

TO: O & S Committee

DATE: October 29, 2012

FROM: Rick Ramacier
General Manager

SUBJECT: The American Logistics
Company (ALC): Four
Experiences

Background

Most public transit operators provide their paratransit services in common traditional manner where they determine the service policies, provide the capital, and oversee a contractor for maintenance and operation of the services. A typical level of service productivity is about 2.0 passengers per service hour, and average trip costs often exceed \$30.00 per trip.

Over the past few years, some public transit operators have tried an alternative service delivery scheme in an effort to significantly lower their respective cost per trip on paratransit. This model involves a public system determining all service policies and who the users will be of the system. Everything else is turned over to a contractor. This means the contract is providing all of the capital equipment, usually through a series of independent agreements with owner/operators of various vehicles. These owner/operators are responsible for their own vehicles, including maintenance.

The owner/operators charge the private contractor by the trip at rate that covers their costs and allows for profit. The private contractor in turn is compensated by the public transit system via contract with said system. The private contractor is responsible to ensure that all of the owner/operators it sub-contracts with meet all of the legal and contractual requirements that are placed upon the owner/operators through the contract between the private contractor and the public system.

This includes requirements for vehicle type, condition, and safety, for driver drug testing, for on time performance, and other service parameters and standards.

In short, under this newer model of paratransit service delivery, the public system provides the service and contract policies, the list of customers or users, and details operating procedures. The contractor provides dispatch services, scheduling services, and all other operating and maintenance services. Capital needs are accounted for by the private contractor (dispatch and scheduling programs, etc.) or their sub-contractor owner/operators (vehicles, drivers, vehicle maintenance, etc.)

The CCCTA Board expressed an interest in taking a look at this newer service model. The company that is doing the most with this is ALC. Thus, this is becoming known as the ALC model. Four systems in California are currently using ALC for a part or all of their paratransit service delivery. Below is a brief report on these four examples.

Livermore-Amador Valley Transit Authority (LAVTA)

LAVTA moved all their paratransit service to ALC just over a year ago. The results have been mixed, but LAVTA remains committed to the service model. LAVTA staff reports suggest that they have realized a 24% reduction in cost per passenger trip since moving to ALC which equates to a 5% reduction in their total operating expenses. However, ALC has had issues with on time performance (still trying to get data on this) and there have been the occasional stranded passenger that ALC deliver service to. These unfortunate episodes made the news as well. Customer complaints have spiked and remained relatively high (again, data is needed to verify). And, regular long time customers miss their regular drivers. Some customers report being nervous and confused because the vehicle they were provided was not easily recognized as a LAVTA service.

Before LAVTA moved to ALC, they had a fleet of 18 paratransit vehicles. As ALC sub-contractors own their own vehicles, LAVTA will essentially shrink their fleet by 18 vehicles. This will pose a difficult financial challenge should LAVTA choose to leave ALC and go back to a traditional model where they would provide the vehicles to the contractor.

One unexpected benefit that LAVTA gained from going with ALC is an ability to serve rather large disabled individuals with large oversized and overweight mobility devices. With the previous contractor using the LAVTA paratransit, the Chair of the LAVTA Advisory Committee would regular break lifts or ramps in attempts to board LAVTA paratransit vehicles. ALC has found a sub-contractor with unique van that can safely and successfully accommodate this individual and others like her on behalf of LAVTA, thereby bring service to a few individuals that were previously unserved.

San Joaquin Regional Transit District (RTD)

San Joaquin RTD has been using ALC for paratransit to various levels since August, 2009. At the time, paratransit service was consuming over 11% of their annual operating budget. By comparison, paratransit costs are consuming roughly 14% of the CCCTA annual operating budget. RTD is a larger agency and service than CCCTA. Smaller transit systems tend to have a larger percentage of their overall costs going to paratransit. Staff is working on getting additional data on this point.

RTD started out giving ALC a small piece of the paratransit service on the rural fringes of their service area. This was not ADA based service. It was actually general public dial-a-ride service. We need to probe further with RTD to find out who was eligible for this service.

After that proved to be acceptable, RTD gave ALC a portion of their ADA paratransit service. It was the services that clearly were trips that had one person per vehicle on them. They did an analysis to determine which ones to give ALC. The rest of their ADA service paratransit service is done in house and is blended with their "Hopper" service. It is done in-house via agreement with the Amalgamated Transit Union (ATU).

The Hopper service evolves from developed ADA trip patterns that can be observed frequently and regularly. These trips are brought together to create flexible hybrid service (same vehicle doing ADA paratransit and fixed route) routes.

RTD maintains that with the pieces of paratransit service that ALC does for them, the cost per passenger trip has gone from a high of \$47 per trip to the current rate of \$29.50 per trip. However, ALC has had on

time performance issues throughout their tenure. Also, they are limited to what they can do in the Stockton area due to lack of qualified and quality sub-contractor owner/operators.

If nothing else, the RTD Hopper concept may have potential within the CCCTA service area.

Orange County Transportation Authority (OCTA)

OCTA has used ALC for a portion of their paratransit for seven years. OCTA is much larger than CCCTA as is their paratransit program. OCTA uses ALC as a sub-contractor to its main paratransit contractor, Veolia. Veolia provides paratransit operations and maintenance services for OCTA out of OCTA facilities and using OCTA vehicles, much like CCCTA does.

Veolia is charged with brokering certain trips to ALC as directed by OCTA in the contract between OCTA and Veolia. OCTA staff is vigilant in making sure Veolia does not keep any trips that they should broker to ALC. OCTA has worked out a productivity method for determining which trips should go to ALC. This method is being update in their new Request for Proposals (RFP) that is out for bid. I should have a copy of that RFP by the time the O&S Committee and later the full Board meet in November.

In the new RFP, OCTA is moving from a cost per trip rule to determine which trips go to ALC to one that is based on passengers per hour. While Veolia has been good about brokering trips to ALC, the cost per trip model can be vulnerable to undue manipulation is the concern.

Through this process, ALC ends up getting trips that are largely in the off peaks, and are solo trips, and more ambulatory than paratransit trips as a whole. As with others, ALC had on time performance issues at first with OCTA. But, they have worked hard this according to OCTA management such that ALC's performance is similar to Veolia's performance.

OCTA does not envision ever giving all the work to ALC. This is because there are not enough owner/operator sub-contractors for OCTA to call upon in Orange County. OCTA regulates the taxi industry for all the cities in Orange County. Before they took over this function, qualified taxi providers (relative to federal and state requirements for public transportation) were few in Orange County. We may have a similar challenge in Contra Costa County as the taxis here are poorly regulated relative to federal drug testing, background checks and the like.

The most interesting thing that OCTA does is successfully requiring their main paratransit contractor to sub-contract trips out to a would-be competitor. They do this without the extra layer of a broker. Almost all public transit systems that use multiple paratransit contractors rely on an independent broker to allocate trips among providers. OCTA has found a way to avoid that layer and cost.

North San Diego County Transit Development Board (NCTD)

This system – like LAVTA – turned their entire paratransit system over to ALC a few years ago. This was a part of an aggressive privatization effort undertaken by NCTD. NCTD had suffocating labor costs that they chose to attack by contracting out as much as possible. They have contracted out their fixed route service as well. They have had constant service issues with ALC. However, we are still trying to learn what is going with this situation. I hope to speak at length with the Executive Director of NCTD this week prior to the O&S Committee meeting.

The data on the paratransit users that the previous NCTD paratransit provider turned over to ALC when ALC took over may have been poor (this is a matter of debate). This would have made the transition for ALC a lot tougher. It also could have led NCTD to misunderstand the nature of their paratransit program and their customers. This in turn would have further made things challenging for ALC.

MEMORANDUM

TO: Rick Ramacier, General Manager
CCCTA Board of Directors

FROM: Phil McGuire,

RE: **Paratransit Service Delivery Options**

DATE: November 15, 2012

Background

Paratransit services for seniors and persons with disabilities have been provided in the Central Contra Costa Transit Authority (CCCTA) service area since long before the passage of the Americans with Disabilities Act in 1990. Early operators of the service included nonprofit agencies and cities including Concord and Walnut Creek.

The ADA was passed in 1990. Its passage changed the landscape regarding services to the special needs population. A study was done in that year regarding the appropriate approach to implementation of the provisions of the new Act. Prior to passage of ADA, paratransit services were provided largely according to locally determined criteria. Communities varied in their provision of services for seniors and the disabled applying differing age criteria or interpretations of eligible disabilities. This changed with the ADA.

The ADA required that transit operators must provide complementary paratransit service to individuals who cannot access the fixed route transit system due to a physical or mental disability. In such cases, the operator is required to provide paratransit service that meets certain specified criteria. The criteria for determining comparability of the paratransit to fixed route service set forth in federal regulations specify that complementary service must:

- Operate in the same service area as the fixed route system. [Minimum service area is $\frac{3}{4}$ mile on each side of a fixed route]
- Have a response time (defined as the elapsed time between a request for service and the provision of service) that is comparable. [Minimum requirement is provision of "next day service"]
- Have comparable fares. [Fares of complementary service can be no more than twice the full fixed route fare]
- ~~Have comparable days and hours of service. [Service must be available at all times fixed route services operate]~~
- Meet requests for any trip purpose. [All trip purposes must be accommodated; no prioritization is allowed]
- Not limit service availability because of capacity constraints. [Patterns of denial cannot be established relating to individuals, use of stand-by lists, or other limiting techniques]

Full compliance with the ADA regulations was required no later than January 26, 1997.

Human Service Transportation Setting

In California, there was recognition of a potential role for human service agencies in transportation service deployment many years ago. The Transportation Development Act (TDA) was passed in 1971. This law dedicated ¼ cent of the State sales tax (LTF) and a portion of the Statewide sales tax on gasoline and diesel (STA) to transportation purposes. TDA continues to be one of the principal sources of transportation funding in California. TDA was amended in 1979 through the Social Service Transportation Improvement Act (AB 120). This amendment to TDA provided for the designation of Consolidated Transportation Services Agencies (CTSA) in every county in California. Agencies eligible for CTSA designation included public entities such as cities, counties, and transit agencies; nonprofit corporations; and private entities under certain circumstances. The potential activities of such agencies, as listed in the statute, included the following:

- Combined purchasing of equipment to realize cost savings,
- Driver training program enhancement
- Centralized dispatching
- Centralized maintenance of agency vehicles
- Centralized administration of social service transportation programs
- Identification and consolidation of funding for social service transportation

Designation of CTSA's is the responsibility of the regional transportation planning agency, which is MTC in the Bay Area. In the 1980's and 1990's, a number of CTSA's were designated in the Bay Area. These were often nonprofit agencies that undertook to implement various of the program objectives of AB 120. Though the statute called for designation of at least one CTSA in each county, there were no sanctions in the law for not doing so. Thus many counties in California have never had a CTSA. Contra Costa County is one of many counties that have never had a CTSA.

With the passage of ADA in 1990 and its full implementation by 1997, MTC rescinded the designation of all CTSA's in the Bay Area. The general context for doing so was the federal mandate for complementary ADA paratransit service and the expectation that this legislation fulfilled all of the requirements formerly filled by CTSA's at least within the required fixed route corridors.

The passage of the federal transit funding law in 2005, SAFETEA-LU, provided formal federal emphasis on human service transportation and also recognized in programs such as the New Freedom that not all transportation needs of the disabled are met through ADA service. New Freedom is a federal funding program directed specifically at services for the disabled beyond those required by ADA.

Status of CCCTA Service for Disabled Persons

CCCTA currently provides complementary ADA paratransit service through a contract with First Transit. Using a contract vendor is a somewhat common approach to the delivery of paratransit service. This service is structured according to the ADA guidelines set forth above. Many transit agencies are reevaluating their approach to paratransit deployment as a result of a variety of pressures. These include: the growth rate in demand for ADA service; limited funds in the current economy available to fulfill this service mandate; emergence of experience around the nation with creative service deployment methods; and, in the Bay Area, MTC's renewed interest in CTSA's as set forth in its Transit Sustainability Project. As these factors apply to CCCTA as well, it is an appropriate time to examine service delivery options locally.

Approaches to ADA Service Delivery for CCCTA

The ADA requirement for complementary paratransit service can be met in a number of ways. In the face of the cost and growth pressures mentioned above, communities are becoming increasingly creative in meeting ADA demand. Though the transit agency is ultimately responsible as the fixed route operator for meeting the requirement, it can do so through a variety of means. A couple of the more innovative approaches have already been suggested for consideration in Contra Costa County. A range of options is presented here.

Status Quo: Service Provided by CCCTA through Contract Vendor

CCCTA currently meets its ADA paratransit obligation through a contract with a national vendor, First Transit. This approach to fulfilling the ADA requirement is relatively common among transit operators. As an alternative, some transit agencies operate this service with in-house resources including drivers and other personnel who are agency employees. There are several national and local contracting companies with expertise in ADA paratransit operations. Transit agencies choosing to purchase this service use a competitive process to select a vendor typically using a combination of experience and price as the determining factors.

Taxi Oriented Options: Contracting with American Logistics Corporation (ALC)

Many transit agencies use local taxi companies to provide some of their ADA paratransit service. This is a relatively common practice often used to cover overflow needs of the local paratransit provider. Local taxi companies sometimes have excess capacity and can be available on short notice to serve ADA trips that are in excess of regular ADA capacity or are at times of day or locations that are difficult to serve with traditional services. Using taxis for ADA service delivery is more common in larger communities where the volume of taxi service is sufficient to cover both routine taxi demand as well as some specialized ADA demand. In smaller communities, available taxi services tend to limit use as the ADA provider simply due to lack of capacity. An additional limitation of taxi providers for ADA paratransit is the common lack of wheelchair capacity in the taxi fleet. This limitation in a setting where demand for lift equipped vehicles is typical can be a significant capacity constraint.

Yet many communities that can serve most of their ADA paratransit needs through a fleet of lift equipped vehicles do find taxi companies to be an available source of capacity for excess and often ambulatory ADA trips. [A number of cities could be listed as examples of use of taxis for overflow. These include Sacramento, Honolulu, Stockton, and others where Paratransit currently works. This information could be included if necessary.]

Yet another alternative service delivery option relying solely on taxis is offered by American Logistics Corporation (ALC). This company relies on dispatching technologies based upon cell phones to arrange ADA paratransit rides through existing local taxi companies. Some communities have chosen this approach to using taxis to serve some or their entire ADA paratransit obligation. With this deployment model, the transit agency typically has an agreement with ALC setting service standards and rates and ALC in turn makes arrangements directly with the taxi companies to deliver the service.

Mobility Management Approach to Senior and Disabled Transportation

Much attention is currently directed at the use of the broad concept of “mobility management” to fulfill some portion of a transit agency’s ADA obligation. Mobility management is a general concept wherein a variety of service delivery strategies are assembled under some form of centralized management to fulfill service requirements. Such hybrid concepts are becoming increasingly popular for meeting special transportation demand because they typically include some very low cost delivery options. Taking a broad mobility management perspective on ADA paratransit requirements introduces a substantial “toolkit” of services. Applying a range of tools in a very proactive manner constitutes the application of demand management to the overall pool of service needs. Agencies vary in how vigorously they apply demand management techniques but at any level they can direct customers to the most appropriate mode option for their trip(s).

Examples of the types of strategies embodied in mobility management are:

- Use of human service agencies to fulfill some portion of subscription service dedicated to their own clients.
- Use of travel training programs including both complex training requirements for individuals such as the developmentally disabled and relatively simple programs such as volunteer ambassadors to acquaint seniors with fixed route transit service.
- Initiation of in-person assessments for ADA eligibility to more accurately determine an individual’s need for paratransit service.
- ~~Inauguration of volunteer driver programs to serve more difficult trips by persons whose travel needs exceed those available through traditional ADA paratransit services.~~
- Expanded use of second hand vehicle programs to provide equipment for human service agencies serving specialized travel needs.
- Central management of grant programs such as 5310 to direct equipment and services to the most appropriate agencies. The 5310 program is a federal

funding program targeting seniors and disabled persons. Though currently undergoing refinement, it emphasizes equipment purchase and gives priority to nonprofit agencies. In the new federal transportation legislation a portion of the funding may also be used for operating expenses.

This list of service delivery or demand management techniques can also include creative use of other resources such as taxis for serving special needs populations. They are not all necessarily provided by the same organization. Yet there is typically some central management of the toolkit to ensure the most appropriate application of a particular strategy. The concept of the CTSA is receiving new attention in California as an appropriate mechanism for overseeing these many service delivery options. New CTSA's have been designated in Stanislaus and San Bernardino Counties within the past two years. In both cases, significant advances have already been achieved in new service creation. These have included travel training programs, agency provision of subscription trips, and volunteer driver programs. In the Bay Area, MTC designated Outreach of Santa Clara County as a CTSA approximately one year ago. This nonprofit agency is the first CTSA to be designated in the Bay Area since reconsideration of the concept by MTC.

CCCTA has a project underway to examine the potential for mobility management for Contra Costa County. County Connection is the lead agency on this project which is evaluating the potential for the entire County. In the course of discussions associated with this project, considerable attention has been directed at the potential for a CTSA in the County. Numerous community meetings and a series of Transportation Summits have presented the CTSA concept to stakeholders. Reaction has generally been positive. The idea that an agency might be formed that would establish many of the service delivery options listed above has gained widespread appeal. These discussions have also highlighted a potential role for the Contra Costa Transportation Authority (CCTA) serving in an interim coordination role as the CTSA option is refined. Important to the acceptance of the concept has been the likely human service orientation of such an agency. MTC staff have been active participants in the meetings on this subject.

A CTSA could serve to organize and/or operate many of the mobility management services. Several of these could contribute directly to meeting CCCTA's demand for ADA paratransit. Any of these services could reduce demand for the traditional paratransit service operated through the First Transit contract though not likely eliminate it. Introduction of a combination of the lower cost services that could make up a mobility management toolkit would reduce the demand for traditional services. In fact, this could be the primary objective for initiating such a program.

A CTSA could be initiated Countywide to provide the range of services across all transit operators in the County. In some other counties including Stanislaus, the CTSA is countywide and crosses multiple operators. There are complexities involved in beginning with such a geographic scope. Not the least of these is the issue of governance of an agency crossing many jurisdictions or operators. This has been successfully overcome in other communities. An alternative that could function in Contra Costa County could be to begin the process within

the CCCTA service area as a model for service innovation with possible expansion Countywide following documentation of positive results. This would allow an organization to begin at a somewhat smaller scale to craft service delivery arrangements which could later be applied Countywide.

Applying the broad mobility management approach to refining CCCTA's paratransit service delivery offers another option for consideration in the range possible approaches. Rather than offering a single alternative to the current contractor model, it provides a combination of service tools that are directed at specific subsets of the ADA paratransit market and are directed at their unique needs. Many of these tools have been documented by other communities to provide much lower cost service than traditional ADA paratransit.

Conclusions

This Memorandum sets forth a continuum of options for the refinement of ADA paratransit service delivery by CCCTA. It is meant to indicate that there are several viable options for addressing ADA costs and service quality. These involve a number of technical details as well as organizational issues. Principal conclusions resulting from this preliminary review are:

1. A range of options are available to address the increasing cost and service implications relating to CCCTA's ADA paratransit obligation.
2. No single option is suited to serving all of the components of service demand that make up the complementary ADA paratransit mandate.
3. There is increasing emphasis both nationally and locally on involving the human service community in serving ADA demand. Broad mobility management efforts are directed at addressing overall demand through a variety of targeted delivery mechanisms that go beyond traditional curb-to-curb paratransit options.
4. Mobility Management options offer possible low cost service delivery tools for CCCTA. These should be further analyzed for possible implementation by the agency.
5. The concept of a CTSA is gaining attention statewide and in the Bay Area as some CTSA's have achieved noteworthy results recently.
6. The CTSA concept needs further analysis for possible application in Contra Costa County. Issues of both service delivery potential and governing structure should be further explored by CCCTA.