

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: Amendment to Transit Operations Contract
DATE: August 3, 2004

Needs:

For the Council to consider approval of amendment to transit operations contract with Laidlaw Transit Services.

Facts:

1. The City currently has a contract with Laidlaw Transit Services to operate the City's transit system.
2. In June 2001, the contract was modified to provide additional compensation to Laidlaw Transit Services to cover increased staff wages and benefit costs.
3. The purpose of the increase was to provide financial resources to Laidlaw Transit Services to assist in employee retention and attract new employees as vacancies occur.
4. Three years later, Laidlaw Transit Services is again requesting a contract modification for the same purpose.

**Analysis
and
Conclusions:**

The City's transit operator has been experiencing difficulty in retaining drivers and dispatchers as well as recruiting new employees. Recent increases in state minimum hourly pay rates has brought the minimum wage to nearly the same level as the entry hourly pay rates for Laidlaw dispatchers and drivers. This "compaction" does not attract new employees given the higher level of responsibility and training required for transit services. In recent months, employee turnover has been increasing because other employment opportunities without similar responsibility and training requirements are more attractive.

While the City has a valid contract through June 30, 2007 that sets the compensation due Laidlaw, their increasing inability to retain and attract staff may have a negative impact upon City transit operations. Without qualified drivers, the City might find itself in a position of being short of drivers. Thus, a situation could arise that would force the city to take a bus out of service.

All other transit systems in SLO County provide hourly pay scales much higher than those currently provided under the Paso Robles contract. Hourly pay scales for similar work classifications for city staff are higher as well.

The proposed amendment would provide sufficient resources for employee retention and attract new staff as vacancies occur during the remaining year of the contract. This is particularly important given the pending expansion of fixed route services that will require the hiring of two to three new drivers.

Fiscal Impact:

The estimated annual cost impact is identified as follows:

Fiscal Year 2005 ¹	\$22,400
Fiscal Year 2006	\$28,200
Fiscal Year 2007	\$29,400

The specific monthly and hourly rates are identified in the attached proposal from Laidlaw Transit Services dated June 16, 2004.

The City will have sufficient TDA and Federal Transit Administration funds to cover the increased cost.

If the budget appropriation for increased staff wages is approved by Council it will not have an impact on transit fares as there is no proposal to increase fares. With regard to farebox ratio, assuming that ridership during fiscal year 2005 would grow at the same rate as fiscal year 2004, there would be no impact from the increased operating cost. If ridership remained unchanged (an unlikely happening), the farebox ratio would decline by 7/10 of 1%. (19.04 to 18.31).

¹ Partial year beginning September 1, 2004

Options:

- a. Adopt Resolution No. 04-xx approving a contract amendment with Laidlaw Transit Services; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 04-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING AN AMENDMENT TO THE AGREEMENT WITH LAIDLAW
TRANSIT SERVICES, INC. FOR PROVIDING TRANIST SERVICES

WHEREAS, the City has an existing agreement with Laidlaw Transit Services, Inc. to provide transit operations services; and

WHEREAS, this agreement expires June 30, 2007; and

WHEREAS, Laidlaw Transit Services, Inc. has provided satisfactory transit services to the community; and

WHEREAS, recent increases in the minimum hourly wage rates has resulted in difficulties in retaining and attracting qualified staff; and

WHEREAS, comparable hourly wage rates for other transit operators throughout San Luis Obispo County are higher including Laidlaw Transit Service drivers for City of Atascadero; and

WHEREAS, the lack of the qualified staff may negatively impact City transit operations.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso de Robles that the agreement amendment attached herewith as Exhibit "A" is approved and the Mayor is authorized to execute said amendment.

BE IT FURTHER RESOLVED that the following budget appropriations to transit operations are hereby approved from the Transportation Operations Fund:

206-140-5224-130	\$ 6,500	Dial-a-Ride Operations
206-140-5224-131	\$20,400	Fixed Route Operations

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 3rd day of August 2004 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

AMENDMENT TO TRANSIT SERVICES AGREEMENT

THIS AMENDMENT is entered into this 3rd day of August, 2004 and between the CITY OF EL PASO DE ROBLES, a municipal corporation (the "CITY") and LAIDLAW TRANSIT SERVICES, INC., a California corporation ("CONTRACTOR").

RECITALS

- A. CITY AND CONTRACTOR have previously entered into a Transit Services Agreement, dated April 1, 1997, (the "Agreement") for the provision of certain local public transportation services by Contractor to the citizens of City.
- B. CITY and CONTRACTOR wish to make certain changes to the Agreement, as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing recitals and covenants and agreements of each of the parties mutually do agree as follows:

Section 5.A is hereby amended in its entirety to read as follows:

"The CONTRACTOR shall be paid \$14,906 per month plus \$20.05 per RSVH beginning September 1, 2004. For each subsequent fiscal year, the compensation rates shall be adjusted as follows:

July 1, 2005	\$15,508	\$20.89 per RSVH
July 1, 2006	\$16,137	\$21.72 per RSVH

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by and between their respective officers thereunto duly authorized on the date written below their signatures.

CITY OF EL PASO DE ROBLES

Date: _____, 2004

By: _____
Frank R. Mecham, Mayor

-AND-

LAIDLAW TRANSIT SERVICES, INC.
A California corporation

Date: _____, 2004

By: _____

Title: _____