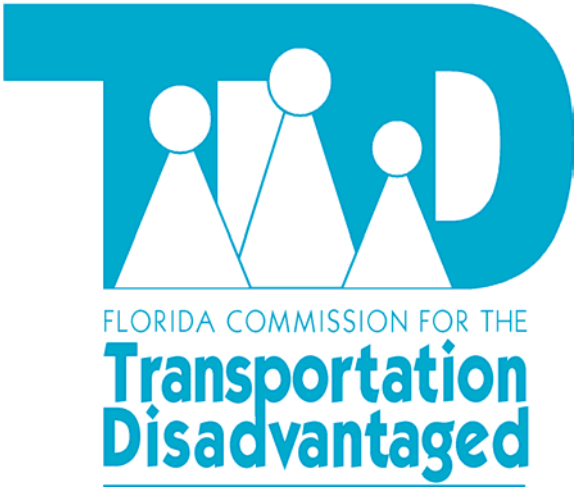

STANDARD RATE STRUCTURE REPORT

Funded by the
FLORIDA DEPARTMENT OF TRANSPORTATION

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Prepared by:

Government Services Group, Inc.
1500 Mahan Drive, Suite 250
Tallahassee, Florida 32308
(850) 681-3717

FLORIDA DEPARTMENT OF TRANSPORTATION
COMMISSION FOR THE TRANSPORTATION DISADVANTAGED
STANDARD RATE STRUCTURE REPORT

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I. EXECUTIVE SUMMARY

Introduction

Government Services Group, Inc. (GSG) specializes in providing management consulting services to state, regional and local government agencies utilizing computer based technology and process oriented analysis. GSG has developed special experience in performing financial analysis, rate development and direct and indirect service costs analysis for state, regional and local governmental agencies in Florida. The Commission for the Transportation Disadvantaged (CTD) has entered into a professional services agreement with GSG to provide specialized services in developing a standard rate determination methodology and in addressing other related issues.

GSG performed the following tasks in collecting and analyzing data, developing the standard rate determining methodology, and arriving at the findings and formulating the recommendations:

- Conducted a general search for the existence of transportation-disadvantaged rate determination methodologies that may be adaptive to the Florida program.
- Conducted a directed inquiry of states identified as having similar transportation-disadvantaged programs for the existence of rate determination methodologies that may be adaptive to the Florida program.
- Compiled and reviewed existing reference materials relating to transportation-disadvantaged rates.
- Interviewed CTD staff and compiled and reviewed existing materials relating to the Program administered by the Florida Commission for the Transportation Disadvantaged.
- Compiled and reviewed local transportation plans for each County.
- Planned, prepared for, and scheduled site visits to Community Transportation Coordinators (CTC's) throughout the state.
- Conducted survey of CTC's relating to state, local and funding agency requirements
- Conducted interviews with CTC directors, transportation directors and financial staff relating to existing rate methodologies and other CTC operation issues.
- Analyzed data collected from interviews and prepared presentation to the CTD regarding rate structure methodology findings.
- Established database from annual operating report data provided by CTC's for each County and compiled by CTD staff.
- Analyzed data from annual operating reports.

This report includes an executive summary, introduction, statutory authority of the Transportation Disadvantaged Program, explanation of rates and rate-making, existing methodologies and other requirements, Transportation Disadvantaged Program cost analysis & performance framework, and findings and recommendations.

The following is a summary of the major recommendations that resulted from the study performed by GSG:

General

- The concept of a coordinated system approach to the delivery of transportation-disadvantaged services is highly desirable because it affords the greatest opportunity for maximizing the use of fixed and operating capital, human resources, and bulk purchasing, and generally maximizing the achievement of economies of scale. The alternative would be the provision of transportation-disadvantaged services via a number of disparate human services programs throughout the state providing their own transportation services or requiring their particular service providers to provide or acquire transportation services in addition to the provision of the human services they presently provide. While on the surface it may appear that this latter method of providing transportation-disadvantaged services is less costly, we believe that it is only because the full costs (administrative, management and operating) of providing transportation-disadvantaged services in this manner have not been completely identified and aggregated. A movement toward this latter approach will most likely result in demands for increased funding from the programs or service providers as the full costs are realized and revenue shortfalls result. The only way in which this will not occur is if the programs or service providers currently have excess capacity and can absorb the impact of the full costs without additional revenues.

Rate Structure Methodology

- Transportation-disadvantaged rate schedules should continue to be cost-based.
- Transportation-disadvantaged rates should be proposed when the CTC acquisition/selection process occurs for the three-year period of the memorandum of agreement. It is preferred that different rates be proposed for each annual period instead of a composite rate for the full three-year period.
- All CTC's should continue to be selected on a competitive basis. However, this competitive selection should be based on the provision of all aspects of transportation-disadvantaged services, including transportation operations, regardless of whether provided directly or brokered by the CTC. Proposals or bids to perform CTC services should use budgeted expenditures for the provision of the services and the projected number of passenger trips or miles as the basis of comparison. Proposed rate schedules should be in accordance with the recommendations included in this report. In situations where there are not two or more responsive bids or proposals, the selection process should be viewed as

not competitive and the selection of a CTC should be subject to increased scrutiny by the local board, planning agency and commission in the selection process.

- Any rate(s) adopted by a CTC should be supported by an exclusive cost[1] pool made up of projected identifiable and allocable[2] costs. The total costs in a particular rate cost pool should be divided by an appropriate cost measure maintained by the CTC, e.g., miles, passenger trips, passenger hours, wheel chair passengers loaded/unloaded, etc.
- In cases where a funding agency pays less than the full cost-based rate, the differential between the rate and the amount paid should be identified and multiplied times the rate measure to arrive at the total amount that revenues do not meet costs for transportation-disadvantaged services provided to the particular program. The CTC should identify local contributions, rider co-pays, or other source of revenues that may legally be used to address the deficit..
- Adopted rates should be based on budgeted[3] expenditures for established periods of no less than one year or more than 3 years. Following the conclusion of each annual fiscal period and upon achieving reliable[4] actual expenditure data for the period, actual expenditures shall be compared to the budgeted expenditures upon which the rates were based and the total amount that the actual expenditures are more or less than the total amount of the budget expenditures, should be established as a "carry forward adjusting entry" that is applied to the exclusive cost pool and the rate adjusted accordingly for the next annual rate period. Use of this mechanism will assure that rates are continually self-adjusting to reflect actual expenditures without the requirement for issuing refunds or invoices for additional funds.

Analytical Performance Framework

- The commission should consider adopting an analytical performance framework similar to the one described in this report for assessing the overall performance of the each County's transportation-disadvantaged program, applying incentives and disincentives, and for serving as a indicator of possible areas in need of monitoring or technical assistance.

[1] Exclusive means that all costs included are not included in any other cost pool.
[2] All allocated costs should be performed in accordance with accepted cost allocation methodologies.
[3] Budgeted expenditures must be based on actual historical expenditures with any adjustments fully justified including basis for adjustments.
[4] Reliable actual expenditure data would typically be achieved follow publishing of financial statements for the period.

State, Local, Funding Agency Requirements/Standards

- The Commission should consider requiring expenses required to meet state, local and funding agency requirements/standards to be provided in a separate line item[5] in expenditure data submitted for the annual report. Special emphasis should be placed on requirements such as vehicle insurance coverage levels, levels of service (transportation request scheduling times, etc.) that exceed norms. To the extent that these costs are significant, the Commission should consider establishing standards that serve as a minimum/maximum or requiring local contributions to cover locally mandated expenses, federal agencies to cover federal agency mandated expenses and state funds to cover state mandated expenditures above the minimum.

Cost Containment/Efficiency

- Vehicle loading and trip scheduling is one of the areas that is key to operating an efficient system. Maximizing the number of passengers per vehicle and assuring that the most efficient vehicles are used to meet rider demand are critical. The Commission should consider the adoption of loading and scheduling standards for urban and rural transportation-disadvantaged systems or provide guidance/technical assistance in this area.
- The Commission should consider requiring CTC's to use purchased services[6] or volunteer or faith based organizations to meet after hour and peak load demand transportation needs in lieu of acquiring additional equipment and manpower to meet this need, unless the CTC can clearly demonstrate a significant direct cost savings by not using these services.
- The Commission should consider establishing administrative staffing standards or guidelines and allowable overhead rates for allocated costs.

Other Observations

- The Commission should consider the feasibility of combining the safety inspection site visits performed by the FDOT and any other on-site monitoring of CTC's by other state agencies with the site visits performed by Commission staff so that a single visit could serve the needs of the multiple program areas.

Implementation

The process of implementing these recommendations should begin following presentation of the report to the Commission and due consideration by Commissioners. The Commission should provide direction regarding a desire to implement all, selected,

[5] A separate line item for each, e.g., state, local, funding agency.
[6] Common carriers or other paratransit service providers.

or none of the recommendations. Assuming that the Commission wants to, at least, implement some of the recommendations, it must decide whether it wants to implement the recommendations across the board to all CTC's as soon as possible, or allow implementation to occur as CTC's submit requests for rate increases or come up for selection or retention through the acquisition process. Once this has occurred, an implementation plan would be prepared providing the tasks required to accomplish implementation of each recommendation identified by the Commission. These plans would include: timetables for implementation; any agency rules that must be amended; documents that must be prepared or revised; and training or technical assistance that must be accomplished.

II. INTRODUCTION

Preface

Government Services Group, Inc. (GSG) specializes in providing management consulting services to state, regional and local government agencies utilizing computer based technology and process oriented analysis. GSG has developed special experience in performing financial analysis, rate development and direct and indirect service costs analysis for state, regional and local governmental agencies in Florida. The Florida Department of Transportation (FDOT) Commission for the Transportation Disadvantaged (CTD) has entered into a professional services agreement with GSG to provide specialized services in developing a standard rate determination methodology and in addressing other related issues.

This document will serve as a report documenting the process performed by GSG in developing the standard rate determination methodology and conclusions and recommendations that are project deliverables specified in the scope of services incorporated in the professional services agreement between the CTD and GSG. This document additionally includes observations identified while conducting the study that were thought to be of interest to the Commission.

Methodology

In collecting and analyzing data, developing the standard rate determining methodology, and arriving at the conclusions and recommendations, GSG performed the following tasks:

- Conducted a general search for the existence of transportation-disadvantaged rate determination methodologies that may be adaptive to the Florida program.
- Conducted a directed inquiry of states identified as having similar transportation-disadvantaged programs for the existence of rate determination methodologies that may be adaptive to the Florida program.
- Compiled and reviewed existing reference materials relating to transportation-disadvantaged rates.
- Interviewed CTD staff and compiled and reviewed existing materials relating to the Program administered by the Florida Commission for the Transportation Disadvantaged.
- Compiled and reviewed local transportation plans for each County.
- Planned, prepared for, and scheduled site visits to Community Transportation Coordinators (CTC's) throughout the state.
- Conducted survey of CTC's relating to state, local and funding agency requirements

- Conducted interviews with CTC directors, transportation directors and financial staff relating to existing rate methodologies and other CTC operation issues.
- Analyzed data collected from interviews and prepared presentation to the CTD regarding rate structure methodology findings.
- Established database from annual operating report data provided by CTC's for each County and compiled by CTD staff.
- Analyzed data from annual operating reports.

III. CTD PROGRAM

CTD Program Description

This section of the report will provide the authority, duties and responsibilities of the various entities that comprise the Transportation Disadvantaged Program in Florida as provided in Chapter 427, Florida Statutes.

The State of Florida Commission for the Transportation Disadvantaged (CTD) is an independent commission housed administratively within the Florida Department of Transportation. The commission consists of the following members:

- the secretary of the Department of Transportation or the secretary's designee;
- the secretary of the Department of Children and Family Services or the secretary's designee;
- the Commissioner of Education or the commissioner's designee;
- the secretary of the Department of Labor and Employment Security or the secretary's designee;
- the executive director of the Department of Veterans' Affairs or the executive director's designee;
- the secretary of the Department of Elderly Affairs or the secretary's designee;
- the director of the Agency for Health Care Administration or the director's designee;
- a representative of the Florida Association for Community Action, who shall serve at the pleasure of that association; a representative of the Florida Transit Association, who shall serve at the pleasure of that association;
- a person over the age of 60 who is a member of a recognized statewide organization representing elderly Floridians appointed by the Governor to represent elderly Floridians;
- a handicapped person who is a member of a recognized statewide organization representing handicapped Floridians appointed by the Governor to represent handicapped Floridians; two citizen advocate representatives who shall be appointed by the Governor for a term of 4 years, one representing rural citizens and one representing urban citizens;
- a representative of the community transportation coordinators appointed by the Governor to represent all community transportation coordinators;
- one member of the Early Childhood Council appointed by the Governor to represent maternal and child health care providers;
- two representatives of current private for-profit or private not-for-profit transportation operators each of which have a minimum of 5 years of continuous

experience operating a broad-based system of ambulatory and wheelchair/stretcher type transportation, utilizing not less than 50 vehicles and including dispatch and scheduling responsibilities appointed by the Commissioner of Agriculture ;

- four representatives of current private for-profit or private not-for-profit transportation operators, each of which having a minimum of 5 years of continuous experience operating a broad-based system of ambulatory and wheelchair or stretcher-type transportation, utilizing not less than 50 vehicles, and including dispatch and scheduling responsibilities appointed by the Commissioner of Agriculture; and
- six citizens representing the non-transportation business community of the state, three members appointed by the President of the Senate and three members appointed by the Speaker of the House of Representatives.

The commission has an appointed executive director who serves under the commission's direction, supervision, and control. The executive director, with the consent of the commission, employ other personnel as necessary to perform adequately the functions of the commission within budgetary limitations. The employees of the commission are exempt from the Career Service System.

The purpose of the commission is to accomplish the coordination of transportation services provided to the transportation disadvantaged. The goal of this coordination is to assure the cost-effective provision of transportation by qualified community transportation coordinators or transportation operators for the transportation disadvantaged without bias or presumption in favor of multi-operator systems or not-for-profit transportation operators over single operator systems or for-profit transportation operators.

It is the responsibility of the commission to:

- compile all available information on the transportation operations for and needs of the transportation disadvantaged in the state;
- establish statewide objectives for providing transportation services for the transportation disadvantaged;
- develop policies and procedures for the coordination of local government, federal, and state funding for the transportation disadvantaged;
- identify barriers prohibiting the coordination and accessibility of transportation services to the transportation disadvantaged and aggressively pursue the elimination of these barriers;
- serve as a clearinghouse for information about transportation disadvantaged services, training, funding sources, innovations, and coordination efforts;
- assist communities in developing transportation systems designed to serve the transportation disadvantaged;

- assure that all procedures, guidelines, and directives issued by member departments are conducive to the coordination of transportation services;
- assure that member departments purchase all trips within the coordinated system, unless they use a more cost-effective alternative provider;
- provide, by rule, criteria and procedures for member departments to use if they wish to use an alternative provider. Departments must demonstrate either that the proposed alternative provider can provide a trip of acceptable quality for the clients at a lower cost than that provided within the coordinated system, or that the coordinated system cannot accommodate the department's clients;
- develop by rule standards for community transportation coordinators and any transportation operator or coordination contractor from whom service is purchased or arranged by the community transportation coordinator covering coordination, operation, safety, insurance, eligibility for service, costs, and utilization of transportation disadvantaged services;
- adopt rules pursuant to sections 120.536(1) and 120.54 to implement the provisions of sections 427.011-.017, Florida Statutes;
- approve the appointment of all community transportation coordinators;
- have the authority to apply for and accept funds, grants, gifts, and services from the Federal Government, state government, local governments, or private funding sources. Applications by the commission for local government funds shall be coordinated through the appropriate coordinating board. Funds acquired or accepted under this subsection shall be administered by the commission and shall be used to carry out the commission's responsibilities;
- make an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1 of each year;
- consolidate, for each state agency, the annual budget estimates for transportation disadvantaged services, and the amounts of each agency's actual expenditures, together with the annual budget estimates of each official planning agency, local government, and directly federally funded agency and issue a report.
- prepare a statewide 5-year transportation disadvantaged plan which addresses the transportation problems and needs of the transportation disadvantaged, which is fully coordinated with local transit plans, compatible with local government comprehensive plans, and which ensures that the most cost-effective and efficient method of providing transportation to the disadvantaged is programmed for development;
- review and approve memorandums of agreement for the provision of coordinated transportation services;
- review, monitor, and coordinate all transportation disadvantaged local government, state, and federal fund requests and plans for conformance with commission policy, without delaying the application process. Such funds shall be available only to those entities participating in an approved coordinated transportation system or

entities which have received a commission-approved waiver to obtain all or part of their transportation through another means. This process shall identify procedures for coordinating with the state's intergovernmental coordination and review procedures and section 216.212(1) , Florida Statutes, and any other appropriate grant review process;

- develop an interagency uniform contracting and billing and accounting system that shall be used by all community transportation coordinators and their transportation operators;
- develop and maintain a transportation disadvantaged manual;
- design and develop transportation disadvantaged training programs;
- coordinate all transportation disadvantaged programs with appropriate state, local, and federal agencies and public transit agencies to ensure compatibility with existing transportation systems;
- designate the official planning agency in areas outside of the purview of a metropolitan planning organization;
- develop need-based criteria that must be used by all community transportation coordinators to prioritize the delivery of non-sponsored transportation disadvantaged services that are purchased with Transportation Disadvantaged Trust Fund moneys;
- establish a review procedure to compare the rates proposed by alternate transportation operators with the rates charged by a community transportation coordinator to determine which rate is more cost-effective
- conduct a cost-comparison study of single-coordinator, multi-coordinator, and brokered community transportation coordinator networks to ensure that the most cost-effective and efficient method of providing transportation to the transportation disadvantaged is programmed for development;
- develop a quality assurance and management review program to monitor, based upon approved commission standards, services contracted for by an agency, and those provided by a community transportation operator pursuant to section 427.0155, Florida Statutes. Staff of the quality assurance and management review program shall function independently and be directly responsible to the executive director; and
- ensure that local community transportation coordinators work cooperatively with regional workforce boards established in chapter 445 to provide assistance in the development of innovative transportation services for participants in the welfare transition program.

Transportation Disadvantaged Trust Fund

Section 427.0159, Florida Statutes, provides for the establishment in the State Treasury of the Transportation Disadvantaged Trust Fund to be administered by the

Commission for the Transportation Disadvantaged. Fees collected for the transportation disadvantaged program under section 320.03 (9), Florida Statutes, shall be deposited in the trust fund. Funds deposited in the trust fund are subject to appropriation by the Legislature and are to used to carry out the responsibilities and administrative expenses of the commission. Funds deposited in the trust fund may only be used by the commission to subsidize a portion of a transportation disadvantaged person's transportation costs which is not sponsored by an agency, only if a cash or in-kind match is required. Funds for non-sponsored transportation disadvantaged services are distributed based upon the need of the recipient and according to criteria developed by the Commission for the Transportation Disadvantaged.

From the Transportation Disadvantaged Trust Fund, the commission awarded grants, totaling $23.5 million dollars during FY 2001-02 to local Community Transportation Coordinators to provide non-sponsored trips and designated planning agencies to provide assistance to local coordinating boards to ensure local implementation.

In addition, the commission distributed $1.4 million for the Rural Capital Assistance Grant Program with funds provided by the Department of Transportation in FY 2002-03. These funds have allowed for the purchase of vehicles and other capital equipment, which results in improved safety and reduced maintenance costs. Additionally, some of the purchases will allow for expanded services in those counties where funds are available.

Planning Organization/ Agency Responsibilities

In developing the transportation improvement program, each metropolitan planning organization or designated official planning agency in Florida must include a realistic estimate of the cost and revenue that will be derived from transportation disadvantaged services in its particular area. The transportation improvement program must also identify transportation improvements that will be advanced with the funds during the program period. These funds must be included in the transportation improvement program only after consultation with all affected agencies. These funds may only be expended when they are included in the transportation improvement program.

Each metropolitan planning organization or designated official planning agency is required to recommend to the commission a single community transportation coordinator. A member department (of Transportation) may not serve as the community transportation coordinator in any designated service area. The coordinator may provide all or a portion of needed transportation services for the transportation disadvantaged but shall be responsible for the provision of those coordinated services. Based on approved commission evaluation criteria, the coordinator must subcontract or broker those services that are more cost-effectively and efficiently provided by subcontracting or brokering. The performance of the coordinator shall be evaluated based on the commission's approved evaluation criteria by the coordinating board at least annually. A copy of the evaluation is to be submitted to the metropolitan planning organization or the designated official planning agency, and the commission. The recommendation or

termination of any community transportation coordinator is subject to approval by the commission.

Each metropolitan planning organization or designated official planning agency is required to request each local government in its jurisdiction to provide an estimate of all local and direct federal funds to be expended for transportation for the disadvantaged. The metropolitan planning organization or designated official planning agency must consolidate this information into a single report and forward it to the commission.

Community Transportation Coordinator Responsibilities

Community transportation coordinators are responsible for the following:

- executing uniform contracts for service using a standard contract, which includes performance standards for operators;
- collecting annual operating data for submittal to the commission;
- reviewing all transportation operator contracts annually;
- approving and coordinating the utilization of school bus and public transportation services in accordance with the transportation disadvantaged service plan;
- in cooperation with a functioning coordinating board, reviewing all applications for local government, federal, and state transportation disadvantaged funds, and developing cost-effective coordination strategies;
- in cooperation with, and approved by, the coordinating board, developing, negotiating, implementing, and monitoring a memorandum of agreement including a service plan, for submittal to the commission;
- in cooperation with the coordinating board and pursuant to criteria developed by the Commission for the Transportation Disadvantaged, establishing priorities with regard to the recipients of non-sponsored transportation disadvantaged services that are purchased with Transportation Disadvantaged Trust Fund moneys;
- having full responsibility for the delivery of transportation services for the transportation disadvantaged; and
- working cooperatively with regional workforce boards established in chapter 445 to provide assistance in the development of innovative transportation services for participants in the welfare transition program.

Coordinating Board Responsibilities

The purpose of each coordinating board is to develop local service needs and to provide information, advice, and direction to the community transportation coordinators on the coordination of services to be provided to the transportation disadvantaged. The commission, by rule, establishes the membership of coordinating boards. The members of each board are subject to appointment by the metropolitan planning organization or

designated official planning agency. The appointing authority must provide each board with sufficient staff support and resources to enable the board to fulfill its responsibilities. Each board must meet at least quarterly . Coordinating boards have the following responsibilities:

- review and approve the coordinated community transportation disadvantaged service plan, including the memorandum of agreement, prior to submittal to the commission;
- evaluate services provided in meeting the approved plan;
- in cooperation with the community transportation coordinator, review and provide recommendations to the commission on funding applications affecting the transportation disadvantaged;
- assist the community transportation coordinator in establishing priorities with regard to the recipients of non-sponsored transportation disadvantaged services that are purchased with Transportation Disadvantaged Trust Fund moneys;
- review the coordination strategies of service provision to the transportation disadvantaged in the designated service area;
- evaluate multi-county or regional transportation opportunities; and
- work cooperatively with regional workforce boards established in chapter 445 to provide assistance in the development of innovative transportation services for participants in the welfare transition program.

IV. RATES

Introduction

This section of the report will describe the basic factors that comprise rate-making and will apply them to the transportation-disadvantaged program. Much of the information provided in this section was presented to the Commission at a "Rate-making Workshop" conducted in December 2002.

Purposes & Characteristics of Rates

Rates are a mechanism for raising revenues typically in return for the provision of goods or services. The primary characteristics of a sound rate methodology are:

- easy to administer;
- understandable to customers & funding agencies; and
- equitable.

Bases of Rates

Rate determinations may be based on a variety of approaches. The following comprise the typical bases of determining rates:

- Competitive Process
- Market
- Costs
- Historical
- Demand (Peak-Load, Time of Day)
- Mixed

Generally, governmental[7] rates relate to fees for the provision of governmental services and must be based on the cost of providing the particular good or service for which the rate applies; otherwise, such a charge would be a tax, and as such, would require expressed statutory authorization.

Competitive Process

Competitive rates are acquired through a competitive process such as a request for bids or request for proposal process. Rates based on a competitive process are generally considered the best available for the designated area and for the time of the competitive process.

[7] Federal, state, regional or local governments.

Competitive based rates are most effective when:

- Adequate notification/advertising is provided;
- Well-written specifications exist;
- Competent evaluation takes place; and
- True competition exists

Market

Market rates are based on an effective analysis of the market within a particular area and period of time. Rates based on a market analysis are generally considered to represent the "fair value" for a particular good or service.

Market rates are most effective when:

- Competent studies are conducted that compare apples to apples; and
- A stable market exists at the time of data gathering.

Costs

Cost-based rates are rates based on the actual costs of providing a particular good or service. Since government agencies at many levels use rates to derive fee based revenues, rates with a cost basis are widely used by governmental agencies and many for profit and non-profit entities that rely on governmental agencies for funding or which provide goods and services for governmental agencies.

The following apply to cost based rates:

- They are generally accepted by governmental agencies if consistent with OMB cost guidelines;
- The rates rise/fall with costs, and revenues equal costs;
- It can be complicated to accurately determine costs/rates; and
- They do not, on their own, provide an incentive for efficient operation.

Historical

Historical rates are rates that may have been originally established using one of the other basis, but are reestablished from rate period to rate period based on the amounts that have historically been assessed. Historical rates may or may not include price level or cost-of-living increases. They are generally used because:

- Higher rates would result in less service because of limited funds to pay for the goods or services; and/or
- Rate increases are deemed not politically acceptable or cannot be properly justified.

Historical rates:

- Are stable;
- May result in decreasing quantity and quality of goods or services as costs rise; and
- May result in a disruption of service if costs increase greatly.

Demand

Demand or capital rates can have any of the other bases as the primary basis for the rate, but the rates are also adjusted to provide an incentive for customers to shift demand to particular periods of time when capital is underutilized.

Demand rates:

- Allow customers to take advantage of more favorable rates;
- Provide for more level demand for more even use of capital, possibly lessening the need for additional personnel and capital equipment to meet peak load demand; and
- Must be effectively monitored to predict rate revenues as demand shifts.

Mixed

A mixed rate basis combines more than one of the rate bases to achieve a particular objective. For example, competitive process could be combined with cost-based rates and demand rates to provide an incentive for efficient operation and to establish rates that are tied to costs but have a peak load incentive pricing mechanism to level demand and provide for a more efficient use of personnel and capital equipment.

Cost-Based Rates Description

Since cost-based rates are the predominant basis used by governmental entities and because they serve as the foundation for the rates used by Community Transportation Coordinators in the Florida Transportation Disadvantaged Program, the following section will describe this rate basis in more detail. This section includes the following:

- Cost Definitions
- Management Fees vs. Management Costs
- Which Costs Are Recovered Through Rates?
- Projected vs. Actual Costs
- Methods for Determining Costs for Multiple Cost Boxes
- Simple – Single Rate Structure
- Complex – Multiple Rate Structure

Cost Definitions

While costs may be grouped into a number of classifications, we have elected to group the transportation disadvantaged program costs of the CTC's into the following three major classifications:

- Administration
- Management
- Operations

Administration

The costs included in the administration classification are generally referred to as overhead costs. These costs include: executive direction; administrative and clerical support; finance & accounting; human resources; risk management; general liability/employee health insurance; procurement; facilities; etc.

Management

Management costs are costs that may be considered administrative in nature, but are specific to the transportation disadvantaged program. These costs include: customer eligibility, scheduling, dispatch, customer record keeping, funding agency invoicing, etc.

Operations

Operations, or operating costs, are the costs associated with conducting the direct operations of the transportation system. These costs include: driver labor, vehicle capital costs, vehicle operating costs, vehicle insurance, etc.

Management Costs vs. Management Fees

A number of CTC's use a management fee as a mechanism to obtain payment for the provision of CTC administrative and management services. Some other CTC's include a "management component" as a part of the transportation disadvantaged rate. Management fees are different than management costs. Management fees are typically assessed by a CTC broker operation as a means of receiving payment to cover the provision of:

- Administrative costs; and
- Management costs.

All CTC's – whether broker or sole provider – incur these costs. However, these costs are typically not broken out in sole provider CTC operations. Instead, they are reflected in the overall rate.

CTC Non-Recoverable Costs

The costs that are recoverable from another source can not also be recovered through transportation disadvantaged rates. Therefore, these non-recoverable budgeted costs need to be backed out of the total costs for rate-making purposes. The following are costs that are typically not recoverable by CTC's:

- Costs covered by federal, state, or local capital acquisition or operating subsidies;
- Costs covered by co-pay / fare box revenues;
- Costs covered by special contracts for service; and
- Costs covered by any other special rate or revenue.

In addition, there are some costs for which revenues will never be collected. These uncollectable budgeted costs will need to be backed out of the total non-recoverable costs to arrive at a net non-recoverable amount. Typical uncollectable items include the following:

- (Budgeted) Co-pays not paid;
- (Budgeted) No-show, no pay; and
- (Budgeted) Shortfalls in other rates (e.g., Medicaid).

The following table provides an example of the calculation of net non-recoverable costs with uncollectable items backed out:

Calculation of Net Non-Recoverable Costs

Non-recoverable	
Subsidies:	- $95,000
Co-Pays and Fare Box Revenues	- $30,000
Special Contracts for Service	- $20,000
Other:	- $10,000
	==========
Sub-total =	**- $155,000**
Uncollectable	
Co-Pay, No-Pay	+ $5,000
No-Show, No-Pay	+ $5,000
Match Requirements	+ $35,000
Other Rate Shortfalls	+ $10,000
	==========
Less Sub-total =	**$55,000**
Net Non-recoverable Costs =	**- $100,000**

Projected vs. Actual Costs

Rates are usually based on budgeted or projected costs for a particular operating period. The actual costs incurred for that period typically vary from the projected costs, sometimes by a significant amount. A sound rate determination methodology will recognize and account for it via performing a reconciliation at the end of the operating period and then providing an adjustment to the applicable rate cost pools at the time of calculation of the rates for the upcoming financial period. This process provides for a self-adjusting rate by use of a "carry forward" applied to future projected costs and, thus, adjusted in future rates.

Methods for Determining Costs for Multiple Cost Rate Pools

There are several methods available for determining the costs applicable to multiple cost pools. They are:

- Accounting
- Allocation
- Sampling
- Combination

Accounting

Accounting is the process of recording all expenditures directly to one or more distinct cost pools (services). This may be accomplished by using unique cost identifiers to track and assign costs to particular cost pools[8]. An example of this would be identifying all stretcher service-related expenses directly to stretcher service cost pool by use of a unique cost identifier.

This method is typically the most accurate method when expenses are recorded at the time they are incurred; but can be very time consuming if there are a large number of cost pools and may be very complicated for certain cost components such as administrative costs.

Allocation

Allocation is the consistent application of appropriate statistical measures (including survey of time and effort) to assign costs to multiple distinct cost pools. When using this method, the amount of a particular expenditure item is often dependent on some measure related to the provision of the particular service, making it possible to allocate the costs For example, all employee health insurance costs may be allocated among the different cost pools(services/rates) based on the number of employees assigned to

[8] Each cost pool includes the mutually exclusive costs related to a particular service (and applicable rate).

each particular cost pool. With the accounting software available today, it is possible to prescribe a particular allocation system in advance and when expenditures are incurred and recorded, the allocations occur automatically.

Allocation systems, while requiring a little more time on the front end, are usually less cumbersome overall than using the accounting method, especially if there are a number of cost pools (services/rates). Also, allocation systems consistent with OMB guidelines are generally accepted by most government agencies, particularly federal agencies. However, sometimes, the application of allocation statistics can result in anomalies that are not reflective of actual costs and allocation systems must be tested periodically (and adjusted, if necessary) for this.

Sampling

Sampling typically involves the periodic use of the accounting method (or the application of periodic allocation statistics) to assign costs to distinct services. Through the use of sampling methods such as random moment sampling, costs can be recorded to a particular cost pool for a relatively short period of time (e.g., a week) and then used to assign all costs for a larger period of time (e.g., a quarter) in accordance with the proportion that the costs represent for each particular service for the sample period.

Sampling systems are typically less time consuming than accounting approach, but may be more time consuming than allocation. Although not as generally accepted as allocation methods, a number of federal agencies recognize approved sampling methodologies. Sampling is typically viewed as less accurate than accounting and special attention must be paid to assure that the periods chosen for sampling are reflective of expenditures for the periods for which they are to be used to assign costs.

Combination

A combination of the approaches may be used for different cost components. For example, accounting may be used to record costs to particular services for some cost components that are relatively easy to account for and allocation may be used to assign costs to particular services for other cost components that are shared among cost pools.

Use of the combination approach can be less cumbersome that the exclusive use of the accounting method and can be more accurate than the exclusive use of the allocation method.

Rate Structure

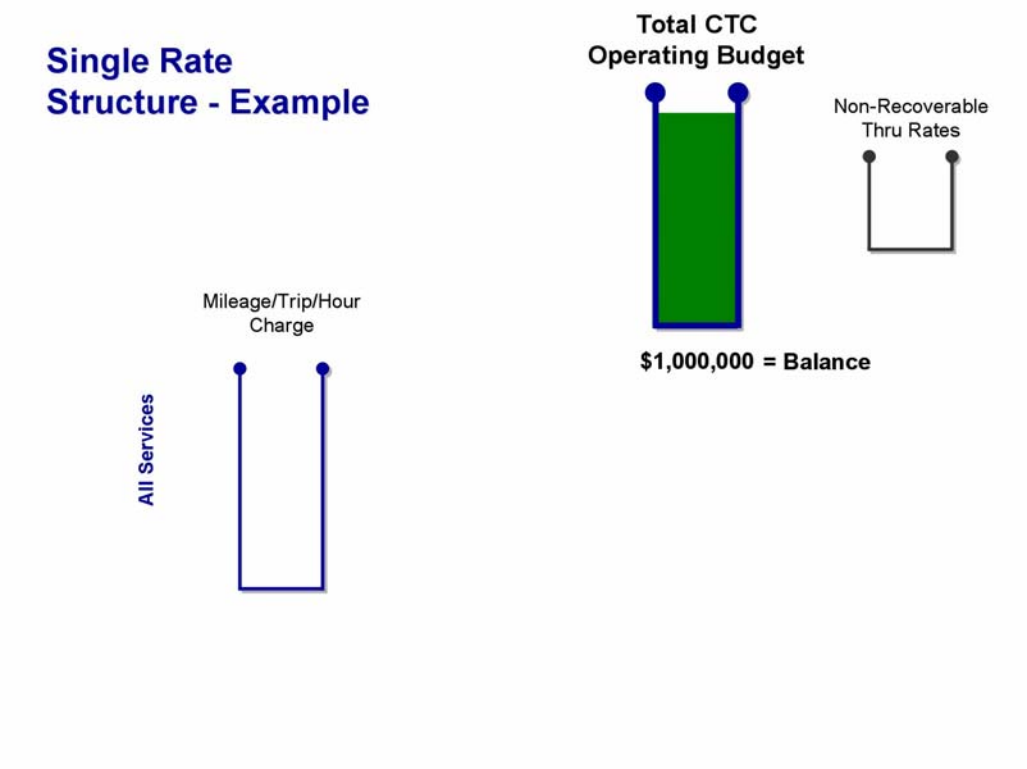
The term rate structure typically refers to the interrelationships between the particular services for which rates are to be established, the individual components of the rates – including the bases of the rates – and the underlying methodology used to establish the rates. Rate structures can be very simple and straight forward or complex and complicated. This section of the report will use graphics to describe the following:

- Simple - Single Rate Structure:
  - Definition
  - Example
  - Strengths and Weaknesses
- Complex - Multiple Rate Structure:
  - Definition
  - Moderate Example
  - Elaborate Example
  - Strengths and Weaknesses

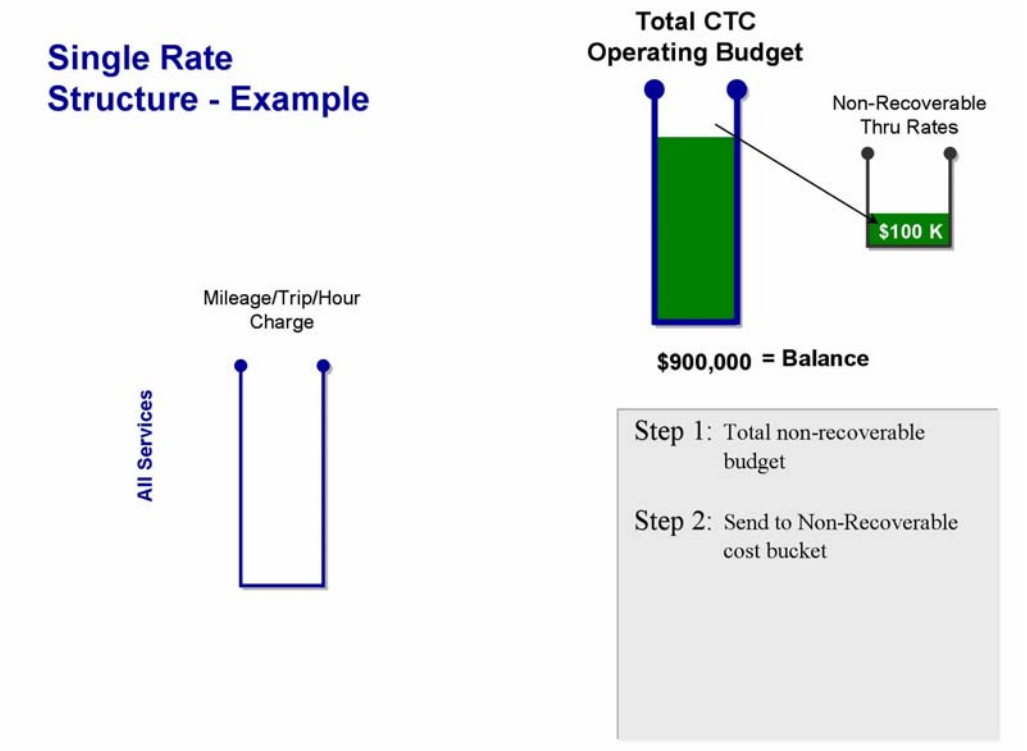
Note: The figures used in the following examples are simply used to demonstrate the steps, calculations and methodologies used for determining rates. These figures are hypothetical and may result in per mile, per trip and per hour amounts that do not reflect typical rates in use by CTC's in Florida.

Simple - Single Rate Structure

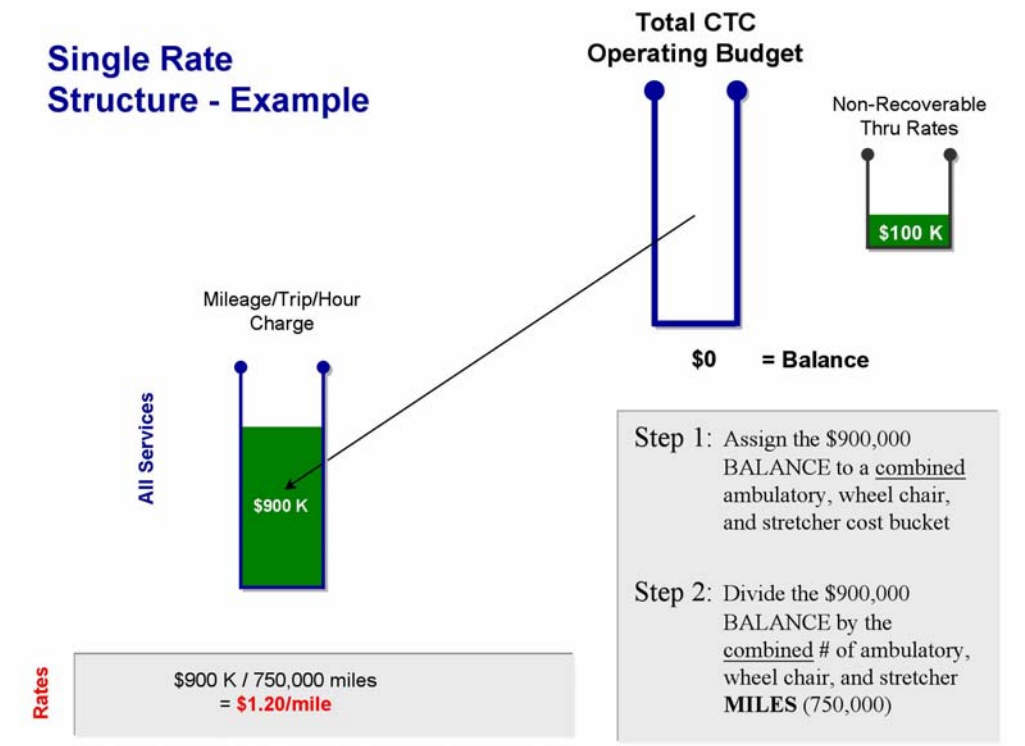
A rate structure that provides a single rate for all services using a single cost pool with a single cost measure is probably the simplest rate structure possible. All costs can be easily accounted for in the cost pool. The rates are simple to set and easy for customers and funding agencies to understand. However, they often result in more costly services being subsidized by less costly services when services of both types are being provided. The following graphic provides the major components of a simple rate structure.



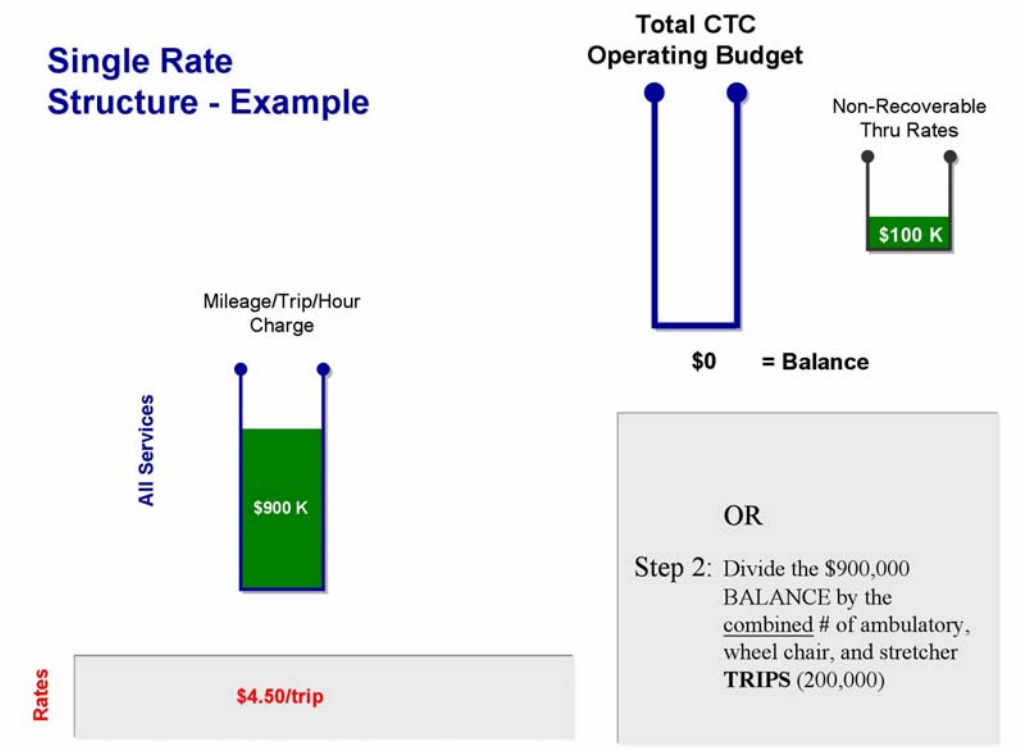
First, non-recoverable expenses are assigned to a non-recoverable expense pool.



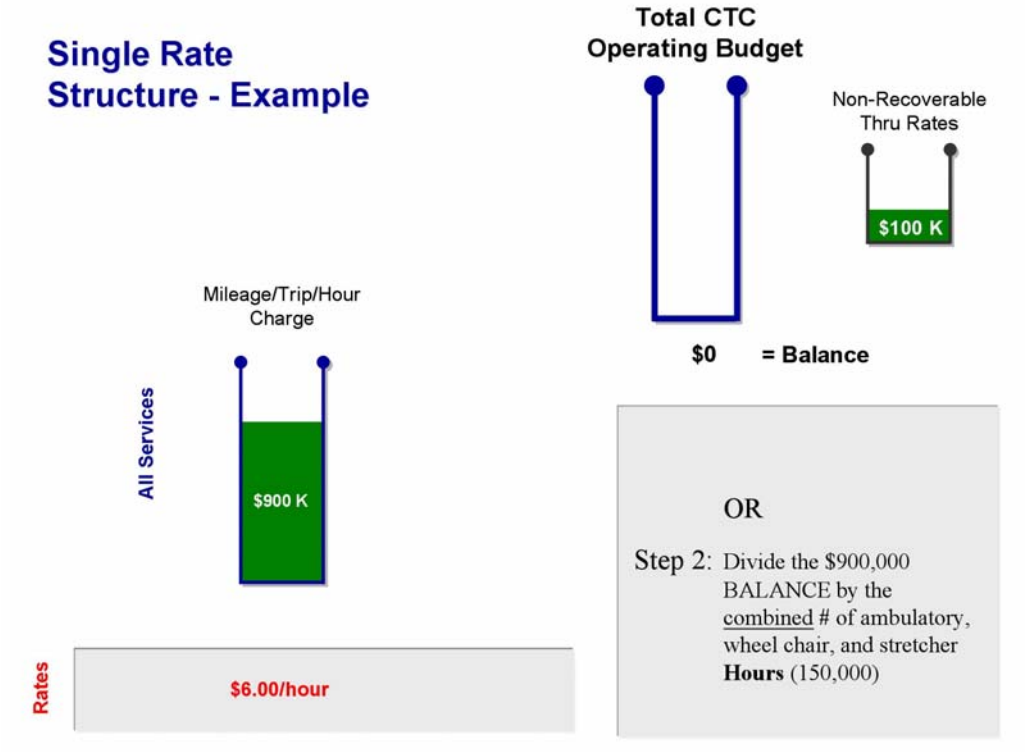
Second, the remaining balance (recoverable expenses) in the projected operating expenses are assigned to the single recoverable cost pool. When the expenses in this pool are divided by the performance measure (miles), the result is a rate of $1.20 per mile in the example.



Alternatively, the performance measure can be trips. With the same projected expenses in the cost pool, the resulting rate is $4.50 per trip in the example.



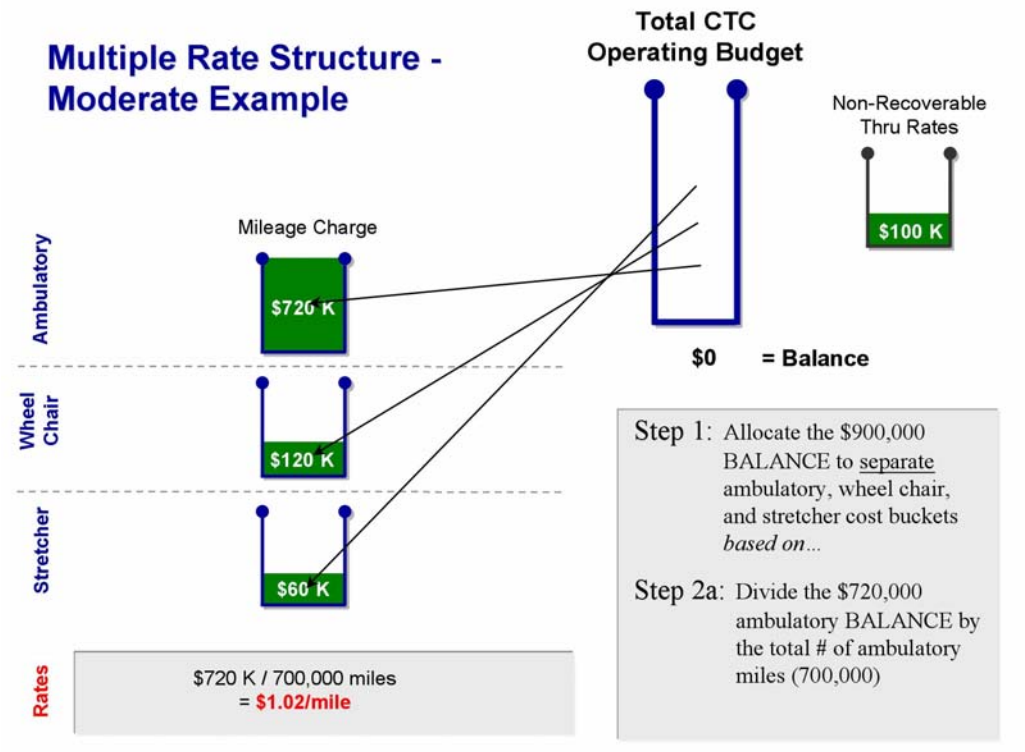
Likewise, if the performance measure is hours and the same projected expenses are used, the resulting rate is $6.00 per hour in the example.

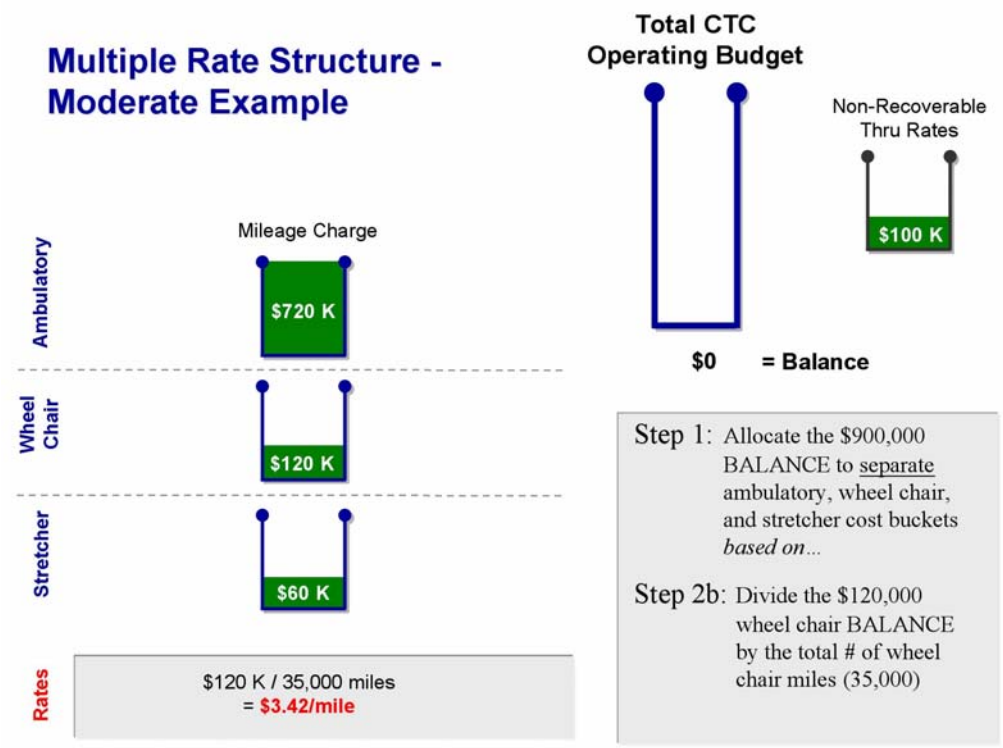


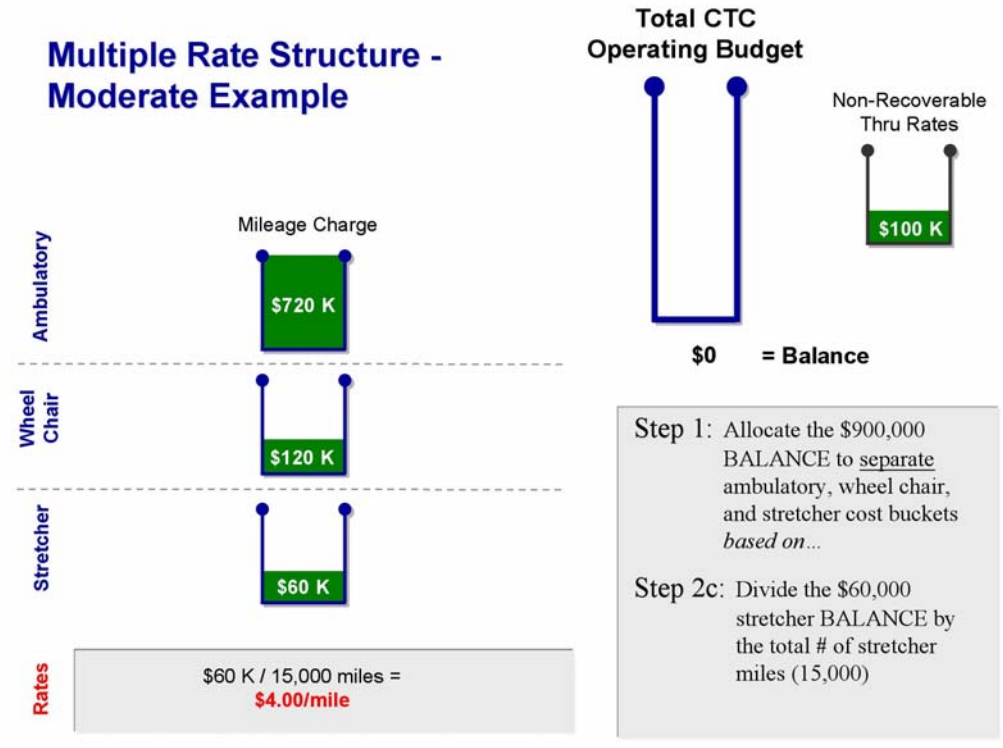
Complex - Multiple Rate Structure

A rate structure that provides different rates for different services that includes two or more cost pools with one or more performance measures is a complex rate structure. There must be one cost pool for each service provided. Such rate structures may range from slightly complex to elaborately complex. As the number of services, and therefore cost pools, increase, the complexity of determining which costs go into which cost pool rises. As the number of cost pools increases, rates become more complicated to set and the methods for assigning costs to the various cost pools become more complicated as well. However, a complex rate structure lessens the likelihood that more expensive services will be subsidized by less expensive services.

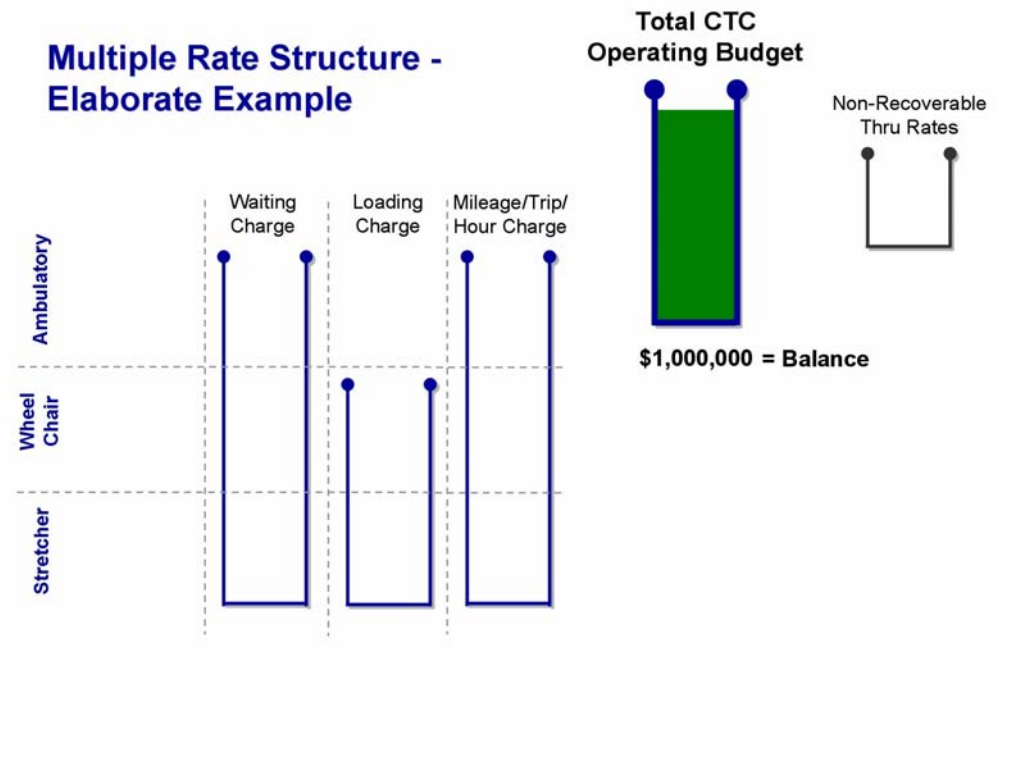
The next three graphics provide the major components of a complex rate structure, assigns the non-recoverable costs to a non-recoverable cost pool and then assigns the remaining projected expenses among the three cost pools representing three distinct services. The amounts in these cost pools are then divided by the per mile performance measure to produce a per mile rate of $1.02, $3.42, and $4.00, respectively, for each service (cost pool).



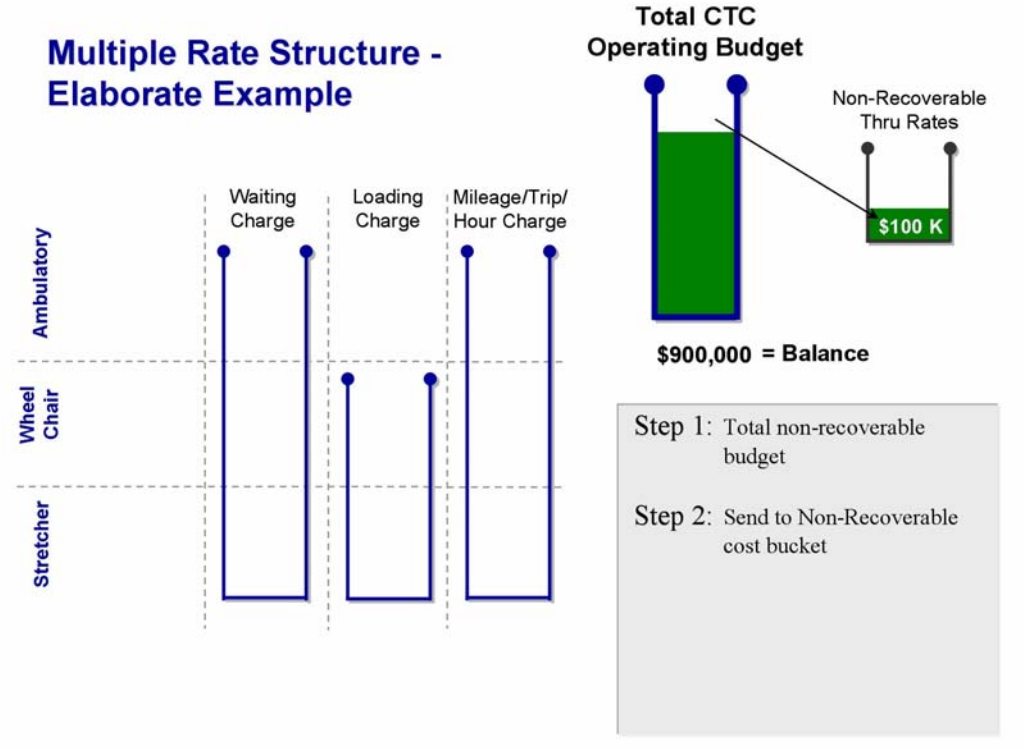




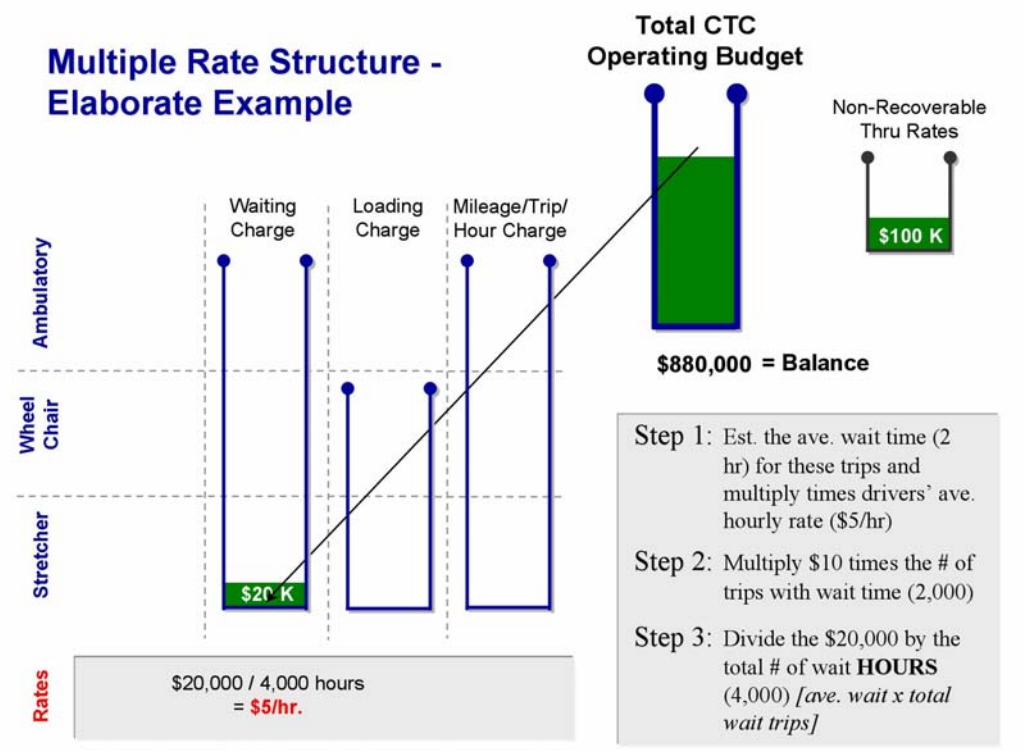
The next set of graphics illustrate an elaborate example in which cost pools are established for a waiting charge and a loading charge as well as the standard transportation charge for the various services.



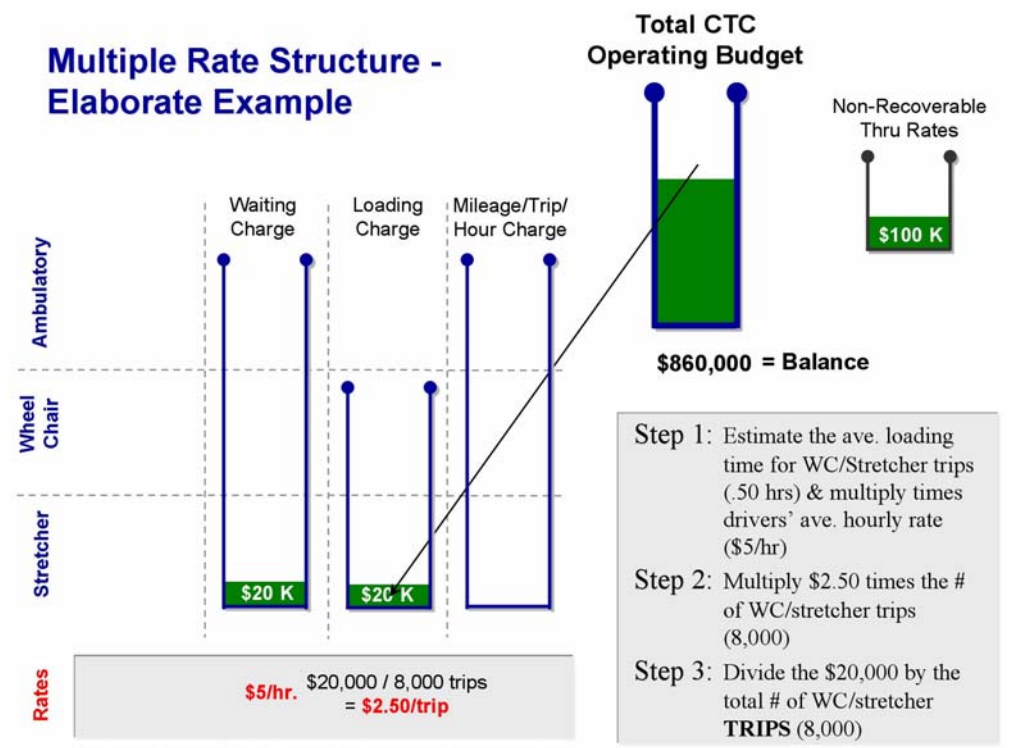
First, the non-recoverable expenses are assigned to the non-recoverable cost pool.



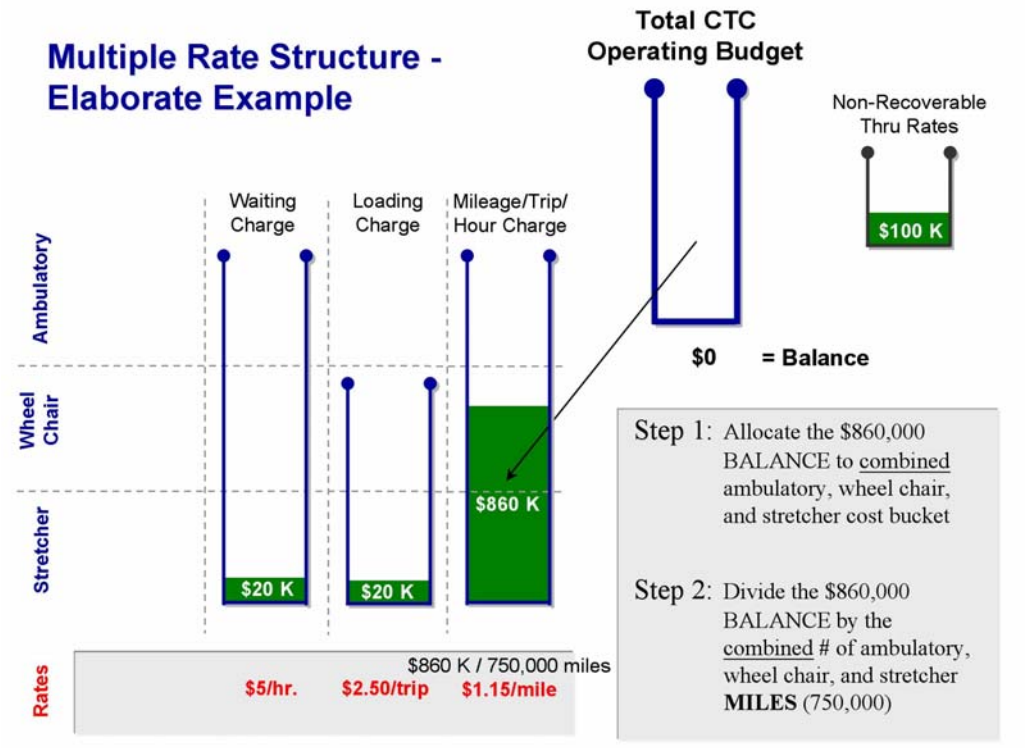
Then, projected waiting expenses are assigned to the waiting charge cost pool, along with the performance measure, resulting in an hourly rate of $5.00 per hour for each of the services.

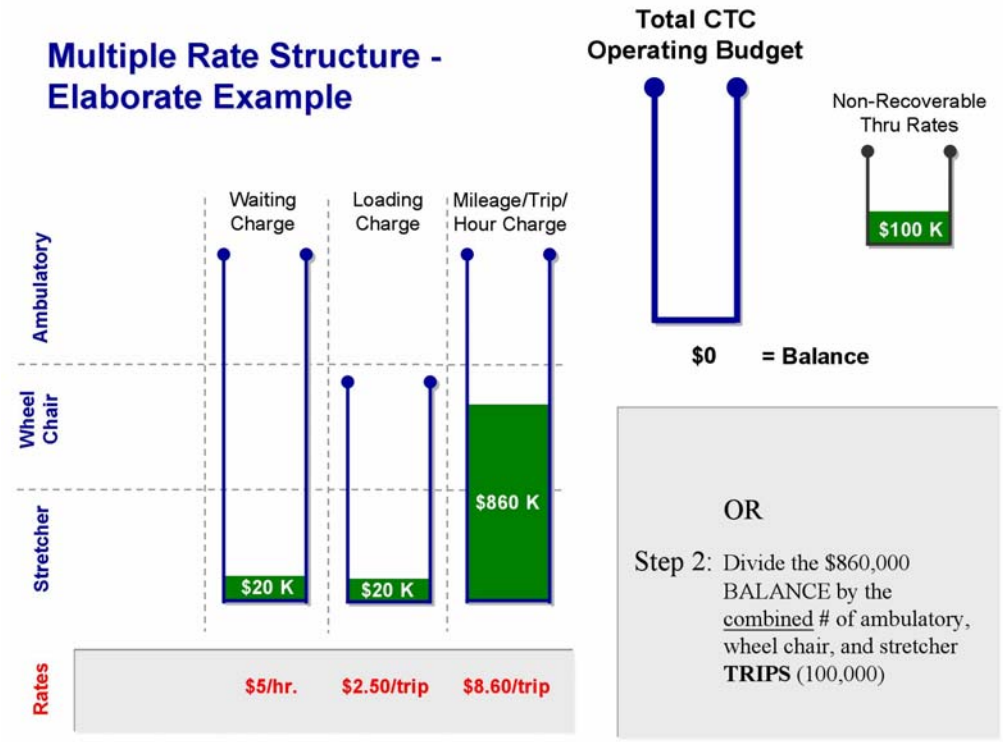


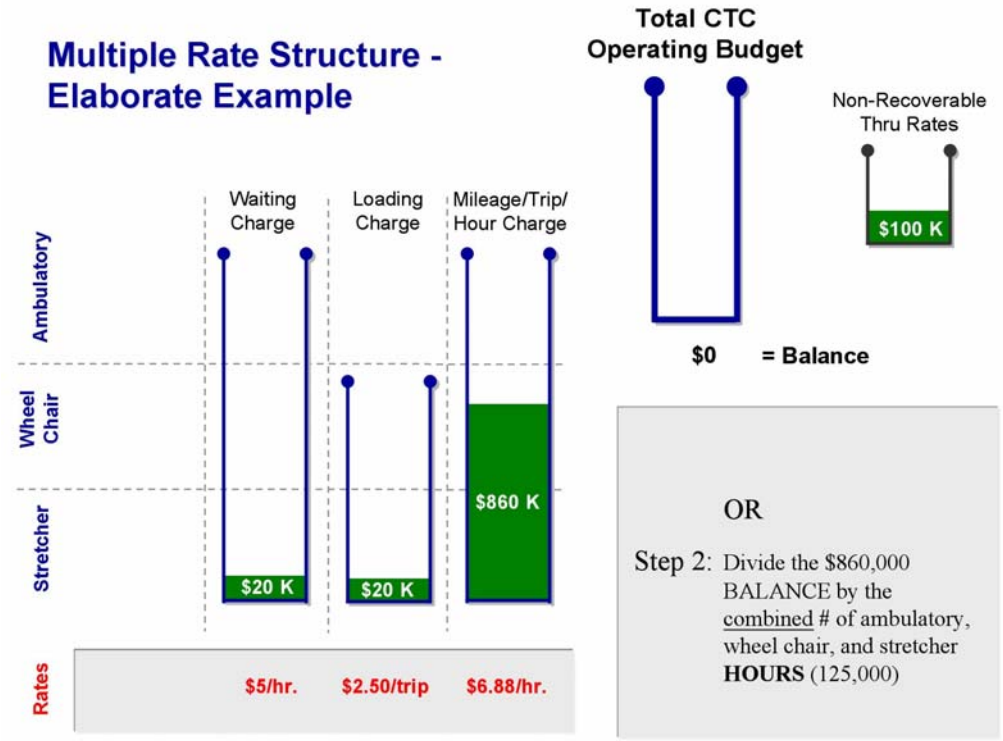
Next, projected loading expenses are assigned to the loading charge cost pool, along with the performance measure, resulting in a per trip rate of $2.50 for the stretcher and wheelchair services.



In the next three graphics, projected transportation expenses are assigned to the transportation cost pool and three different performance measures are selected, resulting in a $1.15 per mile, a $8.60 per trip, or $6.88 per hour rate, depending on which performance measure is applied.




Multiple Rate Structure - Elaborate Example
Total CTC Operating Budget
Non-Recoverable Thru Rates
$100 K
Waiting Charge
Loading Charge
Mileage/Trip/ Hour Charge
Ambulatory
Wheel Chair
Stretcher
$20 K
$20 K
$860 K
$0
= Balance
OR
Step 2: Divide the $860,000 BALANCE by the combined # of ambulatory, wheel chair, and stretcher TRIPS (100,000)
Rates
$5/hr.
$2.50/trip
$8.60/trip


Multiple Rate Structure - Elaborate Example
Total CTC Operating Budget
Non-Recoverable Thru Rates
$100 K
Waiting Charge
Loading Charge
Mileage/Trip/ Hour Charge
Ambulatory
Wheel Chair
Stretcher
$20 K
$20 K
$860 K
$0
= Balance
OR
Step 2: Divide the $860,000 BALANCE by the combined # of ambulatory, wheel chair, and stretcher HOURS (125,000)
Rates
$5/hr.
$2.50/trip
$6.88/hr.

Factors Affecting Costs

Introduction

In a cost-based rate structure, high costs translate into high rates and low costs into low rates. Therefore, it is important that costs be consistently monitored and that every effort be made to improve cost efficiency and effectiveness. This section of the report will discuss the following areas affecting the costs of operating a transportation disadvantaged program:

- Administrative Efficiency
- Operational Efficiency
- Quality of Service
- Consumer Choice
- Compliance with Regulatory Requirements (State, Federal, Local)

Administrative Efficiency

Administrative efficiency refers to an organization's ability to administer programs in a streamlined, cost efficient manner. The number of administrative employees and levels of compensation, fixed capital costs, and operating capital equipment costs (whether directly assigned or allocated as part of a broader organization's costs) comprise the administrative cost component. Techniques such as reducing the layers of overhead and management positions, outsourcing of appropriate administrative functions that are more cost-efficiently outsourced, and price shopping for lower cost fringe benefits and fixed and operating capital are mechanisms for reducing these costs.

Operational Efficiency

Operational efficiency refers to an organization's ability to reduce operating costs through effective management and the application of best management practices. The number of drivers and operational support employees, the number of vehicles, the scheduling of trips and vehicle loading on those trips, the fuel and oil consumed and schedule of maintenance, choices regarding how to provide services after hours and at peak loads all have significant operating cost implications. The more effectively an organization can provide premium transportation disadvantaged services while maintaining operating costs at a low level, the more efficient the operation. Techniques such as effective scheduling, dispatch and vehicle loading to maximize customers per vehicle, mile, and/or trip; effective preventative maintenance and other cost avoidance programs; effective procurement and use of vehicles and drivers; and effective use of outsourcing of appropriate operational functions are mechanisms for reducing these costs.

Quality of Service

Quality of service may be measured by how quickly a customer may receive service following a request for service, how often a customer is picked up on time for a trip, how

often customers gets to their destinations on time, how often a customer is stranded due to mechanical breakdown or equipment failure, how often a customer is in a traffic accident, how safely a customer is handled in loading or unloading from the vehicle, and how courteous a driver or attendant are during a trip. The quality of service is generally measured by the degree of customer satisfaction. It is possible to maintain a premium service by over-staffing, over-purchasing vehicles and equipment, keeping only recent low mileage vehicles in inventory with excess capacity, minimizing vehicle loading, etc. However, the cost implications of this approach to providing a quality service could be staggering and would be directly reflected in the rates paid by customers. The costs of providing such a high quality service might push up the rates paid by customers to a point where they are prohibitive. Therefore, it is necessary to achieve an acceptable balance between the quality of the service to be provided and the cost of providing that service.

Consumer Choice

Consumer choice is generally applicable to fully and partially brokered services and affords the customer a choice of the particular operator, within available operators, he or she chooses to provide the service. It is believed that the customers will choose the highest quality service and that operators will strive to provide the highest quality service because of competition among the available providers for customer trips. However, depending on vehicle loading/routing systems used, the impact on operating costs could be significant. In effect, vehicle loading/trip scheduling via consumer choice may not result in the most efficient vehicle loading and trip scheduling. In counties where a particular operator is assigned to a particular zone or area, consumer choice may not be an option at all.

Compliance with Regulatory Requirements

Compliance with regulatory requirements refers to the level of compliance with the rules and requirements of the Commission, FDOT, local coordinating boards, local governments, and federal funding agencies. Compliance with these requirements generally have costs associated with achieving compliance. As agencies mandate additional requirements, the costs of complying generally increase. Conversely, as agencies review and reduce such requirements, the costs of compliance generally decrease.

V. EXISTING METHODOLOGIES & OTHER REQUIREMENTS

Introduction

The request for proposals issued by the Commission and subsequently adopted as a scope of services and attached to the purchase order provided several specific areas to be addressed by the study. This section will address each of the issues specified in the scope of services.

Existing Rate Structure Adaptive Methodologies

The first item included in the scope of services was the scan of existing research to determine if any available methodologies for determining a rate structure could be adapted for this purpose.

GSG staff conducted a thorough review of public literature seeking to identify existing methodologies or methodologies that could be adapted for use in the determination of rates. Research methods used to search for adaptable methodologies included the performance of a library and Internet search as well as a survey of other states providing similar services.

GSG staff contacted Helen D. MacLeod-Brewer of Thomas Howell Ferguson, P.A. (CTD Auditor) for information utilized to identify states with similar or potentially adaptive programs. The following states were contacted: Georgia, South Carolina, Virginia, North Carolina, Ohio, Illinois, Texas, California, New Jersey, and Minnesota.

Information/Data Obtained

The following information was obtained:

1. Georgia – Georgia has a Non-Emergency Transportation (NET) system in place. The NET program allows Medicaid patients to receive transportation, funded through a lump sum payment to the regional brokers. The payment is based on the rate charged by the service multiplied by the number of Medicaid-eligible people in each region. The broker is then responsible for paying the individual service providers based on the charges incurred. The broker is also responsible for restricting the use of the NET service to those eligible.
2. Virginia – The Virginia Department of Rehabilitative Services has several programs that provide transportation for those seeking employment assistance services. One such program includes the provision of a package of services offered by employment service organizations (like Goodwill). Most of these providers are non-profits that follow OMB-122 for the categorization and allow ability of their costs. A certain level of review is done to determine the reasonableness of these costs, however, the majority of costs are determined by allocating certain costs and calculating a per unit basis. The per unit basis is

driven off of the particular type of service (# of trips, # of interviews, etc). The transportation round trip rates are negotiated individually with these organizations, and takes into consideration staffing costs, depreciation, insurance costs, and mileage.

Another program within employment services also provides transportation. These are private providers only, and no central determination of rates is made. If a provider's rate schedule is reasonable, it is accepted. The rates for this second program are calculated in different ways, with most providers differentiating between wheelchair and non-wheelchair transport:

- On a per mile basis, including a separate per mile fee for the distance traveled to the pick up point and back to the company's base point;
- On a per hour basis, prorated within 15 minute periods;
- On a per hour basis, with a separate waiting time rate. In addition, there is a separate per hour basis (plus a per mile fee on nights & weekends) for those trips outside that vendor's regular service area;
- On a distance basis, with the first 5 miles charged a flat rate, and then a per mile rate beyond the first 5 miles;
- On a per mile basis in addition to an additional flat rate pickup fee and an hourly wait time rate;
- On a per passenger, one-way flat rate within certain areas; for others, the flat rate is combined with a per mile charge;
- On a minimum charge basis;
- On a per mile basis, with the rate per mile decreasing over certain mileage tiers; and
- On an after hours flat rate, including a per mile charge

In addition, most of the providers in this second program charge an hourly fee for those clients that didn't appropriately cancel ('no-shows') scheduled appointments.

3. Ohio – The Ohio Department of Transportation administers a Section 5311 Rural Transportation system. Contracts under the Rural Transportation system must be open to the general public and offset operating expenses by fare paying passengers and federal, state and local subsidies. These provider contracts are negotiated with the Human Service Agency and providers must have fully allocated costs. These costs also depend on the provider location, service area, type of service, etc.

   The State also has another program known as the Ohio Coordination Program which deals only with areas that do not have public transit. The program provides funding for operating costs associated with the start up of a coordination project. These funds primarily pay for a coordinator and other costs associated with setting up and administering the project (up to 75 percent of the total direct

operating expenses). A coordination project can apply for funding assistance of up to $75,000 per year for a three year period. After that, projects must apply for continuation funding of up to $50,000 per year.

The remainder of funding is expected to be provided by local sources such as local governments, private organizations, contract revenues, donations and farebox.

4. Illinois – The Illinois Department of Transportation has a Paratransit Vehicle Program (federal Section 5310) that allocates capital funding to private non-profit and IDOT designated public agencies (including municipalities, mass transit districts, and counties) to meet the transportation needs of elders and people with disabilities. The agencies are selected based on an annual application process, although the state has no policies that provide for agency selection.

   The state uses matching state funds to purchase paratransit vehicles for selected agencies (80% federal/20% state), through the state's combined vehicle procurement group.

   The state calculates the number of passenger trips that an agency performs to determine the level of service provided and the vehicles required.

   The State provides four vehicles (every four years) to each agency, including:

   - A minivan with ramp conversion (1 wheelchair) – cost of $33,545
   - A light duty 10 passenger vehicle – cost $44,091
   - A medium duty 14 passenger vehicle – cost $52,449
   - A super medium duty 22 passenger vehicle – cost $71,424

   The State will also provide two or three heavy transit vehicles – costing between $150,000 and $230,000.

5. New Jersey –The New Jersey Transit Corporation, under the NJ Department of Transportation, supports every member of the Council on Special Transportation (COST – see write up below). The Transit Corporation does not determine individual trip rates for members. Instead, members/providers are responsible for submitting an application for the respective grant or program. A cost analysis is required for sole providers, but for the most part, these applications are accepted as submitted.

   The Transit Corporation does require its providers to report their trips. One county (Union county) reimburses per trip via the Transit program. For all other regions, the brokers are given a lump sum amount of money, and they in turn pay the providers.

The following information was obtained from Internet research:

1. Ohio - There are 16 Metropolitan Planning Organizations which receive an urban area allocation for the Federal Transit Administration's Specialized Transportation Program for capital funding assistance. Section 5310 of the

Federal Transit Act authorizes capital grants to meet the special needs of elderly persons with disabilities where existing transportation is unavailable, insufficient or inappropriate. These federal funds can provide a percent of the cost of capital items, with the remaining 20 percent provided from a non federal source. This grant does not fund operating costs, only capital equipment.

The Ohio Department of Transportation allocates $400,000 for projects which exemplify multi-agency coordination in providing transportation to elderly persons with disabilities.

The criteria utilized for evaluation Section 5310 applications include: urgency of need, coordination, vehicle utilization, appropriateness of service, private sector coordination initiatives, financial/managerial capabilities and projected operating plans.

2. The Northeast Ohio Areawide Coordinating Agency (NOACA) provides transportation assistance and paratransit services. NOACA works in conjunction with various private, non-profit social service agencies and transportation providers, coordinates funding and transportation services for the elderly and disabled in the Northeastern area.
3. Illinois – Para-transit Vehicle Program is based off of the federal Section 5310 program that provides transportation to the elderly and disabled. They only provide vehicles not payments.
4. New Jersey – The New Jersey Council on Special Transportation (COST) provides a forum for providers to promote their transportation services. The types of transportation services provided by COST members include paratransit, special transportation, community transportation and/or Medicaid transportation on a subscription, demand response, fixed route and modified fixed route basis. These COST members receive multiple funding sources, including Casino revenues, Title IIIB, Title XIX, Title X, Medicaid, Federal Transit Administration's Section 5310 and 5311, as well as state, county and municipal funding.

   Currently, New Jersey has a network of 21 designated County Coordinated Transportation Programs.

Significance of Data

While GSG found some interesting information regarding programs used in other states to provide transportation disadvantaged-like services, GSG did not identify any methodology or information that appears adaptable to Florida's program for the purpose of this study.

Existing Rate Structures and Prices

The next item included in the scope of services was an assessment of current components of existing rate structures and prices.

Appendix ***"A"*** provides a list of the individual rates used by the Community Transportation Coordinators operating in the counties in Florida at the time the study began. GSG acquired data relating to current CTC rates via several means. First, we reviewed each of the local plans on file with the Commission staff at their offices in the Rhyne Building in the Koger Center in Tallahassee. Next, much of the substance of the on-site interviews related to the local rate structure and existing methodologies used to determine them. And finally, the expenditures upon which the rates were based and the revenues received as a result of the rates were examined as part of the review of the annual operating report data.

The rates are typically acquired by competitive process and are generally cost-based[9]. Most provide a per mile[10] or passenger trip service measure. Most provide for rates for ambulatory, wheel chair and stretcher services. Some included add-on rates relating to loading or waiting time.

Since the rates are generally cost-based, they tend to include the three major cost components of administrative, management and operation costs. Typically, we found a single cost pool of all CTC expenses with the tie or link between costs and rates being the amount of revenues raised from the rates. Typically, where multiple services existed and multiple rates were assessed, we did not find individual cost pools directly linked to each rate.

GSG found that several programs such as Medicaid, Developmental Disabilities, and some others paid rates lower than those published for the Transportation Disadvantaged Program, sometimes significantly so. It appeared that the existing transportation disadvantaged program rate and/or other revenue sources subsidized the transportation services provided to these programs. Rates are determined based on budgeted expenditures and once approved by the Commission, remain in effect until a request is made and approved to amend the rates. We found that co-payments were used with a high degree of compliance for transportation disadvantaged program services but, in the case of Medicaid[11], co-payments received a very low degree of compliance[12].

External Impact Factors

The next item included in the scope of services was a determination of the effect of external impact factors (e.g., other transportation alternatives currently available, conflicting policies/rate agreements with other state/social service agencies, local decision-making process). GSG included this item in the interview instrument used in conducting the interviews of CTC staff during the on-site visit phase of the project.

[9] GSG did find instances in which rates, primarily "add-on" rates existed for which there was no clear and identifiable cost pool.
[10] Either passenger or shared mile.
[11] Transportation disadvantaged program co-payments generally tended to be $2 per trip while Medicaid co-payments tended to be $1 per trip, although we found instances where the compliance experience with Medicaid co-payments was so poor, that the CTC had stopped attempting to collect them at all.
[12] Service to Medicaid recipients cannot be denied because of the inability to make the co-payment.

Very little was identified in response to this item in the interviews. A few responses related to the fact that Commission staff and FDOT staff conduct separate monitoring/inspection site visits which would be much more convenient if conducted at the same time, and even better if conducted by the same individual.

Several responses related to the fact that the Federal Transit Administration's (FTA) fiscal period is from October 1 to September 30 while the State fiscal period is from July 1 through June 30. For counties with a population of 100,000 or more which have transit programs and must maintain records and report to the FTA, in accordance with its fiscal period, the different periods require the preparation of separate reports for separate periods which results in additional costs to the CTC.

Most responses to the issue of other available transportation alternatives typically identified common carriers (e.g., taxis) in the more populous counties, church buses, relatives and friends of consumers, and typically coordination contractors as those providing transportation alternatives and expressed little concern regarding any lost revenues as a result.

Existing Transportation Management Software

The next item included in the scope of services was a review of existing technology (transportation management software) utilized within the coordinated systems and capabilities for adapting to a possible varied rate structure methodology. Below is a table that provides the name of the Community Transportation Coordinator for each county as well as the information acquired during the site visit interviews regarding current[13] transportation management software.

County	CTC	Transportation Software
ALACHUA	ATC – Intellitran C	ATC Mobility Master
BAKER	Baker County Council on Aging	CTS
BAY	Bay County Council on Aging	CTS to Ride-Match
BRADFORD	Suwannee River Economic Council	CTS (Windows)
BREVARD	Space Coast Area Transit	Trapeze (DOS)
BROWARD	Broward County Mass Transit	PtMS (Paratransit Management System)
CALHOUN	Calhoun County Senior Citizens Association, Inc	CTS (Windows)
CHARLOTTE	Charlotte County Transit	Trapeze
CITRUS	Citrus County Board of County Commissioners	Dispatch Manager to Route Logic
CLAY	Clay County Council on Aging, Inc.	PtMS (Paratransit Management System)
COLLIER	Collier County Board of County Commissioners	ATC Mobility Master
COLUMBIA	Suwannee Valley Transit Authority	None
MIAMI -DADE	Miami Dade Transit Agency	Unknown
DESOTO	ATC – Intellitran A	ATC ParaPro (DOS forerunner of Mobility Master)
DIXIE	Suwannee River Economic Council	CTS (Windows)
DUVAL	Jacksonville Transportation Authority	Trapeze

[13] Several CTC's reported that they were at various stages of migrating to new transportation management software.

County	CTC	Transportation Software
ESCAMBIA	ATC – Intellitran B	ATC Mobility Master
FLAGLER	Flagler County Council on Aging	Route Logic
FRANKLIN	Croom's Incorporated	CTS
GADSDEN	Big Bend Transit, Inc.	CTS
GILCHRIST	Suwannee River Economic Council	CTS (Windows)
GLADES	Good Wheels	PtMS (Paratransit Management System)
GULF	Gulf County Association of Retarded Citizens, Inc.	CTS
HAMILTON	Suwannee Valley Transit Authority	None
HARDEE	ATC – Intellitran D	ATC Mobility Master
HENDRY	Good Wheels	PtMS (Paratransit Management System)
HERNANDO	Trans-Hernando	Unknown
HIGHLANDS	ATC – Intellitran D	ATC Mobility Master
HILLSBOROUGH	Hillsborough Board of County Commission	ATC Mobility Master
HOLMES	Tri-County Community Council, Inc.	CTS (moving to Windows version)
INDIAN RIVER	Indian River County Council on Aging	CTS (Windows)
JACKSON	Jtran	PtMS (Paratransit Management System)
JEFFERSON	Big Bend Transit, Inc.	CTS
LAFAYETTE	Suwannee River Economic Council	CTS (Windows)
LAKE	Lake County BOCC	Unknown
LEE	ATC – Intellitran A	ATC Mobility Master
LEON	Taltran	ATC Mobility Master
LEVY	ATC – Intellitran C	ATC Mobility Master
LIBERTY	Liberty County Board of County Commissioners	CTS (Windows)
MADISON	Big Bend Transit, Inc.	CTS
MANATEE	Manatee Board of County Commissioners	Trapeze
MARION	Marion County Senior Services, Inc.	Route Logic
MARTIN	Council on Aging of Martin County, Inc.	Stratagen Systems (Adept)
MONROE	Guidance Clinic of the Middle Keys, Inc.	PtMS (Paratransit Management System)
NASSAU	Care-A-Van Consolidated Transportation Services	CTS
OKALOOSA	Okaloosa County Coordinated Transportation	ATC ParaPro (DOS forerunner of Mobility Master)
OKEECHOBEE	ATC – Intellitran D	ATC Mobility Master
ORANGE	LYNX	Trapeze
OSCEOLA	LYNX	Trapeze
PALM BEACH	Palm Beach BCC, Palm Tran	ATC Mobility Master
PASCO	Pasco County Public Transportation	TransView
PINELLAS	Pinellas County MPO	Easy Street (Windows)
POLK	Polk Board of County Commission	Trapeze
PUTNAM	Ride Solution	RIDES (by Management Analyst)
ST. JOHNS	St. Johns County Council on Aging, Inc.	Route Logic
ST. LUCIE	St. Lucie County BCC	CTS
SANTA ROSA	ATC – Intellitran B	ATC Mobility Master
SARASOTA	Sarasota County Area Transit (SCAT)	Trapeze
SEMINOLE	LYNX	Trapeze
SUMTER	Sumter County Board of County Commissioners	Dispatch Manager
SUWANNEE	Suwannee Valley Transit Authority	None
TAYLOR	Big Bend Transit, Inc.	CTS

County	CTC	Transportation Software
UNION	A & A Transport Inc.	None
VOLUSIA	VOTRAN	ATC Mobility Master (transitioning to Trapeze)
WAKULLA	Wakulla County Senior Citizens Council	CTS
WALTON	Tri-County Community Council, Inc.	CTS (moving to Windows version)
WASHINGTON	Tri-County Community Council, Inc.	CTS (moving to Windows version)

While GSG's review of the transportation management software demonstrated the ability to provide detailed cost data down to the individual trip level, virtually no one used the transportation management software for the purpose of determining rates. Cost data necessary to calculate rates was typically not entered in the system. The primary use of the system was for scheduling and trip planning, and more importantly, the software was used extensively to generate detailed client data for the purpose of invoicing funding agencies.

Data used for rate-making purposes tended to flow from the CTC's budget and financial information systems. Typically, it was the CTC's finance director who was the individual most knowledgeable of rate structure.

Duplication Of Transportation Efforts

The next item included in the scope of services was an assessment and quantification of the effects that duplication of transportation efforts has on the economies of scale when agencies enter into or drop out of the coordinated system. GSG sought to compile data on instances where this had occurred through the interviews conducted with the Community Transportation Coordinator staff during the on-site visit portion of the project. The only instance that we could identify where this situation had, in fact, occurred was in the Developmental Services Program administered by the CTC for Highlands, Hardee and Okeechobee Counties[14]. This was a relative recent event and is currently in the process of unfolding. The data necessary to perform such a comparison was not yet available, although it would appear to be possible to identify the amount of revenues that each of these counties received from the D.S. Program in past years, but will assumedly no longer receive.

According to data obtained in the interview, the D.S. program that serves those counties no longer uses the services of the CTC to provide transportation services. Instead, the D.S. Program requires service providers to provide transportation services for their clients directly. The D.S. service providers are reimbursed by the program for providing such transportation in accordance with a set schedule. It was discussed that the D.S. Program Office was looking at this model for the delivery of D.S. services from a statewide perspective. However, such a decision had not yet been made.

Related to this issue, but several orders of magnitude larger in scope, is the issue of the full costs of the centralized delivery of transportation disadvantaged services as

[14] Many CTC's reported that they were compensated at rates less than their published rates for providing transportation disadvantaged program services to D. S. Program participants.

currently occurs in the transportation disadvantaged program versus a decentralized approach to the delivery of these services in the manner contemplated by the Developmental Services Program. We feel that a comparative analysis of this issue might be beneficial to D.S. Program officials and other health and human service program officials as they consider service delivery issues relating to meeting the transportation needs of their program participants. Based on our observations, we feel that the opportunity exists for maximizing the use of fixed and operating capital, human resources, and bulk purchasing, and generally maximizing the achievement of economies of scale when using a centralized approach to the delivery of these services. When the "full costs" of providing these services in a decentralized manner are appropriately identified, and aggregated, we feel that they will exceed those of the centralized approach.

Comparison Of Systems

The next item included in the scope of services was to an analysis/comparison of all types of systems as they relate to the following:

- Service delivery fees
- Establishing units of billing
- Defining service types
- Determining load factors
- Service delivery billing options
- Coordination/management fees
- Administrative costs associated with administering bus passes
- Fuel impact or other fees

GSG included each of these items in the interview instrument used in the onsite interviews with the CTC staff of the various counties. The general findings relating to each of these issues is as follows:

- **Service delivery fees** – The fees assessed by CTC's typically appear in the rate schedule (Appendix "**A**") and are included in the local plans on file with the Commission. When these rates are amended, the amended rates are similarly maintained on file. The CTC's did not report any service delivery fees in addition to those identified as part of their rate structure.
- **Establishing units of billing** – The units of billing, or what we have referred to as service measures, are typically prescribed by the particular funding agency. While some CTC's may use miles for invoicing the transportation disadvantaged program, they may use passenger trips for other programs, if that is what the service agreement between funding agency and the CTC requires. We found that while the particular billing unit may vary from funding agency to funding agency, funding agencies tend to be uniform in the use of billing units statewide.
- **Defining service types** – The local plans include service definitions for each service that a CTC provides. Theses services are also included in the rate

schedule that appears as Appendix "**A**". We have described previously in this report the types of services that we typically found to exist. For rate-making purposes, each service for which a rate is established should be unique, and the costs included in the cost pool for that service should be mutually exclusive.

- **Determining load factors** – The Commission staff through the Annual Operating Report attempts to get at load factors via the number of passengers (duplicated) per driver hour and number of passengers per vehicle mile. We have used the number of passengers (duplicated) per vehicle mile in the comparisons of CTC's because a more precise indicator can not be calculated with available data. (See recommendations regarding development of a more precise measure of loading efficiency.)
- **Service delivery billing options** – Our review of billing processes used by the CTC's revealed that they are very similar between the CTC's and also highly similar among the funding agencies. A summary level invoice is submitted along with client level detail provided by the transportation management software[15].
- **Coordination/management fees** – We found that all CTC's incur the expenses that are covered by coordination or management fees and therefore are included in the rate as a cost. However, we found primarily CTC's that are broker type operations to be those that receive payment in the form of a management fee for the services[16] that they provide. Management fees are described earlier in the report.
- **Administrative costs associated with administering bus passes** – Each CTC that administered bus passes reported associated administrative costs. Typically, a CTC takes an order from a funding agency for a specified number of bus passes. The CTC then orders[17] the bus passes and sends them to the funding agency along with an invoice. The funding agency then sends in payment which must be deposited by the CTC, who keeps the administrative portion to cover its administrative costs and then forwards the remaining value of the bus passes to the mass transit (fixed route) department. Given the description of the administrative services involved, the administrative costs described by the CTC's that administered bus passes did not, on the surface, appear unreasonable.
- **Fuel impact or other fees** – While we found a number of CTC broker type operations that included fuel cost ranges in their agreements with their operators, we did not find any that assessed fuel impact fees as part of their rate system or part of an agreement with a funding agency. In addition, generally, we did not find fees assessed by the CTC's that were not included in their rate schedules.

In order to provide a true comparison of the various type of CTC operations, GSG established a database using the most recently submitted annual operating report data. The CTC's were classified based on service delivery type, e.g., broker, sole provider and partial broker; by governance type, e.g., government, non-profit and for-profit; and

[15] In the two counties where transportation software is not used, the client level information is taken from hard copy vehicle logs/schedules which include the pertinent data.
[16] Which is typically reflected in the rate as a management fee component.
[17] In one county interviewed, the CTC actually made up the bus passes from scratch.

by population density and land area. Then, calculations such as cost per vehicle mile, cost per passenger trip, cost per driver hour, ambulatory trips as a percentage of total paratransit trips, average number of passengers per paratransit vehicle mile, average number of passengers per paid paratransit driver hour, administrative support and management as percent of total full time equivalent positions were made. The detailed tables of this data appear in **Appendix "B"** of this report. The following table provides a summary of the adjusted[18] medians resulting from this comparative analysis:

Adjusted Medians	Para-transit Cost Per Vehicle Mile	Para-transit Cost Per Passenger Trip	Pop Density (per Sq. Mi)	Land Area (Sq. Miles)	Para-transit Cost Per Paid Driver Hour	Ambulatory Trips as a Percentage of Total Paratransit Trips	Average # of Passengers Per Para-transit Vehicle Mile	Average # of Passengers Per Paid Para-transit Driver Hour	Admin. Supp. & Mgt. as % of Total FTE
All CTC's	$1.36	$15.70	109	694	$27.13	89.54%	0.0905	1.58	14.71%
Governmental CTC's	$1.50	$13.72	366	786	$30.95	84.41%	0.1100	2.02	11.58%
For-Profit CTC's	$1.37	$19.74[19]	51	804	$26.33	87.83%	0.0767	1.13	18.82%
Non-Profit CTC's	$1.33	$16.10	54	592	$25.41	92.37%	0.0957	1.57	16.26%
All CTC's	$1.36	$15.70	109	694	$27.13	89.54%	0.0905	1.58	14.71%
Sole Provider CTC's	$1.30	$15.68	56	601	$23.11	92.16%	0.1148	1.55	15.38%
Broker CTC's	$1.36	$16.43	243	824	$28.47	83.43%	0.0852	1.49	11.50%
Partial Broker CTC's	$1.57	$15.83	97	718	$28.31	91.95%	0.1110	1.86	14.93%
All CTC's	$1.36	$15.70	109	694	$27.13	89.54%	0.0905	1.58	14.71%
High Density-Large Area CTC's	$1.46	$15.02	365	1,016	$29.94	84.36%	0.1100	1.90	11.50%
High Density-Small Area CTC's	$1.65	$14.73	278	572	$26.98	88.99%	0.1239	2.13	11.53%
Low Density-Large Area CTC's	$1.20	$22.10	40	916	$27.85	92.59%	0.0725	1.32	19.52%
Low Density-Small Area CTC's	$1.30	$16.48	39	566	$23.57	91.74%	0.0866	1.44	17.56%

Methodology For Determining The Cost Of Compliance

The next items included in the scope of services were to do the following:

- Develop the methodology for determining cost of compliance with the Florida standards required per Rule Chapter 41-2.006 and 14.90, F.A.C.
- Develop the methodology for determining the cost of compliance with standards required by specific purchasing agencies outside those required pursuant to Rule 41-2.006 and 14.90, F.A.C., and those required locally.

[18] Adjustments were made to exclude from certain calculations those CTC's that had known data problems.

[19] Many for-profit CTC's tended to also be low density-large area CTC's and as such experienced high per passenger trip costs as a result.

- Develop the methodology for determining the cost of compliance with local standards.

GSG included questions relating to these items in the interview instrument that was used to conduct interviews with the CTC staff and administered a survey of the CTC's as well in order to develop information relating to these issues. We found that the CTC's generally support the requirements/standards and would probably implement them even if they were not required. Many CTC's cited a number of these requirements as having identifiable costs. The biennial physical examination of drivers, the periodic criminal background checks with finger prints, the random drug testing as well as the pre-qualification of clients all have recurring costs. These costs should probably be specifically identified in a separate line item in the budget expenses upon which rates are based.

Methodology to Aid Entities in Responding to Bid Requests

The next item included in the scope of services related to the rate development methodology and provided that it should aid entities responding to bid requests or requesting a rate increase to calculate a rate sufficient to cover expected costs of conducting transportation services within the coordinated system.

This item is described in detail in Section IV. of this report, entitled "Rates," and also addressed in the final section of the report, Section VII., entitled "Findings and Recommendations."

Recommendations on Components of Standardized Rate Methodology

The next item included in the scope of services related to the provision of recommendations on the components of a standardized methodology for determining rates. The methodology should allow for identification of the individual components used in determining a rate.

This item is described in detail in Section IV. of this report, entitled "Rates," and also addressed in the final section of the report, Section VII., entitled "Findings and Recommendations."

VI. TRANSPORTATION DISADVANTAGED PROGRAM COST ANALYSIS AND PERFORMANCE FRAMEWORK

Introduction

Annually, each CTC is required to submit to the Commission specified data relating to expenditures, revenues, administrative and operational data, measures of service, etc. The bulk of this data is published in the statutorily required annual report. In addition, the Commission has attempted to use this data in making decisions regarding the selection (or retention) of CTC's and in approving requests for CTC rate schedule changes. The purpose of this section of the report is to describe a potential framework, using the annual report data and some additionally available data, that would serve as a relative indicator of transportation-disadvantaged program performance.

In performing the analysis necessary to describe the analytical framework, annual report data provided by the CTC's in the summer of 2003 was loaded into a MS Access database for analysis. In addition, CTC's were distinguished by governance type, service delivery type, and density-area groupings and the most recently available population data for each county was compiled. What follows is a description of the proposed analytical framework.

Relationship Between Variables

The table below displays the relationship between a set of independent variables and dependent variables related to transportation-disadvantaged services. Using 2002 projected operating data for paratransit services only, the table shows what typically happens to the cost per mile or trip (dependent variable) when a particular independent variable goes up or down. It should be noted that while the data shows these relationships, the exceptions to these tendencies among individual counties are sometimes ample. A sense of the extent of the exceptions is noted in the right-hand column.

AS	Independent Variable	Goes	Dependent Variable	Goes	Reliability
As	Population Density	↑	Cost per Vehicle Mile	↑	Many Exceptions (.036)
As	Population Density	↑	Cost per Passenger Trip	↓	Many Exceptions (.021)
As	Land Area	↑	Cost per Vehicle Mile	↓	Many Exceptions (.042)
As	Land Area	↑	Cost per Passenger Trip	↑	Many Exceptions (.036)
As	Admin/Mgmt. Staff %	↑	Cost per Vehicle Mile	↓	Mostly Exceptions (.008)
As	Admin/Mgmt. Staff %	↑	Cost per Passenger Trip	↑	A Few Exceptions (.107)

AS	Independent Variable	Goes	Dependent Variable	Goes	Reliability
As	Ambulatory Trip %	↑	Cost per Vehicle Mile	↑	Many Exceptions (.034)
As	Ambulatory Trip %	↑	Cost per Passenger Trip	↓	Many Exceptions (.018)
As	# of Passengers. per Veh. Mile	↑	Cost per Vehicle Mile	↑	A Few Exceptions (.260)
As	# of Passengers per Veh. Mile	↑	Cost per Passenger Trip	↓	A Few Exceptions (.349)
As	# of Passengers per Driver Hour	↑	Cost per Vehicle Mile	↑	Mostly Exceptions (.002)
As	# of Passengers per Driver Hour	↑	Cost per Passenger Trip	↓	A Few Exceptions (.258)

With almost all of the independent variables above, the cost per vehicle mile and the cost per passenger trip tend to go in the opposite direction. This is because variables that cause trips to be longer typically also cause lower numbers of passengers per trip.

As would be expected, the cost per vehicle mile increases as population density goes up, although many counties are exceptions to this rule. The cost per vehicle mile goes up in densely populated counties because trips tend to be shorter with more frequent stops. Of course, the cost per passenger trip tends to decrease in densely populated counties and to increase in counties that are more suburban or rural in character.

In counties with large land areas, the cost per vehicle mile is lower than in small counties. This is because vehicle trips are probably longer. This could not be confirmed because that data are not reported to the CTD. Again, there are many exceptions to this rule in Florida. The cost per passenger trip, on the other hand, tends to go up in large counties and down in small counties.

While the cost per vehicle miles seems to go down as the share of a CTC's staff that are administrative and management goes up, there are so many exceptions as to render it meaningless. There is a stronger relationship between the share of the administrative/management staff and cost per passenger trip. Here, cost per passenger trip increases as the administrative/management staff's share of total employees increases.

With many exceptions, the cost per vehicle mile tends to increase as the % of paratransit trips that are ambulatory increases, while the cost per passenger trip tends to decrease as the ambulatory percentage increases. This is understandable, for example, if ambulatory trips, while less costly in general, tend to be shorter in length, with more stops due to more having more passengers.

The cost per vehicle mile tends to increase as both the number of passengers per both vehicle mile and paid driver hour goes up, although the relationship with paid driver hour is very weak. Increasing passenger loads per mile or hour probably means more stops each mile. The tendency for the cost per passenger trip to decrease as the # of passengers per both vehicle mile and paid driver hour goes up is considerably stronger.

Comparison Recap

The table below compares CTC's by Governance Type, Service Delivery Type, and Density-Area Group on a set of cost variables and operations variables. A full red circle denotes the best possibility and a full black circle representing the worst possibility, with half circles and pinks and grays filling out gradations in between.

By looking down a specific Governance, Service Delivery, or Density-Area Group column, you can quickly see how a particular type fares on each of the cost and operations variables. The column with the most red and pink and the least black and gray for any particular Governance Type, Service Delivery Type, or Density-Area Group is the best. If you give more weight to cost variables than operational variables, it is more important to have reds on the cost variables.

By looking across a specific variable, you can quickly see how the various types and groups compare to one another.

The first table used averages, while the second table relied on medians for each type or group.

Key:

Much **BETTER** than Both Other Types

Much **BETTER** than 1 Other Type

Slightly **BETTER** than Both Other Types

Slightly **BETTER** than 1 other Type

Roughly the **SAME** as Both Other Types

Roughly **EQUIDISTANCE** Between Both Other Types

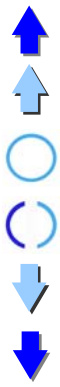
Slightly **WORSE** than 1 other Type

Slightly **WORSE** than Both Other Types

Much **WORSE** than 1 other Type

Much **WORSE** than Both Other Types

Used for Explanatory Variables Only:



Much **HIGHER** than Both Other Types

Much **HIGHER** than 1 Other Type

Roughly the **SAME** as Other Types

Roughly **EQUIDISTANCE** Between Other Types

Much **LOWER** than 1 Other Type

Much **LOWER** than Both Other Types

	Averages*	Governance Type			Delivery Type			Density-Area Group			
		Govt.	For Profit	Non Profit	Sole Provider	Broker	Partial Broker	High-Large	High-Small	Low-Large	Low-Small
Cost	*Paratransit Cost per Vehicle Mile*	●	●	○	◓	◓	●	◔	●	●	●
Cost	*Paratransit Cost per Passenger Trip*	●	●	○	●	◡	◡	●	●	●	○
Cost		●	●	○	●	○	●	◔	◡	◡	●
Operations	*# of passengers per Vehicle Mile*	●	●	○	◔	●	◔	○	●	●	●
Operations	*# of passengers per Paid Driver Hour*	●	●	○	○	●	●	●	●	●	●
Operations		●	●	○	◡	●	◡	●	●	●	●
Explanatory	*% of Ambulatory Paratransit Trips*	↓	◯	↑	↑	↓	◯	↓	↓	↑	↑
Explanatory	*Population Density*	↑	↓	↓	↓	↑	↓				
Explanatory		↑	↑	↓	↓	↑	↑				

** Using Single County Land Areas*

	Medians*	Governance Type			Delivery Type			Density-Area Group			
		Govt.	For Profit	Non Profit	Sole Provider	Broker	Partial Broker	High-Large	High-Small	Low-Large	Low-Small
Cost	*Paratransit Cost per Vehicle Mile*	●	◓	◓	◓	◓	●	○	●	●	◓
Cost	*Paratransit Cost per Passenger Trip*	●	●	○	◔	○	◔	◓	◓	●	◓
Cost		●	◓	◓	●	◡	◡	●	○	●	●
Operations	*# of passengers per Vehicle Mile*	●	●	○	◓	●	◓	○	●	●	●
Operations	*# of passengers per Paid Driver Hour*	●	●	○	◡	◡	●	●	●	●	●
Operations		●	●	○	◡	●	◡	●	●	●	○
Explanatory	*% of Ambulatory Paratransit Trips*	↓	◯	↑	↑	↓	↑	↓	◯	↑	↑
Explanatory	*Population Density*	↑	↓	↓	↓	↑	↓				
Explanatory		↓	↑	↓	↓	↑	↑				

**Using Single County Land Areas*

The Governmental CTC's fare the best on the cost per passenger trip variable but the worst on the other two cost variables, but clearly are the best on the operations variables. They probably do so much better on Cost per Passenger Trip and so much worse on Cost per Vehicle Mile because most of the Governmental CTC's are located in densely populated, small area counties.

Non-profits are usually between the two Governance Types on most variables, but are much better than at least one of the other types on the two cost variables favorably associated with sparsely populated counties. They also have the highest percentage of ambulatory paratransit trips.

For-Profit CTC's are the worst on all operational variables and on Cost per Passenger Trip. Yet, they are much better than at least one of the other types on the two cost variables favorably associated with sparsely populated and larger counties, which are the ones most often served by For-Profit CTC's.

Sole Provider CTC's fare significantly better than the other types on cost variables and roughly on par with Broker CTC's as the worst on the operational variables. Broker CTC's are in the middle on the cost variables, and Partial Broker CTC's are the worst on the cost variables and best on the operational variables, but only by a small margin on both. Broker CTC's have the lowest percentage of ambulatory paratransit trips and tend to have much higher population densities than the other types.

Low density-small county CTC's as a group do the best on the cost variables, while high density, large and small county CTC's are in the middle, and low density, large county CTC's do the worst on the cost variables. High density county CTC's, both large and small, do much better on the operations variables, and Low density county CTC's, both large and small, do much worse on the operations variables.

The tables below present the same information except that the single county land areas are replaced with multi-county land areas for those CTC's serving two or more contiguous counties.

Analytical Performance Framework

Below is a proposed framework for gauging the performance of a CTC against the progress of other CTC's that share similar characteristics. The framework also takes into account a CTC's own degree of progress in the past few years and relies on a set of performance-based incentives and disincentives.

Each CTC could be compared to 1) other CTC's with the same Governance Type; 2) to other CTC's with the same Delivery Type; and 3) to other CTC's in the same Density-Land Area Group on the following Cost and Operational Factors:

	Governance Type	Delivery Type	Density-Area Group
Cost Factors:			
• **Paratransit Cost per Vehicle Mile (use Revenue Mile if possible)**	✓	✓	✓
• **Paratransit Cost per Passenger Trip**	✓	✓	✓
• **Paratransit Cost per Paid Driver Hour**	✓	✓	✓
Operational Factors:			
• **# of passengers per Vehicle Mile (or more precise measure of loading efficiency)**	✓	✓	
• **% of Admin/Mgmt Staff**	✓	✓	

Because each CTC falls in a Governance Type, a Service Delivery Type, and a Density-Area Group, its performance on the 5 basic factors would result in 13 individual comparisons indicated by checkmarks (✓) in the table above. Of the 13 factors, 9 are cost factors, and they receive the most emphasis or weight. Depending on how favorably a CTC compared to other CTC's in its cohort groups on the 13 individual factors and how much improvement it has made over the last few years, the following incentives and disincentives could be provided as follows:

IF	A CTC:	THEN:
A.	1) Is **Better** than the Median on all Factors And 2) Has **Improved** on more than half of all Factors in each of the last 3 years And 3) Is > than 1.5 standard deviations **Better** than the Average on at least 2 Cost Factors	• Provide additional resources as part of funding formula, proportionate to the # of Cost Factors that exceed 1.5 std. deviations.

IF	A CTC:	THEN:
B.	• Is **Better** than the Median on all Factors And • Has **Improved** on more than half of all Factors in each of the last 3 years And • Is > than 1.5 standard deviations **Better** than the Average on at least 1 Cost Factor	• Grant authority to vary from approved rates within prescribed range without prior approval.[20]
C.	• Is **Worse** than the Median on 2 or more Cost Factors And • Has **Worsened** on more than half of all Factors in each of last 3 years But • Is **Not** > than 1.5 standard deviations **Worse** than the Average on any 1 Cost Factor	• Begin monitoring finances and operations more intensely. • Assess technical assistance needs. • Require additional information on rate requests documenting, if possible, any differences between the CTC and its cohort CTCs that explain why the CTC is below the median on certain Cost Factors.
D.	• Is **Worse** than the Median on 3 or more Cost Factors And • Has **Worsened** on more than half of all Factors in each of the last 3 years And • Is > than 1.5 standard deviations **Worse** than the Average on at least 1 Cost Factor	• Conduct operational review. • Provide or arrange mandatory technical assistance. • Require additional reporting as needed. • Require additional information on rate requests documenting, if possible, any differences between the CTC and its cohort CTCs that explain why the CTC is below the median on certain Cost Factors and is > than 1.5 std. deviations worse than the average on certain cost factors.

[20] Presumes that rates are cost-based.

IF	A CTC:	THEN:

E.	• Is **Worse** than the Median on 4 or more Cost Factors
	And
	• Has **Worsened** on more than half of the Cost Factors in each of the last 3 years
	And
	• Is > than 1.5 standard deviations **Worse** than the Average on 2 or more Cost Factors
		• All of the steps under D, **PLUS** those below:
		• Establish an Independent Oversight Board consisting of experienced employees of other CTCs and other state and local experts in management, finance, and operations to review the CTC and make recommendations for CTD action in adopting an Operational Improvement Plan, which might include:
		  • Mandatory implementation of specified Best Management Practices.
		  • Oversight Board approval of key management decision-making.
		  • Rate review and approval by the Oversight Board
		  • Any other recommended action approved by the CTD.
		• If satisfactory progress is not made according to the Operational Improvement Plan, the following could occur:
		  • Removal of CTC leadership personnel
		  • De-Certification of CTC

VII. FINDINGS & RECOMMENDATIONS

General

- The concept of a coordinated system approach to the delivery of transportation-disadvantaged services is highly desirable because it affords the greatest opportunity for maximizing the use of fixed and operating capital, human resources, and bulk purchasing, and generally maximizing the achievement of economies of scale. The alternative would be the provision of transportation-disadvantaged services via a number of disparate human services programs throughout the state providing their own transportation services or requiring their particular service providers to provide or acquire transportation services in addition to the provision of the human services they presently provide. While on the surface it may appear that this latter method of providing transportation-disadvantaged services is less costly, we believe that it is only because the full costs (administrative, management and operating) of providing transportation-disadvantaged services in this manner have not been completely identified and aggregated. A movement toward this latter approach will most likely result in demands for increased funding from the programs or service providers as the full costs are realized and revenue shortfalls result. The only way in which this will not occur is if the programs or service providers currently have excess capacity and can absorb the impact of the full costs without additional revenues.

Rate Structure Methodology

- Transportation-disadvantaged rate schedules should continue to be cost-based.
- Transportation-disadvantaged rates should be proposed when the CTC acquisition/selection process occurs for the three-year period of the memorandum of agreement. It is preferred that different rates be proposed for each annual period instead of a composite rate for the full three-year period.
- All CTC's should continue to be selected on a competitive basis. However, this competitive selection should be based on the provision of all aspects of transportation-disadvantaged services, including transportation operations, regardless of whether provided directly or brokered by the CTC. Proposals or bids to perform CTC services should use budgeted expenditures for the provision of the services and the projected number of passenger trips or miles as the basis of comparison. Proposed rate schedules should be in accordance with the recommendations included in this report. In situations where there are not two or more responsive bids or proposals, the selection process should be viewed as not competitive and the selection of a CTC should be subject to increased scrutiny by the local board, planning agency and commission in the selection process.

- Any rate(s) adopted by a CTC should be supported by an exclusive cost[21] pool made up of projected identifiable and allocable[22] costs. The total costs in a particular rate cost pool should be divided by an appropriate cost measure maintained by the CTC, e.g., miles, passenger trips, hours, wheel chair passengers loaded/unloaded, etc.
- In cases where a funding agency pays less than the full cost-based rate, the differential between the rate and the amount paid should be identified and multiplied times the rate measure to arrive at the total amount that revenues do not meet costs for transportation-disadvantaged services provided to the particular program. The CTC should identify local contributions, rider co-pays, or other source of revenues that may legally be used to address the deficit..
- The number of transportation-disadvantaged rates to be provided by a CTC should be determined by the number of transportation-disadvantaged services provided by the CTC that have a significant enough cost differential to warrant the different rate.
- Adopted rates should be based on budgeted[23] expenditures for established periods of no less than one year or more than 3 years. Following the conclusion of each annual fiscal period and upon achieving reliable[24] actual expenditure data for the period, actual expenditures shall be compared to the budgeted expenditures upon which the rates were based and the total amount that the actual expenditures are more or less than the total amount of the budget expenditures, should be established as a "carry forward adjusting entry" that is applied to the exclusive cost pool and the rate adjusted accordingly for the next annual rate period. Use of this mechanism will assure that rates are continually self-adjusting to reflect actual expenditures without the requirement for issuing refunds or invoices for additional funds.

Analytical Performance Framework

- The commission should consider adopting an analytical performance framework similar to the one described in this report for assessing the overall performance of the each County's transportation-disadvantaged program, applying incentives and disincentives, and for serving as a indicator of possible areas in need of additional monitoring or technical assistance.
- The data currently provided to the Commission by the CTC's for the purposes of annual reporting should be more clearly prescribed and controlled and should additionally serve as the basis for the analytical framework.

[21] Exclusive means that all costs included are not included in any other cost pool.
[22] All allocated costs should be performed in accordance with accepted cost allocation methodologies.
[23] Budgeted expenditures must be based on actual historical expenditures with any adjustments fully justified including basis for adjustments.
[24] Reliable actual expenditure data would typically be achieved follow publishing of financial statements for the period.

- The Commission should consider requiring CTC's to submit an in-service vehicle utilization rate[25] or some other vehicle loading measure to more precisely measure loading efficiency than the existing measures. The existing measures are the average number of passengers per vehicle and the average number of passengers per driver hours.
- The Commission should consider using revenue miles rather than vehicle miles in calculating cost per mile for the purposes of annual reporting. This would be particularly useful because per mile rates should be based on revenue miles rather than vehicle miles.

State, Local, Funding Agency Requirements/Standards

- The Commission should consider requiring expenses required to meet state, local and funding agency requirements/standards to be provided in a separate line item[26] in expenditure data submitted for the annual report. Special emphasis should be placed on requirements such as vehicle insurance coverage levels, levels of service (transportation request scheduling times, etc.) that exceed norms. To the extent that these costs are significant, the Commission should consider establishing standards that serve as a minimum/maximum or requiring local contributions to cover locally mandated expenses, federal agencies to cover federal agency mandated expenses and state funds to cover state mandated expenditures above the minimum.

Cost Containment/Efficiency

- Vehicle loading and trip scheduling is one of the areas that is key to operating an efficient system. Maximizing the number of passengers per vehicle and assuring that the most efficient vehicles are used to meet rider demand are critical. The Commission should consider the adoption of loading and scheduling standards for urban and rural transportation-disadvantaged systems or provide guidance/technical assistance in this area.
- The Commission should consider requiring CTC's to use purchased services[27] or volunteer or faith based organizations to meet after hour and peak load demand transportation needs in lieu of acquiring additional equipment and manpower to meet this need, unless the CTC can clearly demonstrate a significant direct cost savings by not using purchased services.
- The Commission should consider establishing administrative staffing standards and allowable overhead rates for allocated costs.

[25] The in-service vehicle utilization rate would be a calculation of the total passenger miles for a particular period divided by the total potential passenger miles assuming all in service vehicles were loaded to full capacity.
[26] A separate line item for each, e.g., state, local, funding agency.
[27] Common carriers or other paratransit service providers.

Other Observations

- The Commission should consider the feasibility of combining the safety inspection site visits performed by the FDOT and any other on-site monitoring of CTC's by other state agencies with the site visits performed by Commission staff so that a single visit could serve the needs of the multiple program areas.

Implementation Decision

The process of implementing these recommendations should begin following presentation of the report to the Commission and due consideration by Commissioners. The Commission should provide direction regarding a desire to implement all, selected, or none of the recommendations. Assuming that the Commission wants to, at least, implement some of the recommendations, it must decide whether it wants to implement the recommendations across the board to all CTC's as soon as possible, or allow implementation to occur as CTC's submit requests for rate increases or come up for selection or retention through the acquisition process.

Implementation Plans

Once this has occurred, an implementation plan would be prepared providing the tasks required to accomplish implementation of each recommendation identified by the Commission. These plans would include: timetables for implementation; any agency rules that must be amended; documents that must be prepared or revised; and training or technical assistance that must be accomplished.

VII. APPENDICES

Appendix A County Transportation Disadvantaged Fee Schedules

Appendix B County Annual Operating Report Data Analysis

Appendix C County Transportation Disadvantaged Program Profiles

Appendix A

County Transportation Disadvantaged Fee Schedules

Appendix B

County Annual Operating Report Data Analysis

Appendix C

County Transportation Disadvantaged Program Profiles