Wheels Dial-a-Ride Contract:
A New Business Model (2011)

Old Business Model

- Wheels-owned Cutaways
- O&M via private contractor
- Contractor paid by revenue hour plus monthly fee for maintenance and overhead
- Wheels separately paid fuel, insurance, claims

Vehicles Prior to 7/1/11

Fleet Characteristics

- Agency-owned
- 18 Cutaways
- Sufficient vehicles to cover peak demand
- 15-passenger capacity
- All are lift-equipped

Demand Characteristics

- Average productivity = 2.0 – 2.5 persons/hour
- Lift-required trips = 15 – 20% of all trips demand
- Daily trip demand
  - High peak periods
  - Lower midday demand
  - Lowest early am and late pm trips

Old Business Model

- Resources acquired to handle the worst case:
  - Highest load factors
  - Always have lift available
  - Enough vehicles and drivers for highest demand
- Results in wasted resources:
  - Since load factor lower than 15
  - Since 80 – 85% of trips are ambulatory
  - Since highest demand only occurs for a few hours daily

Exploration of Options

- Began research into other business models
- Some agencies have mixed fleets
- Some agencies have contractors who in turn use taxis
- Some contractors supply vehicles

Contract Procurement

- Contract expired June 2011
- Began new procurement process in fall 2010
- Scope specifically calls for innovation in paratransit delivery
- Criteria and weighting clearly favors innovative ideas
- New contracts awarded spring 2011
- New contractor begins July 1, 2011

New Business Model

- Wheels contracts with a company who subcontracts with community-based transportation providers
- Contractor provides reservations, scheduling, dispatching, reporting, invoicing, insurance, customer service, compliance with FTA regs
- Subcontractors provide drivers, vehicles, fuel, insurance, maintenance
  - Some subs are "dedicated" where a high level of trips is guaranteed to the driver (covers daily core demand)
  - Some subs are "flexible" where a lower level of trips is guaranteed (covers peak of peaks and other hard to serve trips)

Vehicles as of 7/1/11

Service Delivery Characteristics

Right-size the trip assignment

- Subs are located in various places
- Trips assigned to minimize deadhead
- Compared to all trips originating from Wheels' yard

Right-size the vehicle

- Vehicle assigned is sized and equipped per the rider's needs (eg: how big, lift/ramp required, etc)
- Compared to one-size-fits-all

Economic Benefits

Wheels' benefits:

- Cutaways no longer need to be purchased
- Cost per trip reduced from $33 to $25 (-24%)
- Savings on fuel ($130k/yr and growing)
- Savings on insurance premiums (less vehicles and less mileage)
- Savings on claims (PT: 17% of revenue miles but 45% of claims)
- Cutaways redeployed to low volume fixed routes

Pay on per trip basis

- No costs for deadheading or inefficient routing
- No costs for driver down time
- No costs for customer missed trips and late cancels

Estimated total savings = $5m over 7 years

- Roughly $700k/year or 5% of Wheels' $14m annual budget

Performance Standards

- On-Time Performance: 95%+
- Complaints: less than 1 per 1000 trips
- Telephone response: less than 1 min., 95% of time
- Accident rates: less than 1 per 100,000 miles

Environmental Benefits

- Uses more efficient vehicle fleet mix
- Reduction in vehicle hours and miles travelled through more efficient routing
- Results (estimated): 40% reduction in carbon and CO2 emissions

Other Benefits

- Better customer service is incentivized
  - Contractor's staff earn bonuses based on performance
  - Drivers with poor records of service can be immediately dropped
  - More/less trips can be assigned to subs
- Better safety is incentivized
  - Drivers own the vehicles – "skin in the game"
  - Drivers pay to repair vehicles and incur insurance increases
  - Drivers unable to work while vehicle is being repaired

Risks and Concerns

- Loss of brand identity
- Risk of going down a less travelled path
- Steep learning curve for contractor and customers
- Over time, Wheels will be divested of all Cutaways
- Potentially weaker position in future contracts

Advice and Lessons Learned

- Involve Board early/often during procurement, decision, and start up phases
- Make it known in the "industry" that you are open to new, innovative ideas and are open to change
- Be prepared for fear and anxiety from riders who are facing change
- Communicate directly with customers to combat misinformation
- Don't expect perfection during start up
- Don't expect 100% of the riders to embrace the new service
- Constantly monitor start up and continually implement mid-course corrections; don't let issues pile up