

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/25/2019

Staff Report No. 11-256h

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Dumbarton Express Operations

ACTION ITEM

RECOMMENDED ACTION(S):

Consider exercising the fourth of five one-year options with MV Transportation to continue Dumbarton Express service under the existing contract.

BUDGETARY/FISCAL IMPACT:

There is no expected budgetary impact of exercising the fourth one-year option. The Dumbarton Express service is currently fully funded by Regional Measure 2 bridge toll revenues up to an amount of nearly \$3 million annually for FY 2019/2020. The \$3 million amount includes an allowance for costs not directly tied to operations and maintenance costs, such as District administrative staff time, marketing, and annual Nextbus service fees.

For FY 2018/2019, the total operations and maintenance cost for the Dumbarton Express service is projected to be \$2.8 million. The effective cost per hour is \$101.82 (inclusive of fuel and other incidental recurring monthly expenses, such as WiFi service) based on an estimation of 27,493 hours of service for FY 2018/2019.

As with the previous options, the fourth year of the option calls for an increase in the hourly rate for service of approximately 2 percent effective January 1, 2020.

BACKGROUND/RATIONALE:

The Dumbarton Express is a regionally-oriented bus service linking the southern end of the East Bay with the southern end of the Peninsula via the Dumbarton Bridge. General oversight of the Dumbarton Express is conducted through the Dumbarton Bridge Regional Operations Consortium (DBROC), which consists of five public agencies: AC Transit, BART, SamTrans, the City of Union City and VTA. The Dumbarton Express has been in existence for over 30 years and service and ridership have increased since its inception. Total ridership for FY 2018/2019 is projected to be approximately 258,000.

Over eight years ago, the District assumed the day-to-day administrative responsibility for the five-year base contract with MV Transportation to operate the Dumbarton Express service. The five-year term started on December 19, 2011 and ended on December 31, 2016, with options to extend the contract one year at a time for up to five years.

The first, second, and third of the one-year options were exercised in 2016, 2017, and 2018 at the

recommendation of the Consortium and the approval of the AC Transit Board of Directors. The current option--the third of five--expires December 31, 2019. MV Transportation has performed in a satisfactory manner and has been responsive to issues and concerns that have arisen during the contract term to date.

The Consortium members met on April 29, 2019, to discuss the status of the contract between AC Transit and MV Transportation. The Consortium reached consensus to recommend exercising the fourth one-year option at MV's proposed rate of \$93.66 per hour (not including fuel, Nextbus and WiFi service fees) effective January 1, 2020 through December 31, 2020.

While the Dumbarton Express is fully funded through RM-2, the stipulation for continued funding is that the lines that make up its service--Lines DB and DB1--must each meet a 20-percent farebox recovery ratio. The DB1 also has an added condition; it was converted from a commute-period only service with a 30-percent farebox recovery ratio requirement to all-day service in 2016 with the more relaxed 20-percent farebox recovery ratio requirement. MTC has added the requirement that the cost per passenger on the DB1 is not to increase over levels prior to the introduction of all day service. Presently, both lines are just achieving the 20-percent farebox recovery ratio, but the DB1 is not meeting the cost per passenger goal; and MTC, which administers the RM-2 funds, has expressed concern about the DB1 service's performance. Additionally, staff was recently notified of VTA's pending elimination of its Express SmartPass program. The Express SmartPass is accepted as a full fare on the Dumbarton Express and used by a significant number of riders. If another pass program does not replace the Express SmartPass, ridership on the Dumbarton Express will decrease.

However, MTC does recognize the value and importance of the DB1 service as a transportation option along the Dumbarton Bridge corridor, and would like to see the Dumbarton Express services succeed as a whole. To that end, MTC has commissioned the Dumbarton Forward project to examine and recommend short-term measures with a three- to five-year horizon to improve bus transportation along the Dumbarton Bridge corridor. Recommendations include installation of traffic signal priority systems, implementation of queue jump lanes, and consolidation of bus stops. The Dumbarton Express services would be a key beneficiary of Dumbarton Forward, and the District is a major stakeholder in the project. Another project which ties in directly with Dumbarton Forward is one funded by an MTC IDEA grant to implement traffic signal coordination, transit signal priority and bus stop location optimization on specific segments of the Dumbarton Bridge corridor. With regard to the VTA Express SmartPass, MTC has intervened to try to continue a pass program Dumbarton Express riders before the Express SmartPass program expires at the end of 2019.

ADVANTAGES/DISADVANTAGES:

The advantage of exercising the fourth one-year option of the contract with MV Transportation is that the Dumbarton Express service continues without interruption. In addition, AC Transit is able to maintain what has thus far been a positive contract relationship. As mentioned earlier, MV Transportation has operated the Dumbarton Express service to date in a satisfactory and responsive manner. Maintaining the contract with MV also controls operating costs and does not use scarce AC Transit resources; including facilities space, staffing, and operating funds.

The disadvantage of exercising the fourth one-year option is that the service will continue to be operated by an outside contract provider rather than in-house as is the case with the District's fixed route service. Though this is not against Board policy since the service was developed through the Consortium, it is a unique arrangement for the District. In addition, operation of the service through MV results in labor salaries that are

lower than those of the District. However, because MV's wages are lower, it also faces competition in workforce recruitment and challenges in retention from similar commuter-oriented operations, in particular private employer shuttle operators. The employers which contract with shuttle operators typically are able to provide more lucrative terms, and as a result, shuttle operators are able to offer a more attractive package of wages, benefits, and other perks to candidates. MV is addressing this issue by keeping operator recruitments open, expediting its internal hiring processes, and improving employee morale to assist with retention.

ALTERNATIVES ANALYSIS:

The District could elect to not exercise a one-year option and let the contract lapse. This would result in a disruption of the service for an unknown period of time until a new service provider is established. In addition, Staff does not believe that rebidding the contract would improve the District's position due to the likelihood of increased costs. Staff does not recommend this alternative.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 11-256b: Exercise of One Year Option with MV Transportation to Operate the Dumbarton Express.

Staff Report 11-256d: Dumbarton Bridge Contract.

Contract 11-SAMTR-S-021: Provide Contracted Dumbarton Bridge Express Bus Service, including executed Assignment, Assumption, and Release Agreement, December 19, 2011.

ATTACHMENTS:

None

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