

MEMORANDUM

DEPARTMENT OF PUBLIC WORKS County of Placer

TO: BOARD OF SUPERVISORS DATE: December 14, 2010
FROM: KEN GREHM / WILL GARNER *KG* *WG*
SUBJECT: TAHOE AREA REGIONAL TRANSIT BUS DRIVER POSITIONS

ACTION REQUESTED / RECOMMENDATION

- 1) Authorize a Budget Revision in the amount of \$104,000 for up-front Other Post Employment Benefit (OPEB) costs to hire two bus drivers for Tahoe Area Regional Transit (TART).
- 2) Affirm continued use of contracted labor, as necessary, to cover some staffing needs, such as during peak season.

BACKGROUND / SUMMARY

Service Description

TART is the public transit system in North Lake Tahoe. The routes operate from the El Dorado County Line to the Hyatt Regency, and on Highways 89 and 267 between the Northshore and Truckee. TART has numerous funding partners including, Nevada Department of Transportation, Washoe County Regional Transportation Commission, the Town of Truckee, and local resorts. TART also receives Transient Occupancy Tax (TOT) through an agreement between Placer County and the North Lake Tahoe Resort Association (NLTRA). TART ridership reached a peak of 436,668 in FY 2008/09. In the past 12 months (November 2009 through October 2010), ridership was 340,409.

TART is operated by the Public Works Department out of the DPW Cabin Creek facility, and operates every day of the year except Christmas. TART operates a fleet of 12 buses and three replica trolleys. Bus maintenance is provided by DPW's Fleet Services division. Contractors are used for driver labor during peak seasons, Americans With Disabilities Act (ADA) paratransit service, snow removal, bus stop cleaning, and bus washing. TART's annual operating cost is approximately \$3 million.

Historical Service Delivery Method

TART has been in operation since 1975. The service was established with a County employed workforce. TART is staffed by three supervisory and support staff, and 14 funded permanent bus driver positions. In addition, there are typically 3 to 7 extra-help bus drivers on the roster that work part time to fill in for leave, and provide additional staffing during the peak summer and winter seasons.

In 2006, TART began using contract drivers for the extra summer season staffing. The first contract was with Airport Mini-Bus from Reno for \$54.00 per shift hour. Staff considered this to be expensive, but the County did not receive other competitive proposals. The next summer (2007), Airport Mini-Bus reduced their price to \$45.00 per shift hour. In the same year, when

TART added the Highway 267 route, DPW issued a new Request for Proposal (RFP) for both winter and summer contract drivers. MV Transportation won the contract with a price of \$26.93 per shift hour. MV upper management stated that they lost a significant amount of money on the TART contract during the winter of 2007-2008, and that they could only continue with a significant increase in their charges. In November of 2008, the Board approved a contract amendment with MV increasing their charge to \$41.23 per shift hour. DPW recommended this amendment because it was still a more competitive price than the second bidder and no other options were available. In October of 2010, the Board approved an increase to \$43.26 per shift hour for an extension to the Winter of 2010/11 and Summer of 2011.

The purpose of the contract with MV is to provide for additional drivers to cover added service in both the winter and summer seasons at TART. DPW defines the shifts and provides a schedule to the contractor. The contractor supplies trained drivers to fill the shifts. TART staff transmits daily time sheets to the contractor's main office, which form the basis of the monthly invoices. The contract drivers typically work 3 shifts per day and County employed drivers work the remainder of the 9 to 11 shifts per day. Since extra-help drivers are approximately half the cost of MV contract drivers and typically have more experience with all TART routes, all efforts are made to work the extra-help drivers as much as possible.

Issues & Challenges

Staffing presents a challenge for any transit operation due to the need to fill every shift every service day. Historically, Tahoe has been a difficult employment market to find enough qualified bus drivers, particularly to fill temporary positions. Significant seasonal variations in staffing adds to the difficulty. The additional peak season shift hours are filled by 1) Part-time permanent drivers working full time, 2) Existing extra-help drivers working more hours, 3) Hiring additional extra-help drivers if possible, 4) Adding contract drivers, and 5) Overtime. When absolutely necessary, Placer County Transit (PCT) drivers will be assigned shifts at TART if PCT is able to spare drivers. Extra-help drivers are needed year-round to fill in for leave time of the permanent driver staff. The extra-help employees that are the most reliable for TART tend to work their allotment of 1000 hours by mid-winter each year. This requires that they be replaced to avoid more overtime from the remaining staff. Extra-help employees will also typically have other jobs and sometimes will leave TART for other employment without much notice. To keep the required level of staffing, the Personnel Department is continually recruiting for extra-help bus drivers.

TART currently has two vacant and funded driver positions, which provides TART less permanent staffing than needed to fill shifts on a year-round basis. Extra-help employees have been filling in for the vacancies, which is reliable until the extra-help employees reach the 1,000 hour limit.

Beginning last spring, your Board has been considering opportunities and has provided direction on various alternative service delivery options that would have clear costs savings benefits. These two bus driver vacancies give the County the chance to consider alternative methods as well.

Other Service Delivery Methods

Service Delivery examples seen in other jurisdictions vary from entirely in-house operations to fully-contracted service. Under a full contract scenario, the contractor would provide

supervisors, trainers, dispatch, drivers, and in some cases, maintenance personnel. Roseville Transit, Yuba-Sutter Transit and Yolo Transit all contract entirely for operations staff. Administration and customer service is accomplished with in-house staff. El Dorado Transit Authority, Nevada County and Folsom all provide service with in-house employees. At Placer County Transit, the fixed route bus drivers, supervisors and dispatcher are County staff. The Dial-A-Ride, Placer Commuter Express and Vanpool services are all delivered through contracts. In the Tahoe area, the South Tahoe Area Transit Authority (STATA) provides transit service with a contractor. Due to contractor problems and disputes between the agency and the contractor, there has been contractor turn-over twice within the past four years, with potentially another significant change soon.

Assessment for Use of Alternative Service Delivery

Staff has completed an assessment that has factored cost comparisons and risk factors for providing contract services in the Tahoe area. This is a point in time analysis to a limited geographic service area. The findings should not be construed or insinuated to apply to other County service areas in general.

I. Cost Assessment

Under the new policy to fund long term retirement liability, \$52,000 of other post employment benefit (OPEB) costs are required to be paid up-front as each position is filled with a new employee. While this cost is significant, it needs to be viewed as a long-term cost spread out over the estimated length of employment for the employee. Including the cost of this one-time OPEB payment spread over 10 years, the hourly cost of a permanent Bus Driver II at entry level is \$41.09 including salary, all benefits, workers compensation and other post employment benefit (OPEB) charges. After one year, assuming the employee progresses through the merit increases, the Bus Driver II will cost \$43.86.

The costs for a new county employed Bus Driver II are roughly the same as the hourly charge for a contract driver to TART, which is \$43.26 under the current MV contract. We would expect that the contract charges would continue to increase over time, as would the cost for the County employed bus driver.

Both County employed bus drivers and contracted bus drivers carry the same amount of County overhead costs. The contracted bus drivers are supervised by the TART supervisors once they are on the regular shift schedule. The daily administrative duties required for the contract drivers is roughly the same as for County employed drivers.

II. Other Factors

Other factors that need to be considered:

-Failure of Contractor. Failure of the contractor through bankruptcy or through a contract dispute is a risk, particularly in the Tahoe Area. Both of these situations have taken place at the South Lake Tahoe transit operation which has led to three different transit contractors over the past four years. Contractor related problems could lead to yet another change in contractor in upcoming months.

-Safety & Reliability. The advantage of having County employees is having a relatively low turn-over rate. For transit, this is important for the safety and reliability of the service. Contracted

operators pay lower wages and need to be prepared to deal with turn-over by providing a continuous recruiting and training program.

-Transition costs. Transition from primarily a County employed workforce to a full contractor workforce would impact the 15 existing TART employees. There would be a significant amount of costs in the transition related to compensating employees for accumulated leave time. More would need to be done to explore the impacts to current union contractual arrangements.

Recommendation

It is recommended that DPW fill the two vacant positions – one part-time time permanent and one full-time permanent Bus Driver II. It is also recommended that DPW continue to meet peak-season staffing needs with contract bus drivers as necessary.

The alternative at this point would be to fill the two positions with contract bus drivers. This would represent a deviation from the existing contract by integrating contract drivers into the permanent year-round county employed workforce, rather than simply using the contractors to fill peak staffing needs. There would be little, if any, cost savings associated with this when comparing the contractor costs to permanent driver costs.

A transition to a contracted operation would represent a significant deviation from current practice and preliminary analysis suggests there will not be meaningful cost savings identified. The contractor would need to provide a full complement of supervisory and support personnel. These fixed costs would need to be spread out over a relatively modest amount of daily service. We know that recruitment for qualified employees in the North Tahoe area is difficult, which is why MV currently charges the County a high rate for supplying drivers to TART. This challenge would certainly confront a contract operator, particularly if there is a high rate of turn over.

ENVIRONMENTAL

The project is statutorily exempt from CEQA pursuant to section 21080(b)(10), as it is an action related to passenger service.

FISCAL IMPACT

The one-time OPEB costs of \$104,000 is not currently budgeted in the TART Budget. This added cost would be funded by a combination of additional State Transit Assistance, more than anticipated Local Transportation Fund and Transient Occupancy Tax funds. The on-going salary and benefit costs are included in the TART Budget.

Attachment: Budget Revision