STAFF REPORT

MEETING DATE:	**June 25, 2019**
SUBJECT:	**Approve Dignity Health Connected Living (DHCL) CTSA Budget and Contract Amendments**
AGENDA ITEM:	**11**
STAFF CONTACT:	**Kathy Urlie, Senior Transportation Planner** **Sean Tiedgen, AICP, Senior Transportation Planner** **Julie McFall, Associate Transportation Planner**

SUMMARY:

SRTA has contracted with Dignity Health Connected Living (DHCL) to provide Consolidated Transportation Services Agency (CTSA) services through June 30, 2022. Per the contract, the SRTA Board of Directors must approve an annual CTSA Budget. In addition to annual budget approval, staff recommendations include: adding supplemental funds to address CTSA security improvements; amending the CTSA contract to address the operation of Sunday On-Demand Transit Service for SRTA by DHCL and the CTSA Subsidy per Passenger Trip threshold; and authorize the executive director to finalize a lease agreement for use of new State of Good Repair (SGR)-funded SRTA vehicles by DHCL for CTSA and Sunday On-Demand Transit Services.

STAFF RECOMMENDATIONS:

It is recommended that the board of directors:

1. Approve the Fiscal Year (FY) 2019/20 DHCL Budgets for CTSA Operations and Sunday On-Demand Transit Services;
2. Approve a supplemental allocation of up to $40,000 of carryover CTSA Local Transportation Funds (LTF) to DHCL for security improvements;
3. Approve Amendment #1 to the agreement for the provision of specialized public transportation services between SRTA and DHCL adding provisions for the Sunday On-Demand Transit Service, and the adjustment to the CTSA Subsidy per Passenger Trip threshold; and
4. Authorize the executive director to execute a lease agreement to allow the use of SGR-funded vehicles by DHCL for CTSA and Sunday On-Demand Transit Services.

DISCUSSION:

DHCL FY 2019/20 CTSA Budget – Annually, DHCL prepares a budget for the CTSA service for which they contract with SRTA to provide. The FY 2019/20 budget totals $405,269, with $370,054 being Transportation Development Act (TDA) funds from the 5% CTSA set aside, plus $35,215 of fare revenue (see Attachment A). This is an approximately 12% increase over the current year expenditures to date, and is primarily due to increased labor costs, and maintenance and operating expenses, in that order:

- Labor – Minimum wage is increasing, plus one partially vacant driver position will be fully staffed all year.
- Maintenance and Operating – Anticipated increases in vehicle maintenance expenses due to an aging fleet, and fuel price increases.

Although not showing directly as revenue, the line item in Attachment A of $87,018 is a contribution from Mercy Medical Center Redding (MMCR) to help offset overhead associated with CTSA operations ($97,081). As a result, a minimal $10,063 is charged to the CTSA 5% budget for overhead items like insurance, administration, information technology support, etc.

CTSA Performance – CTSA performance has been dropping over the last several years in several categories, like farebox ratio, passengers per hour, cost per service hour, passengers per service mile, and the contract minimum threshold of annual TDA subsidy per trip. SRTA staff has met multiple times with DHCL to discuss increasing performance standards. At a meeting in January 2019, DHCL indicated that they had raised fares to $3 per trip from $2 per trip and would be reinforcing fare collection techniques with the drivers. SRTA staff suggested the following methods for consideration to enhance performance: market the service; and apply the new Sunday On-Demand Transit Service RouteMatch Software to their existing service and look for economies of scale in service delivery. In recognition that expenses are rising more quickly than revenue, SRTA staff recommends an alteration to the TDA subsidy per passenger trip threshold ($19.75) in the contract to include an annualized adjustment for inflation (see Attachment C). For July 1, that would increase the threshold to $21.12 based on FY 2017/18 inflation in California and FY 2018/19 inflation to-date (through April 2019).

DHCL FY 2019/20 CTSA Security Improvements – In addition to the FY 2019/20 CTSA Budget, staff recommends designating up to $40,000 of prior years' unused CTSA funds to assist in addressing CTSA vandalism and security. DHCL has been dealing with on-going vandalism of CTSA service vehicles and facilities on-site at DHCL and is additionally concerned about driver security. DHCL will make improvements to enhance security and reduce vandalism. Such improvements **may** include but are not limited to, more secure fencing, on-board cameras, landscaping thinning, and security surveillance. CTSA security project improvements will be subject to approval by the SRTA executive director.

Sunday On-Demand Transit Service – The contract between SRTA and DHCL has provisions to allow DHCL to provide pilot demonstration projects for up to three years for each requested service. SRTA is contracting with DHCL to operate the Sunday On-Demand Transit Service during the two-year demonstration. Operational costs for FY 2019/20 are estimated at $132,966 (see Attachment B and Agenda Item #10 for details). Items related to performance goals, duration of the project, and how DHCL is reimbursed with grant funds need to be amended into the contract (see Attachment C).

Lease Agreement for Use of SRTA Vehicles – In April 2019, the SRTA Board of Directors approved $286,143 of SGR funds to purchase three Ford Transit 350EL vehicles to improve and modernize existing CTSA transit services. The vehicles will also be used for the Sunday On-Demand Transit Service when not in use for CTSA services. As a condition of the SGR funding, SRTA must have title to the vehicles. A lease agreement is in development between SRTA and DHCL, as well as their respective legal teams, identifying the terms of use prior to the vehicles being in service. Approval is needed to allow the executive director to finalize and sign the lease agreement.

ALTERNATIVES:

The board of directors may approve a different CTSA budget or may request modifications to the contract amendment, consistent with agency policies and grant program guidelines.

OTHER AGENCY INVOLVEMENT:

The cities, county, RABA, and the Social Services Transportation Advisory Council (SSTAC) have provided input throughout the development of the Sunday On-Demand Transit Service project and procurement of the SGR-funded vehicles. SRTA staff has met several times with DHCL staff to review and adjust the proposed FY 2019/20 CTSA and Sunday On-Demand Transit Service budgets. A verbal update was provided at the June Technical Advisory Committee (TAC) meeting.

FISCAL IMPACT:

For the FY 2019/20 CTSA Budget, the 5% Local Transportation Fund (LTF) set-aside of $370,054 has been included and approved in SRTA's FY 2019/20 Overall Work Program. With approval of the staff recommendation, an additional $40,000 of CTSA carryover from prior years will be allocated for CTSA security improvements. For the Sunday On-Demand Transit Service budget ($132,966), LCTOP grant funds have been currently designated for the first year of operation. There is no direct fiscal impact to SRTA for the lease agreement for DHCL's use of three new SRTA transit vehicles, and for the recommended revision to the CTSA performance standards.

Sean Tiedgen, AICP, Senior Transportation Planner

Attachments:

A. DHCL FY 2019/20 CTSA Budget
B. DHCL Sunday On-Demand Transit Service Budget
C. Amendment #1 to SRTA-DHCL Contract for Specialized Public Transportation Services

Attachment A
DHCL FY 2019/20 CTSA Budget

CONNECTED LIVING

FY 2019/20 BUDGET

Annualized through Peri 8

GRANT		**CTSA Services**			
Activity #		**45154208323**			
Responsibility		**Fred Clough**			
ACCOUNT CATEGORY		**FY 2018/19 Annualized**	**Adjustments**	**Notes**	**Adj Budget**
OP Revenue	312	-	-		-
State Grant Income	407	337,272	32,782		370,054
Federal Grant Income	409	-	-		-
Other Project Income	419	(1)	-		(1)
Grant Income (Fares)	426	23,783	11,432	based on annualized CTSA tripsx$3	35,215
Facility Rental	435	-	-		-
Other - ADHC W/Os	270	-	-		-
TOTAL REVENUES		**361,054**	**44,214**		**405,269**
Salaries and Wages	511	191,504	23,521		215,025
Salaries and Wages-	512	-	-		-
Salaries-Activity Dir	523	-	-		-
Salaries-Admin Asst	524	-	-		-
Salaries-Billing Clerk	525	-	-		-
Salaries-Business	526	-	-		-
Salaries-Coordinator	527	-	-		-
Salaries-Data Entry	528	-	-		-
Salaries-LVN	531	-	-		-
Salaries-Occup	532	-	-		-
Salaries-Physical	533	-	-		-
Salaries-Program Asst	534	-	-		-
Salaries-Program	536	78	-		78
Salaries-LCSW	541	-	-		-
Salaries-Registered	542	-	-		-
Social Worker	543	-	-		-
Salaries-Social Worker	544	-	-		-
Payroll Taxes	513	16,014	2,534	Per actual expenditures annualized	18,548
Workers'	514	3,699	602	Per actual expenditures annualized	4,301
DH Employee Benefits	602	16,690	1,182	Per actual expenditures annualized	17,872
In-Kind Contrib-	423	-	-		-
In-Kind Personnel	517	-	-		-
In-Kind Raw Food 635	605	-	-		-
In-Kind	582	-	-		-
Food Service Supplies	553	-	-		-
Raw Food Costs	535	-	-		-
Supplies-Non Medical	650	-	-		-
Supplies-Other	651	(599)	799		200
Supplies-Food	652	-			-
Supplies Office	653	5,153	(3,153)	estimated avg costs for supplies	2,000
Supplies-Medical	690	-	-		-
Supplies-Minor	691	65	-	per actuals annualized	65
Prof Fees-Legal (Corp)	230	-	-		-
Bank Fees	516	0	-		0
Consultants	540	6,779	403	per actuals annualized	7,182
Long Distance Travel	554	1,314	(514)		800
Use	559	1,005	-		1,005
Repairs & Maint-	562	40,031	(3,031)	per actuals annualized	37,000
Vehicle Operations	563	48,887	6,412	peractuals annualized+.35gas	55,299
Outside Services	566	537	3,463	audit costs + actuals	4,000
Repairs & maint-Equip	573	-	-		-
Cleaning	579	43	(43)	moved to category 900	(0)
Security	588	903	(903)	moved to category 900	0
Purch Serv-Medical	611	-	-		-
Purch Serv-Therapy	612	-	-		-
Purch Serv-Other	643	8,776	(8,776)	moved to category 900	0
Contract Labor	660	-	-		-
Purch Serv-Repairs &	661	15	85	per actuals annualized + extra	100
Freight	662	-	-		-
Dues and	664	873	(98)	per actuals annualized	775
Printing and	666	-	-		-
Outside Training	667	1,338	(2)	per actuals annualized+809	1,336
Purch Serv-Catering	697	-	-		-
Purch Serv-	699	85	15		100
Utilities	552	1,433	(698)	per Laura's utilities allocation sheet	735
Telephone	663	3,426	(2,426)	Per Laura	1,000
Rental-Building	668	8,200	-		8,200
Rental-Equipment	669	12,220	(92)	Per actual expenditures annualized	12,128
Travel-Expensed	665	(221)	721		500
Travel-Mileage	670	-	-		-
Volunteer Meals	547	-	-		-
Volunteer Recognition	548	-	-		-
Volunteer Stipends	549	-	-		-
Indirect Expense	546	-	-		-
Liability/Bonding Ins	574	-	-		-
Fundraising Expense	575	-	-		-
Taxes & licenses 571	576	3,646	3,311	per act annualized+$3.7K new reg.	6,957
MMCR Contribution	421	(89,999)	2,981	per Laura's FY20 allocation sheet	(87,018)
Overhead	900	79,159	17,922	Corp+MMCR+Admin salaries allocat	97,081
Investment revenue	791	-	-		-
Waived Services	860	-	-		-
TOTAL EXPENSES		**361,054**	**44,215**		**405,269**
NET INCOME(LOSS)		**-**	**-**		**-**
				CTSA Security Improvements	
Revenue - TDA CTSA Carryover		**-**	**-**	One-time allocation from SRTA	**40,000**
Expense - Security Improvements		**-**	**-**	Security improvements on-site and on-board with SRTA advance approval	**40,000**
NET INCOME(LOSS)		-	-		-
TOTAL TDA REVENUE					410,054

CONNECTED LIVING	Attachment B			
FY 2019/20 BUDGET	DHCL FY 2019/20 Sunday On-Demand Transit Service Budget			
Annualized through Period				
GRANT	Sunday Service (Shasta Connect)			
Activity #	45154 9031			
Responsibility	Fred Clough			
ACCOUNT CATEGORY	FY 19-20	FY 20-21 (Future)	Notes	Adj Budget
OP Revenue 312				-
State Grant Income 407				-
Federal Grant Income 409				-
Other Project Income 419				-
Grant Related Income 426	132,966	-	LCTOP Funds	132,966
Facility Rental 435				-
Other - ADHC W/Os 270				-
TOTAL REVENUES				**132,966**
Salaries and Wages 511	64,827			64,827
Payroll Taxes 513			Included in line 511	-
Workers' Compensation 514			Included in line 511	-
DH Employee Benefits 602			Included in line 511	-
Supplies-Other Purchases 651	3,500		tablets, computer, hardware	3,500
Consultants 540	1,129			1,129
Long Distance Travel 554				-
Use Allowance/Depreciation 559				-
Repairs & Maint-Vehicle 561 562	5,610		Repairs, Maint, Inspections, tires	5,610
Vehicle Operations 563	32,968		Fuel	32,968
Dues and Subscriptions 664	922			922
Utilities 552	238			238
Telephone 663	571			571
Rental-Building 668	1,367			1,367
Rental-Equipment 669	2,033			2,033
Taxes & licenses 571 576	608			608
MMCR Contribution 421				-
Overhead 900	19,193			19,193
Investment revenue 791				-
Waived Services 860				-
TOTAL EXPENSES				**132,966**
NET INCOME(LOSS)				**-**
	-	-		-
TOTALS				
REVENUES	**-**	**-**		**132,966**
SALARIES	**64,827**	**-**		**64,827**
P/R TAXES & BENEFITS	**-**	**-**		**-**
EMPLOYEE COSTS	**64,827**	**-**		**64,827**
IN-KIND EXPENSES	**-**	**-**		**-**
SUPPLIES EXPENSES	**3,500**	**-**		**3,500**
SERVICE EXPENSES	**40,629**	**-**		**40,629**
RENT & UTILITIES	**4,209**	**-**		**4,209**
TRAVEL EXPENSES	**-**	**-**		**-**
VOLUNTEER EXPENSES	**-**	**-**		**-**
OTHER EXPENSES	**19,801**	**-**		**19,801**
INVESTMENT REVENUE	**-**	**-**		**-**
WAIVED SERVICES	**-**	**-**		**-**
EXPENSES	**-**	**-**		**132,966**
NET INCOME(LOSS)	**-**	**-**		**-**
	-	-		-

Attachment C

AMENDMENT #1 TO THE AGREEMENT FOR THE
PROVISION OF SPECIALIZED PUBLIC TRANSPORTATION SERVICES
BETWEEN THE
SHASTA REGIONAL TRANSPORTATION AGENCY
AND
DIGNITY HEALTH CONNECTED LIVING

This amendment is entered into between the Shasta Regional Transportation Agency ("SRTA") and Dignity Health Connected Living ("DHCL").

The following sections are hereby modified, replaced or added in their entirety in the agreement between SRTA and DHCL for the purpose of providing specialized public transportation services, executed on July 1, 2017:

WHEREAS, Appendix A is amended as follows:

DHCL shall provide public transportation services that meet the following criteria:

8. The average annual TDA Subsidy per Passenger Trip shall not exceed $19.75, annually increased for inflation. This amount shall be updated periodically. ~~annually as part of SRTA's Unmet Transit Needs Process.~~ If DHCL costs are above this rate, SRTA will meet with DHCL to review the reasonableness of the standard and either modify the standard or agree on methods and a timeframe for compliance. If the service provider still cannot meet the applicable standard, SRTA will not reimburse above the applicable rate per passenger trip effective upon written notification from SRTA.

17. Per above Section 14 of Appendix A, SRTA and DHCL will initiate ~~an On-Demand~~a Sunday On-Demand Transit Service pilot in FY 2019/20. Performance g~~G~~oals for the Sunday Transit Service Demonstration project are intended to measure service quality and efficiency. These goals are aspirational, ~~and~~ not mandatory, but will be used to evaluate whether service should continue beyond the two-year demonstration ~~project~~. The goals are as follows:

a.	Passengers per hour	1.5
b.	Cost Per Vehicle Revenue Hour	$42.58
c.	Average Annual Subsidy per Trip	$11.43
d.	Passengers Per Revenue Mile	0.20
e.	Denied Trips	0
f.	Number of Valid Complaints	0
g.	Number of Missed Trips	0
h.	On-time Performance	90%
i.	Trips Exceeding Maximum Wait Time	Less than 5%

j.	Trips Exceeding Maximum Ride Time	Less than 5%
k.	Seat Utilization	25%

WHEREAS, Appendix B is amended as follows:

DHCL shall be reimbursed for CTSA services as follows:

For ease of administration and to ensure compliance with the provisions of this agreement, DHCL's claim for Transportation Development Act funds shall be remitted directly to SRTA in the SRTA Board of Director's allocation instructions. Reimbursement from SRTA to DHCL will be based on DHCL's monthly invoices of eligible costs. The total reimbursement shall not exceed the SRTA Board of Directors' approved annual allocation. Reimbursement from any other funding sources must first be approved by the SRTA Board of Directors and shall utilize the same monthly invoice process.

The format of DHCL's invoices for approved pilot or demonstration projects shall be determined by SRTA at the time such services are authorized by the SRTA Board of Directors. The format will be relayed to DHCL in writing.

Invoices will not be processed more frequently than monthly, while reimbursement shall not exceed the SRTA Board of Directors' approved service allocation.

DHCL shall be reimbursed for Sunday Transit Demonstration services, as follows:

Reimbursement from SRTA to DHCL will be based on DHCL's monthly invoices up to the amount allowable based on the fare rate of $15.00 per fare times the number of fares provided for the same period. Where the number of fares provided is higher than actual DHCL costs, SRTA will hold aside those fare reimbursements to be provided to DHCL if the costs of service in a future month are more than the number of fares received.

The number of fares for each invoice shall be calculated based on the actual service rides provided, per the service software application.

Reimbursement shall not exceed available grant funds and the SRTA Board of Directors' approved service allocation.

All other terms of the agreement remain unchanged by these amendments.

IN WITNESS WHEREOF, SRTA and DHCL executed this agreement on the day and year set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the party on whose behalf his/her execution is made.

Shasta Regional Transportation Agency:

____
Daniel S. Little, AICP, Executive Director

____
Date:

____
John Kenny, SRTA Legal Counsel

____
Date:

Dignity Health Connected Living:

___________________________________ TAX ID#: 23-7115371
Duly authorized DHCL signatory

____
Date: