

MEMORANDUM



Public Works Department

Date: June 6, 2016

To: Tempe City Council

From: Shelly Seyler, Deputy Public Works Director – Transportation (350-8854)
Mike Nevarez, Transit Manager (858-2209)

Thru: Don Bessler, Public Works Director (350-8205)

Subject: Bus Service Unification Update
June 16, 2016 Issue Review Session

PURPOSE

The purpose of this memo is to provide an update on the status and continuation of transit service provided in Tempe by the Regional Public Transportation Authority (RPTA) under the Regional Unification Intergovernmental Agreement (IGA).

BACKGROUND

Over the past three years, transit service in Tempe has been provided by First Transit through an IGA with RPTA. The agreement, also known as the “Scout Program” was entered into as a step toward regionalized transit service and to determine whether Tempe and East Valley cities could benefit financially from the unification of transit services previously operated separately by Valley Metro and Tempe. The goal of unification was to regionalize transit service, control service cost, and maintain the quality and volume of service provided to the residents of Tempe and the East Valley.

In June 2015, Tempe City Council approved the continuation of the regionalized service agreement with the RPTA with philosophy that the agreement:

- continue to manage program costs, compared to Tempe going alone;
- allow Tempe to continue to direct the development of transit service levels within the City;
- ensure service quality is closely monitored;
- ensure Tempe residents are afforded the opportunity to conveniently comment and provide feedback on potential bus route changes in Tempe and the region; and
- ensure continuity of service in the event of work stoppages or other service disruptions.

In addition, Council voiced concern about a seven year agreement as initially intended, and preferred to allow Tempe to act independently, if necessary.

DISCUSSION

As discussed previously, the unification of Tempe and RPTA regional services affords the region the greatest opportunity to acquire transit services at competitive pricing by creating a larger and more efficient transit operations contract. Currently, the unified transit service contract provides a lower unit cost for regional transit service as previously demonstrated to Council when comparing unified service to independent service contracts.

Over the past three years, transit service has remained relatively consistent. Last year, Tempe implemented moderate service changes including the expansion of Route 48 – 48th Street/Rio Salado serving Tempe Market Place, Marina Heights and State Farm. Staff is also working toward the expansion of Orbit service with the implementation of the new Saturn route in October 2017. Unified transit service continues to serve the needs of Tempe and East Valley residents. As neighboring cities begin to increase service levels, Tempe will be making minor service adjustments in October 2016 to complement region-wide service improvements which will afford Tempe residents the opportunity to more conveniently travel in Tempe and beyond.

In May, Valley Metro conducted public outreach efforts in Tempe to inform the public of the Valley-wide transit changes proposed for October 2016. An open house was held at the Tempe Transportation Center on May 4, providing Tempe residents the opportunity to learn about proposed service improvements and to provide input and comments.

Scout Program Performance

Although cumulative contractual performance standards are in compliance with contract benchmarks, there is the need to better measure and monitor contractor performance. Under RPTA’s FY 16-17 transit service contract change order, First Transit will be better prepared to improve overall transit service quality and better respond to passenger needs. Table 1 below provides the cumulative results of performance to date.

Table 1: Scout Program Cumulative Results (34 Months)

Tempe Scout Program - Cumulative (FY14 - FY16) Regional Performance Results					
Regional Performance Criteria	Unification Performance Benchmarks	FY 2014	FY 2015	FY 2016 (9 Months)	34 Month Cumulative Results
On-Time Performance	93.0-93.7	93.3	92.6	91.4	92.4% - Below
Preventable Accidents per 100,000 Miles	.91-1.40	0.42	0.57	0.80	0.6 - Above
Complaints per 100,000 Boardings	34.00-40.90	28.2	41.1	40.9	36.7 - Meets
Mechanical Failures per 100,000 Miles	13.00-18.90	5.8	7	11	7.9 - Above
On-Time Preventive Maintenance Inspections	80%	100%	100%	100%	100% - Above

An important indicator of contractor performance and service quality are the number of customer contacts or complaints. As seen in Table 1, current service generates a volume of complaints that falls in the acceptable range when compared to regional standards and national best practice benchmarks. Nonetheless, neither RPTA nor Tempe is satisfied with performance in this category. RPTA is working closely with First Transit to address the categories of service quality that generate the majority of complaints. RPTA’s renewed contract with First Transit will continue to include performance indicators used to measure contractor performance and service quality. In addition to increased RPTA oversight, based on Council feedback, revised metrics have will be implemented, to better measure contractor performance and continuous improvement. Tempe staff will continue working with RPTA to monitor overall transit service performance and help ensure all performance categories are measured accurately

using meaningful and achievable standards. Also, RPTA will continue to apply penalties (assessments), perform complaint audits and conduct field checks to observe and improve the customer experience.

Next Steps

To continue unification and regional efficiency, Tempe will execute a twelve month IGA with RPTA for the provision of transit service for FY 16-17, which will be renewable on an annual basis. The IGA includes a continuity of service provision and will also allow for the continued use of EVBOM and the City’s transit fleet by RPTA. It will also continue Tempe’s authority to establish and control the volume and type of transit service in Tempe and to market and brand Tempe transit service. Tempe transit staff will continue to work closely with RPTA staff monitoring the provision of transit service in Tempe to help maintain service continuity and reliability.

Financial Performance

Previous financial evaluations of the Scout Program established that regionalized transit service provides the greatest financial benefit to Tempe as well as other East Valley cities funding transit services. Table 2 below provides a comparison of the budgeted unified cost for Tempe compared to the actual gross cost for transit service during the Scout Program. The actual FY 15-16 costs are an estimate of nine month actuals and three months estimate. Actual Scout Program transit service costs are under budget in part due to reduced fuel and RPTA overhead costs.

Budgeted Unified vs Actual Tempe Transit Service Cost			
Budget	FY 13-14	FY 14-15	FY 15-16
Miles	4,109,819	4,060,436	4,032,582
Local/Express	\$ 12,189,149	\$ 12,647,080	\$ 12,912,163
FLASH	\$ 584,993	\$ 604,621	\$ 615,423
Circulator	\$ 5,927,378	\$ 6,168,788	\$ 6,469,504
Fuel	\$ 2,219,302	\$ 1,974,177	\$ 1,875,584
Contract Mgnt/Overhead	\$ 3,090,272	\$ 2,566,216	\$ 2,517,446
Total	\$ 24,011,094	\$ 23,960,882	\$ 24,390,120
Actual	FY 13-14	FY 14-15	FY 15-16 *
Miles	4,087,058	4,042,780	4,093,444
Local/Express	\$ 12,620,986	\$ 12,555,650	\$ 12,206,592
FLASH	\$ 606,642	\$ 653,795	\$ 632,856
Circulator	\$ 6,081,369	\$ 6,086,679	\$ 6,080,990
Fuel	\$ 2,198,784	\$ 1,746,010	\$ 1,728,127
Contract Mgnt/Overhead	\$ 1,379,986	\$ 2,332,577	\$ 2,057,782
Total	\$ 22,887,767	\$ 23,374,711	\$ 22,706,347
Difference	\$ (1,123,327)	\$ (586,171)	\$ (1,683,773)

*FY15-16 actuals based on July 2015-March 2016

RPTA Transit Service Contract Extension

In an effort to continue and improve regionalized service, RPTA negotiated a three year contract extension and change order with First Transit. The original contract term for regional RPTA/Tempe transit service included a three year base term and a seven year renewal option. The revised First Transit contract includes a three year term with a four year renewal option. The change order reflects a “milestone” price increase that allows First Transit to implement an improvement plan and RPTA to effectively measure, report and monetarily enforce contractor performance utilizing revised performance standards and measures. The revised contract terms and price increase are to accommodate current and future contractor employee wage and benefit increases and to allow for service continuation in the event of a work stoppage (labor strike). The contract allows for contractor staffing and wage adjustments intended to minimize service loss or delays due to personnel shortages, reduce employee turnover, promptly respond to customer service quality issues and raise the overall quality of service. Additionally, in order to improve contractor oversight and ensure compliance and responsiveness, RPTA is adding additional operations staff to oversee continuous improvement and operating effectiveness. Table 3 below provides the revised RPTA Service Performance Standards that will act as a score card.

Table 3: RPTA Performance Standards			
RPTA Revised Performance Standards			
Standard	Exceed Standard	Meets Standard	Unsatisfactory
Measures			
On Time Performance	94% or Above \$12,000	92% - 93.99% \$0	91.99% or Below
Preventable Accidents/100K Miles	.50 or Below \$12,000	.51-.90 \$0	.91 or Above (\$12,000)
Customer Complaints/100K Miles	40 or Below \$12,000	40.1 - 45 \$0	45.1 or Above (\$12,000)
Mechanical Failures/100K Miles	5 or Below/100K Miles	5.1 - 12 \$0	12.1 or Above (\$12,000)
Revenue Miles Completed	99.95% - or Above \$12,000	99.85% - 99.94%	99.84% or Below

As a result of RPTA’s milestone year service negotiations, the region will experience and approximate six to eight percent increase in the cost of transit service. For Tempe, this change order represents an average five percent annual increase in net expenses from an estimated \$13.7 million in FY 15/16 to about \$15.3 million annually for FY 16/17 through FY 18/19 for transit service, which amounts to an additional \$750,000 to \$800,000 annual increase in the net cost of transit service funded by the Tempe Transit Tax. This increased annual cost will not defer or affect any projects currently planned using transit funds including Orbit and the Tempe Streetcar project. Tempe local transit tax funded \$13.6 million of Tempe’s total net annual service cost of \$17.2 million for FY 2016. Based on the efficacy of the Scout Program and preferred volume pricing, Tempe staff believe that Tempe Transit would have experienced this type of an increase or higher if we had been procuring separately from the region.