

June 16, 2009

MEMORANDUM

TO: Mayor and City Council

FROM: Carey F. Smith, City Manager

SUBJECT: **Demand Response Transportation Services Contract Renewal**

BACKGROUND

The existing Demand Response Transportation Services contract is scheduled to expire June 30, 2009 and has been re-bid with one successful bidder. The York County Council on Aging submitted a proposal that was reviewed by the joint City/County RFP Evaluation Committee and the proposal was scored at 94.6% out of a possible 100%, in terms of satisfying all the information requirements listed in the RFP (agency history, references, relevant experience, etc.).

The proposal from YCCOA is based on the assumption that no notable changes to the existing service plan are envisioned, as the current operating structure has been both well received by city residents and has produced consistent and manageable ridership growth since we began providing this service approximately 21 months ago.

That said, YCCOA is proposing to raise the per passenger mile cost from \$1.55 to \$2.00 (which represents a 29% increase over the current contract rate), in order to address rising fuel costs, minimum wage increases as well as training costs associated with meeting federal/state reporting requirements. It should be noted that since this service was initiated in August 2007, that the YCCOA hasn't requested a rate increase to address changes in its' own cost structure; but rather, has absorbed them over the last two years. **It also deserves to be noted that during our first 21 months of operation, we haven't received any complaints regarding service quality or rider convenience.**

SERVICE PLAN

The existing service provider is the YCCOA and this agency has been operating our demand response service since August 2007; the service area is the Rock Hill Urbanized Area. The operating schedule runs from 6 am to 6 pm, Monday thru Friday. Riders are required to

schedule their seating request at least two days in advance and cannot book appointments out further than two weeks. The fare to use this service is \$2.50 for a one-way trip anywhere within York County, although it should be noted that most trips remain within the Rock Hill Urbanized Area.

As you know, the current Rock Hill Service Plan is focused on providing service to transit-dependent residents and in particular elderly citizens and those with short-term transportation needs such as for medically necessary appointments, shopping for personal care items and one-time trips. Based on our experience to date (especially in terms of ridership and reliability), the structure of our current service plan is satisfying the needs of our residents, and therefore, no substantive changes are being proposed at this time. That said, it is important to note that staff continues to monitor the overall level of ridership and service quality, in order to identify emerging needs as well as opportunities for improvement. In addition, we are not proposing any changes to the fare rate of \$2.50 each way at this time.

IMPLEMENTING A \$2.00 PER PASSENGER MILE (PPM) RATE

As mentioned above, our current contract is based on a \$1.55 per passenger mile rate with a cap of 75,000 miles annually. We have not reached 75,000 miles yet, but have had steady ridership growth (double-digit pace) over the past two years. Through June 30, 2009, we expect annual ridership to reach 67,500 (see attached ridership report).

Implementing a \$2.00 PPM rate would reduce the total number of passenger miles budgeted for this fiscal year from 75,000 to 67,813; we feel, maintaining our current service level of 75,000 passenger miles is both manageable and advisable. From a budgetary standpoint, we can augment funding from existing federal/state transit grants, combined with local matching funds (if needed) of approximately \$4,000 to support the continued availability of this service throughout FY 2009-2010. From a ridership standpoint, maintaining 75,000 passenger miles will allow the service to accommodate a nearly 10% to 12% growth in ridership, which based on our experience to date, is almost certain to occur.

CONTRACT RENEWAL

The attached proposed contract is a very detailed document outlining the multitude of state and federal requirements associated with transit grants. In addition, the contract is for a two-year term with an option to renew for a third year; that continues the demand response transportation service without significant changes. Passenger miles are capped at 75,000

each year; the fare is still \$2.50 each way. We are recommending that City Council approve the agreement recommended by staff. Wendy Duda, Executive Director for YCCOA, will be available at the meeting to answer questions.