



London Breed, Mayor

Gwyneth Borden, Chair
Amanda Eaken, Vice Chair
Cheryl Brinkman, Director
Steve Heminger, Director

Fiona Hinze, Director
Sharon Lai, Director
Manny Yekutieli, Director

Jeffrey Tumlin, Director of Transportation

April 2, 2021

The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102

Re: Request for Approval – Extension of the SF Paratransit Broker and Operating Agreement

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors approve the Sixth Amendment to Contract No. SFMTA-2016-17, Paratransit Broker and Operating Agreement, with Transdev Services, Inc., to exercise the option to extend the term by five years, to June 30, 2026, and to increase the amount of the Contract by \$169,395,342, for a total Contract amount not to exceed \$312,297,446.

BACKGROUND

SF Paratransit is the SFMTA's program to provide federally mandated paratransit transportation services to eligible riders in San Francisco as a component of Muni's accessible fixed route services under the Americans with Disabilities Act (ADA).

For the past 40 years, the SFMTA has contracted out paratransit services to a paratransit broker, who performs many important functions, such as managing subcontracts with paratransit service providers, monitoring service quality, administering client eligibility, managing the sale of fare instruments, and acting on behalf of the SFMTA as the principal customer service representative for paratransit services. Federal regulations require the SFMTA to provide paratransit services (49 CFR Part 37, subpart F).

The Paratransit Broker and Operating Agreement (Agreement) with Transdev began on July 1, 2016, for a five-year period, through June 30, 2021, in an amount not to exceed \$142,902,104. An option for a five-year extension of the Agreement was included in the contract with a budget amount of \$169,395,342. The Agreement was approved by the SFMTA Board of Directors and the San Francisco Board of Supervisors.

Under the Agreement, Transdev provides a majority of the door-to-door paratransit van services, including the entire SF Access van service, 80 percent of the Group Van service, and the two shuttle services for seniors and persons with disabilities (Shop-a-Round and Van Gogh). The major

responsibilities under the contract include:

- Customer service
- Provision of van services
- Subcontracting of taxi services and a portion of Group Van services
- Service quality monitoring
- Certification of ADA eligibility
- Fare media sales
- Mobility management

Prior Amendments to Agreement

The Agreement has been amended five times by the Director of Transportation under his delegation authority without a change to the amount or term of the Agreement.

- On April 30, 2017, the parties executed the First Amendment to the Agreement (1) to delete Section 10.8 (Health Care Accountability Ordinance); (2) to add clauses that were inadvertently omitted from Appendix D to the Agreement and (3) to correct Exhibit E by retitling it Appendix E and correcting the Small Business Enterprise (SBE) goal.
- On May 25, 2017, the parties executed the Second Amendment to the Agreement (1) to provide for the City to lease to Contractor 22 additional accessible minivans and 27 additional paratransit vans for use in the SF Access Program; (2) to eliminate references to mandatory subleasing of the Vehicles and (3) to eliminate references to lease payments.
- On June 1, 2017, the parties executed the Third Amendment to the Agreement to amend Appendix B of the Agreement to reflect the adjustments to the Contractor's budget due to an increased level of service provided in the Group Van Program, with no changes to the contract's not-to-exceed (NTE) amount.
- On May 16, 2019, the parties executed the Fourth Amendment to the Agreement to provide for the City to lease to Contractor eight additional paratransit vans and 10 additional hybrid sedans for use in the SF Access and Group Van Program.
- On February 6, 2020, the parties executed the Fifth Amendment to the Agreement to provide for the City to lease to Contractor 35 additional paratransit vans for use in the SF Access and Group Van Program.

Sixth Amendment

As mentioned, the Agreement contains an option for a five-year extension of its term through June 30, 2026. In Appendix B to the Agreement, each contract year was priced, including the option period, in compliance with the Federal Transit Administration's (FTA) stringent proposal evaluation requirements.

With the upcoming completion of the initial five-year term, the staff recommends that the SFMTA exercise the option for the five-year extension, which begins on July 1, 2021.

This recommendation is based on the following evaluation of the Agreement and Transdev's performance under the Agreement:

1. Cost Effectiveness of the Agreement

The current cost structure of the Agreement is a cost-plus-fixed-fee model. This allows the SFMTA to pay only the actual costs of providing paratransit service plus a small pre-negotiated management fee. The SFMTA realizes all savings when expenditures are below budget, without sacrificing service quality. SFMTA staff review and audit all expenditures in detail on a monthly basis to ensure that all costs are justified. For each year of this Agreement, expenditures have been below the annual budget amount, resulting in a total projected savings of approximately \$12,000,000 for the SFMTA throughout the term of the first five years of the Agreement.

In compliance with FTA requirements, the budget, including the management fee, was negotiated for the current five-year term and for the five-year option and underwent a thorough review and approval process. Exercising the option years will not require modifications to the budget. The contract structure takes advantage of economies of scale of existing transportation services. For example, Transdev contracts with the taxi industry to provide on-demand trips for paratransit riders, including accessible ramp taxi services. In addition, Transdev has partnered with nonprofit agencies, including Kimochi and Self Help for the Elderly, to provide daily group trips for multiple customers going to adult day health care centers and other agencies. This aids in providing cost-effective service through efficient routing and scheduling by community-based organizations, but also has the added benefit of specific targeted language and cultural competency skills. Transdev is cognizant that cost-effectiveness is a key value of the SFMTA, and any significant new expenditure or change that will affect costs are first brought to SFMTA and alternatives discussed before any financial decisions are made. Transdev has met their SBE goal of 10 percent of the contract costs, excluding any labor or purchased transportation costs, and have affirmed that they will continue to do so should the option years be exercised. As noted, the expenditures for the first five-year period are expected to come in approximately \$12,000,000 below the not-to-exceed amount.

2. High Customer Satisfaction with Paratransit Services

Transdev has maintained high customer satisfaction through the duration of its time as the Paratransit Broker. Overall customer satisfaction with the SF Paratransit program has been consistent, with an 81 percent satisfactory rating reported in the most recent survey, completed in 2019 by a third-party professional customer survey firm. Respondents rated the performance of the Broker's administrative office even higher, with an 89 percent satisfactory rating.

In 2014, Transdev expanded its role to serve as the SF Access (shared ride) paratransit service provider with a commitment to reaching the on-time performance goal of 90 percent. A trip is considered "on time" if it arrives within 20 minutes (five minutes before to 15 minutes after) the negotiated pick-up time. In Fiscal Year (FY) 19/20, the SF Access on-time performance rate was 92 percent. In addition, for the most recent survey completed in Spring 2019, 87 percent of

SF Access wheelchair riders and 80 percent of SF Access ambulatory riders indicated that they were satisfied with their most recent trip.

3. Prompt Responsiveness of Vendor

During the term of the Agreement, Transdev has been extremely responsive, with particular noteworthy actions during the COVID-19 pandemic. Specifically, Transdev has implemented several initiatives to improve the overall experience in accessing SF Paratransit services, including:

- **Mobility Management:** Educating and referring seniors and individuals with disabilities to services and programs that improve their access to transportation. Staff have been instrumental in the quick launch and enrollment of riders into the Essential Trip Card program (see discussion below).
- **SF Access Trip Info Line:** Automated reminder and day-of-service update calls to riders that provide the estimated time their vehicle is due to arrive.
- **SF Taxi Online:** Allows paratransit taxi riders to pay for their monthly allotment and monitor trip history online.
- **SF Access Online:** Allows SF Access van riders to schedule and cancel van trips online.
- **Muni Mobile:** Worked with SFMTA staff to provide paratransit riders the option to purchase van fares using the Muni Mobile app.
- **Ramp Taxi Incentives:** Transdev staff helped develop and review trip data and distribute funds for the following incentives available to ramp taxi drivers serving wheelchair users:
 - Per-trip incentive
 - \$15 per trip for all wheelchair trips (both general public and paratransit) completed in the outlying neighborhoods of San Francisco and during the night (8PM – 6AM)
 - \$10 per trip incentive for all other wheelchair trips completed
 - Opportunity to earn 15 SFO Short Passes each month. These passes allow taxi drivers to bypass the taxi queue at the airport
 - Provide a \$500 to \$600 per month incentive to ramp taxi medallion owners who purchase and operate a new or used accessible ramped vehicle to help offset the capital/operating costs

4. Pandemic Services

During the COVID-19 pandemic, Transdev has stepped up to assist in the City's response to the health emergency providing services for the Department of Public Health, Human Services Agency, Recreation and Parks Department, and the Department of Disability and Aging Services. At the request of the Emergency Operations Center and the SFMTA,

Transdev, on behalf of the SFMTA, currently operates the following services:

- **Essential Trip Card Program:** Launched in April 2020, this subsidized taxi program was developed to supplement the Muni core service for seniors and persons with disabilities to assist them in completing essential trips during the pandemic.
- **Emergency Medical Transportation Service:** Operating seven days a week since March 2020, this service provides transport of COVID positive and PUIs (persons under investigation for the virus) to sheltered housing sites.
- **Pier 94 Shuttle:** A shuttle providing transport from a sheltering site at Pier 94 to a nearby transit connection and neighborhood shopping centers. This service has operated every day from 9AM - 8PM since May 2020.

In addition, during the pandemic Transdev previously assisted with the following services:

- **Meal Delivery:** Assisted in the transport of prepared meals from community-based organizations to congregate (shared) housing sites from April to June 2020
- **Golden Gate Park Shuttle:** From April to July 2020, operated a weekday shuttle providing service from McLaren Lodge to Transverse Drive on JFK Drive to maintain access for the public during the JFK street closure.

Most of these services are being reimbursed by other City departments and are serving important needs for the City, as well as employment to drivers while demand for SF Access van service is reduced. During the COVID-19 pandemic, Transdev and the Teamsters union worked cooperatively to minimize impacts on drivers, ensure that all employees had adequate PPE, and implemented cleaning and safety procedures to reduce the possibility of transmission for both customers and staff.

5. Positive General Labor Relations

Transdev has committed to nurturing positive labor relations. Together with Teamsters Local 853, Transdev developed a competitive salary and benefits package to recruit and retain drivers and extend its terms to 2022. This agreement provides starting drivers with a \$23.50 per hour wage with gradual increases with experience, as well as 401K and additional vacation benefits.

6. Continuity and Stability During Uncertain Times

Exercising the option will allow Transdev to continue to operate in their current capacity without any disruptions to SF Paratransit clients. Any potential change in vendor would require a lengthy transition period, which, in our experience, is always unsettling to customers. Due to the unpredictable nature of the current health pandemic, such a transition would likely be even more difficult with the added safety measures and heightened concerns of customers. Even routine functions, such as hiring and training new staff, would be difficult with the social distancing measures in place. Customers are already negatively affected by the pandemic, and there is no reason to further disrupt services for those who are vulnerable and rely on the stability of paratransit services to complete

essential trips, when there is a cost-effective, customer-focused contract extension option available.

STAKEHOLDER ENGAGEMENT

The Executive Committee of the Paratransit Coordinating Council, an advisory committee comprised of paratransit consumers, community representatives, and service providers who provide feedback regarding the SF Paratransit program, were informed and are supportive of the SFMTA exercising the five-year option to extend the Agreement. In addition, the Executive Director of the Mayor’s Office on Disability has been briefed about our plans to move forward with the option.

ALTERNATIVES CONSIDERED

Accessible Services staff performed an analysis to compare the costs of contracting versus providing services in-house. Staff estimates that it would be 40 to 49 percent more expensive to provide paratransit services in-house as opposed to contracting out.

Accessible Services staff also examined the possibility of rebidding the contract. Due to the complexity of the SF Paratransit program and the type of specialized services provided, the Request for Proposals (RFP) process would likely take up to 12 months, including developing the RFP, evaluating submitted proposals, negotiating with the selected vendor, and receiving approval from the SFMTA Board and Board of Supervisors. If the decision were made to issue an RFP for a new contract, the SFMTA would need to execute, at minimum, a one-year extension of the current Agreement.

It is unlikely that a new RFP process would result in an agreement with more favorable terms than the current contract. Staff anticipates that any potential proposal would include an increase in costs when compared to the existing costs. In 2015, the San Francisco Board of Supervisors passed a prevailing wage ordinance, requiring any prospective vendor to propose a similar comprehensive wage and benefit package as the current contractor. As labor costs constitute approximately 80 percent of the overall cost to the paratransit program, it is unlikely that the SFMTA would receive alternative proposals that will provide cost savings. As mentioned above, the SFMTA negotiated favorable terms in the Agreement with Transdev. Those terms will continue for the option years, making exercising the option the preferred choice.

FUNDING IMPACT

The following operating funds are required for the paratransit contract and will be allocated in the SFMTA budget:

FY21/22	\$32,170,414
FY22/23	\$33,066,532
FY23/24	\$33,893,026
FY24/25	\$34,743,824
FY25/26	\$35,521,546

The SFMTA receives funding for paratransit services through various federal, state, and local sources. About 40 percent comes from San Francisco County Transportation Agency through Prop K Sales Tax and a County Block grant, 15 percent from the FTA, 6 percent from Bay Area

Rapid Transit District and three percent from the Department of Disabled and Aging Services. The remaining funding comes from the SFMTA Operating Funds.

SFMTA Board Action

On January 19, 2021, the SFMTA Board of Directors approved Amendment #6 to Contract No. SFMTA-2016-17, Paratransit Broker and Operating Agreement, with Transdev Services, Inc., to exercise the option to extend the term by five years, to June 30, 2026, and to increase the amount of the Contract by \$169,395,342, for a total Contract amount not to exceed \$312,297,446.

RECOMMENDATION

Staff urges that the San Francisco Board of Supervisors approve the Amendment #6 to Contract No. SFMTA-2016-17, Paratransit Broker and Operating Agreement, with Transdev Services, Inc., to exercise the option to extend the term by five years, to June 30, 2026, and to increase the amount of the Contract by \$169,395,342, for a total Contract amount not to exceed \$312,297,446.

Sincerely,



Jeffrey P. Tumlin
Director of Transportation