



Information Item

Date: June 21, 2012

To: Mayor and City Council
From: Edward F. King
Subject: BBB Charter and Special Services (Getaways)

Introduction

Big Blue Bus (BBB) will no longer provide charter or special services effective July 1, 2012, due to increasing operating costs, federal charter operating regulations, limited staff resources, and the size and age of the charter fleet. The return on investment from operating charters is no longer adequate to sustain or justify charter operations. As a result of discontinuing charters, in FY2012-13 BBB will be eligible to apply for Federal Transit Administration (FTA) Job Access Reverse Commute (JARC) and New Freedom grant program funding.

Background

BBB has operated charter and special services for many years. These services include the monthly "Getaways" excursions, special event shuttles, school team and/or field trips, the Hollywood Bowl park-and-ride, private party charters, as well as charters for other City departments. Providing charter service was possible because BBB did not use any federal funds towards operating assistance and some capital projects, per FTA regulations; also the charter bus fleet was purchased using only local (state or county generated) funds.

Currently, the vehicles used to provide these services include four Over-the-Road MCI coaches and 18 locally-funded transit buses, down from a peak charter fleet of 40 vehicles in 2007. The over-the-road vehicles that are used in the provision of service

are 11-year old 45-foot diesel-powered coaches. Although these vehicles are owned by the BBB, they are not part of the active public transit fleet and therefore not subject to the same rules regarding alternative-fuel buses as the fixed-route fleet. Bio-diesel fuel is used in these vehicles in compliance with the City's sustainability goals.

Charter service was once a profitable endeavor for the BBB since a large share of the business came from local public and private schools that hired the BBB for their transportation needs. In 2008, the requirement for motor coach operators to maintain a School Pupil Activity Bus (SPAB) certificate, which allowed operators to transport youth under the age of 18 in chartered service, was eliminated from the operators' Memorandum of Understanding. As a result, many operators dropped their SPAB certificate and the pool of certified operators shrank dramatically. The provision of charter services was difficult when BBB experienced an operator shortage. At the same time, the charter fleet shrank as older locally-funded buses were replaced with new federally-funded buses.

Historically, charter service was delivered using full-time operators, frequently at overtime; however this changed in 2008 when the MOU was modified regarding the assignment of charter work. Charter work became part of the daily roster of open work that was assigned to Extra Board operators. Many charters either operated at overtime or caused overtime on other work assignments when the charter assignment resulted in uncovered regular daily work that needed to be covered by a day-off operator at overtime. In addition, most charters require additional operating oversight due to planning the schedule, mapping of the route, test driving the route to ensure bus safety, and developing any special instructions as a result of the destination. Many times a charter requires direct support from an operations supervisor either during the planning phase, along the route or at the origin/destination.

Discussion

BBB charter revenue for FY11-12 was projected to be \$150,000 however year-to-date revenue is only \$69,200. The budgeted revenue for FY2012-13 was \$169,000. This revenue has been eliminated from the FY2012-13 budget submittal in anticipation of eliminating these services. Because charter service is above and beyond the regularly scheduled BBB operating service parameters, it is scheduled as overtime work for senior bus operators. Charters are not profitable and are subsidized at the rate of almost \$20 per operating hour.

Getaways, the special monthly excursions that operate to various points of interest in Southern California, will also be eliminated as a result of this change. Because these services only operate on weekends or a holiday (Rose Parade), they are always worked at overtime by operators. Although they are priced to break even, the margin is so small that the costs associated with overtime and vehicle maintenance result in a loss if all the tickets do not sell or if the excursion runs longer than expected, resulting in more overtime. These trips have not been in operation since November 2011 as the program was in the process of being re-evaluated. In addition, these trips do not meet the conditions of the federal charter regulations.

Staff evaluated the potential to increase charter rates to offset escalating operating expense and found that BBB could not compete with private operator rates. Although some customers might be willing to pay a higher price because of their familiarity and satisfaction with the BBB, it is unlikely that there will be enough to make the effort worthwhile.

Next Steps

BBB will not operate charter or special services after June 30, 2012 due to the cost of operating the services, the subsidy required to continue them, the smaller available fleet of buses, and the lack of manpower available to provide the service. BBB will retire the 2001 diesel-powered MCI fleet and they will be disposed of by sale or auction. As a

result of discontinuing these services BBB will be eligible to apply for FTA Job Access Reverse Commute and New Freedom Grant program funding.

Staff will notify existing charter customers by mail that BBB will no longer be able to provide charter services after June 30, 2012. In addition, Getaways customers will be notified that the trips, which have been on hiatus since November 2011, have been permanently disbanded. City staff will also be notified of the change since they will need to rely on private charter companies.