



Wheels Dial-a-Ride Contract: A New Business Model (2011)

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Old Business Model

- O&M via private contractor
- Contractor paid by revenue hour + monthly fee for maintenance and overhead
- Wheels separately paid fuel, insurance, claims



Vehicles Prior to 7/1/11





Fleet Characteristics

- Agency-owned
- 18 Cutaways
- Sufficient vehicles to cover peak demand
- 15-passenger capacity
- All are lift-equipped



Demand Characteristics

- Average productivity = 2.0 – 2.5 persons/hour
- Lift-required trips = 15 – 20% of all trips
- Daily trip demand
 - High peak periods
 - Lower midday demand
 - Lowest early am and late pm trips



Old Business Model

- Resources acquired to handle the worst case:
 - Highest load factors
 - Always have lift available
 - Enough vehicles and drivers for highest demand
- Results in wasted resources:
 - Since load factor lower than 15
 - Since 80 – 85% of trips are ambulatory
 - Since highest demand only occurs for a few hours daily



Contract Procurement

- Contract expired June 2011
- Began new procurement process in fall 2010
- RFP's scope and evaluation criteria explicitly call for innovation in paratransit service delivery
- New contracts awarded spring 2011
- New contractor begins July 1, 2011



New Business Model

- Contract with a company who subcontracts with community-based transportation providers
- Contractor provides reservations, scheduling, dispatching, reporting, invoicing, insurance, customer service, compliance with FTA regs
- Subcontractors provide drivers, vehicles, fuel, insurance, maintenance
 - Some subs are “dedicated” where a high level of trips is guaranteed to the driver (covers daily core demand)
 - Some subs are “flexible” where a lower level of trips is guaranteed (covers peak of peaks and other hard to serve trips)

Vehicles as of 7/1/11





Service Delivery Characteristics

- Right-size the trip assignment
 - Drivers are located in the community
 - Trips assigned to minimize deadhead
 - Compared to all trips originating from Wheels' yard
- Right-size the vehicle
 - Vehicle assigned is sized and equipped per the rider's needs (eg: how big, lift/ramp required, etc)
 - Compared to one-size-fits-all



Economic Benefits

- Wheels' benefits:
 - Cutaways no longer need to be purchased
 - Cost per trip reduced from \$33 to \$25 (-24% cost reduction)
 - Savings on diesel fuel
 - Savings on insurance premiums (fewer vehicles, less mileage)
 - Savings on claims
- Pay on per trip basis, not per hour
 - No costs for deadheading or inefficient routing
 - No costs for driver down time
 - No costs for customer missed trips and late cancels
- Estimated total savings = \$5m over 7 years



Environmental Benefits

- Uses more efficient vehicle fleet mix
- Reduction in vehicle miles travelled through more efficient routing
- Promised benefits: 40% reduction in carbon and CO2 emissions
- Actual results: 35% reduction in VMT in FY12 compared to FY11



Other Benefits

- Better customer service is incentivized
 - Contractor's staff earn bonuses based on performance
 - Drivers giving poor service can be quickly dropped
 - Good drivers can be assigned more trips
- Better safety is incentivized
 - Drivers own the vehicles – “skin in the game”
 - Drivers pay to repair vehicles and incur insurance increases
 - Drivers unable to work while vehicle is being repaired



Performance Standards

- On-Time Performance: 95%+
- Complaints: 1 valid complaint per 1000 trips
- Telephone response: less than 1 min., 95% of time
- Accident rates: less than 1 per 100,000 miles



Customer Surveys

- Random sample surveys in Sept. 2011 and April 2012
- Customer card survey in August 2012
- Results:
 - Five point scale from unacceptable (=1) to excellent (=5)

Service Aspect	September 2011		April 2012		August 2012	
	Mean	Median	Mean	Median	Mean	Median
Reservation	4.11	4	4.29	5	4.14	4
Pickup	4.14	4	3.97	4	4.41	4
Ride	4.22	4	4.08	4	4.57	5
Dropoff	4.28	4	4.28	5	4.59	5
Overall rating	4.15	4	4.11	5	4.52	5



Lessons Learned

- Involve Board early/often during procurement, decision, and start up phases
- Make it known in the “industry” that you are open to new, innovative ideas
- Be prepared for fear and anxiety from riders who are facing change
- Communicate directly with customers to combat misinformation
- Don't expect perfection during start up
- Don't expect 100% of the riders to embrace the new service
- Constantly monitor start up and continually implement mid-course corrections; don't let issues pile up



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