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

ACTION ITEM

RECOMMENDED ACTION(S):

Consider exercising the third 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 third 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 2018/2019. 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 2017/2018, the total operations and maintenance cost for the Dumbarton Express service is projected to be $2.7 million. The effective cost per hour is $99.77 (inclusive of fuel and other incidental recurring monthly expenses, such as WiFi service) based on an estimation of 27,006 hours of service for FY 2017/2018.

Costs for next year will be slightly higher than the current year due to cost escalation, particularly with fuel costs, but they are expected to remain within the RM-2 allocation for the service.

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 transit agencies: AC Transit, BART, SamTrans, Union City Transit, and VTA. The Dumbarton Express has been in existence for over 30 years and service & ridership have increased since its inception. Total ridership for FY 2017/2018 is projected to be approximately 257,000.

Over seven 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 and second of the one-year options were exercised in 2016 and 2017 at the recommendation of the Consortium and the approval of the AC Transit Board of Directors. The current option—the second of the five—expires December 31, 2018. 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 May 22, 2018 to discuss the status of the contract between AC Transit and MV Transportation. The Consortium reached consensus to recommend exercising the third one-year option at MV’s proposed rate of $91.80 per service hour effective January 1, 2019 through December 31, 2019. This is $1.90 (2.1%) more than the current rate. Please note that the $91.80 per hour rate is the billing rate for service only, whereas the $99.77 per hour rate mentioned above is the calculated overall rate taking into account the other costs exclusive of service, such as diesel fuel, WiFi, and Nextbus. Those other costs are specified as separate line items. For the purposes of budget preparation and monitoring, the calculated overall rates are the figures used, with the cost per hour of service as one albeit major element of the Dumbarton Express budget.

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 DBI—must each meet a 20% farebox recovery ratio. The DBI also has an added condition; it was converted from a commute period only service with a 30% farebox recovery ratio requirement to all day service in 2016 with the more relaxed 20% farebox recovery ratio requirement and MTC has added the requirement that the cost per passenger on the DBI is not to increase over levels prior to the introduction of all day service. Presently, both lines are achieving a 20% farebox recovery ratio, but the DBI is not meeting the cost per passenger goal and MTC, which administers the RM-2 funds, has expressed concern about the DBI’s performance.

However, MTC does recognize the value and importance of the DBI 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 3 to 5 year horizon to improve bus transportation along the Dumbarton Bridge corridor. Already identified for analysis and potential recommendations are installation of traffic signal priority systems, streamlined route alignments, 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 underway to improve travel in the Dumbarton Bridge corridor is the IDEA (Innovative Deployments to Enhance Arterials) grant awarded to AC Transit in February. The project will expand AC Transit’s Transit Signal Priority (TSP) network by adding TSP along the Dumbarton Express route and queue jump signals to improve travel times between the East Bay and the Peninsula. Partnering government agencies are the City of Union City, City of Fremont, City of Menlo Park, City of Palo Alto, and Caltrans. Private partners such as Stanford University and Facebook are demonstrating support for the TSP system by committing funding for a portion of the local match.
ADVANTAGES/DISADVANTAGES:

The advantage of exercising the third one-year option of the contract with MV Transportation is that the Dumbarton Express service continues with 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 third one-year option is that the service will continue to be operated by an outside contract provider rather than in-house as the rest of the District’s fixed route service is operated. 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 does face competition in the area of 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:

Staff considered letting the contract lapse by not exercising the third one-year option. Staff doesn’t recommend this alternative as it would result in a service disruption for an unknown period of time until a new service provider was established. In addition, Staff does not believe that rebidding the contract would improve the District’s position due to the likelihood of increased costs.

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.

ATTACHMENTS:

None

Approved by: Ramakrishna Pochiraju, Executive Director, Planning and Engineering
Reviewed by: Denise Standridge, General Counsel
Michael Eshleman, Service Planning Manager
Robert del Rosario, Director of Service Development and Planning

Prepared by: Howard Der, Dumbarton Express Administrator