

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
SEPTEMBER 16, 2014 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Termination of Operating Contract with Pace	Resolution Ordinance ✓ Motion Discussion Only	Nan Newlon, P.E. Director of Public Works

SYNOPSIS

A motion is requested terminating the contract with Pace for the Village's operation of the Grove Commuter Shuttle. **Pace will continue to operate the service using a third-party contractor and there will be no impact to the riders.**

STRATEGIC PLAN ALIGNMENT

The Goals for 2011 to 2018 include *Exceptional Municipal Services*.

FISCAL IMPACT

In FY14, annual operating revenues (rider fares and Pace contributions) will fall short of the annual operating expenses by approximately \$107,000. If the Village were to terminate the contract with Pace, the Village would no longer incur any expenses related to the operation of the bus service. Total Village staffing would be reduced by 3.4 full time equivalent positions as the 8 part-time bus driver positions would be eliminated. The Transportation Fund will be eliminated beginning with the FY15 budget.

RECOMMENDATION

Approval on the September 16, 2014 consent agenda.

BACKGROUND

The Grove Commuter Shuttle bus service has been in operation since 1974. From its inception to 2011, the Village operated the bus service with some financial assistance from Pace. During this time period the annual operating expenses exceeded annual revenues and resulted in a recurring operating deficit.

On March 13, 2012, the Village executed an agreement with Pace and the Village operated the bus service as an independent contractor for Pace. Under this agreement, operating revenues (rider fares and Pace contributions) were expected to cover operating expenses.

The agreement is available here: www.downers.us/public/docs/agendas/2013/12-17-13/AGENDA_PDFS/CONSENT/RES00_05439_PACE.pdf

Under the existing agreement Pace has the authority and autonomy to change the bus routes, service levels and all aspects of the Grove Commuter Shuttle. No changes to the service have been made by Pace since taking over operation of the system.

The termination of the agreement would shift the bus service provider from the Village to a private contractor working for Pace. Staff recently met with PACE officials to determine the impacts of this shift service. Pace indicated the following:

No Change in Authority - Since 2012 Pace has the authority to make all decisions about the operation of the Grove commuter shuttle bus system. With the termination of the agreement and the shift in contractors from the Village to a private sector company, Pace would retain all authority and decision making capabilities.

No Change in Routes & Service Levels - Pace indicated that the existing routes and service levels would remain unchanged for the foreseeable future. In the long run, Pace will evaluate the effectiveness and efficiency of these routes and may make changes they deem appropriate. Village officials and the public would be invited to participate in the decision making process.

Pace receives a majority of its funding from federal sources and must comply with significantly increasing regulations as a condition of funding. As their contract provider the Village is compelled to comply with these regulations. These include recent changes in hiring and employee management, bus maintenance and reporting requirements. These have increased the amount of time and money the Village spends operating the bus service. Staff estimates that actual expenses exceed reimbursement by Pace by \$107,000.

Driver Hiring & Management Process - Hiring bus drivers has become a very involved process requiring pre-employment motor vehicle records check, criminal background check, pre-employment drug screen, DOT physical, and certification of drug and alcohol test results from prior employers. All this information is required to be submitted on separate forms. Pace must approve of new drivers as a first step in the process. This requires the Village to submit the driver's name and social security number before any other steps take place. Once hired, drivers are required to attend and pass a 72 hour training course at Pace's Fox Valley training facility. It takes as long as two months to get a new driver through all these steps. As a result of the current job market and this lengthy hiring process, despite significant efforts, the Village has not been fully staffed with drivers since late in 2013. Due to this driver shortage Pace has been operating the North Route since March and will continue to do so for the foreseeable future.

Pace has advised that at least once per quarter, they expect other Village staff to ride along with the bus drivers on their route and develop a report on their performance. Pace also calls daily to obtain a verbal report on the status of operations. Two times per year the Village is required to complete an inspection of the clinic used for DOT physicals and drug screens and report the results to Pace.

Vehicle Maintenance - Vehicle maintenance requirements are causing the Village to allocate one full time mechanic to bus maintenance activities. Buses must be thoroughly cleaned weekly and cleaning must be documented and reported to Pace. Pace has unique documentation and

reporting for vehicle maintenance which requires the garage staff to work outside of standard procedures used for the rest of the Village fleet. Pace contacts the Village Fleet Manager daily regarding the status of bus maintenance. When bus maintenance does not comply with required intervals Pace officials arrive in the Fleet Garage waiting while service is completed. In some cases this has caused the Village to defer needed maintenance on Village vehicles, including police, fire and public works vehicles.

Monthly Reporting on Operations – Pace requires multiple reports on a monthly basis. Many of these reports contain the same information but go to different people at Pace. We track revenue and non-revenue bus miles, fuel use, on/off reports, maintenance reports to name a few.