

ITEM 12-F

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**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 07-01-____
OFFICIAL COMMISSION MEETING
JANUARY 4, 2007**

SECOND: _____

**RE: AUTHORIZATION FOR THE EXECUTIVE DIRECTOR TO PREPARE
AND EXECUTE CHANGE ORDER # 6 TO FIRST TRANSIT BUS
SERVICES OPERATING CONTRACT**

WHEREAS, PRTC's contract with First Transit includes a number of "pay-for-performance" incentives to reward exemplary performance, reflecting a belief that such a mechanism is an effective motivational tool; and

WHEREAS, in December 2005, the Commission approved Change Order # 3 to the PRTC-First Transit bus services operating contract thereby modifying incentive payments from a percentage-improvement based program to one that established absolute performance ranges; and

WHEREAS, the Board also authorized management to change one measure known as Vehicle Condition as Measured by Number of Road Calls, because it was neither an effective management tool for trend analysis nor a predictable measure of performance from year to year for incentive calculation purposes; and

WHEREAS, the change modifies the measure to include more "data points" and combines all service interruptions, regardless of service type; and

WHEREAS, data has now been collected for a full year and PRTC management, in concert with First Transit management, has established a recommended incentive range for Board consideration; and

WHEREAS, the Commission has reviewed and supports the proposed range; and

WHEREAS, there is no fiscal consequence to the proposed changes.

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NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby adopt the incentive range as proposed.

BE IT FURTHER RESOLVED, that authorizes the Executive Director to draft and execute Change Order # 6 to the PRTC-First Transit Contract containing the approved changes.

January 4, 2007

TO: Chairman Gibbons and Commissioners

FROM: Alfred H. Harf
Executive Director

RE: Authorization for the Executive Director to Prepare and Execute Change Order # 6 to First Transit Bus Services Operating Contract

Recommendation:

Authorize the Executive Director to execute Change Order # 6 to the PRTC - First Transit bus services operating contract.

Background:

PRTC's contract with First Transit includes a number of "pay-for-performance" incentives to reward exemplary performance, reflecting a belief that such a mechanism is an effective motivational tool. In December 2005, the Commission approved Change Order # 3 to the PRTC-First Transit bus services operating contract thereby modifying incentive payments from a percentage-improvement based program to one that established absolute performance ranges. The absolute measures were defined based on historical PRTC data, and structured in brackets so incentive earnings vary depending on how high the level of laudable performance. While the method for measuring and calculating incentives changed, the amount of committed funding remained the same.

One incentive category, Vehicle Condition as Measured by Number of Road Calls, was modified in the same manner but staff felt the measure itself needed to change because it was neither an effective management tool for trend analysis nor a predictable measure of performance from year to year for incentive calculation purposes. The measure used to date is a subset of all road-calls - only those road-calls that take place while the bus is in scheduled passenger service and found to have an actual mechanical cause (excluding operator error, lack of training, etc.) are counted. Experience has shown that covered occurrences tend to be rare so the indicator is a poor measure because relatively small changes cause large swings in charted results.

The change approved by the Board modifies the measure to include more “data points” by including *total* road-calls (now called “Service Interruptions”), regardless of whether they are or are not while the bus is in passenger revenue service and regardless of the reason (e.g., mechanical error, operator error, training lapse, etc.). Additionally, since the entire fleet is now uniformly comprised of “heavy-duty” buses, all service interruptions are combined regardless of service type.

The responsibility for all data entry also changed such that PRTC dispatch staff does this singularly, in order to ensure uniform application/categorization. Because different elements of service interruptions used to be entered by different parts of the organization, there was not enough data last year to use as a “baseline” for establishing an incentive measurement range.

Data has now been collected for a full year and PRTC management, in cooperation with First Transit management, has established a recommended incentive range for the Commission’s consideration. The recommended range will change from year to year to account for average fleet age (i.e., 0.25% range change for each 1% change in the average fleet age). This “age” adjustment is sensible because as the fleet ages, *some* increase in service interruptions is to be expected.

As noted earlier, to define the “incentive” range, data on Miles between Service Interruptions and Interruptions per Day has been compiled for the past year, as shown in the table below. Using this data, a recommended range for incentive earnings has been established that, if it were applied this past year, would have resulted in an incentive earning of \$21,600 out of the \$50,000 maximum allowable incentive in this area.

Miles Between Service Interruptions (MBSI)

Month	Miles*	Service Interruptions**	MBSI	Service Days	Interruptions per Day
Dec. 2005	328,888	34	9,673	21	1.62
Jan.2006	325,420	38	8,564	21	1.81
Feb.	317,500	20	15,875	20	1.00
Mar.	380,284	31	12,267	23	1.35
Apr.	324,317	32	10,135	20	1.60
May	339,988	37	9,189	22	1.68
Jun.	346,734	45	7,705	22	2.05
Jul	320,836	64	5,013	20	3.20

Aug.	366,149	39	9,388	23	1.70
Sep.	326,397	41	7,961	20	2.05
Oct.	359,243	55	6,532	22	2.50
Nov. 2006	353,904	64	5,530	21	3.05
Total	4,089,660	500	8,179	255	1.96

	<u>SI/Day</u>				<u>MBSI</u>
Range	1.25 to	2.25	=	12,830 to	7,128

Payment range is \$10,000 to \$50,000

Index to ACTIVE fleet age - 1/4 of % increase in predicted fleet age for subsequent years (Dec. 2006 to Nov. 2007)*

EXAMPLE: Assume fleet is predicted to age 15% between 12/06 and 11/07), next year's bonus range becomes:

Range	1.30 to	2.33	=	12,367 to	6,870
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*Active fleet prediction based on an aggressive re-introduction of strategic vehicles back into the fleet (i.e., sooner rather than later, and a later introduction of new vehicles to the fleet/retiring of older vehicles.

This would hold FT harmless for actual changes in the coming year since, if the fleet is younger than expected (i.e., new vehicles are delivered/old vehicles retired sooner they have a small windfall; and if the fleet age actually ends up being higher, we would retroactively adjust the incentive range.

Fiscal Impact:

There is no fiscal impact associated with the proposed changes.