



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 09/17/2019

ITEM NO: 6

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**DATE:** September 12, 2019  
**TO:** Mayor and Town Council  
**FROM:** Laurel Prevetti, Town Manager  
**SUBJECT:** Adopt Performance Metrics for the School Bus Pilot Program and Authorize the Town Manager to Issue a Request for Qualifications for Outsourcing Operations Oversight and Customer Service Functions

**RECOMMENDATION:**

Adopt performance metrics for the School Bus Pilot Program and authorize the Town Manager to issue a Request for Qualifications for outsourcing operations oversight and customer service functions

**BACKGROUND:**

The Town has identified a school busing program as one piece of a multi-faceted approach towards relieving congestion around schools. Upon completion of a Congestion Relief School Bus Feasibility Study, the Town Council, at its June 5, 2018 meeting, authorized staff to proceed with a school bus pilot program. At its September 18, 2018 meeting, the Town Council authorized funding to provide a pilot service consisting of two routes for 18 months of service.

The two-route pilot service started on January 7, 2019. At the March 19, 2019 meeting, the Town Council received the School Bus Program Business Plan and provided direction to staff for the ongoing program. The first half year of service (second half of the 2018-19 school year) ended with a total of 118 paid passengers, slightly exceeding original expressed level of interest.

The pilot service continued into its second year with service delivery aligned with the start of school on August 15, 2019. The current year service includes the original two routes (A and B) and a new afternoon- only Route C from the High School, all within the approved budget. The second year of the pilot also allows for the purchase of one-way passes either to school or

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Transportation and Mobility Manager

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Parks and Public Works Director

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BACKGROUND (continued):

home from school. One-way passes are tracked as part of a full day equivalent pass in reporting. As of the end of August, there were 116 full day equivalent passengers on Routes A and B and 21 passengers on Route C.

DISCUSSION:

In response to some of the issues analyzed in the Business Plan, staff is bringing several proposed performance metrics for the Council's consideration. In addition, staff is proposing an approach for more effective management of the service by soliciting qualified consultants to fulfill the operations oversight and customer service functions.

*Performance Metrics*

Based on the Council and other stakeholder input, staff is proposing three primary performance metrics.

*Subscriptions:* This metric measures a level of interest in the program and demonstrates potential ridership measured by full day equivalent passes sold.

*Ridership:* This metric balances the subscriptions metric by measuring the number of passengers actually on the bus on a regular basis. The measure provides specific data towards the goal of the program to reduce traffic around schools and is measured as a percentage of actual riders to passes sold.

*Funding:* This metric captures the amount of funding the program has that is not directly Town funds. This includes grant funds and fares and is measured by the percentage of non-Town funds compared to total program cost.

The evaluation will also include target milestones to monitor the program's growth over a period of three years. Table 1 shows details of the performance metrics and the target milestones over three years, should the Council at a future date decide to extend the service for an additional year (FY 2020/21).

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DISCUSSION (continued):

Table 1 - Performance Metrics and Target Milestones

	<b>Year ½ (FY18/19)</b>	<b>Year 2 (FY19/20)</b>	<b>Year 3 (FY20/21)</b>
	<b>Baseline</b>	<b>Target</b>	<b>Target</b>
Subscriptions	<b>59</b>	<b>62</b>	<b>65</b>
Ridership	<b>47%</b>	<b>65%</b>	<b>75%</b>
Funding	<b>10%</b>	<b>35%</b>	<b>60%</b>

These performance metrics provide a simple and yet comprehensive structure to evaluate the program as they help evaluate effectiveness of different aspects of the program. The number of subscriptions metric is most achievable, as indicated by the current school year’s sign ups. The Town’s experience thus far indicates that to achieve the target subscriptions, there needs to be corresponding high levels of service quality and customer care.

Although the passenger sign ups aligned with the original expressed level of interest, the actual day to day ridership has been lower than anticipated and as a result, the program’s effectiveness in traffic reduction is much less than its potential. Funding has also been challenging as subscribers appear to have fare price sensitivity which limits cost recovery efforts.

Several alternative funding options may help bolster the program. Staff is pursuing a Transportation Fund for Clean Air (TFCA) grant and funds from the upcoming Measure B program. Table 2 shows the financial details based on actual and projected revenues and potential grant funding. Both the TFCA grant and Measure B are competitive programs, with changing project eligibility requirements and scoring criteria. These sources should not be considered dedicated ongoing funding sources so the Town may still face revenue challenges for this program beyond the near-term time frame.

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DISCUSSION (continued):

Table 2 – Funding Projections

	Year ½ (FY18/19)		Year 2 (FY19/20)		Year 3 (FY20/21)	
Cost	\$167,528		\$285,563		\$294,130	
Fare	\$ 180	10%	\$ 350	15.0%	\$ 385	16.0%
TFCA	--	0%	\$ 87,000	30.5%	\$ 87,000	29.6%
Measure B	--	0%	--	0.0%	\$100,000	34.0%
Total other contribution	10.0%		45.5%		79.6%	
<i>Town contribution</i>	<i>90.0%</i>		<i>54.5%</i>		<i>20.4%</i>	

Notes to Table 2:

The projections are based on actual and projected revenues.

Fare: A 10% increase in Year 3 is assumed. The fare is subject to future Council approval.

TFCA: Award is pending VTA Board approval on October 3, 2019.

Measure B: Program guidelines are under development.

Among the three metrics, the ridership target has garnered high focus as this demonstrates the success of the program and may impact future grant funding. As directed by the Council, staff conducted a subscriber survey and included questions to understand the low ridership. When asked the primary reason that students didn't ride the bus on a particular day, more than 80% of the respondents cited reasons that were beyond the Town's control, including schedule conflicts (such as doctor's appointments) and before or after school activities. Only 16% of the respondents attributed the low ridership to service quality, such as bus schedule and travel time.

Although the survey revealed good information, the results don't necessarily lead to any obvious solutions to improve ridership. Anecdotal evidence also shows that some families who purchased the passes do not intend to use the bus service as a regular way to transport their children to school, which leads to an inherent low ridership outcome. Staff believes ridership will continue to be an area of challenge.

*Operations Oversight and Customer Service*

Another topic raised in the business plan are program management and organizational structure. The business plan presented four options of how a program could be managed,

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DISCUSSION (continued):

exploring the pros and cons of each option. Two options, Town-managed and outsourced program management, are the most realistic for consideration at this time.

The staffing resources required to operate the program remain high as currently structured, creating competition with other workplan priorities and job duties. The most evident trade-off in the current Town-managed model is diversion of staff resources away from pursuing grants for other Town Council priorities. While the Parks and Public Works Department has hired a part time Intern to augment staff resources, it is unrealistic for an Intern to assume the day to day responsibilities of this program. In addition, the program may benefit from the expertise of outside consultants in areas of system safety, operations, and customer care management.

As an alternative to the current Town-managed structure, staff is exploring an approach that would outsource the operations oversight and customer service functions, while retaining higher-level in-house responsibilities for contract management, policy oversight, and budget management. This solution aims to meet the high day to day operational needs of the program.

Staff is proposing a Request for Qualifications (RFQ) as a means for identifying interested service providers, if they exist. Staff would return to Council at a future date with any potential service agreement and cost considerations. The initial contract would have a termination date of June 30, 2020, aligned with the pilot duration.

COORDINATION:

This report was coordinated with the Transportation and Parking Commission.

FISCAL IMPACT:

There is no fiscal impact as a result of this report. Through the RFQ process, the Town will obtain cost information that would inform potential future budget adjustments for the Town Council's future consideration.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.