



**TOWN OF LOS GATOS  
TRANSPORTATION AND  
PARKING COMMISSION  
REPORT**

MEETING DATE: 04/11/2019

REGULAR MEETING

ITEM NO: 1

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**MINUTES OF THE TRANSPORTATION AND PARKING COMMISSION MEETING**

**March 14, 2019**

The Transportation and Parking Commission of the Town of Los Gatos conducted a Regular Meeting on Thursday, March 14, 2019 at 7:30 a.m.

**MEETING CALLED TO ORDER AT 9:00 a.m. (Special Joint Meeting held prior to TPC)**

**ROLL CALL**

Present: Chair Robert Buxton, Vice Chair Megan Crummett, Commissioners Peter Hertan and Maria Ristow.

**CONSENT ITEMS (TO BE ACTED UPON BY A SINGLE MOTION)**

1. Approve Transportation and Parking Commission Regular Meeting Minutes of February 14, 2019.

**MOTION:** *Motion by Maria Ristow, Commissioner, to approve Consent Item 1.*  
*Seconded by Peter Hertan, Commissioner.*

**VOTE:** *Motion passed. 4/0*  
*Sasha Ryu, Youth Commissioner, left before vote.*

**OTHER BUSINESS**

2. Commission Adopted Priorities

A. **Bus:** School Bus Pilot Program Update

Ying Smith, Transportation and Mobility Manager, verbally reported on the draft Town Council report regarding the School Bus Business Plan. Commission discussed this item.

B. **Parking:** Review and recommend actions for time limited parking in the downtown (Town Council Referral)

Matt Morley, PPW Director, verbally reported on Items 2.B. & C.

C. **Parking:** Review and recommend actions for paid parking in the downtown (Town Council Referral)

Already discussed.

3. Discuss 2019 TPC Priorities

Robert Buxton, Chair, verbally reported on this item.

4. Police Department Update

No new report.

5. PPW Director's Report

A. Transportation & Parking Projects Update 18/19

- I. Hwy 9 Corridor
- II. Traffic Signal Upgrade

No new report.

B. Ongoing Projects/ Programs of Interest List (Status Update)

- I. Parklets
- II. Parking
- III. Cut Through Traffic
- IV. Traffic around Schools
- V. Senior R.Y.D.E. Program
- VI. One-Way Street Pilot on N. Santa Cruz Avenue

Matt Morley, PPW Director, verbally reported on items 5.B.I., II. & VI.

6. Town BPAC

No new report.

7. Safe Routes to Schools

Maria Ristow, Commissioner, verbally reported on this item.

PAGE 3 OF 3

SUBJECT: TRANSPORTATION AND PARKING MEETING MINUTES

DATE: March 14, 2019

8. VTA BPAC

No new report.

**COMMISSIONER REPORTS**

Robert Buxton, Chair, verbally reported that he attended the March 5<sup>th</sup> Town Council meeting.

**ADJOURNMENT**

The meeting adjourned at 9:45 a.m.

This is to certify that the foregoing is a true and correct copy of the minutes of the March 14, 2019 meeting as approved by the Transportation and Parking Commission.



Matt Morley, PPW Director

Prepared by: Natalie Hawkins, Recording Secretary



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 03/14/2019

ITEM NO: 2.A.

MEETING DATE: 03/19/2019

ITEM NO:

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DATE: MARCH 13, 2019  
TO: MAYOR AND TOWN COUNCIL  
FROM: LAUREL PREVETTI, TOWN MANAGER  
SUBJECT: STAFF RECOMMENDS THAT THE TOWN COUNCIL REVIEW AND APPROVE BUSINESS PLAN AND PROVIDE DIRECTION TO STAFF FOR THE ONGOING PROGRAM

**RECOMMENDATION:**

Staff recommends that the Town Council review and approve Business Plan and provide direction to staff for the ongoing program.

**BACKGROUND:**

The Town has identified a school bussing 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, with a celebratory reception of bus riders through a balloon arch at Fisher Middle school. The Town, with support from its contract provider, Student Transportation of America (STA), has delivered on-time service and a high level of customer care. Passenger sign ups have continued to increase, with 113 paid passengers as of early March (Table 1). The actual paid participation level now equals the original expressed level of interest.

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**PREPARED BY:** YING SMITH  
Transportation and Mobility Manager

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

SUBJECT: STAFF RECOMMENDS THAT THE TOWN COUNCIL REVIEW AND APPROVE BUSINESS PLAN AND PROVIDE DIRECTION TO STAFF FOR THE ONGOING PROGRAM

DATE: MARCH 13, 2019

BACKGROUND (continued):

Table 1: Paid Passenger by Route

ROUTE		Passengers
Route A	North Los Gatos to Fisher and Blossom Hill	50
Route B	Mountains to Los Gatos High and Fisher	63
<b>Total</b>		<b>113</b>

Note: Information updated March 5, 2019

This agenda presents the Council with a Business Plan (Attachment 1). The Business Plan is timely as it prepares for ongoing discussions of funding, staffing, and program size. By starting the conversations early, the Town will have more opportunities to explore resources with which to create a sustainable program.

DISCUSSION:

The Business Plan provides an in-depth analysis of the program's financial and organizational outlook and options over the next five years and presents two new concepts for the Council's consideration. Following are excerpts from the Business Plan:

*Program Goals and Benefits*

As identified by the community and the Town Council early on, the school bus program retains the primary goal of contributing to congestion relief around schools. The pilot was intended to provide a proof of concept; thus, it needs to address the question of whether school bussing is the right tool to help solve the school-related congestion problem.

With only two buses running, the pilot program is small in size, however the interest and number of students subscribed is fairly strong. The service is effectively tapping into the previous unserved market of school transportation, complimenting walking or biking that will continue to serve students who live closer. These solutions are two tools among a number of tools that help reduce traffic congestion around schools.

The market analysis conducted through the program further concludes that the scale of a school bus program will likely remain small over the next five years, projecting that the service could scale from two to six routes in year five. The number of routes is constrained by the families' reception to using the bus, the geographic distribution of students, and the available funding.

DISCUSSION (continued):

*Cost Projections*

This congestion relief measure comes at a high cost. The Business Plan provides a cost projection over five years, as shown on Table 2. The total expenditures include transportation service, contract management, customer service, ticket sale, and administration. Although the cost increases over the next five years are controlled by the current service contract, the Town should be aware that the cost will be affected by the trends in the industry. A number of agencies recently have experienced 20% to 30% increases upon contract renewal.

Table 2 - Projections of Costs

	Year 1/2	Year 2	Year 3	Year 4	Year 5
	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Two Routes	2	2	2	2	2
	\$167,528	\$285,563	\$294,130	\$302,954	\$315,072
Six Routes	2	2	2	4	6
	\$167,528	\$285,563	\$294,130	\$605,908	\$945,216

*Revenue and Funding Strategies*

The pilot service and the future program funding could come from three sources: fare revenue, grants, and Town funds. The Business Plan provides comprehensive information and discussions on the existing and potential funding sources. The most relevant topics include the discussion on the fare structure and the risk of not having a dedicated funding source.

As the business plan notes, the fare revenue in the Los Gatos program rates low compared to similar programs elsewhere. Setting the fare low at the onset of the program makes sense to build confidence in the program with the community, helping ensure demand. As existing routes become full, there may be an opportunity to allow the fares to increase.

Based on a comprehensive analysis of the service needs and comparable programs, the business plan concluded that there are great risks of not having dedicated revenue sources to support an ongoing service.

SUBJECT: STAFF RECOMMENDS THAT THE TOWN COUNCIL REVIEW AND APPROVE BUSINESS PLAN AND PROVIDE DIRECTION TO STAFF FOR THE ONGOING PROGRAM

DATE: MARCH 13, 2019

DISCUSSION (continued):

*Management Challenges and Organization Structure*

The Business Plan presents several options of how a program could be managed, exploring the pros and cons of each option. Table 3 provides a high-level comparison of these options, including Town-managed, outsourced program management, Joint Powers Authority (JPA), and transit agency as a service provider.

Table 3 - Pros and Cons of Program Management Options

Option	Town-Managed	Outsourced	JPA	Transit Agency
Decision-Making	Town: 100%	Town: 100%	Shared	Shared
Cost to Town	High	High	Medium	Low
Town Staffing Level	High	Low	Medium	Low
Pre-requisite	Town's contribution	Town's contribution	Other partners	Transit agency engagement

The staffing resources required to operate the program remain high as currently structured. This creates a pull with other priorities with staff. The most evident in the current Town-managed model pulls staff resources away from pursuing grants for other priorities.

*Near Term Opportunities*

The Business Plan illustrates the resource intensive nature of continuing to provide the school bus service, which has lead staff to revisit the problem statement of congestion around schools and to consider alternative solutions.

Staff has identified two alternative models that may meet the goal of the program with lesser resource impacts. These alternatives are conceptual, requiring some exploration to identify actual viability. The first is partnering with VTA to modify existing routes to serve the schools. This concept serves two purposes: it increases VTA route ridership and it takes advantage of existing operations. The second is a vanpool incentive option. In this model, the Town would subsidize a vanpool company. The advantages here are outsourcing of the service and the ability of a vanpool to serve smaller concentrations of students with shorter amounts of time in the vehicle.

SUBJECT: STAFF RECOMMENDS THAT THE TOWN COUNCIL REVIEW AND APPROVE BUSINESS PLAN AND PROVIDE DIRECTION TO STAFF FOR THE ONGOING PROGRAM

DATE: MARCH 13, 2019

**CONCLUSION AND NEXT STEPS:**

The following questions are for the Town Council's consideration:

1. Scale: What does the Council envision the scale of the program to be in five years?
2. Fare structure: Does the Council want to set the fare keep pace of the cost, or alternatively to increase the farebox recovery ratio? If so, what is the desirable ratio?
3. Organization Structure: Does the Council have a preference for any of the organization structure options?
4. Alternative models: Should staff explore a partnership with VTA? Should staff explore a vanpool option?

Staff looks forward to the discussion and direction from the Town Council.

**COORDINATION:**

This report was coordinated with the Finance Department.

**FISCAL IMPACT:**

This agenda item does not financially obligate the Town. If the Council directs staff to expand the current pilot program or initiate developing new proposals, the cost impacts will be made available for discussion through the annual budget process.

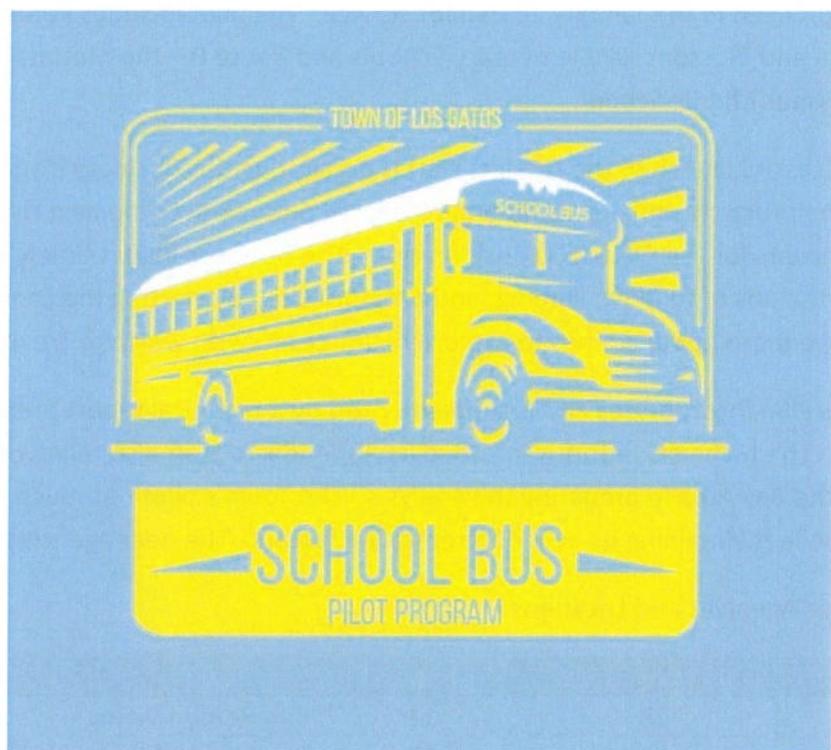
**ENVIRONMENTAL ASSESSMENT:**

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

**Attachment:**

1. School Bus Program Business Plan with Appendix A

# TOWN OF LOS GATOS



March 2019

School Bus Program Business Plan

## SCHOOL BUS PROGRAM BUSINESS PLAN

### 1. BACKGROUND

In August 2016 the Town completed a Traffic Around Schools study which identified options to mitigate the traffic congestion around schools. The study has guided Town efforts towards creating Safe Routes to Schools. One recommendation within the report is a school bussing program. Staff undertook a Congestion Relief School Bus Feasibility Study and in June 2018 the Town Council authorized staff to proceed with a school bus pilot program targeting a January 2019 start date. In the following months, the Town proposed three routes based on potential ridership and sought signups from potential riders. At the September 18, 2018 meeting, the Town authorized the two routes with the highest sign up numbers to proceed in the January 2019 pilot service. The pilot includes Route A - North Los Gatos to Fisher Middle and Blossom Hill Elementary Schools and Route B – the Mountains to Los Gatos High School and Fisher Middle School.

With the successful launch of the service, staff is presenting this Business Plan to provide an in-depth analysis of the program's financial and organizational outlook over the next five years and to present two new concepts for the Council's consideration. The Business Plan is timely as it prepares for ongoing discussions of funding, staffing, and program size. By starting the conversations early, the Town will have more opportunities to explore resources to with which to create a sustainable program.

The Business Plan incorporates and is supplemented by a technical report prepared by the School Bus Consultants. The technical report is included as Appendix A. Staff also relied on the experience of peer agencies in the Bay Area in preparing the analysis. The Town's pilot has much in common with these programs, while maintaining its own differentiating factors. The peer agencies are listed in Table 1:

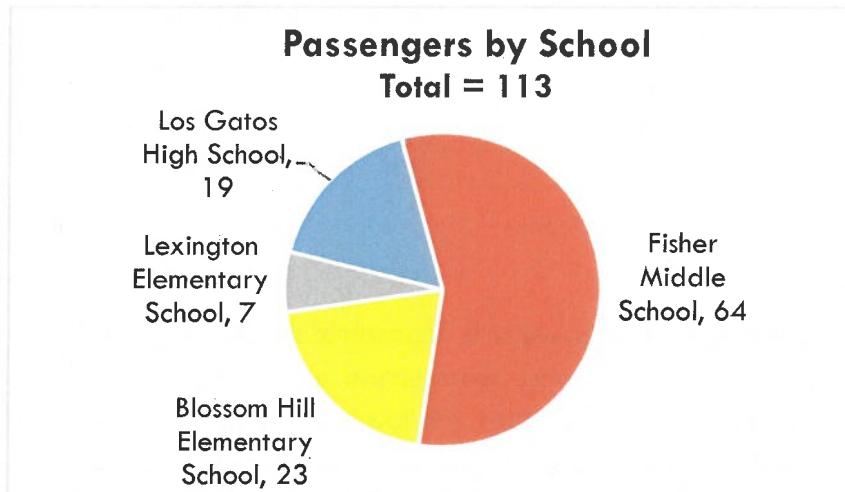
Table 1 – Peer Agencies and Locations

Agency	Scale (# of routes)	Schools	Location
TRAFFIX	23	11	San Ramon Valley
Lamorinda	22	12	Lafayette, Moraga, and Orinda
Reed Union	12	4	Tiburon and Belvedere, Marin County
Ross Valley	10	3	San Anselmo and Fairfax, Marin County
Mill Valley	3	3	Mill Valley, Marin County
Los Gatos	2	4	Los Gatos

## 2. PROGRAM GOALS AND BENEFITS

The Town has identified a school bussing program as one piece of a multi-faceted approach towards relieving congestion around schools. From the very start the program has received strong support from the schools, parents, and the community. Despite the small scale, the initial ridership is fairly robust. As of March 1, there were 113 passengers, with 50 on Route A and 63 on Route B. Figure 1 illustrates passengers by school.

Figure 1 – Passengers by School



The program's transportation goals are universally accepted. The congestion relief goal can be quantified as a measurable industry standard of automobile trip reduction. This may serve as a more effective measure than the alternative industry standard of intersection delay as this latter measure may not reflect an impact with a project. Tracking the reduction of traffic congestion at the most impacted locations around school during the school peak times will measure the value of congestion relief. Tracking the school-related automobile trip reduction will measure the local and regional transportation impacts and air quality benefits.

The Feasibility Study identified several congested corridors near schools, including Los Gatos Boulevard, E. Main Street, South Santa Cruz Avenue, Blossom Hill Road, Shannon Road, Highway 9, and Highway 17. The bus routes in the pilot program will help alleviate congestion during school bell times on all of these congested corridors.

The total number of school-related automobile trips reduced is estimated to be 101 per peak period from the 113 students riding the bus, assuming on average 0.89 automobile trip/student<sup>1</sup>.

<sup>1</sup> Calculated based on the family carpool rate of the current passengers. It was assumed that all children from the same household were riding in the same family vehicle before started taking the bus.

The two-route pilot will reduce 2% to 4% of the total automobile volumes at the most impacted intersections around schools during the peak 15-minute periods (Table 2). This is a moderate start of congestion relief at these most impacted locations. To reach a level of relief that is more noticeable, the total auto volume reductions during the peak 15-minute period would need to exceed 10%, which will require four to six bus routes.

Table 2 - Congestion Relief and Automobile Trips Reduction at Most-impacted Locations

Location	Auto volumes	Automobile Trips Reduced	
	(15-minute peak)	2019	2024 Goal
Blossom Hill Rd./Los Gatos Blvd.	990	19	99
Blossom Hill Rd./Cherry Blossom Ln.	458	19	45
Los Gatos Blvd./Shannon-Roberts	588	25	59
Average % of total auto volume		4%	10%

### 3. MARKET ANALYSIS

The Feasibility Study identified 335 amenable passengers, which is approximately 6.5% of the total student enrollment at 5,155 of the target schools. In the best-case scenario, assuming all of the amenable passengers can be accommodated on the same routes, the Town can provide six routes at 56 passengers per route. However, it is important to note that the geographic distribution of the amenable passengers doesn't lend itself to grouping all these passengers to only six routes.

Table 3 is a comparison of peer programs with an assessment of the current program size in relation to the student enrollments. The average ridership among peer agencies is approximately 10% of total student enrollment if the outlier of Reed Union is removed. Applying this typical 10% ridership to the Los Gatos enrollment population, the calculation results in 516 potential riders as the program matures.

Table 3 - Comparison of Peer Program's Service Levels and Ridership

Agency	Funding Source (in addition to fare)	Year Started	Current Riders/ Routes/Schools	2017/18 Student Enrollment	Ridership/ Enrollment
<b>TRAFFIX</b>	County Measure J	2009	1,700/ 23/ 11	32,504	5%
<b>Lamorinda</b>	County Measure J	1994	1,500/ 22/ 12	13,628	11%
<b>Reed Union</b>	County/City General Fund, Sales Tax	2016	635/ 12/ 4	1,444	44%
<b>Ross Valley</b>	County/City General Fund, Sales Tax	2016	401/ 10/ 3	2,094	19%
<b>Mill Valley</b>	County/City General Fund, Sales Tax	2016	140/ 3/ 3	3,086	5%
<b>Los Gatos</b>	Town General Fund	2019	113/ 2/ 4	5,155	2.7%

Notes: Prepared by School Bus Consultants 2019

Target school enrollments include all schools in the Los Gatos Union School District and Los Gatos High School.

## **Town of Los Gatos**

Should the Town seek to reach the theoretical 10% ridership mark with five or six routes, an effective strategy would be to reuse buses amongst two tiers of service in both the morning and afternoon. Reusing a bus twice in a service period would double the potential capacity. Effective bell tiering allows for this reuse of buses and has been employed in Lamorinda and TRAFFIX. Therefore, in order to best achieve a greater portion of the market with limited financial resources, bell time coordination in the community will be necessary. The first step would be to align bell schedules to be consistent on all school days in each school. The second step would be to establish bell tiering. This will be an endeavor to discuss with the Town's partner districts at the pilot stage as interest in the programs grows.

## **4. COST PROJECTIONS**

For projection purpose, this Business Plan sets the range of service scale as between two and six routes in Year 5. The Town has a five-year contract with Student Transportation America (STA). An annual increase of 3% in the first four years and an increase of 4% in the last year are included in the contract. Based on the service contract and information from peer agencies, Town staff and consultant estimated the cost projections as shown in Table 4. The program's cost increases in the next five years were based on the current contract with the transportation provider. The total expenditures include transportation service, contract management, customer service, ticket sales, and program administration.

**Table 4 - Projections of Costs**

	<b>Year 1/2</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23
Two Routes	2	2	2	2	2
	\$167,528	\$285,563	\$294,130	\$302,954	\$315,072
Six Routes	2	2	2	4	6
	\$167,528	\$285,563	\$294,130	\$605,908	\$945,216

The five year cost projection aligns with comparable services in other communities. Going beyond the five-year time frame, the service cost is more difficult to project and may increase at a higher rate. Many agencies have experienced 20% to 30% increases upon establishing a new contract or upon contract renewal. A Lamorinda School Bus Program report indicated that many of the northern California school bus programs are facing the high level of cost increases due to competitive compensation and benefits required to attract and retain drivers.

## **5. REVENUE AND FUNDING STRATEGIES**

As discussed in the Pilot Program Implementation Plan, this service would be funded by three sources: fare revenue, grants, and Town funds.

## Revenue - Fare

The pilot program's fare structure was established based on the parent survey indicating a high sensitivity to the fare. The Council approved the fare structure at \$350 for a full year of service with the understanding that introducing a very affordable model was necessary to build momentum in the number of subscribers.

Farebox recovery ratio is a measure of fare revenue as a percentage of the total expense. Based on the passenger count at the end of December 2018, the first half year of the program will have a farebox recovery ratio of 10%. In FY 19/20 the ratio is expected to increase to 15%, assuming an optimistic ridership increase to reach 60 passengers per bus. These fare revenue figures are relatively low in comparison to the peer agencies. In the FY18-19, Lamorinda's farebox recovery ratio was 31% and TRAFFIX was 20%.

Assuming a goal of 30% farebox recovery ratio for the Town's program, this section provides an analysis of what it may take to get to this goal. Table 5 shows that the 30% ratio would require a fare at \$769 in Year 5 if the buses are filled at 60 passengers. This fare target would require a 30% annual increase starting in Year 3, Fiscal Year 2020/21.

Table 5 - Cost and Fare Projections

	Year 1/2 FY 2018/19	Year 2 FY 2019/20	Year 3 FY 2020/21	Year 4 FY 2021/22	Year 5 FY 2022/23
Farebox Recovery Target	10%	15%	19%	23%	30%
Fare	\$180	\$350	\$455	\$592	\$769
Town Contribution	\$1,565	\$2,030	\$1,996	\$1,933	\$1,831
Annual Increase Rate		0%	30%	30%	30%

It is important to understand the fare's impacts on total revenue and ridership. The survey showed that only 12% of the potential customers were willing to pay \$750 or more. This demonstrates that increased fares work counter to the goal of increased ridership. A fare increase to this rate could create a ridership decrease of up to 88%.

Lamorinda is planning to conduct a parent survey testing a range of fees between \$800 and \$1,100. The earliest opportunity for the Town to survey the parents for price sensitivity is at the end of 2019. The feedback can be used in determining the pass price in school year 2020/21. However, the program may be too new to sustain a drastic fare increase at this time.

## Revenue – Grants and Regional Funds

In the past the Town has pursued the Transportation Fund for Clean Air (TFCA) grant through the Bay Area Air Quality Management District (BAAQMD). However, the TFCA program would only grant a

## **Town of Los Gatos**

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marginal amount of the Town's request due to the low air quality benefits. This determination by the BAAQMD will also make the TFCA grant funding highly unlikely in future years, unless the grant policies are changed.

All other congestion relief school bus programs receive dedicated sales tax revenue. The Contra Costa County's Measure J has a specific category of "Safe Transportation for Children" for a total of \$90.9 million over 25 years. The dedicated funding levels are \$1.6 million per year for the San Ramon Valley School Bus Program (TRAFFIX) and \$1.06 million per year for the Lamorinda School Bus Program. The latest update came from Marin County. Measure AA, passed in November 2018, requires that 5% of the revenue be spent on student transportation. Starting in FY 2019/20 Marin Transit will contribute \$600,000 annually to the existing five yellow bus programs within the County.

In comparison, the 2016 Santa Clara County 2016 Measure B doesn't have dedicated revenue for a school bus program. The Town may participate in the competitive category of "Innovative Mobility Solutions." Staff's position is that the Town's school bus program is eligible, based on the current program policies and guidelines. The annual funding level is approximately \$1.5 million for the entire County.

Within Measure B, the project is also listed under the Highways program. Current focus on this program is achieving a listing for Highway 17 improvements. Staff recommends pursuing funding through this program in 2021.

The final eligible program for congestion relief funding within Measure B is the pavement maintenance program. This program allows flexibility if the Towns Pavement Condition Index achieves a rating of 70 or higher. Should the Town reach this target, the Council could discuss repurposing capital infrastructure funds to pay for part of the operational costs of a school bus program.

It is worth noting that there are great risks of not having dedicated revenue sources to support an ongoing service. In California and in the Bay Area, there are very few transit service programs that rely on competitive grants as a predictable funding source. The few exceptions are Stanford and Caltrain shuttles, and VTA's Downtown Area Shuttle (DASH), all of which are considered first- and last-mile connections to major transit services. Although it is a smart strategy to use competitive grant funds for capital projects, it is very risky to rely on competitive grants for services. Capital projects can wait for funds as they tend to have a long project development time frame. Service is ongoing so the revenue needs to be consistent and ongoing.

## **Revenue – Town Sources and Other Partners**

The FY2018-19 Capital Improvement Program (CIP) Budget includes \$453,090 in FY 18/19 and FY19/20 for a pilot school bussing program for 18 months. Town subsidy in future years would need to be discussed annually as part of the budget process.

Based on the experience of the peer agencies (Table 3), the Business Plan identifies these potential funding sources for consideration:

- General Fund: Town Council's discretion
- New dedicated funds – such as property assessments
- Contributions from Santa Clara County and the cities of Monte Sereno and San Jose (note that no students from Monte Sereno or San Jose currently ride the bus)
- School Districts
- Non-profits and private contributions

As of spring of 2019, Town staff have engaged the school districts and other jurisdictions in conversations of funding contributions. None of these agencies has committed financial contribution.

## 6. MANAGEMENT CHALLENGES

To continue to provide the service in the long term, the Town will face several management challenges.

### Contracted Service:

The Town's own experience and other agencies confirmed that there are very few providers available in the student transportation business. This is a highly regulated field with a high level of liability. The lack of competition and the high labor cost have resulted in increasing cost to public agencies.

The Town's contract provider, Student Transportation of America (STA), has performed at a high service level with a 100% delivery rate. This level of performance directly benefits the customers and is above industry average.

### Contract management:

In addition to the working hours needed to manage the program, the wide range of expertise necessary is worth noting. The four categories of tasks listed in Table 6 require very different skills and experiences, many of which are not interchangeable. It is typically unrealistic to expect all the skills from a small staff. That experience is confirmed in the Town's experience in starting the pilot service. Managing the service contract properly contributes to the high level of service quality, which is the foundation to grow ridership. It is more beneficial and efficient to manage the contract properly than dealing with the consequences and liabilities due to poor management.

Table 6 - Percentage of Staff Time on Tasks during a School Year

Tasks	Fall	Winter	Spring	Summer
<b>Operations</b>	60%	50%	30%	10%
<b>Planning</b>	5%	15%	25%	40%
<b>Communications</b>	30%	20%	20%	25%
<b>Administrative</b>	5%	15%	25%	25%
<b>Total</b>	100%	100%	100%	100%

Notes: Prepared by School Bus Consultants 2019

## 7. ORGANIZATION STRUCTURE AND FIVE-YEAR OUTLOOK

This section offers several options of how a program is managed and the pros and cons of each option. A detailed analysis is provided in Appendix A. Table 7 provides a high-level comparison of these options.

### Town Led and Managed

This is the current model the Town of Los Gatos utilizes. The contracted school bus operator is delivering the service and overseeing many duties such as driver dispatching, fielding bus location inquiries, maintaining buses, and staffing drivers. In this structure, Town staff is engaged with all administrative, communication and contractor oversight duties. Oversight of the operational duties is typically a daily task which at times (and especially during the start of the school year or when routes are changed) becomes substantially time consuming.

### Outsourced Program Management

The option exists for the Town to contract with an entity to manage all administrative, communication, and oversight responsibilities for the school bus service. Town staff would still be engaged at the highest level of oversight, with responsibility for ensuring the management service provider is performing satisfactorily as well as acting as the high-level decision maker under the direction of the Town and its Council. Although this approach may be at comparable costs to a Town-managed program, it may be challenging to identify qualified program management service providers who have the range of expertise necessary to perform all required duties at the level the Town expects.

### Joint Powers Authority (JPA)

As the program grows, another option that exists is to transfer the authority and management of the program to a Joint Powers Authority (JPA) organization in which the Town would be one of several participating members. This is the structure in the TRAFFIX and Lamorinda programs and requires engaging partner counties, school districts, schools, municipalities, and other partner agencies who are current or future stakeholders of the program. Under a JPA, the program management would fall under the supervision of a member board that would hire staff to perform all administrative, communication, and operational duties. It is possible that an outsourced management system could be contracted by the JPA as well. Under a JPA structure, Town staff would likely only be involved as a member of the JPA board.

### Transit Agency As A Service Provider

Currently none of the peer agencies is applying this model, although Marin County is studying this option. Marin Transit is providing technical support to the programs in Marin County, acting as the management entity overseeing the service contracts. This model allows the Marin County programs to benefit from Marin Transit's expertise in bus service delivery and management.

Table 7 - Pros and Cons of Program Management Options

Option	Town-Managed	Outsourced	JPA	Transit Agency
<b>Decision-Making</b>	Town: 100%	Town: 100%	Shared	Shared
<b>Cost to Town</b>	High	High	Medium	Low
<b>Town Staffing Level</b>	High	Low	Medium	Low
<b>Pre-requisite</b>	Town's contribution	Town's contribution	Other funding partners	Transit agency

### Five-Year Outlook

It is feasible that the Town may evolve the program over the duration of the next five years through some form of the structural options noted above. These options each affect staffing and funding needs, and to a lesser degree the service procurement plan for the program.

As a progression, the Town may evolve from a Town-managed approach to a third-party managed approach, which may then eventually evolve to a JPA-managed approach. It is also feasible that the Town could transition directly from a self-managed approach to a JPA-managed approach, or to a service provided by a transit agency. There is no right or wrong progression, but rather the transition should be thoughtfully approached and executed as deemed most beneficial to the program.

Additionally, there is no “right time” to initiate or evolve the transition other than those needs and motivations that spur the Town to do so.

## 8. PERFORMANCE STANDARD AND PROGRAM EVALUATION

The program should be evaluated based on performance standards, to be approved by the Town Council. There are many metrics in evaluating school bus service and congestion relief measures, such as ridership, fiscal impacts, and congestion relief as the key performance measures.

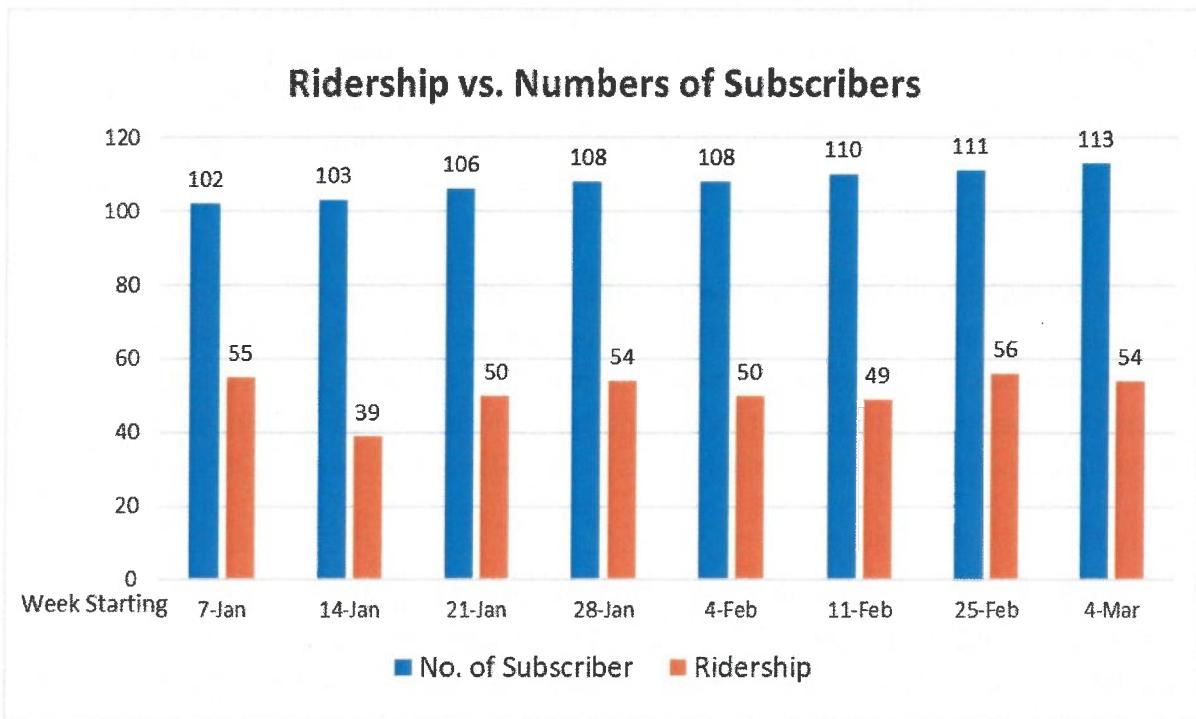
Staff is recommending the primary performance standard be subscribers as measured by average daily passes sold. Ridership is the leading factor in the program benefits, congestion relief and automobile trips reduction. Subscribers is recommended as a performance measure because it is a proxy for ridership and program benefits, the data is readily available, and it is not affected by external factors that are outside of the control of the Town or the customers, such as traffic patterns and weather conditions. Staff recommends a minimum performance threshold set at 48 passengers per bus, which is the capacity of a standard size bus for middle and high school students.

Staff further recommends a performance target of 60 passengers per bus by the end of the pilot period, in the third quarter of FY 2019/20. The performance target of 60 passengers per bus is used throughout the Business Plan for ridership and financial analyses.

## Town of Los Gatos

In addition to the number of subscribers, ridership statistics will allow the Town to better understand the use and value of the program as a traffic reduction program and public service to the community. Figure 2 illustrates ridership compared to the numbers of subscribers. On average, there are fewer than 50% of the subscribers who rode the bus.

Figure 2 - Ridership vs. Numbers of Subscribers



Notes: Ridership data collected from one day/week passenger counts conducted by STA

Without knowing the specific reasons, Town staff can offer a few interpretations:

- The fare is relative low so customers don't see the need to use the bus every day;
- There are many exceptions to the students' schedule, such as doctor's appointments and after school activities, make complying to a bus schedule unrealistic on a daily basis

As ridership directly contributes to the program's congestion relief benefits, it is important to better understand what will help improve the numbers. Town staff will pursue input in the upcoming customer survey.

The subscriber and ridership evaluation can be prepared on a quarterly basis to allow the Council and community to track the program's performance and assist the Council in determining adjustments to fares, schedule, Town subsidy, etc.

Appendix A provides a discussion of several metrics for success, including transportation benefits, financial sustainability, safety, service quality, staffing and responsibilities, and bell schedules. The Council may wish to consider these metrics in deciding on the future of the program.

## 9. NEAR TERM OPPORTUNITIES

The Business Plan illustrates the high cost and challenges in continuing to provide the school bus service. Although it is the community's desire to reduce more vehicle trips around schools, the potential for ridership increase is limited due to passenger preference and the inflexible nature of the bus service. The program's benefits are further limited by the available funding. These factors lead to staff to go back to the problem statement of congestion around schools and to consider alternative solutions.

This section of the Business Plan describes the preliminary concepts of two additional service option for discussion purpose. The intent is to test the initial interest level and seek direction on exploring these concepts alongside the discussion of the long-term outlook of the school bus program. The details on cost and the steps to implement these concepts have not yet been worked out. This section illustrates each at the conceptual level and highlights the key elements of considering these models.

### Service as VTA school trippers

The Santa Clara Valley Transportation Authority (VTA) provides school trippers in 16 Cities to approximately eight high schools and middle schools. These routes have become part of the regular service with no cost to these cities. These routes operate school days only and add capacity at specific times of the day when schools start and release. These services are open to the public and operate with published timetables. VTA's current youth pass is \$35 per month or \$385 per year and pass holders can use all VTA services. Passengers without a pass can also ride by paying for the single ride.

In the September 2018 decision, Route C from North and East Los Gatos to High School was not selected. A potential pilot can provide a similar route as a VTA school tripper, serving North and East parts of the town and Los Gatos High School. The service can accommodate both customers on subscription plus the daily riders, which may provide a solution that would result in reliable ridership and flexibility to the passengers.

As this is a different service model, it is predicated that some of the amenable passengers may not be open to a public transit service. During the Feasibility Study preparation, some parents expressed reservations regarding a public transit model, especially for younger students. The concept would test the customers' acceptance of a public transit model in comparison of the yellow school bus model. At the same time, not requiring a subscription can attract other passengers.

## **Town of Los Gatos**

Based on the original sign up number of 150, the current market has sufficient ridership demand to support four VTA routes at the 35 – 40 passenger capacity. Ridership for six routes is also possible as the service areas are expanded. If successfully, this service would be an affordable option for the customers and a financially sustainable solution for the Town.

Requesting a new service would require political capital. However, this concept has a strong ridership potential since the Town has completed a thorough market analysis. If the Town is willing to guarantee ridership and revenue from monthly passes, it will be the first agency in the County to partner with VTA with such guarantees to begin a new service. This will be in a stark contrast to the typical way in starting a new public bus service, in which the ridership is unknown and not guaranteed. In today's public transit environment, the Town is in a good position to encourage VTA to support a successful start. This is a promising way to "expand the transit pie" by tapping into the un-served market and getting more trips on transit.

## **Vanpool Incentive Program**

In this model, the Town would provide incentives to families who form vanpools that serve school trips and reduce school-related traffic. The Town would need to establish performance standards, for example: minimum number of passengers, for qualifications.

This model would have the potential to attract passengers in lower density areas and/or the ones desire a higher level of flexibility. It would give customers the maximum control and relieve the Town from most of the management responsibilities. However, it's a very expensive service with a lower level of congestion relief benefits.

## **10. SCHEDULE TO MOVE FORWARD**

<b>February</b>	Town Council Priority setting
<b>March</b>	Town Council review and discusses the Business Plan
<b>March</b>	Existing customer satisfaction and future interest survey
<b>April</b>	Develop new concepts, if directed
<b>May</b>	School year 2019/20 final service and payment
<b>June</b>	Budget Adoption
<b>August</b>	School year 2019/20 school bus service starts
<b>August</b>	Earliest possible start date of other service models

## **Appendix A**

# **Technical Input to Business Plan**

**Prepared by School Bus Consultants**



**SCHOOL BUS  
CONSULTANTS**

# **Technical Input to Business Plan**

**Town of Los Gatos  
March 2019**

**APPENDIX A**

  
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# Table of Contents

Introduction .....	3
Program Structures .....	4
Tasks of a Transportation Program .....	4
Service Quality .....	4
Town Management.....	5
Outsourced Program Management.....	5
Joint Powers Authority.....	6
Staffing Needs .....	8
Peer Examples .....	10
Service Procurement Plan .....	12
Funding Strategy.....	13
Market Analysis.....	15
Metrics for Success.....	17
Conclusion .....	18

# Introduction

This Technical Input to the Business Plan will focus on the future of the Town of Los Gatos's traffic mitigation school bus program over a general time span of the next five years starting with the kick-off of the pilot program in January 2019. In this document, School Bus Consultants provides recommendations pertaining to the funding, structural, and operational options available to the program as it becomes further established in the community and grows as a service over a time frame of the next five years.

# Program Structures

This section will first provide an overview of the general tasks required to execute a successful student transportation program. The next section will discuss three viable structures for the Town to operate and manage this transportation program. The advantages and disadvantages of each will be discussed at a high level based on industry experience including knowledge of the operating structures of similar programs in the Bay Area including the Lamorinda School Bus Program and the TRAFFIX program in San Ramon and Danville. Subsequent sections will provide further context on staffing needs, service procurement, and funding as they relate to the three structures.

## Tasks of a Transportation Program

In order to provide a traffic-mitigation school bus program to the community, the Town must engage in a high level of program management. The tasks related to a successful and effectively managed program can be summarized into the following categories:

1. **Operations:** This includes the contracting of a school bus operator that will provide the Town with buses, drivers, bus operations management, and maintenance functions. The Town must oversee the work of this contractor on both a daily operational basis as well as a long-term contractual level.
2. **Planning:** This includes the development and adjustment of routes. Work related to planning is highest when new routes are designed, or yearly adjustments are made before the start of a school year or semester. Adjustments to routes may need to be made at an interim basis during a school year due to traffic issues and the requests of new or alternative bus stops.
3. **Communications and Customer Care:** The Town will need to engage with the schools and districts representing the stakeholders to which it will provide services. This again requires a daily operating function to handle escalated service issues or student behavior problems. Many daily service-related inquiries and issues should be handled by the school bus operator yet is likely that key decisions will need to be made and communicated to stakeholders by the Town. Furthermore, long-term service planning tasks related to adjusting bus arrival times and new routes will need to be communicated to the various stakeholders.
4. **Administrative:** The Town must plan for the administrative management of the program, engaging with the Town Council and community regarding the program's status, recruiting ridership, and processing sign-ups and payments.

## Service Quality

The proper execution of the previously described phases of program management are critical to a high level of service. Service quality is important to any school bus or transit operation, but is of even greater importance to a premium, parent-paid service. High service levels in which routes are deployed in a safe, dependable and timely manner will help the program retain current riders and bring in prospective riders. Inversely, poor performance over time may damage the reputation and longevity of the program. It should be stated that issues will arise on a periodic basis such as a late bus due to traffic or an occasional missed stop and the program should not be expected to be perfect. However, persistent issues that are not addressed through operational and planning adjustments in any given management structure will jeopardize the program as a paid service. Thus, the success of this program will depend greatly on proper management.

## Town Management

The Town has several options for how to structure the program and oversee the operational, planning, communication, and administrative responsibilities inherent in a school bus program. The option to utilize and increase Town staff resources to oversee the program duties will be the initial framework for the pilot program. SBC considers utilizing current staff and/or the hiring of additional staff, contracted workers or interns to perform these duties as part of a Town-managed structure.

Among all options, the contracted school bus operator will oversee many duties such as driver dispatching, fielding bus location inquiries, maintaining buses, and staffing drivers. In this structure, Town staff will be engaged with all administrative, communication and contractor oversight duties. Oversight of the operational duties is typically a daily task that at times (and especially during the start of the school year or when routes are changed) will become substantially time consuming. Issues that will likely become Town responsibilities include but are not limited to: persistently late buses, student behavioral issues, bus accidents, and escalated complaints.

### **Advantages:**

- Utilizing current salaried employees to perform planning and administrative tasks can reduce program costs allowing current Town employees to use their various skills to support the school bus program.
- Can utilize contracted, part-time or full-time employees to oversee operational and communication functions with lower overall program costs. As skills, needs, and time allows, contracted employees may also assist with tasks for other Town projects. This has been observed in similar program models.
- Keeping the program under the Town allows for more direct control of goals and service levels.

### **Disadvantages:**

- As the program grows Town staff may be over-burdened with school bus related work and not able to perform other Town tasks, or inadequate oversight of the program could result in lower service levels.
- Town staff may not have a full range of experience with school bus transportation to adequately manage a program and ensure high service levels during the pilot period and beyond.
- Part time contract employees may be less likely to remain in their position as they seek full time work and benefits. This can result in position turnover that can affect program management.
- Program costs are managed and shouldered by the Town only.

## Outsourced Program Management

The option exists for the Town to contract with an entity to manage all administrative, communication and oversight responsibilities for the school bus service. Town staff would still be engaged at the highest level of oversight, with responsibility for ensuring the management service provider is performing satisfactorily as well as acting as the high-level decision maker under the direction of the Town and its Council. There would also be some level of contract and performance management responsibilities in this scenario, focused on the management vendor and how well it was fulfilling its responsibilities. All responsibilities would be minimal compared to the Town-managed model. While most liability could be effectively distributed down to the management company and school bus contractor, the Town would still bear some responsibility and potential liability for the service.

**Advantages:**

- School bus industry and technical experience is gained through a service management entity.
- Outside resources and experience are available to the local staff under the service management entity.
- The direction and final decision making will remain with the Town at a high level, while daily functions are delegated.

**Disadvantages:**

- The Town has less direct supervision on service levels and quality at a day to day level.
- Program cost control could be limited due to less oversight of route planning.
- A separate service management contract may result in comparable program costs to a Town-managed program. Costs of an outside service provider would need to be analyzed on a case by case basis to establish any relative cost increase or decrease and the associated value of utilizing each service provider.
- It may be challenging for the Town to identify qualified program management service providers who have the range of expertise necessary to perform all required duties.

## Joint Powers Authority

As the program grows, another option that exists is to transfer the authority and management of the program to a Joint Powers Authority (JPA) organization in which the Town would be one of several participating members. This structure would result from engaging partner counties, school districts, schools, municipalities and/or other partner agencies who are current or future stakeholders of the program. Under a JPA, the program management would fall under the supervision of a member board that would hire staff to perform all administrative, communication, and operational duties. It is possible that an outsourced management system could be contracted by the JPA as well. Under a JPA structure, Town staff would likely only be involved as a member of the JPA board.

**Advantages:**

- Additional monetary resources are available to help the program grow and relieve the Town of full financial responsibility.
- Program oversight at a high level is shared among multiple agencies via a board.
- Program management will be given to employees of a service management agency under the authority of the board.

**Disadvantages:**

- The Town loses direct oversight of the program and its service levels.
- The Town must share decision making with other entities with potentially different goals than the Town.
- Each member agency may want to shift resources and program focus to receive a larger portion of the program's services.
- The overall decision-making process has been observed to take longer due to the logistics of convening members from multiple agencies for board subcommittee meetings. This may lengthen planning efforts and require more administrative time for staff.

It is feasible that the Town may evolve the program over the duration of the next five years through some form(s) of all three structural options. The above options seek to illustrate the various structural avenues available and the considerations that should be made towards them. These options each affect staffing and funding needs, and to a lesser degree the service procurement plan for the program.

As a progression, the Town may evolve from a Town-managed approach to a third-party managed approach, which may then eventually evolve to a JPA-managed approach. It is also feasible that the Town could transition directly from a self-managed approach to a JPA-managed approach. There is no right or wrong progression, but rather the transition should be thoughtfully approached and executed as deemed most beneficial to the program. Additionally, there is no "right time" to initiate and/or evolve the transition other than those needs and motivations that spur the Town to do so. Town staff has indicated to SBC that it is willing and able to initiate and manage the program through the pilot phase and potentially beyond but would like to transition the management of the program to a third-party or JPA-managed structure as soon as possible and no later than five years into the program. This time frame is both feasible and prudent, and the Town should proceed at its desired pace to accomplish this transition.

# Staffing Needs

The Town's current plan is to initiate the pilot service with a Town-managed structure. The Town intends to hire a contracted half-time employee to manage the operational, administrative and communication duties of the program. This contracted employee is slated to be assisted by a Town staff member as well as a Town intern. For the initial two-route pilot program, SBC believes this level of staffing is feasible with the Town's understanding that the standing-up of the program will require a higher level of effort than ongoing operations once the program is established and executing. On the weekly average though, SBC believes this can be done through a total of 40 applied hours a week.

SBC advises that under this structure the contracted employee perform the tasks of program management, including managing the service operator, daily communication with schools, program enrollment, and invoicing and payment processing. Town staff can be involved with council and district level communications, program planning, and contract management. These assignments allow the contracted employee to perform more daily operational management duties, while staff perform long term planning and program management level duties. Should these tasks require more time by the contracted employee or the Town staff member, SBC recommends that the Town be ready to increase the hours of the contracted employee as needed and feasible given budget limitations or be prepared to utilize Town staff to a greater degree.

An increase in staffing resources will be needed should the number of program routes increase. While an increased number of routes will not directly increase work for all program management functions, such as route planning duties and high-level communication duties, the functions of invoicing, payment processing, and school-level communication will all grow substantially based upon the number of routes, students and schools added to the program. It should be noted that theoretical increase of three routes added to an existing school served by the program would not materially increase the communications with school staff, but it would materially increase the invoicing and payment processing needs for the program.

It should be noted that resource needs associated with student sign-ups, invoicing and payment processing may vary based upon the technology used for these functions. Strategically employing applicable software may allow these tasks to be performed more autonomously through an online portal which would reduce the need for Town staff to process enrollment. Conversely, the number of employee hours increases given the program's rules regarding sign-up and payments. More work will be involved if enrollment occurs year-round and/or if families can cancel membership mid semester. This variability to the enrollment structure benefits the program by attracting parents and riders who desire more flexibility in order to use the bus services. The Town will need to balance the provision of program enrollment structures that attract more customers, and the increased costs in administrative time to run a flexible system.

To summarize the preceding discussion on staffing needs, the following **Table 1** is given as a general scale in the number of working hours needed to manage the program based on the number of routes. Initial demand on staff is likely to be higher. Table 1 represents the staff resources needed for an established program. These estimates are based on SBC's understanding of the management practices of similar programs in the Bay Area such as Lamorinda, and TRAFFIX.

**Table 1: Staffing Needs per Program Route**

Routes	Recommended Weekly Staffing Resources	Potential Staffing Composition
1 - 4	40 hours	20-30hr part time contacted employee + 10-20hr Town staff
5 - 8	40 - 60 hours	40hr contacted employee, + possible 20hr Town staff OR 20hr part time contracted employee
9 - 12	60 - 80 hours	40hr contacted employee, + 20-40hr contracted employee
13 - 24	80 hours	Two 40hr contacted employees

Provided below in **Table 2** is a breakdown of time dedicated to different tasks over a school year. This understanding is based on industry experience and the structures off both Lamorinda and TRAFFIX. The underlying trend is that the focus on operations is greatest at the start of a school year with less focus on planning except to adjust routes with issues. Planning time increases at the end of the school year to make changes to the next year's routes. Communications is an important task at the start of the school year to support daily operations and continues to be an important task as planning becomes a focus and higher-level changes need to be arranged with school and district stakeholders. Administrative duties exist throughout a school year yet are often minimized during start up periods.

**Table 2: Percentage of Staff Time on Tasks during a School Year**

Tasks	Fall	Winter	Spring	Summer
Operations	60 percent	50 percent	30 percent	10 percent
Planning	5 percent	15 percent	25 percent	40 percent
Communications	30 percent	20 percent	20 percent	25 percent
Administrative	5 percent	15 percent	25 percent	25 percent
Total	100%	100%	100%	100%

As previously noted in the Program Structures section of this document, it may be challenging for the Town to obtain staff that can adequately fulfill the range of skills noted in **Table 2** and that are necessary to run a growing school bus operation. Seasoned workers in the school bus industry will be able to execute the tasks of operations supervision, communication and some planning duties, but may be limited in marketing the program (an important aspect of communications during the pilot

program) and performing board related and financial administrative duties. It has been observed that other programs have focused on staff that have stronger marketing and communication skills necessary to promote and expand a program but may not possess industry operational knowledge. The part time staff focused on operational tasks will therefore likely need to be supported by Town staff (see **Table 1**) to perform the needed administrative tasks during the pilot program period. As the program grows and an additional full-time or part-time dedicated staff is added to the program, the Town should ensure that a complementary mix of administrative, communication, planning and operations skills are provided for on the team.

If the Town was to decide that it no longer wanted to manage the program itself and moved to contract out those responsibilities to a management company, then the management service provider should analyze its own staffing needs to fulfill the assignment as part of its contract bid. The above table could then be used by the Town to determine the validity of proposed staffing resources as specified by the management service provider. Additionally, high-level administrative duties and decision making would still need to be performed by Town staff and should be accounted for within the Town's budget and staffing estimates. Furthermore, should the Town enter a JPA, then the JPA would likely need to staff the program at a similar or higher level to account for the increased board-level administrative needs and duties.

Regarding staffing costs, SBC understands the costs savings in utilizing staff resources that are already engaged in other Town duties as well as utilizing part time contracted employees. Both options minimize the overhead costs to the program. As the program grows, however, it will eventually necessitate full-time staffing resources which will likely incur benefits and/or wages to cover contracted employee benefits. These increased program costs will likely benefit the program in attracting and retaining qualified staff. Since the demand of a school bus program fluctuates throughout the school year, it may benefit the Town to strategically assign program staff to other Town duties in order to balance out the costs to the school bus program and other Town functions. Under a JPA structure, the capacity to leverage the program staff to work on other functions would be limited. Furthermore, JPA staff would likely not be allowed to utilize existing Town benefits structures. A JPA structure, therefore, may result in higher staffing costs.

## Peer Examples

As previously discussed Lamorinda and TRAFFIX provide potential examples and lessons learned on how to staff and structure a traffic mitigation school bus program. Though each program is similar in size and under the authority of a JPA, the nature of their operational oversite is different. Lamorinda has a 22 bus, 1500 student operation and is managed by one full-time program manager and a full-time administrative assistant. Both employees spend a portion of their yearly time on another program for the city of Lafayette, a member of the Lamorinda JPA. SBC estimates that both employees spend 70 to 80 percent of their time performing work for the Lamorinda bus program; equating to an estimate 1.5 full-time equivalents (FTEs) to oversee the program.

TRAFFIX has a 23 bus, 1700 student program and has historically employed 1 contracted full-time manager to fulfil the oversite duties of their program. This is supplemented by staff members of the various agencies in the TRAFFIX JPA who assist the contracted employee with administrative and planning duties. Thus, the TRAFFIX program is being overseen by an estimated 1.25 to 1.5 FTE's with an assumed cumulative contribution of 0.25 to 0.5 FTE's from the staff members of the JPA agencies. Table 3 summarizes these staffing arrangements of both Lamorinda and TRAFFIX.

**Table 3: Staffing Arrangements of Peer Programs**

Program	Current Riders / Routes / Schools	Weekly Staffing Resources	Current Staffing Composition
Lamorinda	1,500 riders / 22 routes / 12 schools	65 to 80 hours depending on time of year	Two 40hr contacted employees (spend a small portion of time on another city program)
TRAFFIX	1,700 riders / 23 routes / 11 schools	40 - 60 hours	40hr contacted employee, + 10-20hr from staff of JPA agencies

The above description and estimation of FTE's shows that each similar sized program requires 1.5 FTEs to oversee their program's work. The major difference is Lamorinda has dedicated staff to oversee this work while TRAFFIX must rely on additional resources from the JPA member agencies. Though SBC does not claim to know all the facets of either structure's successes and drawbacks, it is SBC's observation that the Lamorinda management structure has been more successful in employee retention and program oversite. The TRAFFIX model with only 1 dedicated FTE has resulted in position turnover and extended reliance on staff of the JPA organizations to oversee the program.

To address historically high turnover and the difficulty of finding an employee with a full range of necessary skills, TRAFFIX has entered a Memorandum of Understanding with the city of San Ramon (a JPA member) to have the TRAFFIX program be managed by an administrative coordinator under the direction and employment of the city's Transportation Division Manager. This move was likely executed to provide stability, direct oversite, and enhanced benefits to the TRAFFIX coordinator in the hope of attracting and retaining a highly qualified employee. It further provides increased FTE's to supervise the program. SBC presumes that this move will result in a dedicated 1.25 to 1.75 FTE's to oversee the program, whereas historically this supplementary assistance was shared by the JPA agencies on a rotating basis. This underscores SBC's staffing recommendations in **Table 1** which demonstrate that one FTE is only sustainable for up to 4 to 5 routes.

Within Marin County there are three school bus programs with the focus on traffic reduction that are managed by Marin Transit. Each has a different oversight structure with Reed Union organized as a JPA of the Town of Tiburon and City of Belvedere; Mill Valley established by the district, and Ross Valley established directly by Marin Transit. Each of these constitutes a different oversight structure, with which SBC is less familiar regarding day to day needs. These programs have therefore not been included in this peer analysis. SBC would presume, however, that the staffing levels within each agency are significantly lower than Lamorinda and TRAFFIX as their duties are limited to high level administrative tasks and since Marin Transit is handling management tasks of communications, planning, and most substantially, operations.

# Service Procurement Plan

The Town of Los Gatos has already executed the process of developing and posting an RFP for the contracted services of a school bus operator. SBC participated in this process at an advisory level through the review of the RFP development, solicitation and proposal review processes. As was the case in the most recent RFP process, the scope of service should always be variable to allow for growth in the number of routes both during and after the pilot period. The Town's goal for the program is that ridership demand and its success at relieving traffic congestion will create an ongoing need for more routes. An RFP should be structured to accommodate for a substantive increase in the number of routes, as needed.

Over the program's contractual periods with school bus operators, it is advised that the Town monitor and track the service quality of the operator through established contract and performance management methods. Employing strong contract and performance management practices will ensure the highest quality of service as well as give the Town an accurate and fair measurement of the service operator when the next instance of competitive bidding comes around. Contract performance measurement can include tracking of bus arrival times, compliance monitoring of the contractor's driver records, and ensuring proper communication between the contractor and the Town.

Either during the pilot or during the early years of the established program, there will come a decision point to renew with the current school bus service provider or go out to bid. SBC recommends making these decisions with the use of the aforementioned contract and performance management practices. If services have not been historically satisfactory with the current vendor, then it will likely be best to once again bid out the work. If historical services have been to the Town's satisfaction, however, then a negotiated renewal approach may be more beneficial to all parties, especially if the number of routes remains below 10. Should the program begin to grow larger than 10 routes, then regardless of past contractor performance it may be beneficial to once again engage in a competitive bidding process. If/as the program grows in size and scope, it may very well attract more service providers in future competitive bidding efforts. This reality could result in more competitive contractor pricing as well as enhanced competition that leads to superior service levels. However, this does not guarantee costs will not go up overall as the costs of school bus services have seen a dramatic increase to larger-scale (i.e. Lamorinda and TRAFFIX) programs in the region by as much as 20 percent.

Finally, should the program evolve into a JPA, it is likely that a new contract would be needed between a school bus contractor and the JPA. This ensures that the full responsibility and authority resides with the JPA rather than the Town.

A final element to be aware of regarding service procurement is the availability of school bus operators. Operating a school bus company involves a large amount of capital; a large inherent liability in providing services; and the challenging task of maintaining an adequate number of certified drivers in a competitive market. Together these factors have historically reduced the number of operators in any given region or city within the U.S. This reduction in the number of qualified operators can make it difficult for public entities to procure services and at competitive rates.

# Funding Strategy

The Town is currently using its own General Fund to resource the pilot program along with parent contributions. Based on feedback from surveys, it was determined that the community would be most interested in participating in the program at the lower end cost of \$350 per academic year. A higher share of program funding will therefore need to be shouldered by the Town. During the feasibility study, county measure dollars and grants have been pursued but have yet to result in concrete additional funding sources. These funding sources should absolutely be pursued throughout the pilot and beyond for the program's duration, but not relied upon as stable sources of additional funding.

In the case of similar programs, TRAFFIX and Lamorinda each rely on a specific Contra Costa County measures to fund a predominant portion of their programs' operating expenses. The rest of the program's funding comes from per student parent contributions. Marin County programs are each funded via a combination of County funds (supported via Marin County Measure A), local city funds, and parent contributions. Though these programs have been successful models for several years, multiple factors can place their programs in difficult financial situations:

- **Variable County measure funding:** Both the TRAFFIX and Lamorinda programs rely on Contra Costa County Measure J funding. Funding for Measure J is based on a half cent local sales tax that is distributed to many programs including the two school bus programs previously mentioned. The County measure provides an estimated \$90.9 million to be provided to "Safe Transportation for Children" over 25 years resulting in an estimated \$1.06 million per year for Lamorinda and \$1.6 million per year for TRAFFIX. However, tax revenues can fluctuate over the 25-year time span of the measure. Furthermore, the measure could end in 2034 without a replacement measure or new funding source. Measure J requires that programs establish a 3 percent reserve annually to cover potential dips in sales tax revenue. Marin County programs have been in existence for a shorter period time. Measure A funding that support these programs is subject to renewal as was the case in 2018.
- **Increase in program operating costs:** It is common practice for school bus transportation service vendors to build in yearly inflation cost increases as part of their service contract. In the case of the current contact the Town will see a 3 percent (and in the last year 4 percent) yearly increase of the contract cost. Beyond this inflation-based increase, costs for school bus services may rise between contract periods. This can occur even when new RFP's are created to seek competitive bids from service providers. Though in no way the only factor, recent service costs have likely increased for most vendors due to the need to pay drivers higher wages and benefits to compensate for cost of living increases and in order to retain and recruit drivers during a strong economy. This effect is even more pronounced in major US cities.
- **Potential limitations in increasing parent contributions:** Increasing parent contribution per rider can offset increased program costs yet is subject to a loss in overall ridership should the per rider price become higher than the community's tolerance. Though small increases to ridership fares is both likely and necessary over time, major price increases are typically met with community push back and frustration. For example, to avoid increasing parent contribution to all riders, Lamorinda has approached route consolidation in order to mitigate increased operator costs. This tactic is more achievable in a larger operation that services multiple schools and grade levels. Thus, it may be a solution in the future if the Town is operating numerous routes and must find a way of reducing costs without drastically increasing ridership fares or eliminating service completely.

The variability and current lack of grant measure funding may put the Town in the position of needing to dedicate resources to not only a pilot, but the established program itself. As seen in the Marin County programs, local contribution can be part of the base funding structure. SBC recommends that this potential liability be clearly understood and accepted by the Town and its Council as it moves forward and evaluates the success of the program. Should the Town continue services past the pilot period, a consistent and reliable funding source that can increase with likely service cost increases will be critical to the program's longevity.

To secure further funding for the program's growth, it may be advantageous to the Town and other public entities to join together as partners in the school bus program. Potential partners include municipalities whose residents will benefit from utilization of the school bus services, as well as counties, school districts, schools, municipalities and/or other partner agencies that benefit from the regional traffic reduction. As the program grows, the number of routes could be increased to service more than just schools located in the Town of Los Gatos: thus, reducing regional traffic in neighboring municipalities. School districts themselves could become viable partners given the success of the program as well as existing school busing programs in the region. This partnership in the form of a JPA can allow the costs to be shared amongst all stakeholders who benefit from the services. This partnership could stabilize the funding sources of the program as well as give the stakeholders more say in the direction of the program and how funding is divided. If measure and grant funding are acquired, then the cost to each member could be reduced. A larger JPA program may also be able to attract more measure and grant funding as an established and growing entity in the region.

# Market Analysis

A school bus program focused on traffic mitigation has a unique business focus and therefore a distinctive market. Where normal school bus programs seek to provide transportation to all interested student riders residing at a given distance from the school, a traffic focused program must add in the focus of targeting these services to those areas where traffic congestion may be reduced the most. An additional layer of complexity is added via a paid program where providing an attractive and beneficial service is also a necessary parameter. The feasibility study undertaken by the Town and SBC during the Spring/Summer of 2018 shows that with all these parameters the initial interests in the community for the program was 335 student riders. As of the beginning of the pilot program in January 2019, the paid enrollment was 102 riders. Not all 335 were provided a viable transportation option at this time given that only 2 routes were offered during the pilot program.

SBC believes that these 2 routes servicing 4 schools is an adequate starting point for the program to grow. This averages to 51 riders per bus, a strong starting point considering the average maximum bus capacity for a secondary school is 48 students, and the average maximum capacity for an elementary school is 72 students.

The below **Table 4** is a comparison of peer programs in the Bay Area with an assessment of the current program size in relation to the student enrollment sizes. From this assessment the Town can begin to understand the potential growth and market potential for their similar traffic program. The percentage of riders per enrollment averages to 10 percent if the outlier of Reed Union is removed (Reed Union considered an outlier as there was limited data on the ridership figures of the district). Various elements factor in to this 10 percent average ridership population of the available enrollment. Limiting factors to ridership include students residing within proximity to school, preference of other transportation methods, similar mountainous geographies where buses cannot reach all students, limited service times, and the focus of program routes on areas that benefit traffic congestion relief.

**Table 4: Comparison of Peer Program's Service Levels and Ridership**

Program	Funding Source	Year Started	Current Riders / Routes / Schools	2017/18 Enrollment at Districts Served	Ridership as Percentage of Enrollment
Lamorinda	County Measure J Ridership Fees	1994	1,500 riders / 22 routes / 12 schools	13,628	11 percent
TRAFFIX	County Measure J Ridership Fees	2009	1,700 riders / 23 routes / 11 schools	32,504	5 percent
Marin County: Reed Union	County General Fund Local City Ridership Fees	2016	635 riders / 12 routes / 4 schools	1,444	44 percent
Marin County: Ross Valley	County General Fund Local City Ridership Fees	2016	401 riders / 10 routes / 3 schools	2,094	19 percent
Marin County: Mill Valley	County General Fund Local City Ridership Fees	2016	Pilot continuing: 140 riders / 3 routes / 3 schools	3,086	5 percent
Town of Los Gatos	<b>Town Funding</b> Ridership Fees	2019	<b>Pilot continuing: 104 paid riders as of Jan 2019 / 2 routes / 3 schools</b>	5,263	2 percent

Last row changed to 113 paid riders/2 routes/4 schools, enrollment 5,155, 2.7 percent

Should this assessed 10 percent ridership average amongst peer programs be applied to the Town of Los Gatos enrollment population, a potential 526 riders are feasible. The Town hopes to reach five to six routes at the fifth year of the program. At an average of 60 riders per route, a five to six route program could service 300 to 360 students. This would constitute 5 percent to 6.5 percent of the enrollment population. This may likely be the limit of the Town considering the proximity of many families to their respective schools. Should the Town seek to reach the theoretical 10 percent ridership mark with five or six routes, an effective strategy would be to reuse buses amongst two tiers of service in both the morning and afternoon. Reusing a bus twice in a service period would double the potential capacity and therefore funding. Effective bell tiering allows for this reuse of buses and has been employed in Lamorinda and TRAFFIX. Therefore, in order to best achieve a greater portion of the market with a limited number of resources, bell time coordination in the community will be necessary. This may be an endeavor to discuss with the Town's partner districts at the pilot stage as interest in the programs grows.

# Metrics for Success

During the pilot and following its establishment as an established service to the community, the strength and merit of the program should be evaluated on several levels. The tracking of the program on these levels will prove to current and future stakeholders the value of the service to the community and its main goal of traffic reduction. Categories to evaluate and track include but are not limited to:

1. **Program Enrollment and Ridership:** Tracking the number of students/households that enroll in the program as well as daily, weekly or monthly ridership figures (variable based on operational capacity to track these figures). While enrollment numbers carry higher value in terms of funding, ridership statistics will allow the Town to better understand the use and value of the program as a traffic reduction program and public service to the community.
2. **Transportation Benefits – Congestion Relief and Automobile Trips Reduction:** Tracking the reduction of traffic congestion at the most impacted locations around school campuses during peak commute times will establish the program's value towards the goal of congestion relief. Tracking the school-related automobile trip reduction will measure the local and regional transportation impacts and regional air quality benefits.
3. **Financial Sustainability:** Utilizing the pilot to understand the true operating and administrative costs will assist in projecting future costs should the program continue and expand
4. **Safety:** Tracking safety is a best practice of any school bus operation, and such measurements will help engender the service as a strong alternative to personal vehicle transportation.
5. **Service Quality:** As mentioned previously, measuring quality of the service will ensure that the service provider is performing to both Town and community expectations.
6. **Staffing and Responsibilities:** The number of hours and the effectiveness of the time spent managing the program by Town staff and contracted employees should better inform future staffing needs should the program continue and expand.
7. **Bell Schedules:** It is highly recommended that as the program continues to grow, bell schedules of the program associated schools be evaluated for adjustments as to better accommodate school bus transportation. Schools may be able to share transportation services should their bell times be ideally offset and aligned for early releases and/or late start days. Additionally, bell schedules can be adjusted so that one bus can perform two to three tiers of service to multiple schools during both morning and afternoon service periods. Bell schedule driven adjustments would also allow the program to increase ridership and therefore funding for the program.

# Conclusion

School Bus Consultants believes that the current enthusiasm for the traffic mitigation school bus program will continue to grow with the start of the pilot in January 2019. This initial period will provide the Town with crucial understanding of staffing needs, program demand through waitlist and ridership, and service quality. SBC believes the current staffing plan of one contracted employee assisted by Town staff will suffice for the initial pilot period. However, SBC advises the Town to be flexible with early start-up demands and the potential to increase the contracted worker to 30 hours or beyond if needed.

As the program becomes more established and grows in the number of routes servicing the Town, SBC sees strong potential for a JPA to be formed with regional stakeholders. A critical reason for this is the security in funding from a network of partners. This partnership may further benefit the Town in relinquishing itself from management duties, yet this change does come with a loss of direct control over the program's future. Further caveats to a JPA structure are the increased levels of board oversite on all decisions and the potential for lingering liability as a JPA member. These caveats being stated, SBC believes that the Town should work towards a successful program that can be promoted through the tracking of its traffic mitigation and value-add to the community. This value will create community buy-in and potential partnerships from which a JPA can be created and a growing program can be sustained.



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