

***RTS/Lift Line Operational Analysis &
Facility Utilization Study***

Executive Summary

November 13, 2008

Rochester Genesee Regional Transportation Authority

1372 East Main Street

Rochester, New York 14609

Background

In May 2006, the Rochester Genesee Regional Transportation Authority was faced with significant financial challenges in the subsequent three years. In an effort to meet those challenges, RGRTA embarked on an effort to make operational efficiencies that would have a significant financial benefit while preserving and enhancing the services provided to our customers.

The paratransit service provided by the Lift Line subsidiary is a costly service mandated by the federal *Americans with Disabilities Act*. While the total annual operating budget for Lift Line is relatively small when compared to the overall RGRTA annual operating budget, senior management believed that there were opportunities for improvement in operating efficiencies that would generate significant cost savings.

At the present time, the Lift Line operations facility is located at 588 Trabold Road in the Town of Gates operating a fleet of approximately 45 revenue vehicles. Additionally, Lift Line leases office facilities for its customer service representatives and schedulers in a commercial building located on Mustard Street, about two blocks from the East Main Street campus. Consolidating the Lift Line operation with the Regional Transit Service fixed-route operation on the East main Street campus has been discussed periodically during the past 10 years. In light of the search for financial savings, senior management made the decision to engage in a study to determine if those operational savings could be realized and to what extent.

On June 30, 2006, RGRTA entered into a contract with Altreya Consulting LLC to conduct a study on the feasibility of consolidating the Lift Line and RTS operations at the East Main Street campus. The goal of this feasibility study was to determine if there were sufficient economic and efficiency incentives to merit consolidating the two operating facilities of RGRTA.

The Study

The feasibility study began with an evaluation of the Trabold Road facility and the Lift Line operation. Lift Line has been growing historically at an annual rate of about 15 percent in both fleet size and in ridership. While it is expected that this growth rate will slow down to

about 10 percent annually, it is forecasted that the Lift Line fleet size will grow from 45 vehicles currently to about 73 vehicles within 10 years, or by about 62 percent.

Field reviews were conducted by Altreya of the Trabold Road location. Lift Line can store only 31 out of 45 of its buses inside the bus storage building. The remaining 14 buses must be left outdoors where they are plugged into engine heaters during winter months. Additionally, the maintenance bays and administrative offices at Trabold Road are at full capacity and there is a significant shortage of storage space for parts, materials, tires, and miscellaneous equipment. Parking spaces for employees and visitors are also cramped.

An evaluation of the impact on Lift Line operations was conducted under the assumption that Lift Line could in some way be consolidated into the RTS East Main Street facility in Rochester. This involved an analysis primarily of the computerized dispatch data for Lift Line buses, including an analysis of revenue miles vs. deadhead miles of operation. The objective of the task was to determine if any operational efficiencies could be achieved by relocating Lift Line to East Main Street. To accomplish this, Altreya and RGRTA selected dispatching/scheduling data for four one-week blocks from the previous 12 month period. Using RGRTA's Trapeze scheduling software, the dispatch data was recalibrated to determine what the effect would be on the operating miles of service. The results of this exercise were then extrapolated to a full 52 weeks, and then further extrapolated to account for Lift Line's forecasted growth of 62 per cent over the next 10 years. The result of this analysis showed that Lift Line would save about 140,000 operating miles in the first year, and as Lift Line grows, could save about 1.9 million total operating miles over the next 10-year period by relocating Lift Line to the East Main Street campus. Using a constant dollar value and a current cost incremental of \$2.18 per mile, RGRTA could potentially save about an average annual savings of \$400,000.

While a potential savings of \$400,000 per year in Lift Line mileage-based cost is an attractive feature that could result from a consolidation in the two facilities, there still remained several critical assessments to be determined. Those included the ability of the East Main Street facility to physically accommodate Lift Line over the next 10-year growth period, the potential savings in facility operating costs, if any, that could result from consolidating the two operating bases, and the labor cost implications in consolidating these two operating bases.

Altreya conducted two additional field visits to the Lift Line and East Main Street facilities. Architectural footprints and aerial photographs of the two facilities supplemented the field visits. The Consultants then developed a series of CAD drawings of the Trabold Road facilities superimposed on the East Main Street site to determine if the Lift Line operation could be physically integrated into the current East Main Street campus.

The results of this evaluation demonstrated that RGRTA would need to acquire additional property adjacent to the existing East Main Street campus in order to accommodate Lift Line's forecasted fleet of 73 buses, support vehicles, employee parking, vehicle servicing and maintenance, and Lift Line administrative personnel. The property that would need to be acquired would be a series of houses along Chamberlin Street between East Main Street and Hayward Avenue. Other areas of existing RGRTA property would also have to be reconfigured and incorporated into the overall site plan. Additional buildings would also have to be erected on the East Main Street campus to store and maintain the Lift Line fleet. In the end, the Lift Line operation could be physically relocated to East Main Street, but only after significant property acquisition, site reconfiguration, and new construction paved the way for the consolidation of Lift Line into East Main Street.

Altreya next focused on evaluating opportunities for saving operating costs related to running the Trabold Road facility and the separate scheduling office which would be closed under the consolidation plan. A review was made of the Lift Line budget to identify these facility operating costs. A total of \$106,000 in annual operating expenses were identified for such items as utilities, office rent, custodial services, etc. However, most of these costs would simply be replaced with similar expenses to operate and maintain the newly expanded facilities for Lift Line at East Main Street. Indeed, with larger storage buildings and offices for a growing Lift Line, these facility operating costs are expected to grow rather than shrink. Consolidation of Lift Line at East Main Street, therefore, would result in no net savings in facility operating costs.

The issue of net labor costs was the last factor to consider in the evaluation. The first step in this task involved determining whether any reductions in employment levels could be achieved by consolidating the two facilities. Lift Line currently has a roster of 114 employees.

Due to the highly specialized nature of paratransit services, it is not feasible to have current RTS employees take over Lift Line responsibilities in dispatching/scheduling, ADA

certification, or daily operations performed by bus drivers and their supervisors. The job of producing paratransit service requires totally different employee skills, training, and supervision than is found in fixed-route systems. Therefore, the only area of Lift Line employment that appears eligible for a reduction in force would be in vehicle maintenance and servicing.

If Lift Line maintenance is absorbed by RTS' current maintenance department, it is estimated that RTS would need to retain only two of Lift Line's technicians plus the current maintenance supervisor (not included in the above budget) in order to maintain the current fleet. RTS staff believe the balance of the work of maintaining Lift Line's fleet could be absorbed by existing RTS technicians.

There would be a net savings in labor costs, provided that RTS does indeed have the excess capacity needed to absorb most of the Lift Line maintenance work, including vehicle fueling, washing, and other daily servicing tasks.

There is another factor to consider when evaluating the possible consolidation of Lift Line operations into the East Main Street campus. RTS and Lift Line are separate and distinct operating subsidiaries of the Authority with different operating parameters and, accordingly, different wage and benefit packages for their respective workforces. Co-locating the operations would likely increase the desire for parity between the two groups of employees. It is estimated that parity could increase Lift Line's operating costs by \$2.1 to \$2.8 million annually, depending on the ratio of part-time to full-time drivers once consolidation is complete.

Adjusting for the potential savings created by the reduction in force of Lift Line maintenance employees, RGRTA may still be faced with a potential net cost increase in labor costs annually as a result of uniform compensation between the two groups of drivers.

Putting aside the potential for big increases in compensation for Lift Line drivers, the potential savings coming from a reduction in force of Lift Line maintenance employees must be further examined. Lift Line currently has eight (8) mechanics assigned to maintain 45 buses, or almost six buses per mechanic. RTS would need to have up to six full-time equivalent technicians available to be redirected towards Lift Line maintenance activity in order to reduce Lift Line employment by six positions. Further, as the fleet grows out to the expected level of about 73 buses over the next 10 years, it would be reasonable to expect

that the number of mechanics dedicated to Lift Line maintenance will only need to grow larger as well. As the RTS adds mechanics to meet this growth, it will do so at higher pay and benefits than would be the case if Lift Line were to add the same staff. Therefore, some of the potential savings anticipated in the initial consolidation would likely be offset as RTS adds higher cost staff to service the growing Lift Line fleet.

Study Conclusions

When the study results are viewed in totality, the lack of the ability of the East Main Street facility to physically accommodate Lift Line without major capital improvements and property acquisition, the absence of potential savings in facility operating costs, and the substantial risk in increased labor costs, there are no financial benefits that would result in consolidating these two operating bases.

However, the study clearly revealed that the current Trabold Road facility is incapable of supporting any further growth in Lift Line operations. In fact, the present level of Lift Line operations currently exceeds the capacity of this facility. To relieve the present congestion at Trabold Road as well as accommodate Lift Line's forecasted growth rate over the next 10 years, RGRTA will need to make a commitment to a significant expansion of the Lift Line facilities, if not at the East Main Street campus, at some location.

An alternative to relocating Lift Line at the East Main Street campus whereby it could capture the savings related to reduced mileage is to by construct a new Lift Line facility in central Rochester on a site separate and distinct from the East Main Street facility. Such a move would give Lift Line the expanded facility it needs, provide an opportunity to save mileage-related costs by locating Lift Line closer to the center of passenger demand, and be in a better position to resist potential demands from the union for parity in Lift Line compensation packages.

As a second phase to this study, Altreya was asked to determine where the geographic location would be to generate the most in annual operating costs, and, if Lift Line were to be relocated, would there be any value in converting the Trabold Road facility into a satellite operations center for RTS.

Phase II

Selection of Lift Line Facility Location. Based upon information obtained in the site visits and analysis of the Lift Line operations, Altreya developed requirements for a new facility and for an optimal geographic location.

1) General Facility Requirements include the following features:

- Administration offices with a minimum of 3,000 square feet
- Driver locker/waiting rooms approximately 1,500 square feet including restroom facilities etc.
- Bus maintenance area of approximately 6,500 square feet to hold approximately 8 to 10 buses
- Waste product storage area of approximately 500 square feet for waste products such as hazardous materials
- Bus storage building with approximately 27,000 square feet to house a fleet of 73 buses
- Employee parking area with a minimum of 150 parking spaces
- Vendor and visitor parking with a minimum of 12 spaces with handicap access space
- Daily bus fueling, cleaning, and fluid check area
- Bus washing and cleaning area
- On-site vehicle circulation with a holding area to place buses that are ready for daily pull out and routes
- Security for all areas with features which would include fences or the ability for fencing to be installed

2) Potential Location – Refining the computerized dispatch data for Lift Line buses, including an analysis of revenue miles vs. deadhead miles of operation, and plotting the first pickup points for every Lift Line route for a two-week period, Altreya analyzed where the best geographic location would be for Lift Line in order to generate the most in operation savings. Those savings would be realized through the elimination of the most deadhead miles. Two characteristics were identified as critical to this initiative:

- Close access to main arterial roadways such as I-490, I-390 and I-590
- Close to the Brighton/City “medical campus” area near Monroe Community Hospital

Potential Use Of Trabold Road Facility: Assuming that RGRTA does in fact relocate its Lift Line operation to a new base, a question arises about what RGRTA should do with its present facility on Trabold Road. One suggestion would be to sell the property and use the proceeds to partially offset the construction costs of the new facility. Another suggestion involves a conversion of the facility into a satellite operating base for the RTS fixed-route system. The intent would be to use the Trabold Road facility as a staging location for fixed routes serving the western region of RGRTA's service area. The question is whether the RGRTA would generate any savings in operating costs by converting Trabold Road into a satellite fixed route operating base.

The objective of this evaluation, therefore, is to document the costs/benefits of converting the Trabold Road facility into an RTS satellite facility for west side routes.

RTS operates a total of eight fixed routes in the western part of the metro area that could potentially be staged out of the Trabold Road facility. RTS currently assigns a total of seventeen (17) peak-hour buses to these routes. Nine buses are assigned to operate the midday base period. Buses on these lines operate between 5:30 AM and 1:00 AM.

In addition to the 17 buses required to support peak-hour operations on these eight lines, RTS requires about three spare buses for maintenance purposes. Therefore, the scale of operations at Trabold Road, if utilized as a satellite base, would involve the assignment of 20 fixed-route buses. Operations at the Trabold Road facility would take place seven days per week, 24 hours per day since buses would need to be serviced and inspected after late night pull-ins are completed.

The creation of Trabold Road as a satellite operations base does not result in the addition of more buses to the RTS fleet, but only involves a shifting of about 20 current buses away from the East Main Street campus. Therefore, it may be possible that some of the above staffing costs for Trabold Road could be covered by shifting some present RTS employees from East Main Street to Trabold Road. Most likely this would be limited to some mechanics and clerk positions. Other staffing positions would likely be new, with resulting net costs of about \$280,000 annually.

The Trabold Road facility would not be used for heavy maintenance. That work would continue to be done at the East Main Street campus. Additional operating costs would be incurred in shuttling buses between the two sites for scheduled and unscheduled

maintenance that would be beyond the scope of duties at Trabold Road. Assuming each bus is shuttled between facilities for major PM inspections/repairs every 6,000 miles, there would be about eight round trips annually per bus at a cost of about \$85.00 per operating hour. For 20 buses stored at Trabold Road, the cost of moving buses between facilities is estimated to be about \$27,000 annually.

The next step in this analysis was to determine if the reassignment of the eight westside routes will reduce RTS's operating costs sufficiently to cover not only the cost of keeping the Trabold Road facility open, but also to produce additional savings. Project consultants and RGRTA staff collaborated to generate a rough approximation of the net savings of reassigning westside buses to the new Trabold Road facility. To do this the assumption was made that buses would be dispatched from the new Trabold Road facility directly to and from the outer route end of each line. To make the comparison equivalent, it was also assumed that buses would be dispatched from East Main Street directly to and from the outer route end of each line. This arrangement meant that the first outbound trips and last inbound trips on the current schedules would be dropped as revenue runs. Otherwise, the operations of AM inbound trips and PM outbound trips would remain the same. Thus the length of the operating period would remain the same as it is now except for whatever variance in deadhead miles and hours emerged from the change in facility assignments for the eight routes in question.

It should be noted that the study only examined the net ongoing operating costs of reassigning buses to Trabold Road. The study did not evaluate the capital costs of modifying Trabold Road to accommodate larger fixed route buses. Those costs would be a one-time capital expenditure, and potentially could be significant due to the differences in the vehicles used by RTS as compared to those used by Lift Line..

On the surface, the concept of reassigning about 20 buses to a satellite facility on Trabold Road to serve RTS' westside routes appears to hold the promise of reduced operating costs. However, a close analysis of the issue reveals that there are no savings at all in reassigning buses to Trabold Road. Indeed, the cost of bus operations rises very marginally and this is accompanied by an even more marginal loss of passenger revenue. It is the cost of keeping the Trabold Road facility open and maintained which overwhelms the

cost of bus operations. In the aggregate the move to Trabold Road would cause a net cost to RGRTA of over \$500,000 annually, or \$5 million over ten years.

Based on these findings, RGRTA should not reassign its westside routes to a Trabold Road satellite facility.

In Conclusion

While the study conducted by Altreya determined that it was not financially favorable from an operations standpoint to relocate Lift Line to the East main Street campus, the study did discover that Lift Line has vastly outgrown the present facilities on Trabold Road. Further, Altreya identified certain operational savings with a location near Monroe Community Hospital.

RGRTA has taken the data from the Altreya and further refined the results. Incorporating into the calculations for savings additionally the last drop-off points on every route. That effort has re-determined an ideal geographic location that will generate the most in operational savings with close access to I-490. The geographic location identified in the refinement of data is the area near the intersection of Campbell Street and Orchard Street in the western side of Rochester.

RGRTA is at the present time searching for suitable property and sufficient funding to undertake the relocation of Lift Line to that area.