

To: Administrative & Finance Committee

Date: 1/30/2018

From: Bill Churchill, Assistant General Manager of Administration

SUBJECT: Final Extension of the Paratransit Service Contract with First Transit

Summary

The current contract extension with First Transit to provide ADA Paratransit services and maintenance will expire June 30th 2018. The existing contract allows for another final extension to be exercised if desired by the board and would represent the end of the contract.

If the final extension is exercised staff will begin the process of developing an RFP with guidance from the board and begin the bid process for a new contract in the fall of 2018 with an anticipated new contract start date of July 1st, 2019.

New Contract Rate Request

First Transit has performed reasonably well over the life of the current contract providing ADA paratransit and shuttle services to County Connection customers. They have consistently maintained an excellent safety record while providing a high level of customer service.

Staff met a number of times with First Transit with the purpose of exploring the viability of implementing the final contract extension. First Transit has formally requested a rate increase of 3% to the hourly and fixed contract rates. First Transit requests this increase to keep up with their costs of meeting our contract. This includes projected cost increases to fuel, insurance, parts and supplies. Fuel is a primary driver for increased expense since the current contract requires First Transit to absorb any fuel price increases and as a result of SB1 the base cost of fuel increased by \$0.12 per gallon. Since First Transit's expenses are clearly increasing and their request is in keeping with a Bay Area CPI of 2.9% from December 2016 to December 2017 and the average CPI over the past three years exceeds 3% their request is reasonable.

Financial Impact

If the rate increase is approved the new hourly rate would be \$46.49 per service hour compared to \$45.14 per service hour today and the new fixed rate will be \$100,035.44 as compared to \$97,121 today. Since the draft FY19 County Connection budget will request

an increase of 3% for purchased transportation (LINK contract), the requested rate increase is within budgetary expectations.

Staff Recommendation

Staff recommends that County Connection extend the current contract with First Transit for the provision of LINK service with a 3% increase to the fixed and hourly rates. Staff further recommends that all of the terms and conditions remain the same.

The staff justification for this recommendation is that we find the proposed extension to be economically reasonable and prudent, and that we find the performance of First Transit over the past four years to be reasonable.

Options

1. Send staff recommendation to the Board of Directors in the form of a Resolution.
2. Decline staff recommendation and go out to bid.
3. Take other action as determined.

Action Requested

Staff respectfully requests that you act on option one listed above.