

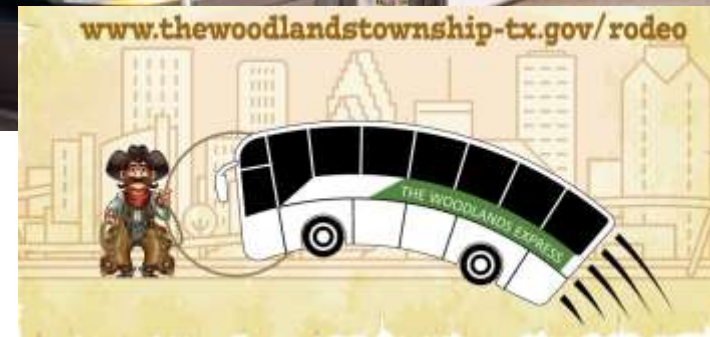
Commuter Bus Service Agreement Extension

Transportation & Infrastructure Department
March 30, 2022

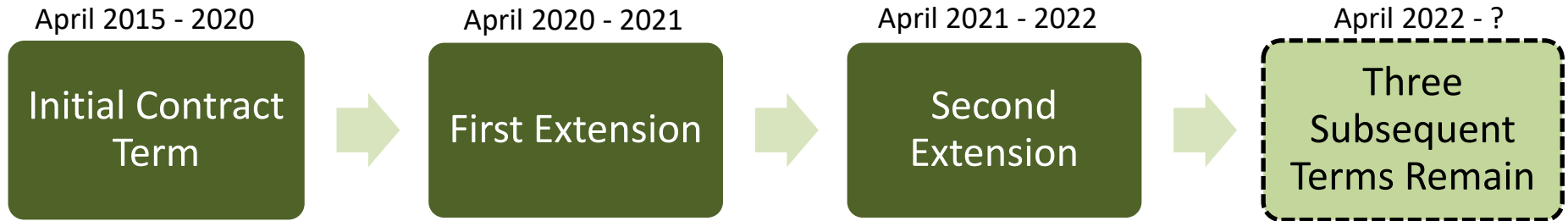


Background Information

- “Partial turn-key” service
- Commuter bus service- 3 Park and Ride locations to:
 - Downtown Houston
 - Greenway Plaza
 - Texas Medical Center
 - Energy Corridor (pilot)
- Rodeo Express Shuttle Service (2019, 2020 & 2022)
- 25 Township-owned coaches
- High quality service with high rate of completed trips with no exceptions



Contract Terms and Renewals



- Contract initiated April 30, 2015
- Initial 5-year term, with five, one (1) year “Subsequent Term” options
- Three remaining Subsequent Terms
- Subsequent Terms to negotiate good faith rate adjustments
- First two Subsequent Terms – 2% rate increase

COVID-19 Financial Impacts

First Class Transportation increased costs in:

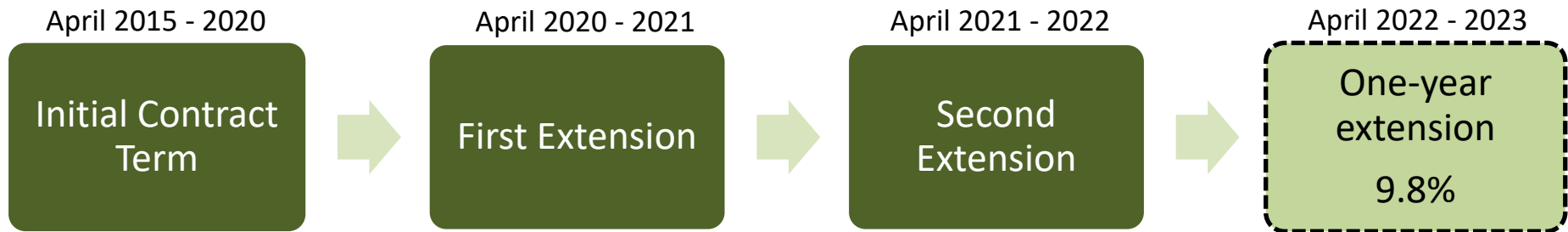
- Driver wages/driver competition
- Mechanic & Service Line Wages
- Vehicle maintenance activities



Contract Renewal Terms

Option 1: Execute One Subsequent Term (April 2022-May 2023)

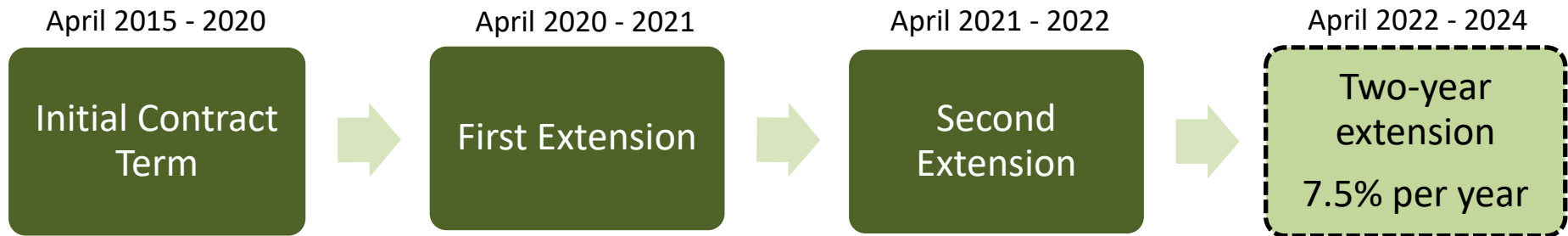
- 9.8% revenue hour rate increase
- \$280,683 - increased costs for length of term
- 100% of cost projected to be covered by CARES/ARP Act funds



Contract Renewal Terms

Option 2: Execute Two Subsequent Terms (April 2022- May 2024)

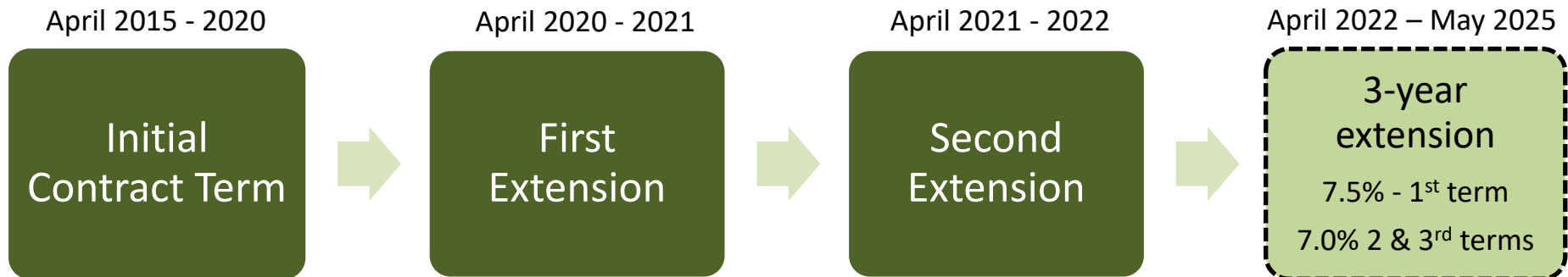
- 7.5% revenue hour rate increase both terms/years
- \$617,651 - Township's additional cost responsibility for two terms (less Federal formula grant funding and farebox revenue considerations)



Contract Renewal Terms

Option 3: Execute Three Subsequent Terms (April 2022-May 2025)

- 7.5% rate increase in first Subsequent Term
- 7.0% rate increase in second and third Subsequent Terms
- \$1,117,690 - Township's additional cost responsibility for three terms (less Federal formula grant funding and farebox revenue considerations)



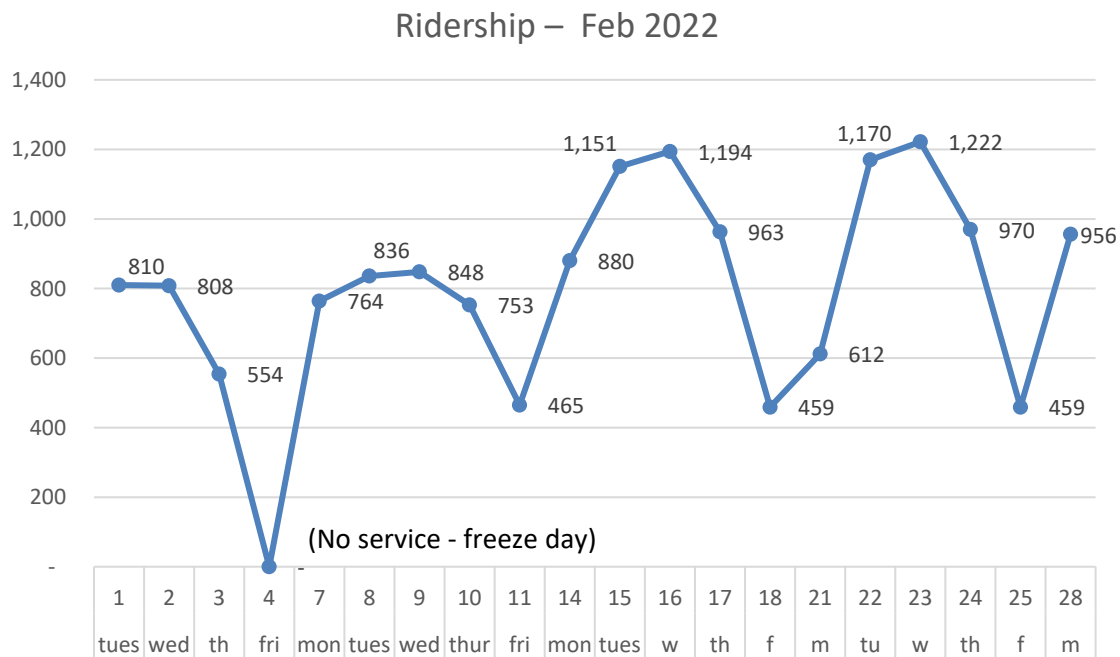
Contract Renewal Terms

First Class Transportation agreed to the following terms:

- Maintain Fuel Surcharge at \$4.00
- Revise Section 2.02 Adjustment of Rate for Changes to Scope of Services from an aggregate 25% to a 50% increase or decrease in total revenue hours threshold for rate adjustment re-negotiation
 - Assurance Township does not plan to make any service level changes between 25-50% for a period of 12 months
- If a multiple year extension is to be selected, the rate would be subject to negotiation if the annual Consumer Price Index for 2022 and 2023 is less than 6% or greater than 9%

COVID-19 Impacts to Ridership

- Recently increase in ridership relative to 2020/21.
- Increase in commuter flexibility
 - 1-4 days per week in office
 - Half days
 - Office-wide policies
 - At discretion of employee
- Challenge to determine ridership trends



COVID-19 Impacts to Service

Short Term Modifications

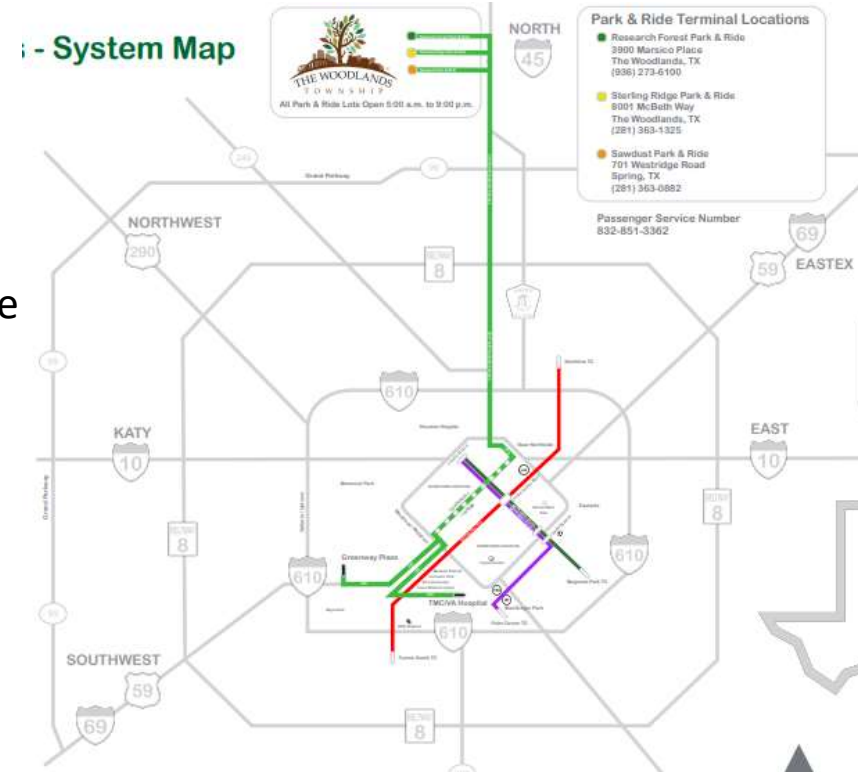
- Survey current ridership
- Corporate ticket partners communication
- Route review analysis

Goal: Reduce costs and inefficiencies in schedule while maintaining quality of service.

Long Term Modifications

- Route Planning Grant (*awaiting notice of competitive award*)
- Potential Re-bid Contract (2-year lead time)

Goal: Improve route capacity efficiencies



Long Term Service Planning

Apr 2022

- Notification of Route Planning Grant Award

May 2022-Feb 2023

- If Awarded – Complete Route Planning Grant and Analysis Study
- Develop service contract RFQ/P framework

Mar 2023

- Board review and approve revised route/schedule plan

Apr 2023

- Refine and finalize Service Contract RFQ/P

May 2023

- RFQ/P for Service Contract Release

Sept 2023

- Board review RFQ/P, selects vendor

Oct-Dec 2023

- Contract development/execution/Board approval

Jan-Apr 2024

- Ramp-up contractor

May 2024

- Service begins under new contract

Recommendation

- *Approve the extension of agreement with First Class Transportation, Inc. for two Subsequent Terms through 2024*
- *Accept the rate adjustment and contract terms as outlined*
- *Authorize the President/General Manager to execute the extension as approved to final form by legal counsel.*