

Subject	Measure J San Ramon Valley School Bus Program Study and Funding Request
Summary of Issues	<p>In February 2008 the Policy Advisory Committee (PAC) for the San Ramon Valley School Bus planning project authorized the development of a request for proposals to engage a bus contractor to provide the proposed school congestion relief bus service. This action served as a “go forward” decision by the PAC to implement the service.</p> <p>In an effort to begin service for the 2009-10 school year, steps toward marketing and developing the infrastructure for the service need to begin as soon as possible. In its role as project lead, the Town of Danville has requested \$50,000 to conduct a more focused parent survey, begin developing marketing collateral and develop an interactive web page for the bus service.</p>
Recommendations	<p>That the Authority approve the revision to Resolution #06-02-P and Amendment No. 1 to Cooperative Agreement 21S.01 to increase the future reimbursement to the Town of Danville for the San Ramon Valley School Bus program to \$297,500.</p>
Financial Implications	<p>On March 15, 2006, the Authority approved a Measure J future reimbursement amount not-to-exceed \$247,500. This request is for an additional \$50,000 in future reimbursement from the Measure J SWAT subregional funds from the Safe Transportation for Children program in FY 2010.</p>
Options	<p>Do not authorize the future additional reimbursement. This could delay the marketing effort for the service implementation.</p>
Attachments (See APC Packet dated 4/3/08)	<p>A. Resolution #06-02-P (rev. 1) B. Letter from Town of Danville, dated March 19, 2008 C. Amendment No. 1 to Cooperative Agreement 21S.01</p>
Changes from Committee	<p><i>None</i></p>

Background

One category of Measure J provides funding for a program entitled, “Safe Transportation for Children,” and the specific language of the measure is recited below (relevant sections shown in bold and italics):

Safe Transportation for Children: School Bus Program 3.3% (\$66.4 million)

Eligible projects include the continued operation of the Lamorinda School Bus Program (\$26.4 million), **and the inauguration of a San Ramon Valley School Bus Program or other projects in the San Ramon Valley that reduce school related congestion, or improve the safety of children traveling to and from schools (\$40 million).** These programs, which provide congestion relief where capacity improvements are not feasible, also collect user fees from parents as well as other grant funding to cover operational expenses. In consultation with the affected jurisdictions the Authority may establish criteria for the services including but not limited to farebox return/parental contribution.

As described in the language of the Measure, funding will be made available for the development and operation of a school bus program for the purposes of providing traffic congestion relief in the San Ramon Valley. Funding from Measure J will be available starting in FY 2009-10 and all program elements and expenditures are subject to the review and approval of the Authority.

The Town of Danville is taking the lead in conducting a study of potential routes, services, costs and revenues. San Ramon, the County and the local school district are active participants. Study recommendations will be subject to the final review and oversight of the Authority prior to implementation, anticipated in Fall 2009. Assuming the recommendations are consistent with Measure J, the Authority would allocate Measure J funds accordingly.

In February 2008, the program's TAC, CAC and PAC considered two service delivery models:

- **Public Agency Model:** In this conceptual model, one of the four public agencies in the San Ramon Valley would deliver the bus transportation service using in-house personnel (management and bus drivers) as well as publicly owned assets (buses, shop, equipment and corporation yard). This model would resemble how a public school district might deliver bus service.
 - Model Pros:
 - Increased ability to affect service quality through the direct management of personnel and assets in a manner that is consistent with the public's expectations.
 - Model Cons:
 - Higher personnel cost and the high start-up costs associated with the necessity to acquire assets (buses, shop, equipment and land) which are not currently available through existing resources.
 - Less flexibility of such an organization to quickly adapt to changing program needs.
- **Contract Services Model:** In this conceptual model, the bus transportation service would be delivered by an organization(s) – either private or public – that can deliver a service based on a specific set of performance criteria. Specifically, the program would use primarily contracted personnel (bus drivers) and leased assets (buses, shop, equipment and corporation yard). This model would resemble how the Lamorinda School Bus Program currently delivers service.
 - Model Pros:
 - Lower personnel cost associated with the distribution of personnel costs across the contractor's larger employee pool.
 - The costs of associated assets would reflect an incremental percentage of the contract organization's assets – rather than the full costs of start-up acquisition.
 - Flexibility can be built into the organization to adapt to changing needs.
 - Model Cons:
 - The possible lower ability to affect service quality through the direct management of personnel and assets.

Based on the budget comparisons of the two models and after an extensive discussion, the PAC unanimously supported the "Contract Services" model of service delivery. Having made a decision on this key issue, the participants can now initiate steps to implement the service for the 2009-10 school year. Tasks include:

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- Define the program’s service performance criteria and requirements in a Request for Proposal for release to all interested parties;
- Define the governance structure that will provide the program management and oversight of contract services; and
- Initiate the necessary efforts to prepare for service delivery in 2009:
 1. Conduct a focused survey for the school populations targeted for service to refine the routes, stops and times;
 2. Develop an interactive web site that serves as the primary mechanism for ticket purchases, communicating with parents, and the source for the latest program information; and
 3. Develop the collateral to market the program and build a culture of student bus ridership in the San Ramon Valley. This effort would involve the creation of program images, brochures, copy write material and informational flyers.

The three items under the last bullet above require an additional authorization of \$50,000 for the program. The program partners are able to provide the funds but request to be reimbursed after Measure J begins.

Concurrence with Authority Policy. Under adopted Authority policies, a sponsor may request that the Authority agree to future reimbursement, after July 1, 2009, for local funds expended in the planning effort for operating programs, subject to the following conditions:

- a. *The sponsor(s) obtain formal concurrence for the funding advance from the respective policy board(s);*

The Town of Danville, City of San Ramon, San Ramon School District and the Board of Supervisors approved proceeding with the initial study. The Policy Advisory Committee for the program will consider the request for the additional reimbursement amount of \$50,000 at its meeting April 15th. The Danville Town Council is also considering the item at its April 2nd meeting. Resolution #06-02-P states that reimbursement with Measure J funds will be contingent upon demonstration of support by all participating entities.

- b. *The sponsor has taken the request, and supporting information, to the relevant RTPC and received its support for the advance;*

SWAT concurred with request at its March 2008 meeting.

- c. *The costs to be reimbursed do not exceed one-quarter (1/4) of the estimated first year’s annual revenues for the subregion’s share of the program from which reimbursement will be drawn;*

The Measure J Strategic Plan revenue estimate for the first year of the San Ramon School Bus Program is approximately \$1.67 million. \$297,500 would represent about 17.8% of the annual allocation.

- d. *The costs are solely for consultant or service provider activities necessary to better define parameters of the proposed service(s), including, but not limited to: (1) routing; (2) capital needs; (3) operating budget, including sources and uses of revenue, capital and operating costs,; (4) a consolidated financing plan; and (5) benefits to be gained from the service(s);*

The study scope is consistent with the above objectives and necessary for the timely delivery of the program.

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- e. *Sponsor's staff costs for oversight of the planning effort shall not be reimbursed, but consistent with current policy, costs for sponsors conducting in-house studies and/or tasks clearly related to the study and completed in-house could be reimbursed at actual salary plus a mark-up for benefits, not to exceed 50% of the hourly wage (1.5 x hourly salary); indirect costs (such as office rent, copier lease, etc.) and ongoing routine activities not related to the study shall not be reimbursed; and*

No staff costs are proposed for reimbursement by Measure J as part of this request. Measure J reimbursement is strictly limited to consultant costs.

- f. *Sponsor, the Authority, and the RTPC agree upon the reimbursement schedule, and how it might affect future operations, with such repayment to occur over a mutually agreed upon time frame after July 1, 2009; and*

Resolution 06-02-P states that reimbursement is expected to occur in FY2009-10 subject to availability of Measure J revenues. Cooperative Agreement 21S.01 provides for the Authority to consider reimbursement to the Town of Danville after October 1, 2009. Exact date or schedule will be determined at a later date.

- g. *After considering all of the above factors, the Authority determines that the request for future repayment is consistent with the intent of Measure J and the advance planning is necessary prior to July 1, 2009 for timely implementation of the proposed program, and that future reimbursement schedule is consistent with the anticipated Measure J cashflow; and*

Staff concurs that the proposed amendment of \$50,000 in additional funding is necessary to successfully promote the program in time for a proposed implementation of the 2009-10 school year.

- h. *The Authority and the sponsor enter into an agreement that spells out the conditions, requirements and timing for future reimbursement – including strict accounting of the eligible expenses for which the future reimbursement will be requested, including anticipated staff costs for in-house studies.*

Cooperative Agreement No. 21S.01 between the Authority and Town of Danville carries out the above objective.