

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 10-04-____
OFFICIAL COMMISSION MEETING
APRIL 1, 2010**

SECOND: _____

**RE: AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO EXECUTE
CHANGE ORDER NUMBER 14 OF THE FIRST TRANSIT BUS SERVICES
OPERATING CONTRACT TO BEGIN PAYING FIRST TRANSIT FOR
CURRENTLY UNCOMPENSATED STRATEGIC BUS HOURS AND
FORMALLY ESTABLISH THE FUTURE HOURLY RATE FOR SUCH
SERVICES**

WHEREAS, the Potomac and Rappahannock Transportation Commission (PRTC) provides strategic buses for quick deployment in the event of unusually heavy traffic congestion, breakdowns, accidents and the like, to minimize customer impact (hereinafter referred to as “strategics”); and

WHEREAS, the PRTC request for proposals (RFP) leading to the selection of First Transit as PRTC’s operations and maintenance contractor in 2002 prescribed a set number of strategics as a service requirement (36 hours daily), which was accounted for in the revenue hourly rate First Transit incorporated as part of its proposal because the strategics are not themselves revenue hours; and

WHEREAS, in 2005 PRTC and First Transit agreed that it would be in PRTC’s and First Transit’s mutual interest to supplement the strategics with an additional strategic confined to the afternoon peak period, compensated at a rate representing First Transit’s avoidable cost rather than the revenue hour rate payable by PRTC to First Transit, in order to make the supplemental strategic affordable for PRTC; and

WHEREAS, the 2005 understanding resulted in an additional 4.5 “strategic” hours compensated at the “avoidable cost” rate; and

WHEREAS, over the ensuing five years, the equivalent of 14.33 additional daily strategic hours have been added by First Transit on its own volition as a further safeguard of the operations, without even “avoidable cost” compensation; and

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WHEREAS, First Transit recently requested compensation at the avoidable cost rate for these 14.33 additional daily strategic hours; and

WHEREAS, PRTC management believes the “avoidable cost” compensation request is fair and justified; and

WHEREAS, First Transit is willing to provide still more strategic hours at an “avoidable cost” rate that PRTC determines to be necessary; and

WHEREAS, funding for the remainder of FY 2010 is available through favorable budget variances to defray the cost of the 14.33 additional daily strategic hours for the balance of the current fiscal year, and the FY 2011 budget as proposed has adequate resources to allow such compensation to be sustained.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to execute Change Order Number 14 to begin compensating First Transit for existing strategic service hours, effective April 1, 2010.

BE IT FURTHER RESOLVED that Change Order Number 14 establishes the “avoidable cost” compensation rate for future strategic service hours expansion as deemed necessary by PRTC.

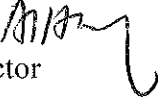


Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

April 1, 2010

TO: Chairman May and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Authorization for the Executive Director to Execute Change Order Number 14 of the First Transit Bus Services Operating Contract to Begin Paying First Transit for Currently Uncompensated Strategic Bus Hours and Formally Establish the Future Hourly Rate for Such Services

Recommendation:

Authorize the Executive Director to execute Change Order Number 14 of the First Transit bus services operating contract to begin paying First Transit for currently uncompensated strategic bus hours and formally establish the future hourly rate for such services.

Background:

Strategic bus operators are assigned a vehicle and "stage" in a convenient location so that dispatchers can quickly deploy them in the event of unusually heavy traffic congestion, breakdowns, accidents and the like, to minimize customer impact (hereinafter referred to as "strategics"). The concept of providing strategics was initiated in 2002 when PRTC incorporated a requirement for one strategic on the eastern side of the PRTC service area all day long, a second on the western side, and a third in the Pentagon/DC area for the afternoon rush hour. Because the hours associated with these strategics were not revenue hours per se, proposers were expected to embed the cost they would incur to satisfy the "strategics" requirement as part of the revenue hour rate proposed in response to PRTC's request for proposals (RFP), and First Transit did so.

By 2005, changes in traffic conditions and growth in the scope of PRTC's bus operation were such that PRTC and First Transit management agreed an additional strategic was needed for the afternoon rush. Mindful of its resource constraints, PRTC management proposed to First Transit that compensation for the additional strategic be payable at First Transit's "avoidable cost" rather than the revenue hour rate, and First Transit's on-site management agreed. The added cost on an annualized basis at the then "avoidable cost" rate amounted to just over \$20,000 per year, a sum which was small enough for the Executive Director to authorize himself based on the Commission's purchasing delegation of authority.

Chairman May and Commissioners

April 1, 2010

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Over the ensuing five years, worsening traffic congestion and further growth in the scope of PRTC's bus operation have prompted First Transit to add still more strategics to safeguard the operation, but the strategics added since 2005 were added without even "avoidable cost" compensation payable by PRTC. First Transit did not see fit to seek compensation for these additions because they happened incrementally such that the magnitude of the cost incurred by First Transit for doing so was not fully understood. All told, these additional strategics amount to 14.33 daily hours, which First Transit management sized for the first time in the course of its own budgetary stocktaking. Cognizant of the magnitude of what has been added, First Transit is now requesting compensation for these hours at the current "avoidable cost" rate (i.e., \$24 per hour). PRTC management believes the compensation First Transit is seeking is fair and justified, and therefore recommends the Commission's approval, effective April 1, 2010. PRTC management is also recommending that the Commission approve compensation of additional strategics as may be required in the future (at the prevailing "avoidable cost" rate), where determinations of what additional strategics are required are subject to PRTC and First Transit management joint approval. As described in the fiscal impact statement below, the added cost of these additional strategics is now such that Commission approval is required.

Fiscal Impact:

The current annual cost of paying for additional strategic hours at an avoidable cost rate is \$86,667.84. For the last quarter of FY 2010 this amounts to \$21,666.96, which can be covered by favorable budget variances. For FY 2011, the annual cost can be covered by tapping the modest "contingency hours" allowance built into the budget as proposed. In ensuing years, the cost of these strategics will be explicitly accounted for as part of each year's budget preparation process.