

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

WORKSHOP SUMMARY

Meeting Date: February 25, 2014

Department: Palm Tran Connection

I. EXECUTIVE BRIEF

Title: Considerations for the Request for Proposals for Palm Tran Connection Paratransit Services

Summary: At the January 28, 2014, Board of County Commissioners (BCC) meeting, the BCC directed Staff not to bring Palm Tran Connection in-house and to move forward with the preparation of the RFP which will result in new vendors to replace MMMG. Additionally, the BCC accepted Staff's recommendation to have the County own all Palm Tran Connection vehicles. Staff has identified the following eleven (11) key issues that require Board input prior to finalization of the RFP:

1. Number of contractors;
2. Distribution of work;
3. Service type (dedicated/non-dedicated);
4. Service area design (zones);
5. Contract length;
6. Contractor payment structure;
7. Minimum driver compensation;
8. Veteran preference for vendor employees;
9. Vehicle procurement methodology;
10. Role of Not-for-Profit Agencies; and
11. Belle Glade service.

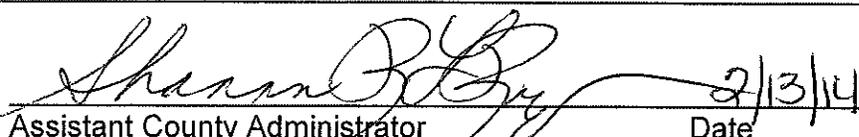
Staff has included recommendations on these items identified above and is seeking Board concurrence or alternative direction. Staff intends to seek BCC approval of the RFP at the April 15, 2014, BCC meeting. Countywide (DR)

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 (5) years 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 directed Staff to negotiate a Settlement Agreement with MMMG to terminate their contract early. 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. On January 28, 2014, the BCC directed staff to not bring Palm Tran Connection Service in-house, have the County own all Palm Tran Connection vehicles, bring the dispatch function in-house and to not make any changes to the Level of Service provided by Connection.

Attachments:

1. Staff Presentation
2. Nelson/Nygaard – Technical Memorandum No. 2, Palm Tran Connection: Recommendations for Contractor RFP
3. Internal Memorandum regarding FDOT State Vehicle contract dated February 14, 2014
4. Internal Memorandum regarding the role of Not-for-Profit Agencies in Palm Tran Connection

Approved by:


 Assistant County Administrator Date 2/13/14
 Interim Executive Director of Palm Tran, Inc.

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	0	0	0	0	0
(County)					
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

Contract Development & Control Comments:

John A. Kelly 2/18/14
OFMB 50
2/18
JK

Joe J. Jacobson 2/19/14
Contract Dev. & Control
2-19-14
JJ

Legal Sufficiency:

[Signature] 2/20/14
Assistant County Attorney

Other Department Review:

Department Director

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

Palm Beach County Board of County Commissioners

February 25, 2014

Considerations for the Request for Proposals Palm Tran Connection Paratransit Services



Prior BCC Direction

- **January 28, 2014 – Directed Staff to:**
 - Not bring Connection service delivery in-house
 - Create in-house dispatch operation to supplement current centralized reservation and scheduling
 - Have the County purchase and own all vehicles
 - Not make any changes to the current level of service
 - Develop the Request for Proposals

Workshop Discussion Items

1. Number of contractors
2. Distribution of work
3. Service type (dedicated/non-dedicated)
4. Service area design (zones)
5. Contract Term
6. Contractor payment structure
7. Minimum driver compensation
8. Veteran preference for vendor employees
9. Vehicle procurement methodology
10. Role of Not-for-Profit agencies
11. Belle Glade service

1. RFP – Number of Contracts Recommendation

Multiple Contracts

- *Minimum of three (3)*
 - ✓ Provides more competition during RFP process
 - ✓ Provides the County the ability to shift work based on performance
 - *More effective incentive than current liquidated damage approach*
 - ✓ Shifts leverage under single vendor contract from vendor to County

2. RFP – Distribution of Work Recommendation

Two (2) 40% contracts and One (1) 20% contract

- *No more than 40 % of trips to one vendor*
- *Establish minimum 20% DBE overall goal*
 - ✓ 40% Package – Attracts larger National carriers
 - ✓ 20% Package - Attracts local small and DBE vendors
 - ✓ Incorporate ability to shift work for non-performance with no limitation

3. RFP – Service Type Recommendation

100% Dedicated Service

- ✓ Prepare separate RFP for non-dedicated service once service is up and running
- ✓ Incorporates ability to shift up to 15% of trips to non-dedicated contractors
- ✓ Peer systems use 5-15% non-dedicated service
- ✓ Centralized in-house reservation, scheduling and dispatch – provides for greater control

4. RFP – Service Area Design Recommendation

Non-Zoned Contracts

- ✓ Federal ADA Regulations do not permit trip restrictions
- ✓ Requires transfers – creates inefficiencies
 - *Multiple vehicles*
 - *Hand-to-Hand transfers*
 - *Negatively affects On-Time Performance*
- ✓ Travel time must be comparable to fixed route service
- ✓ A Non-Zoned model provides greatest flexibility to the County

5. RFP –Contract Term Recommendation

Five (5) Year Minimum – Seven (7) Year Maximum

- *Five (5) year base contract*
- *A single two (2) year extension at County's sole discretion*
 - ✓ Provides for a more competitive RFP process
 - ✓ Vendor can spread fixed costs over a longer period
 - ✓ Longer duration is not a concern due to ability to shift work
 - ✓ Minimizes disruption due to vendor change
 - ✓ Connection is experienced with administering multiple vendor contracts

6. RFP – Contractor Payment Structure Recommendation

Separate Fixed from Variable Costs

- *Variable Costs - reimbursed per revenue hour for trips includes fuel, driver, maintenance and labor*
- *Fixed Costs – reimbursed on a weekly lump sum basis includes land ,maintenance facility and insurance*
 - ✓ Reinforces ability to shift work
 - ✓ Conventional approach for dedicated service
 - ✓ May result in more cost efficient proposals

7. RFP – Minimum Driver Compensation Recommendation

Incorporate Living Wage Ordinance

- ✓ County's Living Wage Ordinance specific to construction contracts
 - ✓ *Amendment would be appropriate*
- ✓ Does not incorporate benefits
- ✓ State statute does not limit ability to set minimum wage
- ✓ Currently \$11.64 per hour (\$11.80 -10/1/14) – Annual COLA
- ✓ Benefits vendor employees
- ✓ Do not recommend scoring bonus for higher wages

8. RFP – Veteran Preference Recommendation

Do not incorporate Veteran Preference

- ✓ FTA requirement is that grant recipient may not require an employer to give a preference to a veteran over certain equally qualified applicant for construction contracts
- ✓ Could potentially discriminate against or impact minorities, women, etc.

9. RFP – Vehicle Procurement Recommendation

Utilize FDOT State Contract

- ✓ Lower cost – pre-negotiated by the State
- ✓ Reduces administrative burden
- ✓ Can customize vehicle requirements
- ✓ Additional warranties-A/C and wheelchair lifts
- ✓ Local vendors perform warranty work
- ✓ FDOT conducts pre-delivery inspection
- ✓ FDOT ensures guaranteed delivery time
- ✓ Leasing not feasible – mileage limitations

10. RFP – Not-for-Profit Agencies Recommendation

Continue to utilize three (3) Not-for-Profits at Current Level for TD Trips

- ✓ **Federation Transportation Services, Inc.**
 - *\$135,000 annual reimbursement*
 - *20,000 annual trips*
- ✓ **Seagull Industries for the Disabled**
 - *\$100,200 annual reimbursement*
 - *10,000 annual trips*
- ✓ **The Volen Center**
 - *\$2.37 Million (\$956,000 County FAA contract)*
 - *85,898 annual trips (40,851 annual trips)*
 - *Cost per trip - \$27.64*
- ✓ Once new vendors are in place – evaluate possible expansion of Not-for-Profit agencies role using 15% trip shift ability

11. RFP – Belle Glade Service Recommendation

Do not bring Belle Glade Service in-house

- ✓ Contractor model currently successful
- ✓ Little to no service complaints
- ✓ 42,000 trips annually – only 5% of total service
- ✓ Cost to accomplish is approximately \$4.5 Million cannot be justified

Next Steps

- April 15, 2014 – BCC consideration of RFP for vendors
- April 30, 2014 - Advertise RFP
- July 1, 2014 – Receive Vendor proposals
- August 1, 2014 – Order vehicles and equipment
- August 19, 2014 – BCC ratification of selection of vendors
- October 7, 2014 – BCC consideration of vendor contracts
- November 1, 2014 – Delivery of vehicles
- January 31, 2015 – Service Commences with new vendors

Palm Tran Connection: Draft Technical Memorandum #2

INTRODUCTION

At the January 28, 2014 meeting of the Palm Beach County Board of County Commissioners, it was decided that:

1. The County should bring the Connection dispatch function in-house, i.e., so that all reservations, scheduling and dispatching staff are Palm Tran employees;
2. The County will pursue the purchase of vehicles for the Connection fleet in time for the new contracts.
3. The County should not bring the entire service in-house; instead, service delivery and related support functions will continue to be provided by contractors, and that the County will undertake a procurement for service delivery contractors.
4. Connections service will be provided by more than one contractor.
5. The RFP should include a "living wage" requirement for drivers, or similar requirements to ensure that a qualified, experienced and stable workforce is provided.
6. More analysis is needed before any decisions are made to address the challenges of serving Connection trips to/from/within the Belle Glade area.

Given these decisions, a Board workshop was scheduled for February 25, 2014 to discuss recommendations related to service design and other issues that will appear in the upcoming RFP. It was subsequently decided that these recommendations should cover the following elements:

1. Number of Dedicated Service Contractors
2. Work Distribution
3. Service Type
4. Service Area Design
5. Contract Length
6. Contractor Payment Structure
7. Driver Compensation
8. Veteran Preference
9. Vehicle Procurement Methodology
10. Role of Not-for-Profit Agencies
11. Belle Glade Service

For the purposes of this study, items 8, 10, and 11 were not included in Nelson\Nygaard's scope of work.

1. NUMBER OF DEDICATED SERVICE CONTRACTORS AND WORK DISTRIBUTION

Approximately 80% of the paratransit systems in the U.S. use contractors to operate service. Of the 18 systems between 500,000 and 1.8 million annual trips that were identified for purposes of this study, all but four are operated with contractors providing dedicated service and in some cases, non-dedicated service as well. (See Table 1 at the end of this document.) Focusing on the provision of dedicated service, the **number** of contractors that deliver dedicated service range from one to seven. Only four (Portland, Santa Clara, Dallas, and Tucson) have one dedicated contractor, noting that three of these also utilize one or more non-dedicated contractors.

Having multiple contractors, along with bringing dispatch in-house and owning the vehicles (and all the equipment in the vehicles) provides the County with a powerful tool – that is, to shift work (dedicated runs and associated vehicles) from one contractor to another based on performance. Prior to this current contract, Palm Tran formerly had two dedicated service contractors, and service was regarded more positively than the current service. The eight peer systems with multiple contractors serving the same area would confirm that using more than one contractor provides an extra dimension of competition – not only in the bidding process – but afterwards if the agency is able to transfer a volume of work from one vendor to another and part of that allowance is based on performance.

Indeed, the threat of losing work to a competitor -- and not an extreme and complex set of bonuses and liquidated damages (LDs) – tends to be more effective in incentivizing a dedicated contractor to do well. From the County's perspective, having at least two dedicated service contractors to handle the bulk of the PTC service makes sense. It is also worth pointing out that if the County contractually has the ability to shift work from one contractor to another in order to reward a contractor for doing significantly better than the other (which improves service quality as well), it is quite possible that the vendor losing work might do better at a smaller volume. Just publishing comparative statistics should incentivize performance.

This is not to say that incentive bonuses and LDs are not useful; however, a more simplified approach would be to first state performance targets, and then to clarify that (1) sustained achievement of targets makes a contractor eligible to gain more runs, whereas (2) sustained failure to achieve targets renders a contractor eligible to lose work.

With only one main contractor, that contractor has more a leverage point in initial and mid-contract negotiations. With at least two main contractors, the leverage shifts to the County. Another advantage of having at least two main operations contractors is “insurance.” If one company defaults or there is a work stoppage, the County has another main contractor to potentially pick-up the slack, especially if the County owns the vehicles and on-board equipment.

At the same time, we need to acknowledge that there are currently four contractors providing service delivery: Metro Mobility, plus three DBE subcontractors and that there is a Board commitment to have DBE participation.

Returning to the success of the last contract, we recommend that there should be at least two service delivery contractors that together would serve 80% of the work, and one or two DBE contractors that serve the balance. By initially setting the split of work as such, larger regional and national carriers would be attracted to the 40% “package” while small and DBE firms will be attracted to the 10% package or a 20% package.

Currently, there are approximately 200 runs that are operated on a daily basis. Hence, a 40% package would consist of 80 vehicle runs; a 20% package 40 vehicle runs; and a 10% package 20 vehicle runs. If it is felt that a 10% (20 vehicle run package) is not enough to attract a DBE proposer, then one 20% (40 vehicle run) package is suggested.

RECOMMENDATION: We suggest that the ideal number of dedicated service contractors for Palm Tran Connection is three and that the *initial* split of work should be 40/40/20 with the 20% package.

This means that proposers would bid on a 40% package or a 20% package.

This is just the starting point, however. Built into each contract, at the sole discretion of the County, will be an option for the County to shift runs between contractors; that is, to increase or decrease the amount of work that it continues to give to a specific contractor. Shifts that are not based on performance, but on the County's desire to improve cost efficiency, could be limited. For example, this might include a shift of work from a dedicated service contractor to a non-dedicated service contractor (see #2 below). Given that the national experience is that systems typically use non-dedicated service contractors for between 5% and 15% of total trips, we suggest the following allowances:

- * For the two 40% minimum contracts plus or minus 6% (so 34-46%); and
- * For the 20% contractor, 3% (so 17-23%)

This would allow a potential shift of up to 15% (6%+6%+3%) of the work to a non-dedicated service contractor or contractors.

In addition to such limited shifts for efficiency, we also suggest that the County build into its contracts the ability to not limit the ability to shift runs between dedicated service contractors as a result of performance issues.

2. SERVICE TYPE

Paratransit service is universally provided in one and/or two ways: dedicated service and non-dedicated service.

- **Dedicated Service** is where a particular fleet of vehicles is used exclusive for a service
- **Non-Dedicated Service** is where other service providers are used in a non-exclusive manner. For example, many paratransit systems use taxis to provide non-dedicated service, with taxis providing both public transportation service and ADA paratransit service under a contract with the transit agency.

TCRP Report 121, Interim Report, entitled the *Optimal Use of Non-Dedicated Service Providers for Paratransit* (authored by Nelson\Nygaard) explores the strategic use of non-dedicated service providers to reduce the overall unit cost of service via the assignment of peak overflow trips, long, out of the way trips that are not inherently rideshareable, and trips during low-demand periods such as weekend evenings and weekends. In addition, the availability of non-dedicated service providers to respond to breakdowns and re-scheduled trips resulting from no-shows often also increase the productivity of the dedicated fleet while offering a higher service quality.

The data on hand suggests that those peer systems that use non-dedicated contractors utilize between one and six contractors, the exception being San Francisco where there are 33 non-dedicated service contractors. It is also true that all but one of these systems have direct contractual relationships between the agency and the non-dedicated service contractors. In no cases was there a subcontractor operating non-dedicated service except in Dallas, where the prime operations contractor also performs all call center functions as well.

While the current contractor, Metro Mobility, proposed to offer non-dedicated service via a subcontractor, this never materialized. Consequently, all service currently provided is dedicated service, although some of the service is paid on a per mile basis as if it were non-dedicated service. (see also #7 below).

Use of non-dedicated providers brings with it several challenges, including making sure that drivers are comparably trained and that they agree to relevant drug and alcohol policies. The County may also wish to establish comparable vehicle insurance coverage, and ensure that there are ways to handle same-day service issues such as no-shows and where's my ride calls. All of these challenges are not insignificant, and must be weighed with the unit cost reduction benefits and other service-related benefits described above.

RECOMMENDATION: We recommend that non-dedicated capacity be developed over time, but the upcoming procurement of contractors reflect dedicated service only.

Once the contracts have been executed, we suggest that the County undertake a separate procurement to select one or more non-dedicated providers, and that this type of service be gradually woven into the service mix until an optimal service mix is reached.

We suggest that schedulers and dispatchers begin to use such non-dedicated providers in a modest fashion and based on stated capacity limits, i.e., to receive a certain number of trips. Based on data collected in TCRP Report 121, Interim Report, the majority of transit agencies that do use non-dedicated service providers assign between 5% and 15% of the trips.

In addition to taxis, other prospective sources of non-dedicated accessible service are chair car companies (private for-profit companies who typically contract to provide Medicaid-sponsored non-emergency medical transportation), and private non-profit agency operators that may have accessible vehicles available during low-demand periods that are in common with Connection's low-demand periods (see #8 below).

3. SERVICE AREA DESIGN

One of the questions raised by the Board of County Commissioners was whether to create service zones as a way to (1) increase the service productivity; and (2) dissuade long trips.

The main argument in favor of creating zones is that it can discourage riders to make longer trips if more local destinations are available. There are, however, two major arguments against creating zones. First, creating zones requires transfers, which are inefficient. Two vehicles must be used to serve trips that would otherwise require only one vehicle. Second, because some riders cannot be left unattended, hand-to-hand transfers must be arranged. Vehicles must sit and wait with riders until connecting vehicles arrive. Industry experience is that this is inefficient and costly.

The general industry consensus is that the inefficiencies created by arranging transfers more than offsets any increases in productivity that might result from shorter trips. Looking back at the peer systems, only three of the 12 systems that have both centralized call and control center functions and use contractors for service delivery employed zones for all or a part of the service area. And, in all three cases, the service areas are large multi-county areas and zoning is tied to county-specific service.

Under the ADA, eligible paratransit customers may travel anywhere and at anytime that the fixed-route service is operating; a system cannot constrain trips within a zone. Moreover, ADA compliance may come into play if Palm Beach County were to establish a north and south zones (or north and south zones with a central buffer area) while requiring transfers for trips between the north and south zones; The ADA policy refers to the time it takes to get to make the trip door to door. Specifically, if the door to door travel time that it would take the customer to a make a trip using a bus vs. paratransit with a required transfer is not comparable, then the transfer trip must be made as direct trip. (The latest FTA guidance is fixed-route travel time plus about 20 minutes, although there is some fuzziness around the 20 minutes.) Note that such a compliance issue is pertinent only to ADA trips and not TD or DOSS trips (unless the County would elect to put in a zoned, transfer design for all trips).

That all said, for a county-based service with centralized call and control center functions, there is no inherent need to zone carriers; more to the point, the flexibility that a County manager has to use carriers where it sees fit lends itself to enhancing both productivity and on-time performance.

Recommendation: Do not create zones.

It is unlikely that the creation of zones with required transfers between zones will improve service productivity. And while the creation of zones to dissuade longer, discretionary trips may result in a reduction of average trip length, this change may result in an ADA compliance issue if the door-to-door paratransit trips are longer (and not comparable) to door-to door trips utilizing north-to-south Palm Tran fixed bus routes (such as Routes 1,2 and 3).

4. CONTRACT LENGTH

Generally, a contract length of at least three years is needed to attract national companies and to allow fixed costs to be fully amortized. The longer the contract, the more competitive and attractive the RFP becomes, and the more that fixed costs can be spread. Agencies with a stable design often will use 5 or 7-year contracts or 5+2 or 5+1+1 (five year base and one or two option periods) contract periods. Agencies that are changing designs or who have a new design that is being phased might opt for a short period such as 3+2 or 3+1+1 contract period.

RECOMMENDATION: We recommend a 5+1+1 contract.

A seven-year contract should attract a wider number of prospective bidders, including national companies, than a five year contract. Moreover, with a shorter contract, the County would almost have to decide after only a year whether or not a re-procurement needs to occur, and more than one year of service will likely be needed to properly evaluate whether or not an option year is to be exercised. The primary benefit of 5+1+1 contract has over a 5+2 contract is that it gives the County an out should it wish to exercise such an option after 6 years. In our minds, this is outweighed by the added administrative chore to exercise the second option year.

Of course, regardless of length, The County always has the ability to cancel a contract at any time; also note that the new design provides the County with the ability to shift work between the contractors as an interim alternative to cancelling a contract.

5. DRIVER COMPENSATION

At the January 28 meeting, the Board of County Commissioners discussed the need to ensure that proposers do not try to submit a “low-bid” at the expense of drivers, i.e., by establishing low driver compensation packages and low annual increases. Two ways to accomplish this were discussed at the meeting. The first was including a “livable wage” requirement for drivers. The second was to reward proposers who do pay their drivers well by scoring their proposals higher.

Livable Wage Requirement

An analysis of the County’s living wage ordinance was not conducted by Nelson\Nygaard.

Proposal Scoring

Language could be added to the “Staffing” section of the RFP indicating that the County is seeking contractors who can provide qualified, experienced and stable workforces. It could be noted that this is important throughout the operation, but particularly for vehicle operators who are the face of the operation to Connection riders. Proposers could be strongly encouraged to include levels of compensation that will allow them to recruit and retain qualified drivers and other staff.

If the County decides to incorporate these criteria into the scoring, proposers should then be required to include detailed information about levels of compensation for each type of employee in their Technical Proposal. This should include salaries and wages by year as well as detailed fringe benefit information. Wage information should include the training wage, starting wage, and planned increases throughout the term of the contract for each type of employee. Fringe benefit information should include the types of benefits, company contributions to each type of benefit, and required contributions by employees. Proposers should then detail in their Technical

Proposals why they are sure this level of compensation will ensure a qualified, experienced and stable workforce.

A Personnel Salaries/Wages and Fringe Benefits Detail Form should be developed and be a required part of the Technical Proposal. The form should request the number of FTEs by job type, the proposed salary or hourly wage, and the percent of salaries and wages budgeted for fringe benefits.

The evaluation criteria used for rating the Technical Proposals should include a significant number of points for the quality of the proposed operating plan. A main part of this rating should be whether the levels of compensation ensure a quality, experienced and stable workforce.

Recommendation: If the County has an existing living wage ordinance that would apply to the contracts and that is sufficient to ensure reasonable wages, this should be incorporated in the RFP. If not or perhaps in addition, language could be added to the "Staffing" section of the RFP and detailed wage and fringe benefit information could be required in the Technical Proposals. The criteria used to evaluate Technical Proposals should then include significant points for the operating plan, including the ability of the Proposer to ensure a quality, experienced and stable workforce.

6. PAYMENT STRUCTURE

Palm Beach County currently pays its contractor MMMG per revenue hour, defined as first pick-up to last drop-off. This is the conventional approach to paying for dedicated service and should be continued under the new contracts for all dedicated service.

There is a variation on this theme that reduces risk for proposers/contractors which usually results in a lower bid. This involves the following:

- Separate fixed costs from variable costs.
- Fixed costs, that do not vary with the level of service, are paid via a flat rate.
- Variable costs, that do fluctuate with the service level, are paid by a rate per revenue hour (RVH).

This variation is especially appropriate in the case of the prospective new design because the County can shift work from one contractor to another. If contractors are paid based on an all-encompassing revenue per hour rate, proposers would likely increase their proposed rate to include such a risk factor.

Another variation on this theme is to split out fuel costs, so that the County pays for only the actual cost of fuel (rather than a guess) as qualified by actual data and the AAA average cost of fuel in Palm Beach County, as reported each month. Paratransit contractors typically install fuel tanks at their facility and purchase fuel in bulk and/or utilize a fuel card system at participating gas stations. Thus, in this scenario, the contractors would be reimbursed for receipts submitted. However, it could also be argued that the opportunity for fraud is greater under this scenario and the administrative time it would take to scrutinize each bill for fraudulent use would both put a dent in the potential savings achieved by splitting out fuel cost in this manner. Therefore, we suggest that this not be done for the Connections contractor and that the variable rate per RVH include fuel.

Palm Beach County is also currently paying MMMG a per mile payment for certain routes where the number of miles is predetermined by the computer based on origin and destination and most logical routing. This is the conventional approach to a payment structure for *non-dedicated* service, and should be continued for any County contracts with non-dedicated service contractors—particularly any taxi contractors as their rates are typically mileage-based. For local non-profit non-dedicated providers, payment per trip may be appropriate. These providers typically cost their service by the trip and charge sponsoring agencies per trip.

Recommendation: We recommend paying fixed costs separate from variable costs, as we feel that it results in a more accurate and lower bid while not creating administrative burden. A monthly amount for all fixed costs and a per RVH rate for all variable costs is therefore recommended.

7. STRATEGIES FOR PURCHASING VEHICLES AND IN-VEHICLE EQUIPMENT

With the recommended 15% spare vehicle spare ratio, Palm Tran will need the following vehicles at the outset of the new contract:

▪ Small cutaways	154	
▪ MV-1's	42	
▪ Large cutaways	35	(to include 3 wheelchair positions)
▪ TOTAL	231	

This fleet of vehicles will need to be purchased prior to the start of the new contract. This will include nine large cutaways and 103 small cutaways. As indicated above, the nine large cutaways should be designed to accommodate 3-4 riders using wheelchairs.

Two approaches to vehicle procurement were considered:

- Buy the vehicles off the FDOT vehicle list, similar to what Palm Tran does for its fixed-route system buses; or
- First put out a general bid based on the FDOT vehicle specifications to determine whether there are any benefits in the responses. If there are, pursue buying vehicles from the “winning” vehicle manufacturer. If not, purchasing the vehicles from the FDOT list.

We believe the first approach has several advantages compared to the second approach and would be in the County's interest.

- A separate procurement would take extra time and cost and be imposed on a County procurement staff that at this time is already over-obligated to other procurements.
- Our best guess is that there will be little difference in costs or delivery time, as the likely respondents will be exactly the same vehicle manufacturers who are on FDOT's list
- With the first approach, the County also benefits from FDOT guarantees e.g., the 90-120 day delivery time (see below) and the vehicle manufacturer's desire to please a volume purchaser (FDOT). Under the second approach, the County would have less effective leverage if problems ensue.
- The County has had a very successful experience buying fixed-route buses off the FDOT list.

In short, we believe that the first approach offers a better and more timely solution for the County.

We examined the contracts and order forms for vehicles available through FDOT at <http://www.tripsflorida.org/stc.html>. It appears that vehicles purchased off the state contract can begin to be delivered within 90-120 days of the order date. A reasonable expectation would be that about five vehicles could be delivered per week for a small order and perhaps 10 per week could be delivered for a large order. Procurement of the nine large minibuses prior to the start of the new contract should therefore only require two weeks. But procurement of the 103 small cutaways needed at the start of the contract might take 10-11 weeks.

In addition, we are recommending that Palm Tran purchase MDT/AVL equipment for all the Palm Tran-owned vehicles and retain a third-party vendor to install and maintain this equipment. Mobile Data Terminals are necessary for digital dispatching (e.g., where the screen in the vehicle shows scheduled trips and trips added/deleted) and time-stamping events (needed for measuring on-time performance and knowing when a vehicle is running late), while Automated Vehicle Location (AVL) equipment is needed for geo-stamping each event and for tracking the real-time location of vehicles. Both are critical to the dispatching function. If the contractors continue to provide this equipment (on County-owned vehicles), it becomes one more obstacle to the transferring of vehicles from one contractor to another. Installation of such equipment might require an additional week or two following delivery of vehicles. So, a total lead time of 7 months will be required.

Recommendation: Pursue purchasing vehicles off the FDOT contract. For the in-vehicle equipment, we recommend getting suggestions for specifications from Trapeze, the County's paratransit software vendor.

Table 1: Systems that Use Contractors to Deliver Service

System	Annual ADA Ridership	# of Dedicated Contractors	Zoned?	Non-Dedicated Service	# of N-D Contractors	Notes
Houston MetroLift	1,653,906	2	No	No	--	Also has a taxi subsidy program
Metro Mobility (Minneapolis)	1,603,422	6	Yes	Yes	Unavailable	Premium same-day taxi service
MTA (Baltimore)	1,538,155	2	No	Unavailable	Unavailable	Also has a taxi subsidy program
King County Metro (Seattle)	1,238,556	2 (4 bases)	No	Yes	6	Also has a taxi subsidy program
Tri-Met (Portland, OR)	1,037,700	1	--	Yes	1	Service contractor is also the CCCC contractor
SEPTA CCT (Philadelphia)	965,000 (1.8m total)	3 - City; 4 - Suburbs	Partially	No	--	3 City contractors are not zoned; 1 ea per suburb co
NJTransit Access Link	923,000	6	Yes	No	--	State carved up into 6 regions: 1 cont per region
SF Paratransit	904,598	5	No	Yes	33	Very extensive taxi subsidy, considered non-ADA but actually constitutes the bulk of their service.
Outreach (Santa Clara Co)	824,813	1	No	Yes	1	Contractor and Broker dispatchers serve on teams of two
DART (Dallas)	788,926	1	No	Yes	1	
Palm Tran Connection	707, 271 (887,114 total)	1 prime 3 subs	No	No	--	
Denver RTD access-a-Ride	672,636	4	No	No	--	Also has a taxi subsidy program
Broward County	570,248 (716,393 total)	3 prime 4 subs	No	No	--	Subs running site specific agency trips; no ADA trips
Tucson SunVan	520,320	1	No	No	--	
Milwaukee County Transit	500,157	2	Yes	No	--	

Source: Nelson\Nygaard and TranSystems Corp

INTEROFFICE MEMORANDUM

DATE: February 14, 2014

TO: Shannon R. LaRocque, P.E.
Assistant County Administrator
Interim Executive Director, Palm Tran, Inc.

FROM: Ron Jones
Director, Palm Tran Connection

RE: Procurement of Vehicles via FDOT State Contract
BCC Workshop - February 25, 2014

At the January 28, 2014, BCC Workshop, Board direction was to purchase the paratransit vehicles required to adequately perform the Palm Tran Connection service beginning in 2015. Staff has researched the two options for procurement of these vehicles: buying off the Florida Department of Transportation State contract or issuing a separate competitive bid.

Currently, Palm Tran utilizes several existing contracts issued by the State of Florida to purchase administrative vehicles, service trucks, cut-away and heavy duty buses. Examples of these contracts are the Florida Sheriffs Association contract for Pursuit Administration Vehicles and Trucks, the Transit Research Inspection Procurement Services (TRIPS) contract for cut-away buses, and the Florida Public Transit Association contract for heavy duty buses. Palm Tran's experience with these contracts has shown that they are competitively priced, save on administrative costs, and reduce delivery time.

Palm Beach County also has a history of utilizing State contracts to purchase vehicles. During the current fiscal year, Facilities Development & Operations' Fleet division will make 96% of all vehicle/equipment purchases (total \$9,585,000) off of existing contracts with only 4% going out for solicitation. This percentage is consistent with previous years and is also projected for fiscal year 2015. The County's experience with these contracts has shown that they save both time and resources and leverage spending through economies of large scale procurements.

The TRIPS program has been in existence since 1995, providing transit agencies with a means of procuring quality vehicles at the lowest possible price. Further, FDOT has studied, tested and accumulated the specifications for the safest, customer service oriented vehicles for paratransit service.

Some advantages of buying vehicles through the TRIPS program include:

- It will allow the County to pool buying power to lower total costs and reduce administrative burden while complying with Chapter 287, Florida Statutes, governing the purchase of products and services.
- FDOT has already negotiated with each vendor to get the lowest possible price for the vehicles.
- There are additional warranties above and beyond the standard requirements for air conditioning (AC), wheelchair lifts and body work.
- Warranty work is done by local vendors supported by FDOT or by roving warranty teams set up by the vendors to ensure timely repair.
- FDOT has a facility called "Springhill" located in Tallahassee where every vehicle ordered is given a detailed final inspection before delivery to the County.
- The inspection verifies that manufacturers meet the standards set by the procurement committee for all buses offered on the TRIPS contracts. Testing includes: AC testing, alternator output testing, park brake testing, and crash and safety testing.
- Defects identified at the Springhill facility are repaired by the responsible contract dealer prior to "acceptance" by the County.
- FDOT acts as a second assurance that warranty work or problems will be followed up on with vendors.
- The Signal Quest vehicle data recorder is provided as standard equipment. This system monitors and records driver speeds, braking, left and right turn signals and impact accident data. Data is automatically recorded and retained for a maximum of 60 seconds before and 15 seconds after an event. This can be used to encourage safe driver habits and assists with investigating complaints and accidents.
- Each dealer offers a variety of models built on a variety of chassis' and chassis weights with a check list of options that the County can pick or choose.
- Any technology (AVL, GPS, and Radio) that the County wants to add to the vehicle can be included in the TRIPS procurement and will be professionally installed by the manufacturer, inspected and delivered in working condition with the same assurances of warranty with FDOT.
- FDOT insures a guaranteed procurement time from the order to delivery of 90-120 days. There are penalties included in the contract that fines the vendor for each day that the vehicles are not delivered.
- Can customize vehicles to suit specific needs.

Interoffice Memorandum to Shannon R. LaRocque, P.E.

Re: Procurement of Vehicles via FDOT State Contract, BCC Workshop - February 25, 2014

February 14, 2014

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Putting it out for bid does not guarantee a lower price due to the fact FDOT has already negotiated the most competitive price for the best product. A bid also affords the possibility of protests which could put the already tight time line in jeopardy and negatively affect service.

With the extremely tight time line we have in procuring vehicles and our desire to get the proven best product available for our fleet; my recommendation would be to buy off the state TRIPS program. Essentially, FDOT has already done all of the bidding for the County and follows this bid up with the support of all of FDOT's resources. There may be a slightly lower price for vehicles; but we would be risking the possibility of a lower quality vehicle that does not have the support and warranty of the TRIPS vehicles.

INTEROFFICE MEMORANDUM

DATE: February 14, 2014

TO: Shannon R. LaRocque, P.E.
Assistant County Administrator
Interim Executive Director, Palm Tran, Inc.

FROM: Ron Jones
Director, Palm Tran Connection

RE: Role of Not-for-Profits for Palm Tran Connection
BCC Workshop - February 25, 2014

At the January 28, 2014 BCC Workshop, Staff received direction from the Board to proceed with developing a Request for Proposal (RFP) for Palm Tran Connection vendors. The Board also discussed the role local not-for-profit agencies currently play and can play with respect to Connection services.

There are currently three (3) agencies that contract with the County for the purpose of providing paratransit type transportation. Similar to Palm Tran Connection, each agency provides door to door transportation that is reserved, scheduled and dispatched internally. They transport customers to their own facilities, and also to medical offices, shopping centers, and other locations. These trips would most likely be performed by Palm Tran Connection if they did not provide this service.

At this time, two (2) not-for-profit agencies have contracts with Palm Tran Connection for reimbursement of transportation services: Federated Transportation in Boca and Seagull Industries. In FY 2013, Federated Transportation provided 15,400 trips for \$101,500 and Seagull Industries provided 10,000 trips for \$100,200. Federated primarily provides service in the Western Boca Raton and Delray vicinity, while Seagull services the West Palm Beach area.

The Volen Center has a Financially Assisted Agency contract through Community Services for \$956,000 a year. At a reimbursement rate of \$23.08. They also received \$900,000 from the Older Americans Act, United Way, and the City of Boca Raton. Their service area comprises all of the area South of Hypoluxo Road and extends to the South County line. They are planning on expanding their service in the southwestern part of the County by adding ten (10) drivers and vehicles. Their total transportation expense for FY 12-13 was \$2,374,370 to provide 85,898 trips. This equates to a total cost per trip of \$27.64.

All three (3) agencies have a fleet of vehicles that were procured through the FDOT 5310 Program and from donor funds. The FDOT 5310 Program allows them to only pay 10% of the cost of the vehicle. Volen's fleet is the largest, followed by Federated and Seagull. They utilize a

Interoffice Memorandum to Shannon R. LaRocque, P.E.

Re: Role of Not-for-Profits for Palm Tran Connection, BCC Workshop - February 25, 2014

February 14, 2014

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combination of dedicated drivers and employees that drive in addition to working in another capacity at the agency, which also results in a lower trip cost.

These agencies do not perform ADA transportation and as such, they are not subject to the same costly rules and regulation that govern the ADA Program. This results in a lower trip cost and allows them to create their own level of service pertaining to the service area, hours, and service delivery.

While these agencies are certainly essential to Palm Beach County's transportation network, we recommend that possible expansion be delayed until the new vendors for Palm Tran Connection are in place. After we have established an acceptable level of service delivery we can evaluate the service and possibly include the not-for-profit agencies in the allowable 15% shift of work proposed in the RFP.

On February 12, 2014, we met with Elizabeth Lugo, President/CEO of The Volen Center, which is the largest of the three (3) not-for-profit agencies. Ms. Lugo is willing to assist us in the future and agrees with the plan of evaluating expansion after the new vendors are in place.