

COUNCIL ACTION FORM

**SUBJECT: INTERGOVERNMENTAL AGREEMENT WITH HIRTA FOR CYRIDE
DIAL-A-RIDE BUS SERVICE**

BACKGROUND:

In the fall of 2011, CyRide's current Dial-A-Ride (DAR) service provider notified the transit system of its interest to terminate this service contract, citing a belief that the contract revenues were not covering expenses. After analysis of their costs and the revenue generated under the DAR contract, it was mutually determined that this contract was generating sufficient revenue to cover their expenses for overhead and direct operation of service. As a result, the provider agreed to continue its service operation under the existing contract through the end of the fiscal year – June 30, 2012. However, they indicated at that time that they were not interested in providing service past this date. As a result, the Transit Board of Trustees in January 2012 formally took action to terminate the multi-year agreement as of June 30, 2012. This action allowed CyRide to release a Request for Proposal for Dial-A-Ride services to begin operating on July 1, 2012. At that time, four agencies had indicated an interest in potentially providing DAR service for CyRide.

A Request for Proposal was released on January 31, 2012, with proposals due on March 1, 2012. During the proposal phase, a request for a 30-day extension for proposal submittals was received from the Heart of Iowa Regional Transit Authority (HIRTA). This extension was granted and a new submittal date of March 31, 2012 was established. On March 31, 2012, no proposals were received for the operation of Dial-A-Ride service.

Upon further investigation as to why proposals were not received, it was discovered that HIRTA had indicated that it was a timing issue for their agency; however, HIRTA believed that combining Story County and DAR service could benefit everyone. As a result, the HIRTA Executive Director asked the executive committee of the HIRTA Board of Directors (Wayne Clinton from Story County, Bill Lusher from Boone County and Steve Wilson from Warren County) to meet with CyRide staff and herself on Friday, April 6, 2012. Based upon a positive conversation at this meeting, a full presentation was provided to the HIRTA Board of Director's at their April 26th meeting. While the discussions were positive, the HIRTA Board of Directors ultimately tabled action on DAR service until contracts were developed and reviewed by their attorney and board members.

Since the April 26th HIRTA meeting, CyRide staff has developed two agreements for operation of this service – a 28E contract for transportation services and a vehicle use agreements. Both agreements have been reviewed by: CyRide's Board of Trustees, HIRTA Board of Directors, Iowa DOT, City of Ames Risk Manager, Ames City Attorney and HIRTA attorney.

The important clauses contained in the two contracts are as follows:

28E Contract for Transportation Services

1. **Purpose and Timeframe** – Three year contract with annual renewals upon mutual agreement of both parties prior to 90 days before contract expiration.
2. **Description of Service** – Basic description of the Dial-A-Ride service hours, days, type of service, fare structure, etc. This section is based on Iowa DOT required language as well as language in CyRide's Request For Proposal for this service.
3. **Vehicle Responsibilities** – Lists HIRTA vehicles that will carry DAR passengers as well as the bus CyRide will lease to HIRTA for DAR service. It also includes how the CyRide vehicle can and cannot be used, for example, for school transportation.
4. **Operations Responsibilities** – This section discusses how HIRTA will manage the service such as drivers will have Commercial Driver's Licenses, it will have a drug and alcohol program, be required to schedule and dispatch service, etc.
5. **Other HIRTA Responsibilities** – Lists other responsibilities of the organization such as records inspections, billings, audits, etc.
6. **Other CyRide Responsibilities** – Lists what responsibilities CyRide will provide such as holding HIRTA harmless from losses as a result of CyRide employee's actions or that CyRide sets fares and other policy issues.
7. **Compensation** – The rates have been set to reflect the 2012-2013 rates that had been reflected in the Heartland Senior Services contract. This reflects a 3% increase over the 2011-2012 rates. The fuel surcharge rate has been modified to reflect higher fuel prices. This section also allows for renegotiation of the price if the assumptions reflected in the rates should change.
8. **Reporting** – Lists all Iowa DOT reporting requirements as well as those included in CyRide's RFP.
9. **FTA Clauses** – Includes all FTA required contract clauses for operation of service.
10. **Entire Agreement** – Indicates that the contract is the only document pertaining to the operation of DAR service.
11. **Amendments** – Indicates that any amendments to the contract will be in writing and mutually agreed upon.
12. **Termination and Suspension** – Termination can be made by either party with 90 days notice.
13. **Saving Clause** – If any portion of the agreement is found to be unlawful, the remainder of the document is still enforceable.

14. **Assignability and Subcontracting** – Indicates that HIRTA cannot subcontract with another provider for DAR without notifying CyRide and the Iowa DOT in writing and gaining their approval, but that it can temporarily subcontract for emergency reasons.

Motor Vehicle User Agreement

1. **Motor Vehicle User Agreement** – Identifies the vehicle to be provided to HIRTA.
2. **Term** – For up to three years, would terminate if the “28E Contract for Transportation Services” is cancelled.
3. **Rent** – No rent for the vehicle.
4. **Maintenance and Repairs** – HIRTA is responsible for completing and paying for all repairs.
5. **Registration, License, Taxes, Inspection Fees, Expenses** – This section indicates that HIRTA is responsible for taking care of the paperwork and expenses of legally operating the vehicle.
6. **Use and Operation** – This section addresses how the vehicle will be used – in “as is” condition, cannot be physically altered, free of liens or other encumbrances, not operated in violation of laws and not without insurance coverage. It also lists where the vehicle cannot be parked when not in use.
7. **Maintenance of Vehicle** – This section sets out the mileage intervals upon which maintenance must be performed as well as reporting to CyRide for maintenance issues.
8. **Indemnification and Insurance** – HIRTA will hold CyRide harmless from issues arising from their employees use of the vehicle as well as listing the insurance requirement and how the vehicle should be addressed if it receives significant damage.
9. **Damage to Vehicle** – If the vehicle is totaled, the contract is terminated and CyRide receives the insurance proceeds. If it is partially damaged, HIRTA is responsible for working with the insurance company to repair or replace the vehicle. If the vehicle is damaged and HIRTA does not receive insurance proceeds, the contract is terminated.
10. **Title** – HIRTA is not entitled to the vehicle title.
11. **Warranties and Waiver** – CyRide is held harmless and not responsible for liability as a result of HIRTA maintenance on the vehicle.
12. **Assignment** – HIRTA is not allowed to transfer the vehicle to anyone else; however, CyRide could reassign the vehicle.
13. **Default** – This section lists the circumstances upon which the contract would be in default – insolvency of HIRTA, sell the vehicle, insurance lapse.
14. **Construction** – Contract was developed under Iowa laws; however, if a section is determined to be invalid, the remainder of the contract stays in force.
15. **Time is of the Essence** – If CyRide does not enforce a section, this does not preclude enforcement at a later date.
16. **Entire Agreement** – This agreement along with the Purchase of Service Agreement contain the entire agreement.

17. **Binding** – Binding on successive administrators.
18. **Notice** – Notice will be provided in writing to signatories.
19. **Information to be Furnished by HIRTA to CyRide** – Lists reporting requirements for vehicle information – mileage, fuel usage, cost.

The benefits of HIRTA's provision of services to Story County and to the City's DAR service are as follows:

- Less confusion for customers with only one provider in Ames
- Efficient operation of service using taxpayer dollars through economies of scale
- Eliminates duplication of service – 2 dispatchers, accounting, etc.
- Allows use of federal dollars for the operation of this service – saving approximately \$172,000 in unbudgeted expenses in CyRide's 2012-2013 budget

On May 9, 2012, the HIRTA board approved the two contracts, contingent upon their attorney's review of the contracts. This review has been completed and the contracts have been approved by their attorney. The contracts were also approved by the Transit Board of Trustees on May 10, 2012.

ALTERNATIVES:

1. Approve the Purchase of Service Contract and Motor Vehicle Use Agreement between HIRTA and CyRide for operation of service and use of a vehicle for Dial-A-Ride service beginning July 1, 2012.
2. Do not approve the Purchase of Service Contract and Motor Vehicle Use Agreement and begin plans to directly operate Dial-A-Ride service as of July 1, 2012.

MANAGER'S RECOMMENDED ACTION:

The provision of DAR service by HIRTA provides a win-win situation for both organizations. By contracting with HIRTA, CyRide will fulfill its federal transit obligations for complementary paratransit service at a lower cost than it could provide service. HIRTA is able to more efficiently provide service within the County by combining DAR and County trips and ultimately provide more service within the city/county. Customers win by having one provider to work with for transit service in the community.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving a contract for Dial-A-Ride services with the Heart of Iowa Regional Transit Authority.