

COUNCIL ACTION FORM

SUBJECT: CYRIDE CONTRACT RENEWAL WITH HIRTA FOR DIAL-A-RIDE SERVICE

BACKGROUND:

In May 2012, CyRide, as an agency of the City of Ames, entered into a three-year contract with annual renewals for the Heart of Iowa Regional Transit Association (HIRTA) to provide Dial-A-Ride (DAR) service as required by the Americans With Disabilities Act (ADA). **The 2014/15 budget year represents the third and last year of this contract, which expires on June 30, 2015.**

This contract requires mutual agreement by both HIRTA and CyRide in renewing each year of the contract. HIRTA has indicated an interest in continuing to provide DAR service at the 2014-2015 prices listed in the table below. This table also includes a comparison to current year rates.

HIRTA Contract Rate for DAR Service

| Rate Category | 2013-2014 Budget Rate | 2014-2015 Budget Rate | % Change |
|------------------------|------------------------------|------------------------------|-----------------|
| Weekday Trips | \$12.55 per trip | \$13.04 per trip | 3.9% |
| Weeknight Trips | \$42.15 per hour | \$43.87 per hour | 4.0% |
| Weekend Trips | \$42.15 per hour | \$43.87 per hour | 4.0% |

The above increases are within industry standards for transit operating contracts and the cost per hour and trip is lower than CyRide's cost to provide DAR service.

CyRide's estimated annual operating and capital cost would be approximately \$600,000 per year due to higher wage rates and vehicles expenses (currently DAR service uses HIRTA funded buses and HIRTA funds all maintenance expenses). The initial cost would be even higher due to the need to purchase four buses to begin operating DAR service. This first year cost is estimated at approximately \$1 million. **In comparison, the actual FY13 contract amount paid to HIRTA was \$133,908 and the FY14 estimated amount is \$160,000 as a result of increased DAR ridership and contract rate increases.** Additionally, HIRTA rates have increased at this same percentage each year of the contract.

At the April 23rd Transit Board of Trustees meeting, CyRide staff shared the results of the DAR customer satisfaction survey, public meeting discussions, and improvements that have been made in the program over the past year. **One common area of concern raised through this public input process was the issue of not being contacted**

when HIRTA moves a customer's pickup time less than 10 minutes. In response, the Transit Board requested and HIRTA agreed to a contract amendment requiring HIRTA to call a customer any time their pickup time is modified.

The Transit Board of Trustees again discussed this annual contract renewal at their May 21st meeting. After a lengthy discussion, the Board approved the renewal with direction that CyRide's staff discuss a possible alternative or incentive payment method with HIRTA for consideration in a future contract for this service. This alternative payment method would be based upon meeting a set of agreed-upon performance criteria.

ALTERNATIVES:

1. Approve a contract renewal with Heart of Iowa Regional Transit Association for the 2014/15 budget year at approximately a 4% increase in rates.
2. Do not enter into a contract extension for Dial-A-Ride service and begin directly operating service on July 1, 2014.

MANAGER'S RECOMMENDED ACTION:

Operation of DAR service by HIRTA provides the most economical delivery of door-to-door bus service within the community by combining DAR and HIRTA program services as opposed to separate, at times duplicative bus services. Additionally, for CyRide to begin operating this service, CyRide would need to purchase buses, hire and train staff/drivers, and establish processes and policies for operating DAR service, making it virtually impossible to implement a full program change within the next twenty-day period. However, conversations regarding possible improvements to the DAR service will be initiated by the CyRide staff over the next six to nine month period as directed by the Transit Board of Trustees.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby entering into a contract renewal with HIRTA to provide the last year of a three-year contract for DAR service.