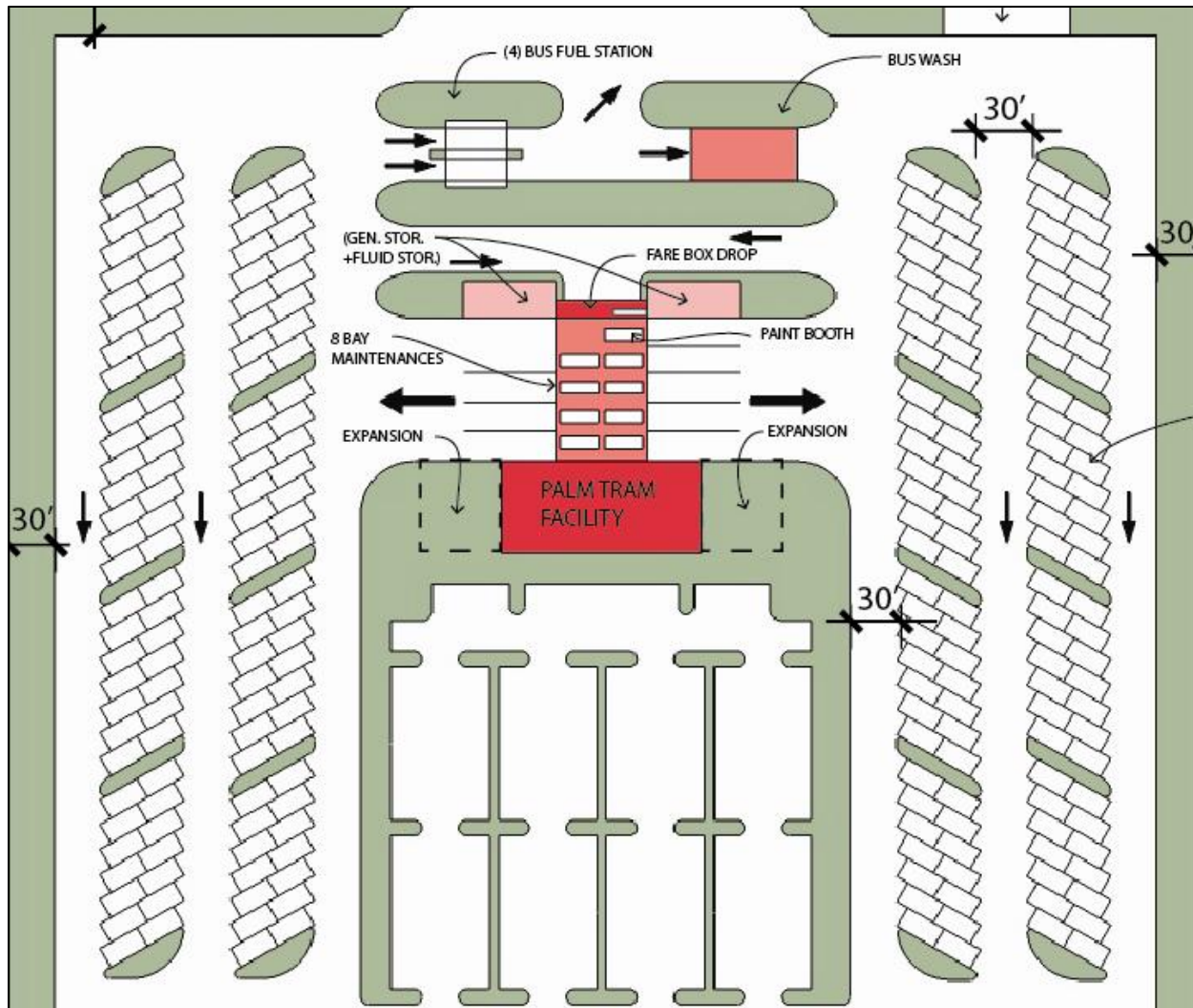
Base Assumptions

Current Administration Offices at 4-Points



Base Assumptions

Proposed Facility Conceptual Drawing



Base Assumptions

Proposed Vehicles

- Purchased off of State contract
- Tires purchased, not leased
- Assumes a total of 241 new vehicles
 - 6 x 2 cutaways 169 vehicles
 - 12 x 2 cutaways 19 vehicles
 - Service sedans / minivans 43 vehicles
 - Supervisor vehicles 10 vehicles

Base Assumptions

In-House Option - Proposed Labor

- **Additional 416 staff positions**
 - Vehicle Operators 338 positions
 - Mechanics/Utility Workers/Supervisors 43 positions
 - Dispatchers 18 positions
 - Customer Service 2 positions
 - HR/Finance/Training 9 positions
 - Road/Dispatch Supervisors 6 positions
- **Part of existing Palm Tran Pension Fund**
- **Analysis of FRS Pension Fund completed**

Capital Investment Requirements

In-House Option - Proposed Facilities

- Renovation of space at 4-Points facility
 - Design and construction.....\$ 150,000

- One (1) maintenance facility
 - Procurement of 16 – 20 acres.....\$ 5,200,000
 - Design/Construction of 13,000 sf facility.....\$ 19,000,000
 - Maintenance equipment.....\$ 1,250,000
 - \$ 25,600,000**

Capital Investment Requirements

In-House Option - Proposed Vehicles

- 169 - 6 by 2 cutaways.....\$ 12,675,000
 - 19 – 12 by 2 cutaways.....\$ 1,615,000
 - 43 - Service sedans / minivans.....\$ 1,634,000
 - 10 - Supervisor vehicles.....\$ 380,000
- \$ 16,304,000**

Capital Investment Requirements

In-House Option – Proposed Equipment

- Computers & Telephones.....\$ 150,000
 - Radios.....\$ 600,000
 - Automatic Vehicle Location / GPS.....\$ 482,000
 - Fareboxes.....\$ 231,000
- \$1,463,000**

Capital Investment Requirements

In-House Option - Summary

Description	Cost	Size/Count	Total Cost
Administrative Offices		17k Sq. Ft.	\$ 150,000
Land (Maintenance Facility)		16 Acres	\$ 5,200,000
Building (Maintenance Facility)		13k Sq. Ft.	\$ 19,000,000
Maintenance Equipment	156,250		\$ 1,250,000
Total Facility Costs			\$25,600,000
Vehicle Type 1 -	\$ 75,000	169	\$ 12,675,000
Vehicle Type 2 -	\$ 85,000	19	\$ 1,615,000
Vehicle Type 3 -	\$ 38,000	43	\$ 1,634,000
Vehicles - Minivans	\$ 38,000	10	\$ 380,000
Total Vehicle Costs		241	\$16,304,000
Computers, Phones	\$ 3,000	50	\$ 150,000
Radio Equipment	\$ 2,490	241	\$ 600,000
AVL/GPS	\$ 2,000	241	\$ 482,000
Farebox	\$ 1,000	231	\$ 231,000
Total Other Equipment			\$1,463,000
Total Asset Costs			\$43,367,000

Operating Requirements

In-House Option - Summary

• Fuel		
▪ 8.4 Million miles annually.....	\$	3,461,384
• Insurance		
▪ Liability.....	\$	750,000
▪ Property.....	\$	200,000
▪ Self Insured Claims Cost (WC / Liability).....	\$	1,025,000
• Other		
▪ Parts.....	\$	510,000
▪ Tires.....	\$	458,000
▪ ISS/Communication/ESS/Security Support...	\$	850,000
▪ Utilities.....	\$	100,000
▪ Outside/Temporary Services.....	\$	200,000
▪ Miscellaneous.....	\$	395,000
		<hr/>
	\$	7,949,384

Operating Requirements

In-House Option

Other Operating Costs	Proposed
Communications Services	\$ 50,000
Computer Maintenance & Supplies	\$ 25,000
Dues, Memberships, & Graphics	
Fuel	\$ 3,461,384
Liability Insurance	\$ 750,000
Property Insurance	\$ 200,000
Self Insured Claims Costs (WC/Liability)	\$ 1,025,000
ISS Charges	\$ 150,000
ESS Charges	\$ 500,000
Material & Operating Supplies	\$ 50,000
Professional & Temporary Services	\$ 100,000
Office Equipment Rental	\$ 20,000
Repair & Maint. - Buildings	\$ 75,000
Repair & Maint. - Outside Services	\$ 100,000
Repair & Maint. - Parts	\$ 510,000
Security	\$ 150,000
Tires	\$ 458,000
Training	\$ 25,000
Utilities	\$ 100,000
Other (Uniforms/COA)	\$ 200,000
Subtotal Other Operating Costs	\$7,949,384

Labor Requirements

In-House Option

- **Additional 416 staff positions**
 - 338 Vehicle Operators.....\$ 16,331,811
 - 43 Mechanics/Utility Workers.....\$ 2,820,569
 - 18 Dispatchers.....\$ 1,327,316
 - 2 Customer Service.....\$ 102,287
 - 9 HR/Finance/Training.....\$ 519,607
 - 6 Road/Dispatch Supervisors.....\$ 448,088
 - \$ 21,549,678**

Labor Requirements

In-House Option

Labor Type	# of Employees	Hourly Rate	Annual Wages (2080 Hours)	Overtime	FICA	Palm Tran Pension	Health Ins.	Unemployment / Disability	Total Wages & Benefits (Pension)
				10.00%	7.65%	14.80%	\$11,600	1.00%	
Vehicle Operators	338	\$ 13.00	9,139,520	913,952	769,091	1,487,914	3,920,800	100,535	\$ 16,331,811
Mechanics	16	\$ 22.00	732,160	73,216	61,611	119,196	185,600	8,054	\$ 1,179,837
Utility Workers	16	\$ 14.00	465,920	46,592	39,207	75,852	185,600	5,125	\$ 818,296
OPS / Maint. Superintendent	1	\$ 22.00	45,760	4,576	3,851	7,450	11,600	503	\$ 73,740
OPS / Maint. Managers	6	\$ 22.00	274,560	27,456	23,104	44,698	69,600	3,020	\$ 442,439
Maintenance Supervisors	4	\$ 23.00	191,360	19,136	16,103	31,153	46,400	2,105	\$ 306,257
Total Operations Labor	381		\$10,849,280	1,084,928	912,967	1,766,263	4,419,600	119,342	\$19,152,380
Road Supervisors	4	\$ 22.00	183,040	18,304	15,403	29,799	46,400	2,013	\$ 294,959
Dispatchers	18	\$ 22.00	823,680	82,368	69,313	134,095	208,800	9,060	\$ 1,327,316
Customer Service	2	\$ 14.00	58,240	5,824	4,901	9,481	23,200	641	\$ 102,287
Finance	4	\$ 14.00	116,480	11,648	9,802	18,963	46,400	1,281	\$ 204,574
Human Resources	3	\$ 15.00	93,600	9,360	7,876	15,238	34,800	1,030	\$ 161,904
Dispatch Supervisors	2	\$ 23.00	95,680	9,568	8,051	15,577	23,200	1,052	\$ 153,129
Trainer	2	\$ 23.00	95,680	9,568	8,051	15,577	23,200	1,052	\$ 153,129
Total Admin Labor	35		\$1,466,400	146,640	123,398	238,730	406,000	16,130	\$2,397,298
Total Labor	416		\$12,315,680	1,231,568	1,036,364	2,004,993	4,825,600	135,472	\$21,549,678

Cost Summary

In-House Option

- **Current Model (Private Provider)-FY 2014**
 - Capital Investment.....\$ 245,000
 - Labor.....\$ 3,993,903
 - Operating.....\$ 442,640
 - Vendor.....\$ 23,097,435
 - Total Costs.....\$ 27,778,978

- **Proposed 100% In-House**
 - Capital Investment.....\$ 43,367,000
 - Labor\$ 25,543,581
 - Operating.....\$ 8,649,293
 - Total Costs.....\$ 77,559,874

- Annual Cost Variance with Debt Service\$ 12,697,891**

Current Model (Public/Private Model)

- **Pro's**
 - Significantly lower labor cost for County
 - No capital outlay
 - Reduced liability
 - Opportunities for DBE's/SBE's
 - Multiple provider model proven successful
- **Con's**
 - Reduced vehicle quality control
 - Contract transition period – service disruption
 - Difficult to terminate/replace vendor

All In-House Model (Public Model)

- **Pro's**
 - Improved vehicle quality control
 - Improved employee pay and benefits
 - Improved service
- **Con's**
 - High capital outlay
 - Significantly higher labor costs
 - Increased liability and litigation
 - Increased human resource demands
 - No DBE opportunity

Other Options

- **In-House Dispatch**

- 21 Employees.....\$ 994,586
 - *Improves service delivery*
 - *Improved trip control*
 - *Small capital expenditure*
 - *Limited additional staff*

- **In-House Belle Glade Service**

- 27 Employees.....\$ 1,429,194
- 15 Vehicles.....\$ 2,044,500
- Operating Costs.....\$ 1,024,120
- Total Costs.....\$ 4,497,814
 - *Utilizes existing Belle Glade facility*
 - *Improved trip control*

Other Options

Continued

- **County-Purchased Vehicles**
 - County to procure 231 vehicles.....\$ 15,924,000
 - Private provider to lease from County
 - Private provider to maintain vehicles
 - Private provider to provide required insurance
- **Survey of 203 transit agencies – 73% owned vehicles**
- **Better control over vehicle design and quality**
- **County can potentially procure at lower cost**
- **Requires strong contract language regarding maintenance**
- **Ability to shift vehicles to multiple contractors**

BCC Direction

1. **Public/Private Model (Current Model)**
2. **Partial In-House with Private Provider**
 - Dispatch In-House
 - Belle Glade In-House
 - County Supplied Vehicles
3. **Public Model**

Connection In-House Analysis

1/22/2014 8:54 AM

		FY2014 Admin & Outsourced Costs		In-House Proposal		Total In-House Estimate	
		Current Positions	Budgeted Costs	Additional Positions	Additional Costs	Total Positions	Total Costs
							Notes
Capital Investment							
Costs							
Facilities & Land		\$25,600,000	\$ 245,000				
Vehicles	241	\$16,304,000					
Other Equipment		\$1,463,000					
Total Capital Investment		\$43,367,000	\$ 245,000				
Operating Costs							
Labor							
Vehicle Operators				338	\$16,331,811	338	
Mechanics				16	1,179,837	16	
Utility Workers				16	818,296	16	
Ops / Maint. Superintendant				1	73,740	1	
Ops / Maint Managers				6	442,439	6	
Maintenance Supervisors				4	306,257	4	
Subtotal Operations Labor		0	\$ -	381	\$19,152,380	381	
Director		1	145,219			1	
Managers		2	180,301			2	
Call Center Supervisor		4	289,494			4	
Service Supervisor		1	89,199			1	
Road Supervisors		5	338,779	4	294,959	9	
Dispatchers				18	1,327,316	18	
Reservation Specialists		26	1,405,316			26	
Eligibility		4	226,902			4	
Schedulers		6	377,584			6	
Customer Service		2	126,198	2	102,287	4	
Admin Support		3	185,279			3	
Finance Supervisor		2	143,999			2	
Finance		6	330,654	4	204,574	10	
Human Resources				3	161,904	3	
Dispatch Supervisors				2	153,129	2	
MIS Support		1	84,321			1	
Trainer		1	70,658	2	153,129	3	
Subtotal Admin Labor		64	\$ 3,993,903	35	\$2,397,298	99	
	Total Labor	64	\$ 3,993,903	416	\$21,549,678	480	\$25,543,581
Other Operating Costs							
Communications Services			\$96,139		\$50,000		\$146,139
Computer Maintenance & Supplies			0		25,000		25,000
Dues, Memberships, & Graphics			39,800				39,800
Fuel			0		3,461,384		3,461,384
Liability Insurance			0		750,000		750,000
Property Insurance			0		200,000		200,000
Self Insured Claims Costs (WC/Liability)			0		1,025,000		1,025,000
ISS Charges			150		150,000		150,150
ESS Charges			0		500,000		500,000
Material & Operating Supplies			45,000		50,000		95,000
Professional & Temporary Services			85,000		100,000		185,000
Office Equipment Rental			18,972		20,000		38,972
Repair & Maint. - Buildings			63,877		75,000		138,877
Repair & Maint. - Outside Services (Towing/Lift Services)			0		100,000		100,000
Repair & Maint. - Parts			0		510,000		510,000
Security			0		150,000		150,000
Tires			0		458,000		458,000
Training			1,200		25,000		26,200
Utilities			30,000		100,000		130,000
Other (Uniforms/CAO)			62,502		200,000		262,502
Subtotal Other Operating Costs			\$442,640		\$7,949,384		\$8,392,024
	Total Labor & Operating		\$4,436,543		\$29,499,062		\$33,935,605
Contract Provider Costs							
ADA			18,487,083				
Transportation Disadvantaged			2,917,934				
DOSS			1,394,983				
Dialysis			40,166				
Coordinated Contracts & Pahokee			257,269				\$257,269
	Total Provider Costs		\$23,097,435				\$257,269
	Total Costs		\$27,778,978				\$34,192,874
							Variance
							\$6,413,896

Palm Tran Connection
 In-House Analysis
 Additional Labor Costs

1/22/2014

Labor Type	# of Employees	Hourly Rate	Annual Wages (2080 Hours)	Overtime	FICA	Palm Tran Pension	Health Ins.	Unemployment / Disability	Total Wages & Benefits (Pension)	Notes
				10.00%	7.65%	14.80%	\$11,600	1.00%		
Vehicle Operators	338	\$ 13.00	9,139,520	913,952	769,091	1,487,914	3,920,800	100,535	\$16,331,811	
Mechanics	16	\$ 22.00	732,160	73,216	61,611	119,196	185,600	8,054	1,179,837	
Utility Workers	16	\$ 14.00	465,920	46,592	39,207	75,852	185,600	5,125	818,296	
OPS / Maint. Superintendant	1	\$ 22.00	45,760	4,576	3,851	7,450	11,600	503	73,740	
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Maintenance Supervisors	4	\$ 23.00	191,360	19,136	16,103	31,153	46,400	2,105	306,257	
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Road Supervisors	4	\$ 22.00	183,040	18,304	15,403	29,799	46,400	2,013	294,959	
Dispatchers	18	\$ 22.00	823,680	82,368	69,313	134,095	208,800	9,060	1,327,316	
Customer Service	2	\$ 14.00	58,240	5,824	4,901	9,481	23,200	641	102,287	
Finance	4	\$ 14.00	116,480	11,648	9,802	18,963	46,400	1,281	204,574	
Human Resources	3	\$ 15.00	93,600	9,360	7,876	15,238	34,800	1,030	161,904	
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Trainer	2	\$ 23.00	95,680	9,568	8,051	15,577	23,200	1,052	153,129	
Total Admin Labor	35		\$1,466,400	146,640	123,398	238,730	406,000	16,130	\$2,397,298	
Total Labor	416		\$12,315,680	1,231,568	1,036,364	2,004,993	4,825,600	135,472	\$21,549,678	

In-House Analysis
Palm Tran Connection
Capital Investment Detail

1/22/2014

Description	Cost	Size/Count	Total Cost	Notes	Depreciation	Schedule
Administrative Offices		17k Sq. Ft.	150,000	Renovation of existing 4-Points space	\$7,500	20 Years
Land (Maintenance Facility)		16 Acres	5,200,000	\$325k / acre		
Building (Maintenance Facility)		13k Sq. Ft.	19,000,000	8 bays	\$475,000	40 Years
Maintenance Equipment	156,250		1,250,000	8 lifts	\$250,000	5 Years
Total Facility Costs			\$25,600,000		\$732,500	
Vehicle Type 1 -	\$ 75,000	169	12,675,000	6 & 2 Cutaway	\$2,535,000	5 Years
Vehicle Type 2 -	\$ 85,000	19	1,615,000	12 & 2 Cutaway	\$323,000	5 Years
Vehicle Type 3 -	\$ 38,000	43	1,634,000	Service Sedans / Minivans	\$544,667	3 Years
Vehicles - Minivans	\$ 38,000	10	380,000	Supervisor	\$126,667	3 Years
Total Vehicle Costs		241	\$16,304,000		\$3,529,333	
Computers, Phones	\$ 3,000	50	150,000		\$50,000	3 Years
Radio Equipment	\$ 2,490	241	600,000		\$200,000	3 Years
AVL/GPS	\$ 2,000	241	482,000		\$160,667	3 Years
Farebox	\$ 1,000	231	231,000		\$77,000	3 Years
Total Other Equipment			\$1,463,000		\$487,667	
Total Asset Costs			\$43,367,000		\$4,749,500	

In House Analysis
Palm Tran Connection
Other Operating Costs Detail

1/22/2014

Other Operating Costs	Existing	Proposed	Total In-House Estimate
Communications Services	\$96,139	\$50,000	\$146,139
Computer Maintenance & Supplies	0	25,000	25,000
Dues, Memberships, & Graphics	39,800		39,800
Fuel	0	3,461,384	3,461,384
Liability Insurance	0	750,000	750,000
Property Insurance	0	200,000	200,000
Self Insured Claims Costs (WC/Liability)	0	1,025,000	1,025,000
ISS Charges	150	150,000	150,150
ESS Charges	0	500,000	500,000
Material & Operating Supplies	45,000	50,000	95,000
Professional & Temporary Services	85,000	100,000	185,000
Office Equipment Rental	18,972	20,000	38,972
Repair & Maint. - Buildings	63,877	75,000	138,877
Repair & Maint. - Outside Services	0	100,000	100,000
Repair & Maint. - Parts	0	510,000	510,000
Security	0	150,000	150,000
Tires	0	458,000	458,000
Training	1,200	25,000	26,200
Utilities	30,000	100,000	130,000
Other (Uniforms/COA)	62,502	200,000	262,502
Subtotal Other Operating Costs	\$442,640	\$7,949,384	\$8,392,024

Palm Tran Connection – Interim Report

Recommendations Regarding Dispatching, Vehicle Ownership, and In-House Service Delivery

INTRODUCTION

The Consulting Team (Nelson\Nygaard Consulting Associates and its subcontractor TranSystems Corporation) was retained to evaluate service model options for Palm Tran Connection (PTC), and to prepare an RFP scope that reflects the recommended new service model. The options analyzed in this interim report included: (1) moving the PTC dispatching function in-house, (2) County provision of PTC vehicles to private operations contractors; and (3) bringing operations in-house. The analysis of these options and our recommendations are discussed below.

METHODOLOGY

A kick-off meeting and staff interviews were held during an on-site visit in early December 2013. Prior to, during, and after this visit, several documents were collected for review, including the last RFP, the management contract that ensued from this effort, month to month service data, and information on run structures and vehicles. Subsequent telephone calls were held to ensure that the Consulting Team had a proper understanding of data provided.

The members of Consulting Team also drew upon their own experience as well as information from 17 “peer systems” systems which were chosen largely based on ridership but also included systems with complex ridership types (e.g., most of the peer systems provide only ADA paratransit trips but some, like PTC, also provide senior trips and/or other trips.

BACKGROUND AND LOCAL CONDITIONS

Trip Types and Sponsors

Palm Tran Connection (PTC) serves as both the ADA paratransit service for Palm Tran and as the Community Transportation Coordinator (CTC) for Palm Beach County. The types of trips provided by PTC include:

- ADA paratransit trips - Because Palm Tran is a fixed-route public transit provider, it is obligated under the ADA to provide complementary paratransit service where and when fixed route service is available to persons who, because of their disability, cannot access or use the fixed route system.
- Transportation Disadvantaged trips - As the CTC, PTC is responsible for transporting residents who qualify as *Transportation Disadvantaged* (TD); that is, persons who are disabled but who do not qualify as ADA paratransit eligible (or whose trips do not qualify as ADA eligible) and whose income is below a specific income threshold. These TD trips are sponsored under a contract between The County and the Florida State TD Commission which provides the County with TD funds.
- Senior trips - As the CTC, PTC also has established a contract with the County Division of Senior Services (DOSS) which sponsors senior trips on PTC.

PALM TRAN CONNECTION – INTERIM REPORT
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The fare for ADA paratransit trips and for TD trips is \$3.50 (twice the fixed route fare). There is no fare for senior trips sponsored by DOSS.

Ridership

In FY 2013, PTC ridership totaled 887,114 trips (Figure 1). Ridership by trip type for FY 2013 is provided below. ADA trips represent 79.7% of the PTC trips, TD trips 14.7%, and DOSS 5.6%. Figure 1 also shows a breakdown of customer trips, trips made by escorts/companions, and trips made by personal care attendants (who ride free when accompanying a customer).

Figure 1 FY 2013 Ridership on PTC

	ADA Trips	TD	DOSS	Total	%
Customer	628,658	112,025	49,424	790,107	89.1%
Escort/Companions	7,259	2,590	0	9,849	1.1%
Personal Care Attendants	71,354	15, 804	0	87,158	9.8%
Total	707,271	130,419	49,424	887,114	100%
%	79.7%	14.7%	5.6%	100%	

Source: Palm Beach County

Average weekday ridership in FY 2013 averaged 3,073 trips, ranging from a low of 2,881 trips in July 2013 to a high of 3,245 trips in February 2013. All but a few hundred of these trips have origins and destinations originate in the eastern portion of the County. About 200 trips have origins and destinations in the western portion of the county, while about 100 trips are taken between the western and eastern portion of the county.

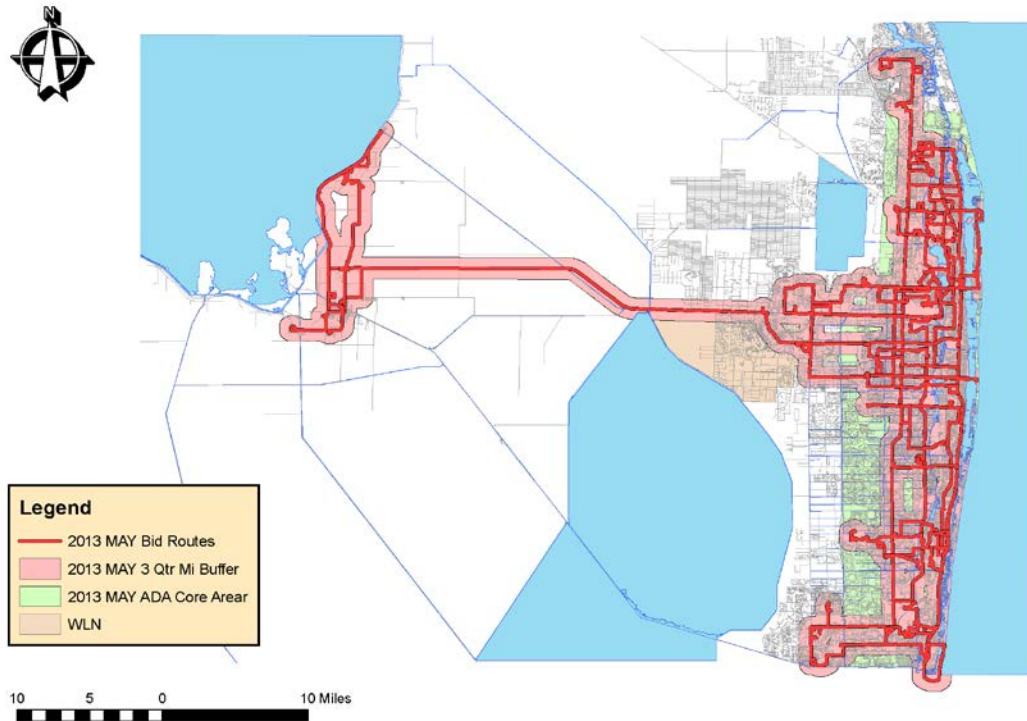
Service Area Characteristics

Palm Beach County encompasses 2,386 square miles, making it one of the largest counties in Florida. Most of its population (1,320,000 residents in 2010) is located in the eastern portion of the county; a much smaller population center is located in Belle Glade, Pahokee and other communities in the western portion of the county, bordering Lake Okeechobee. The northern and southern borders of the county are 49 miles apart. The western and eastern borders are about 50 miles apart. A single highway (and bus route) connects the east and west through the Everglades Agricultural Area – it takes roughly an hour to drive between the two.

The ADA paratransit service area includes the entire county east of the turnpike, plus the ¾ mile corridors to the west. See Figure 2.

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Figure 2 ADA Paratransit Service Area Map – Minimum Required Service Areas



Source: Palm Beach County

As a result of this large area, the average trip length is quite long: 9.7 miles per trip in FY 2013. This is commensurate with many regional paratransit services. Average trip lengths per trip type are presented below in Figure 3. Of the three trip types, an average TD trip length of 14.35 miles per trip is by far the longest.

Figure 3 Average Trip Length (FY 2013)

	ADA Trips	DOSS	TD	Average
Miles/Trip	9.12	6.56	14.35	9.70

Source: Palm Beach County

Trip Reservation and Scheduling Policies

To reserve a trip on PTC, registered customers may call PTC between 1 and 7 days in advance. Reservation agents intake and book the trip request on Trapeze and immediately try to schedule the trip using Trapeze’s insertion suggestions. Trip requests can be requested (and scheduled) based on appointment times or pick-up times. After the trip is booked and scheduled, the customers are given a 30 minute pick-up window centered about the scheduled pick-up time.

LOCAL CONSIDERATIONS REGARDING SERVICE MODEL OPTIONS

Discussed below are few local considerations that have guided the Consulting Team's efforts:

- **Reservations and Scheduling.** Palm Tran has already brought the reservation and scheduling function in-house. The County feels that they have gained the experience needed with Trapeze to continue directly performing these functions vs. retaining a centralized call center and control (CCCC) manager or decentralizing these functions with the contractor(s). Few registered complaints regard the reservations function. Many larger systems have centralized the reservations, scheduling, and for many of them, dispatching functions, either by bringing these functions in house or retaining a CCCC manager or broker.
- **Dispatching.** With the reservations and scheduling functions already centralized, it only makes sense to keep them centralized in the new service model. As alluded to above, PTC's dispatching is already centralized, with contractor and subcontractor dispatchers located in PTC's administrative offices. But in discussions with the PTC staff, the quality of the dispatching is anything but proactive, and is barely reactive. There are two alternatives to the status quo:
 - bring the entire dispatching function in-house, and
 - create teams of dispatchers that are led by County-employed dispatchers but include one contractor-employed dispatcher per team.

The intent of either approach is to improve the direct control over the quality of dispatching by (1) hiring, training, and supervising dispatch staff; (2) controlling the way in which dispatching is undertaken (e.g., in 3-person pods); and (3) directly providing the radio communications system.

In-house dispatching also enables a more objective and strategic approach to the use of non-dedicated service contractors (discussed more below). The time it would take to bring the dispatching infrastructure in house will need to be assessed to determine whether or not this is possible given the time constraints.

By way of example, Outreach in San Jose initially centralized dispatching in the way that PTC has – by housing vendor dispatchers in the agency's administrative offices. Outreach has since moved to a model, reflected in the second approach above, where teams of County- and contractor-employed dispatchers work together. This has been their model for a long time.

- **Vehicle Ownership** - Palm Tran wishes to know whether Palm Tran or the operations vendors should own the vehicles. The arguments in favor of County-ownership are (1) it would provide more direct control on exactly what types of vehicles are used for PTC, but more importantly, (2) it would simplify the shifting of runs from one vendor to another based on performance, and (3) it would make it easier to transition to a new contractor.
- **In-House Service Delivery** – Palm Tran staff is also currently undertaking a financial analysis associated with bringing the entire service in-house, an option being considered by the County. The reason that most systems opt to provide service in-house is to directly control quality of service. The reason that most paratransit systems alternatively choose to use contractors is to reduce overall cost, noting that operator wage rates and fringe benefits represents approximately 70% of the cost structure of a typical paratransit system. Because public entities typically have higher operator wages and a higher fringe rate, the unit cost of in-house paratransit systems tend to be higher.

BRINGING DISPATCHING IN-HOUSE

Alternative Division of Responsibilities for Dedicated¹ Service

The major alternative approaches to the division of responsibilities for dedicated service is presented below in Figure 4.

Figure 4 Alternative Division of Responsibilities

Function	County Responsibility	Contractor Responsibility
Reservations & Scheduling	Currently under County; should remain under County	None
Dispatching	Should this be shifted to the County to improve quality of dispatching?	Dispatching currently performed by Contractor dispatchers housed at PTC
Vehicles	Should the County purchase vehicles and provide to operations contractors?	Vehicles currently provided by Contractors
Vehicle Maintenance	Do pros of in-house maintenance outweigh costs and operational issues?	Vehicles currently maintained by Contractor

Reservations, Scheduling, and Dispatching for Dedicated Service

Among major systems, most systems either have one of the two model designs:

- Reservations, scheduling and dispatching are centralized (either in-house or with a centralized call and control center (CCCC) manager or broker); or
- Reservations, scheduling and dispatching are de-centralized with the operations vendors

Figure 5 and Figure 6 include major systems between 500,000 and 1.8million in annual ridership that represent these two models.

We have also included in Figure 5 NJ Transit’s Access Link and Broward County where reservations and scheduling are centralized but dispatching is not.

The primary reasons why many systems have opted to centralize all three functions are as follows:

- **To improve communication among the three functions.** While this is somewhat accomplished in Palm Beach by housing the contractors’ dispatchers at the PTC administrative office, direct communication has been at a minimum. It also permits more cross-training, and hence more flexibility in staffing these functions. If dispatchers are paid more, there is also an additional upward mobility path for County staff.
- **To improve the balance between service efficiency and service quality.** Operations dispatchers employed by contractors have a dual motive – to get service accomplished while maximizing profit for the contractor. With in-house dispatchers, that conflict will be resolved, especially with respect to objectivity. Trips will be dispatched to the dedicated service contractor that makes the most sense, i.e., this often may involve

¹ A service is “dedicated” if the vehicles used for service delivery are solely used for a particular contract. A service is “non-dedicated” if the vehicles are also used for other purposes. Taxis, for example, are often used to provide non-dedicated service.

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shifting trips from one contractor to another in the case of a multi-carrier environment....or leaving it with the same contractor in cases where currently a prime carrier may transfer a trip to a subcontractor to avoid the cost of serving the trip. Objectivity in dispatching also allows for an optimum service mix, where the decision to schedule a trip to a dedicated run vs. assign a trip to non-dedicated service contractor is in the hands of an objective County dispatcher. In-house dispatching hence allows for an optimum service mix, which in turn can result in a reduction in overall cost per trip.

- **To improve the quality of dispatching.** Good, proactive dispatching is one of the few things in paratransit that can contribute to increasing both productivity and service quality. PTC staff have described the contractors' dispatchers as mostly reactive at best and far from proactive. This could also be because of the way they are organized. Direct hiring, training, supervision, and a more effective division of labor among the dispatchers (and their assistants) should result in a better quality of dispatching.

The main arguments in support of leaving the responsibility for dispatching with the contractor is that (1) contractor dispatchers can be more effective in holding drivers accountable for performance; and (2) contractors may be able to increase/replace dispatching staff more easily than the County. While there would hopefully be an improvement in the quality of dispatching with the new contract (if dispatching remained with the contractors), we believe that the additional advantages of bringing this function in-house as discussed above outweighs "a wait and see" alternative. The second concern would be mitigated by a commitment by the County to staff up the reservations, scheduling and dispatching functions to match the increase in demand, which is currently forecast to increase at 2% annually. Lastly, some agencies have shied away from employing dispatchers is to avoid drug testing requirements; however, Palm Tran presumably already has this capability so that obstacle is not a concern.

RECOMMENDATION: In the end, all of the reasons above apply to PTC. We strongly recommend that the dispatching function be brought in-house under the new model. This also suggests that the County be responsible for (1) the radio communication system, and, if the County ends up owning the vehicles as well, (2) the in-vehicle communication and AVL components as well (so that if vehicles are transferred from one vendor to another, there are fewer obstacles/complications). Hence, if there is agreement that dispatching should be brought in-house, steps should begin immediately to look into #1, and possibly #2.

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Figure 5 Systems with Centralized Service Model Designs

System	Annual Ridership	Reservations & Scheduling	Dispatching	Same Day Issues	Service Delivery
SEPTA CCT (Philadelphia)	1,799,000	Agency	Agency	Agency	7 Dedicated Contractors
Houston MetroLift	1,653,906	Agency	Agency	Agency	2 Dedicated Contractors
MTA (Baltimore)	1,538,155	Agency	Agency	Agency	2 Dedicated Contractors
King County Metro (Seattle)	1,238,556	CCCCM	CCCCM	CCCCM	2 Ded and 6 ND Contractors
Tri-Met (Portland, OR)	1,037,700	CCCCM	CCCCM	CCCCM	1 Ded and 1 ND Contractors
NJ Transit Access Link	923,000	Agency	Contractors	Agency	6 Regional Contractors
Palm Tran Connection	887,114	Agency	Contractors	Contractors	1 Ded Contractor and 3 ND Subs
Outreach (Santa Clara Co)	824,813	Broker	Br & Cont	Broker	1 Ded and 1 ND Contractor
DART (Dallas)	788,926	Contractor	Contractor	Contractor	1 Ded Contractor & 1 ND Sub
Broward County	716,393	Call Center Mgr	Contractors	Contractors	3 Ded Contractors and 4 Dedicated Subs
SMART (suburban Detroit)	705,398	Agency	Agency	Agency	Agency
Denver RTD access-a-Ride	672,636	CCCCM	CCCCM	CCCCM	4 Dedicated Contractors
Capital Area TA (Austin)	642,393	Agency	Agency	Agency	Agency
Bi-State (St. Louis)	556,926	Agency	Agency	Agency	Agency
MARTA (Atlanta)	508,906	Agency	Agency	Agency	Agency

Source: Nelson\Nygaard and TranSystems Corp

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Figure 6 Systems with Decentralized Service Model Designs

System	Annual Ridership	Reservations & Scheduling, Dispatching, Same-Day Issues, and Service Delivery
Metro Mobility (Minneapolis)	1,603,422	6 Dedicated Contractors and unknown number of ND Contractors
SF Paratransit	904,598	5 Dedicated Contractors and 33 ND Contractors
Tucson SunVan	520,320	1 Dedicated Contractor
Milwaukee County Transit	500,157	2 Dedicated Contractors

Source: Nelson\Nygaard and TranSystems Corp

VEHICLE OWNERSHIP

Under the current service design vehicles are provided by and owned by the contractors. A total of 207 vehicles are provided by contractors and used in dedicated service. This includes 193 vehicles provided by MMMG and 14 vehicles provided by Two Wheels.

Going forward, a key service design consideration is whether to continue to have contractors purchase vehicles or to have Palm Tran purchase vehicles and lease them to contractors. This section provides information about vehicle ownership at other transit agencies. It also provides a discussion of the potential advantages and disadvantages of vehicle ownership by Palm Tran, as well as other considerations.

Note that the question of ownership applies only to vehicles that are **dedicated to** and used solely for PTC service. If Palm Tran contracts with companies to have some PTC trips provided on vehicles that are also used for other types of service, such as taxicabs, vehicles used in this part of the service should be owned by these companies.

Vehicle Ownership at Other Transit Agencies

A national survey of 203 transit agencies by TranSystems in 2012 found that 73% of the agencies purchased and owned the vehicles used to provide ADA paratransit service. Ten percent of systems said that contractors procure and own the vehicles, 11% said that some vehicles are procured and owned by each party, and 6% said “Other” (most “Other” responses indicated that a public agency other than the transit agency purchased the vehicles for the transit agency).

Figure 7 shows vehicle ownership by the peer systems identified for this study, less San Francisco which is primarily served with taxis. As would be expected, all transit agencies that operated vehicles in-house purchased and owned the fleets. Among those transit agencies that contracted out for vehicle operation, the vast majority purchased and owned the fleets.

- Thirteen of the 17 peer systems contract out for vehicle operations, and nine (9) of these purchase and own the vehicles. This includes the transit agencies in Philadelphia, Minneapolis, Baltimore, Seattle, Portland (OR), New Jersey, Santa Clara (CA), Denver, and Tucson.

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Figure 7 Vehicle Ownership By Selected Peer Systems

System	Vehicle Operation	Dedicated Vehicle Ownership
SEPTA CCT (Philadelphia)	Contracted	100% Agency
Houston MetroLift	Contracted	37% Agency 63% Contractors
Metro Mobility (Minneapolis)	Contracted	100% Agency
MTA (Baltimore)	Contracted	100% Agency
King County Metro (Seattle)	Contracted	100% Agency
Tri-Met (Portland, OR)	Contracted	100% Agency
NJTransit Access Link	Contracted	100% Agency
Outreach (Santa Clara Co)	Contracted	100% Agency
DART (Dallas)	Contracted	100% Contractor*
Broward County	Contracted	100% Contractors
Denver RTD access-a-Ride	Contracted	100% Agency
Tucson SunVan	Contracted	100% Agency
Milwaukee County Transit	Contracted	100% Contractors
SMART (suburban Detroit)	In-House	100% Agency
Capital Area TA (Austin)	In-House	100% Agency
Bi-State (St. Louis)	In-House	100% Agency
MARTA (Atlanta)	In-House	100% Agency

Source: NelsonNygaard and TranSystems Corp

* During the transition period, several DART-owned vehicles needed to be pressed into service.

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- Only three (3) transit agencies request that the contractors purchase and own the fleets. These include Dallas, Broward County and Milwaukee, all of which have service designs where most functions are the responsibility of the contractors.
- All of the selected systems that have centralized reservations, scheduling and dispatch (similar to what is being recommended for PTC) purchase and own the fleets. These include Philadelphia, Baltimore, Seattle, Portland, and Denver.

Potential Advantages and Disadvantages of Palm Tran Vehicle Ownership

The two main reasons why Palm Tran should consider purchasing and owning PTC vehicles are as follows:

- **Better control over vehicle design and quality.** Palm Tran would have full control over the development of vehicle specifications, the selection of vehicle manufacturers, and the inspection and acceptance of PTC vehicles.
- **Improved contract monitoring and performance.** With central reservations, scheduling and dispatching, runs could be more easily pulled from contractors not performing up to standard and assigned to contractors that perform up to standards. Industry experience is that this is a very effective way to ensure performance. Ownership of vehicles – as well the County equipping the vehicle with MDT/AVL equipment -- facilitates this approach to contract monitoring. Thus, as runs are reassigned, vehicles associated with those runs would also be reassigned.

There are also several potential disadvantages and other considerations related to vehicle ownership by Palm Tran. These include:

- **Impacts on vehicle maintenance.** If vehicles are owned by Palm Tran, contractors may have less incentive to maintain them in top condition. Palm Tran will need to include strong maintenance requirements in the RFP and contracts and undertake an active and effective monitoring program to ensure that maintenance is performed as required. Detailed maintenance requirements will need to be included in the RFP and consideration should be given to adding liquidated damages in the contracts should audits indicate that maintenance was not performed as required. An example of this would be adherence to preventive maintenance requirements.

While this is a consideration, it really should not significantly change Palm Tran's management of the services or the level of maintenance that is ultimately provided. Even if the contractors continued to provide and own the vehicles, Palm Tran should have strong maintenance requirements. Monitoring of maintenance should also be no less thorough, regardless of ownership of the vehicles. Because the vehicles are being used to provide services under contract to Palm Tran, strong maintenance requirements should be established and monitored either way.

Also of note: there is always the option to centralize maintenance, with either Palm Tran or a maintenance contractor maintaining the PTC vehicles. However, in previous studies undertaken by Nelson\Nygaard, this option has been found to be more expensive while also creating logistical challenges for the contractors, and so has not been recommended.

- **Insurance and liability.** If vehicles are owned by Palm Tran, they would be leased to selected contractors for operation as part of the overall service contract. Contractors would then provide insurance coverage meeting the requirements of the contract and would include Palm Tran and the County as named insured parties on the insurance

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policies. Contracts should also include strong indemnification clauses to ensure that Palm Tran and the County are indemnified and held harmless by contractors.

If vehicles are owned by the contractors, similar protections would need to be in place. Even though contractors own the vehicles, Palm Tran and the County will have selected these companies to provide service, will have specified vehicle requirements, and will have entered into contracts to have these companies provide services on their behalf. The fact that contractors own the vehicles would not absolve Palm Tran and the County of potential liabilities and the need for insurance protection. Contractors would still provide insurance coverage as required by the contract, would include Palm Tran and the County as named insured parties, and would provide indemnification.

Regardless of whether Palm Tran or the contractors own the vehicles, a process should be in place for having any vehicles used in the provision of services inspected and accepted. If the contractors are asked to provide and own the vehicles, Palm Tran should inspect them before they are placed in service to ensure that they meet contractual requirements. If Palm Tran owns the vehicles, it would inspect and accept them at time of purchase. Either way, Palm Tran would have responsibility for ensuring that vehicles are acceptable for the services being provided on its behalf.

As noted above, it could be argued that ownership of vehicles would give Palm Tran increased control over vehicle design and quality, which could reduce potential risks. Rather than simply inspecting and accepting vehicles purchased by contractors, Palm Tran would have control over the vehicle specifications and procurement process. If vehicles are purchased under blanket FDOT contracts, Palm Tran will benefit from the safety and quality requirements incorporated by FDOT into these vehicle specifications.

- **Providing an adequate number of vehicles.** If Palm Tran assumes responsibility for providing vehicles, it will need to ensure that an adequate number of vehicles are made available to contractors throughout the term of the contract. This includes an adequate number of vehicles at the outset of the contract as well as additional vehicles as service grows. Failure to provide a full fleet as indicated in the RFP could impact Palm Tran's ability to hold contractors accountable for certain performance requirements.

If Palm Tran elects to be responsible for the provision of vehicles, it should make a commitment to allocate required capital resources throughout the term of the contract. If there is any question about the ability to provide the vehicles needed, Palm Tran should consider requesting supplemental prices, as part of the RFP, for contractors to supply vehicles. If additional vehicles were then needed during the term of the contract, Palm Tran could ask contractors to obtain the vehicles and could reimburse them this additional amount.

RECOMMENDATION: If Palm Beach County has the available capital resources to provide vehicles for the PTC service, it should consider purchasing and owning the fleet under the new service design and new contract. This will allow for improved service monitoring, and provide greater control over the design and quality of vehicles used for the service. The RFP should then include strong maintenance and insurance requirements. Maintenance should also be carefully monitored throughout the term of the contracts. The RFP should also request supplemental process for contractor provided vehicles should Palm Beach County not be able to supply all of the vehicles needed.

IN-HOUSE SERVICE DELIVERY

Approximately 80% of the paratransit systems in the US use contractors to operate service. Of the 17 peer systems between 500,000 and 1.8 million annual trips that were identified for purposes of this study (See Figure 8), all but four are operated with contractors providing dedicated service (and in some cases, non-dedicated service as well). The four systems where service is delivered in-house include SMART in suburban Detroit, Austin, St. Louis, and Atlanta, noting that Atlanta is seriously considering privatizing service delivery. The largest of these four peer systems is SMART in suburban Detroit with a ridership of 705,398. **If Palm Tran were to bring the entire service in-house, it would be the largest paratransit service in the country to do so.**

The two primary reasons that most paratransit services use contractors to deliver service include the following:

- **Lower Cost.** Palm Tran staff is also currently undertaking a financial analysis associated with bringing the entire service in-house, an option being considered by the County. The reason that most systems opt to provide service in-house is to directly control quality of service. The reason that most paratransit systems alternatively choose to use contractors is to reduce overall cost. Operator wages and fringe reflect approximately 70% of the cost structure. Because public entities typically have higher operator wages and a higher fringe rate, the unit cost of in-house paratransit systems tend to be higher. Also, with multiple contractors, competition can breed more competitive prices.
- **More flexibility.** We have witnessed public agencies with in-house operations that have failed to increase operational staff in response to growing ridership because of budget constraints. Moreover, once a service is brought in-house and once there is a collective bargaining agreement with a union, it is difficult to privatize.

In addition, while those public agencies that have brought service in-house can argue that they do have more control over service quality, there are many examples where creative contractual incentives and disincentives can achieve as high service qualities.

RECOMMENDATION: We have not seen the results of the County analysis but presume that bringing the entire PTC service in-house will be significantly more expensive. Our input is that the County can achieve a desired balance between service quality and efficiency without having to incur this additional expense.

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Figure 8 In-House or Contracted Operations

System	Vehicle Operation
SEPTA CCT (Philadelphia)	Contracted
Houston MetroLift	Contracted
Metro Mobility (Minneapolis)	Contracted
MTA (Baltimore)	Contracted
King County Metro (Seattle)	Contracted
Tri-Met (Portland, OR)	Contracted
NJTransit Access Link	Contracted
Outreach (Santa Clara Co)	Contracted
DART (Dallas)	Contracted
Broward County	Contracted
Denver RTD access-a-Ride	Contracted
Tucson SunVan	Contracted
Milwaukee County Transit	Contracted
SMART (suburban Detroit)	In-House
Capital Area TA (Austin)	In-House
Bi-State (St. Louis)	In-House
MARTA (Atlanta)	In-House

Source: Nelson\Nygaard and TranSystems Corp