



To: Board of Directors
From: Michael Ford, Chief Executive Officer
Date: July 15, 2011
Re: Proposed Amendment to Contract with Steer Davies Gleave

Attached please find the proposal for Implementation Planning work from Steer Davies Gleave "SDG". We made a presentation at the July 12 Planning and Development Committee meeting. AT the meeting committee members were supportive of the overall concept, but withheld concurrence to take action pending receipt of the proposal. Subsequent to the meeting, the proposal was sent to PDC members who provided unanimous support for moving the proposed contract amendment forward to the full Board for consideration.

Given the support received from PDC, our request now goes to the full Board. Funding for this work will come from: 1) \$40K of FY2011 dollars, approved by the Board at the June 3 retreat and 2) an additional \$160K that will be requested as part of the FY2012 budget.

Below is the recap of the work being sought from SDG for the coming 18 months:

- Provide support to an ad hoc Countywide Transit Funding Task force as it works toward developing recommendations for funding various elements of the Transit Master Plan.
- Develop "District Recommendations" for services, taking into account the particular needs and desires of the various geographic sub-areas of Washtenaw County, including an analysis of the existing providers' ability to provide the desired services.
- Undertake the creation of "Service Development Plans" for specific services as determined by AATA in consultation with the local communities participating in the Countywide Transit planning process.
- Undertake the creation of a Fares and Ticketing Plan with two components: a near-term component aimed at rationalizing the current AATA fare structure, and; a longer-term component designed to create a Countywide fare policy and structure that incorporates changes needed due to the implementation of new types of transit services in the region.

- Undertake other studies and planning activities as may be needed to support ongoing Countywide Transit development efforts

Please note the inclusion of a set-aside for a local planning firm to assist with the technical work. We also have the option of fine-tuning this scope, within the stated budget, even after the contract is executed.

The work described above will take place in close coordination with the evolving Governance efforts. In addition to the technical aspects of the work, we feel it is important to keep the momentum going on this project by drawing local stakeholders more deeply into the planning and funding development activities. This is similar to the extensive public outreach we conducted during the TMP development effort, only now it is that we are drawing the local elected officials into the process. Not only will this keep them engaged, but the process will result in everyone being able to make fully informed decisions about their involvement in countywide transit.

Follow on work scope

Four areas of work have been identified for follow on work over the next four months (August - November 2011):

- **Funding:** Development of the Funding Options Report in to Recommendations, supporting the work of the Countywide Transit Funding Task Force (CTFTF);
- **Fares & Ticketing:** Reviewing TheRide's existing fares and ticketing policy and those of key adjacent operators to establish a strategy for TheRide (excluding the Countywide proposals but mindful of them);
- **Door-to-Door (D2D):** Review proposals for Countywide D2D and Flex-Ride as well as historical proposals for Countywide D2D to establish a new operating model; and
- **District Plans:** Analyzing the elements, revenues and costs associated with each District and engaging the District representatives to discuss the proposals (this work may lead to but does not include revisions to the TMP).

A number of other areas of work have been discussed but will not be progressed until 2012. These are the Project Development Plans for each strategy / element (as applicable), monitoring, and Countywide Fares & Ticketing. These items will not be progressed until early 2012 and have been excluded from this scope. One further item, cultural change liaison, is also excluded until TheRide has appointed an organizational change consultant.

Funding

The following table shows the tasks which Steer Davies Gleave will undertake and identifies those which it expects TheRide to. If necessary, we can discuss this division of responsibility.

TABLE 1 FUNDING TASKS

Ref.	Topic	Task	Responsibility
F1	Intro.	TheRide and SDG to discuss and agree the objectives and constraints of the task.	TheRide/SDG
F2	Meetings	Arrange and lead four meetings with the CTFTF.	TheRide
F3		Support TheRide to prepare information for the CTFTF meetings.	SDG
F4		Attend each of the four CTFTF meetings to present or field questions.	SDG
F5		Prepare minutes of each CTFTF meeting for circulation.	SDG
F6	Funding Options	Consolidate comments from the CTFTF on the Funding Options Report .	TheRide
F7		Review consolidated comments on the Funding Options Report from TheRide and address each as necessary.*	SDG
F8	Benchmarking	Support SDG to identify and gather benchmarking information where possible	TheRide
F9		Prepare a Benchmarking Paper for the CTFTF including examples of where funding sources have been used before.	SDG
F10		Review the Benchmarking Paper before submission to the CTFTF and provide 1 set of consolidated comments.	TheRide
F11		Update the Benchmarking Paper in light of the comments from TheRide.	SDG
F12	“If we do this... how much will we raise?”	Build a Spreadsheet Model for TheRide to show how current funding options could contribute to the cost, based on current criteria and information in the Funding Options Report.**	SDG
F13		Review the Spreadsheet Model before submission to the CTFTF and provide 1 set of consolidated comments.	TheRide
F14		Update the Spreadsheet Model in light of the comments from TheRide.	SDG
F15		Run up to 3 scenarios with the Spreadsheet Model and provide a short paper summarizing the results of each.	SDG

Table 1 continued

F16	Funding Recommendations Report	Prepare a Funding Recommendations paper for the CTFTF including examples of where funding sources have been used before.	SDG
F17		Review the Funding Recommendations paper before submission to the CTFTF and provide 1 set of consolidated comments.	TheRide
F18		Update the Funding Recommendations paper in light of the comments from TheRide.	SDG
F19		Consolidate comments on the Funding Recommendations paper.	TheRide
F20		Review consolidated comments from TheRide and update the Funding Recommendations paper.	SDG
F21	Other Items	Undertake research projects as required by the client (up to the value discussed below). Each item will be agreed with SDG individually by TheRide.	SDG

Notes

* SDG will undertake minor alterations to the Funding Options report and clarify information, within this scope, however, any significant additional items will be undertaken within the flexible scope item F20.

** Over time the conditions for funding options will change and this could occur for a variety of reasons. We will undertake work with the knowledge available at the time but the scope of work does not include revisions to calculations or proposals as we move forward. If you would like us to undertake sensitivity testing on particular issues we can discuss this further.

Fares and Ticketing

The following table shows the tasks which Steer Davies Gleave will undertake and identifies those which it expects TheRide to. If necessary, we can discuss this division of responsibility.

TABLE 2 FARES & TICKETING TASKS

Ref.	Topic	Task	Responsibility
FT1	Intro.	Identify through interviews (see FT3) with TheRide staff the objectives and constraints of the fares and ticketing strategy.	SDG
FT2		Agree the objectives.	TheRide
FT3	Existing Situation	Review TheRide’s current fares and ticketing (F&T) model and prepare an internal paper on the current situation highlighting fare structures, ticketing options, revenue raised, operational costs, and developing a SWOT analysis for F&T. This task will involve collating and analyzing data as well as undertaking five interviews with key members of staff at TheRide.	SDG
FT4		Comment on the internal paper and provide one set of consolidated feedback.	TheRide
FT5		Revise the internal paper on F&T in light of comments provided.	SDG
FT6	Benchmarking Paper	Support SDG to identify and gather benchmarking information where possible	TheRide
FT7		Produce an internal Benchmarking Paper identifying the types of fares and ticketing systems used by other comparable or local transit networks, using research and/or up to five interviews where appropriate.	SDG
FT8		Comment on the Benchmarking Paper and provide one set of consolidated feedback.	TheRide
FT9		Revise the Benchmarking Paper in light of comments provided.	SDG
FT10	Options and Strategic Direction	Identify a short list of high level fares and ticketing options with pros and cons identified. The short list will focus on TheRide but will ensure that it is future-proofed for potential roll-out to the County.	SDG
FT11		Facilitate a 2-3 hour workshop with members of TheRide to discuss the options .	SDG
FT12		Agree a strategy to progress further.	TheRide
FT13	Strategy and Implementation	Prepare a detailed proposal for transition and operation of a new fares and ticketing strategy.	SDG
FT14		Comment on the Proposal and provide one set of consolidated feedback.	TheRide
FT15		Revise the Proposal in light of comments provided.	SDG
FT16		Sign off, implement and communicate the new strategy.	TheRide

Door-to-Door

The following table shows the tasks which Steer Davies Gleave will undertake and identifies those which it expects TheRide to. If necessary, we can discuss this division of responsibility.

TABLE 3 DOOR-TO-DOOR TASKS

Ref.	Topic	Task	Responsibility
D1	Intro.	TheRide and SDG to discuss and agree the objectives and constraints of the task.	TheRide/SDG
D2	Existing Situation and Plans	Review current proposals for Countywide Door-to-Door and Flex-Ride (combined to be known as D2D) and undertake 5 interviews with staff at TheRide, the WAVE, WATS, RideConnect and the People's Express. On discussion with TheRide we may decide to use some of these interviews to discuss options with health related transit providers. At this stage no discussions will be held with current operators to maintain independence.	SDG
D3	Benchmarking Paper	Support SDG to identify and gather benchmarking information where possible	TheRide
D4		Produce an internal Benchmarking Paper identifying the types of D2D systems used by other comparable or local transit networks, using research and/or up to five interviews where appropriate.	SDG
D5		Comment on the Benchmarking Paper and provide one set of consolidated feedback.	TheRide
D6		Revise the Benchmarking Paper in light of comments provided.	SDG
D7	Options, and Strategic Direction	Detail the current options in an internal report, produce a SWOT analysis for D2D and then detail alternative structures for the operation of Countywide D2D.	SDG
D8		Facilitate a 2-3 hour workshop to discuss the options and draw conclusions.	SDG
D9		Produce meeting minutes and a two page summary of the principals of the preferred option.	SDG
D10		Provide one set of consolidated comments on the two page summary.	TheRide
D11		Revise the two-page summary as appropriate.	SDG
D12		Agree the principals of the preferred option with key stakeholders.	TheRide
D13	Strategy and Implementation	Prepare a detailed proposal for transition and operation of a new D2D strategy.	SDG
D14		Comment on the Proposal and provide one set of consolidated feedback.	TheRide
D15		Revise the Proposal in light of comments provided.	SDG
D16		Sign off, implement and communicate the new strategy.	TheRide

District Plans

The following table shows the tasks which Steer Davies Gleave will undertake and identifies those which it expects TheRide to. If necessary, we can discuss this division of responsibility.

TABLE 4 DISTRICT PLANS - TASKS

Ref.	Topic	Task	Responsibility
P1	Intro.	TheRide and SDG to discuss and agree the objectives and constraints of the task.	TheRide/SDG
P2	Benchmarking	Support SDG to identify and gather benchmarking information where possible	TheRide
P3		Review other sub-regional (apportionment) plans and consider the direction which our plans may take.	SDG
P4		Provide a short internal Benchmarking Paper on apportionment elsewhere.	SDG
P5		Comment on the Benchmarking Paper and provide one set of consolidated feedback.	TheRide
P6		Revise the Benchmarking Paper in light of comments provided.	SDG
P7		The Apportionment Figures - each for 5 years and 30 years	Review capital costs and discuss the investment across the County, particularly on projects of regional significance
P8	Apportion the operating costs of each Element to each District according to population, social and employment data patterns and existing trips.		SDG
P9	Apportion potential millage revenues to each District according to population and property.		SDG
P10	Use GIS mapping to illustrate the relationship between socio-demographics and new transit services.		SDG
P11	Detail the method used in a technical note and present the equity/inequity in a presentation which can be tailored for each District.		SDG
P12	Comment on the method paper and presentations and provide one set of consolidated feedback.		TheRide
P13	Revise the paper and presentations in light of comments provided* The presentations will include the detail of the TMP Elements for each area.		SDG
P14	Meetings	Meet with each District twice to discuss the proposals.	SDG/TheRide
P15	FYTDP	Collate the detail of the presentations in to a short report which will contribute to the Five Year Transit Development Program (FYTDP).	SDG
P16		Comment on the contribution to the FYTDP and provide one set of consolidated feedback.	TheRide
P17		Revise the FYTDP in light of comments provided.	SDG

Notes

*This task excludes changes to the method used or the figures presented.

The scope does not include disaggregating the Countywide benefits identified to each of the Districts.

The scope may lead to but does not include revisions to the TMP.

Time, Costs and Team

The hours and costs associated with the scope detailed above are shown in Table 5.

TABLE 5 FUNDING WORKSTREAM - TIME AND COSTS

Item	Hours	Costs
Funding (including IMG fees)	306	\$51,915.32
Fares & Ticketing	210	\$26,500.80
Door-to-Door	258	\$32,118.72
District Plans	376	\$44,602.88
Strategic Advice	20	\$5,140.00
Time costs sub total	1170	\$160,277.72
Local Planning Support (Firm TBC)		\$22,000.00
Direct costs*	-	\$13,040
Total		\$193,317.72
Potential funding 'further work' budget**		£10,000

Notes

* This includes 2 trips associated with the District Plans, 2 with the Funding work, 2 with the Fares & Ticketing and 2 with the Door-to-Door workstream.

** This budget is not included within the total or scope of works. It is shown here to provide the opportunity to pay for funding work requested by the CTFTF that is not included in the current scope.

SDG propose invoicing each task separately with approximately 40% invoiced after month 2 and the final 60% after closure of the workstream.

Team

Steer Davies Gleave is in discussions with the US financial and management consulting firm, Infrastructure Management Group (IMG) to contribute to the funding workstream (included within our fees).

IMG is one of the leading U.S. financial advisors on transportation finance, with a focus on innovative finance. It has advised municipalities, transportation authorities, and state and the federal government on streetcar, light rail, bus, parking, heavy rail, high-speed rail, freight rail and airport projects grant funding and financing issues. Recent rail transit projects include those in Boston, MA; Chicago, IL; Colorado Springs, CO; Dallas, TX; Honolulu, HI; Miami, FL; Sacramento, CA; San Juan, PR; St. Louis, MO and Warwick, RI. In addition, IMG has served as the financial advisor to the U.S. DOT Transportation Infrastructure Finance and Innovation Act (TIFIA) program office on seven TIFIA loans, and advised the FHWA on innovative transportation finance. For IMG’s major project in the Midwest involving multiple jurisdictions and modes includes the financial and management performance audit of the Northeastern Illinois transit agencies (CTA, Metra, PACE, RTA). This involved assessing the performance of these modes and intra-regional service and funding equity issues.

Outside of our scope, but for your information, Steer Davies Gleave has been in touch with Jeff Boothe who is a well known strategic funding advisor. Although we have not included fees for Jeff within the scope, we would be pleased to discuss the services Jeff offers with you and if appropriate, put you in touch with him.

Steer Davies Gleave has included a fee to use a local planning firm to provide support to the program. We would be pleased to discuss the detail of this role further with you but envisage that a local planning firm could provide valuable support facilitating discussions on the local District Plans

Our proposed team for this scope is shown in Figure 1.

FIGURE 1 STEER DAVIES GLEAVE TEAM

