



Review of Results of Operations Paratransit Service Providers Phase II

March 16, 2011

Report No. 11-03



Office of the County Auditor
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Table of Contents

Topic	Page
Executive Summary	1
Purpose, Scope and Methodology	2
Background	3
Findings	21
Recommendations	28

Executive Summary

This report presents our analysis of the results of operations for the year ended December 31, 2010 reported by the Paratransit service providers (providers): Allied Medical Transportation, Inc. (Allied), Lucanus Developmental Center, Inc. (Lucanus), Medex Transport, Inc. (Medex), and Tender Loving Care Transportation Services, Inc. (TLC). The report also presents opportunities for efficiencies in the Paratransit system. Our objectives were to determine the providers' reported results of operations and identify opportunities for improvements in the operational efficiency of the Paratransit system.

We previously issued our report "Review of Results of Operations – Paratransit Service Providers" dated August 27, 2010 evaluating reported operating results for the five month period ended May 31, 2010. That review was undertaken in response to complaints from the providers regarding their alleged financial losses, reduced trip volumes, lower than forecasted trips per revenue hour, and alleged operational inefficiencies. As noted in the report, we could not determine if the reported losses for the first five months of operations were the result of initial startup inefficiencies, were inherent in the design of the Paratransit system, or were the result of other factors. Our efforts were further hampered by reliability and consistency issues with the financial data submitted by the providers. Therefore, we decided a second review after a full year of operation was appropriate.

Our analysis indicates:

1. Due to a variety of factors, the three providers reviewed had collective losses of approximately \$532,000 after correction for identified errors and adjustments and before provider retained co-pays for the year ended December 31, 2010,
2. There may be opportunities to improve the providers' financial results through increased operational efficiencies, and
3. Opportunities exist to improve BCT Paratransit Section management and operations.

Because provider profitability is a function of individual trip rates bid by each provider, the number of trips, operational efficiency of each provider, and operational efficiency of the Paratransit system, the provider losses stem from some combination and interaction of these factors.

We understand Administration engaged the American Public Transportation Association (APTA) to review the efficiencies of the Paratransit operations. We have had discussions with the APTA consulting team to assist in their effort and their report will be issued in the near future.

To ensure long term viability of the Paratransit program, we recommend the Board of County Commissioners direct the County Administrator to:

- Evaluate the sufficiency of current rates paid to the Paratransit providers in conjunction with improvements in operational efficiency of the program.
- Improve routing efficiency by further evaluating the issues identified in this report.
- Establish additional management review and supervision of key processes as identified in this report.
- Define, configure, and establish key reports that would provide management with more reliable, accurate and useful data.
- Improve system access controls to protect data integrity, accuracy, and completeness.

Purpose, Scope and Methodology

The purpose of the review was to determine the results of operations reported by the Paratransit service providers and assess the operational efficiency of the Paratransit system. Our review encompassed the 12 month period from January 1 to December 31, 2010.

To accomplish our objectives, we:

- Interviewed
 - Broward County Transit Staff,
 - Allied, Lucanus, Medex, and TLC (Providers) Staff,
 - Inktel Direct (Call Center) Staff, and
 - Stratagen Systems Inc., Project Manager (manufacturers of ADEPT software which is used for reservations, scheduling, dispatch, customer service, and management of Paratransit services).
- Performed the following procedures to the providers' Profit and Loss Statements for the nine months ended September 30, 2010:
 - Agreed selected accounts to general ledgers, payroll registers, driver manifests, insurance policies, vehicle lease agreements, and other supporting documentation,
 - Agreed selected transactions to invoices and other supporting documentation,
 - Evaluated methodologies by which providers allocated their costs between Paratransit operations and other businesses,

- Compared providers' recorded revenues to payments made by BCT,
- Applied adjustments to correct for identified errors and group accounts into a consistent reporting format, and
- Performed analytics on selected expense accounts.
- Performed the following procedures to the providers' Profit and Loss Statements for the three months ended December 31, 2010:
 - Performed limited analysis on selected accounts, and
 - Applied adjustments to correct for identified errors and group accounts into a consistent reporting format.
- Combined providers' adjusted Profit and Loss Statements for the 9 months ended September 30, 2010 and three months ended December 31, 2010.
- Reviewed
 - Call Center and Provider Bid Documents,
 - BCT trip, vehicle hour, and revenue hour data, and
 - Other data within the ADEPT system.

Background

Broward County's Transit Division (BCT) administers the Federal and State mandated Paratransit services to Broward County residents and visitors. Paratransit service is defined as "comparable public transportation services required by the Americans with Disabilities Act (ADA) of 1990 for qualified individuals with disabilities who are unable to use fixed route transportation services, or service to other qualified individuals with disabilities, on demand, by reservations, by subscription, and on a shared-ride basis." Broward County offers two types of Paratransit services, Americans with Disabilities Act (ADA) and Transportation Disadvantaged (TD).

Americans with Disabilities Act (ADA) of 1990 Paratransit Service

BCT's ADA Paratransit service is offered in accordance with the Americans with Disabilities Act of 1990. It is governed under 49 CFR Part 37 "Transportation Services for Persons with Disabilities", Subpart F "Paratransit as a Complement to Fixed Route Service" (37.121 - 37.215). The ADA Paratransit service is for persons with physical, cognitive, emotional, visual or other disabilities which functionally prevent them from using Broward County's fixed-route bus system either permanently or under certain conditions.

Applicants seeking ADA Paratransit services must go through an eligibility determination process (see Application and Enrollment Process on page 7). BCT must provide an ADA eligible client Paratransit service *to any requested destination* within three quarters

of a mile of the boundaries of Broward County's fixed-route bus system.¹ Any requested destination includes medical (hospitals, doctor's offices, etc.), general (grocery shopping, pharmacy, visiting friends, casino, theatres, etc.) and nutrition (nutrition sites) trips. Effective January 1, 2010 the County required client co-pay was \$3.00 per trip and effective October 1, 2010 the co-pays were increased to \$3.50 per trip.

As of December 31, 2010, there were approximately 12,000 registered ADA clients; BCT paid providers for approximately 575,000 ADA trips during calendar year 2010.

Transportation Disadvantaged (TD) Paratransit Service

In accordance with Chapter 427, *Florida Statutes*, BCT also provides Paratransit services to persons who because of physical or mental disability, income status, or age are unable to transport themselves or to purchase transportation and are, therefore, dependent upon others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities, and children who are handicapped, high-risk or at-risk. Under direction from the Florida Commission for the Transportation Disadvantaged, BCT has developed local eligibility guidelines that allow for three types of Transportation Disadvantaged (TD) Paratransit trips.

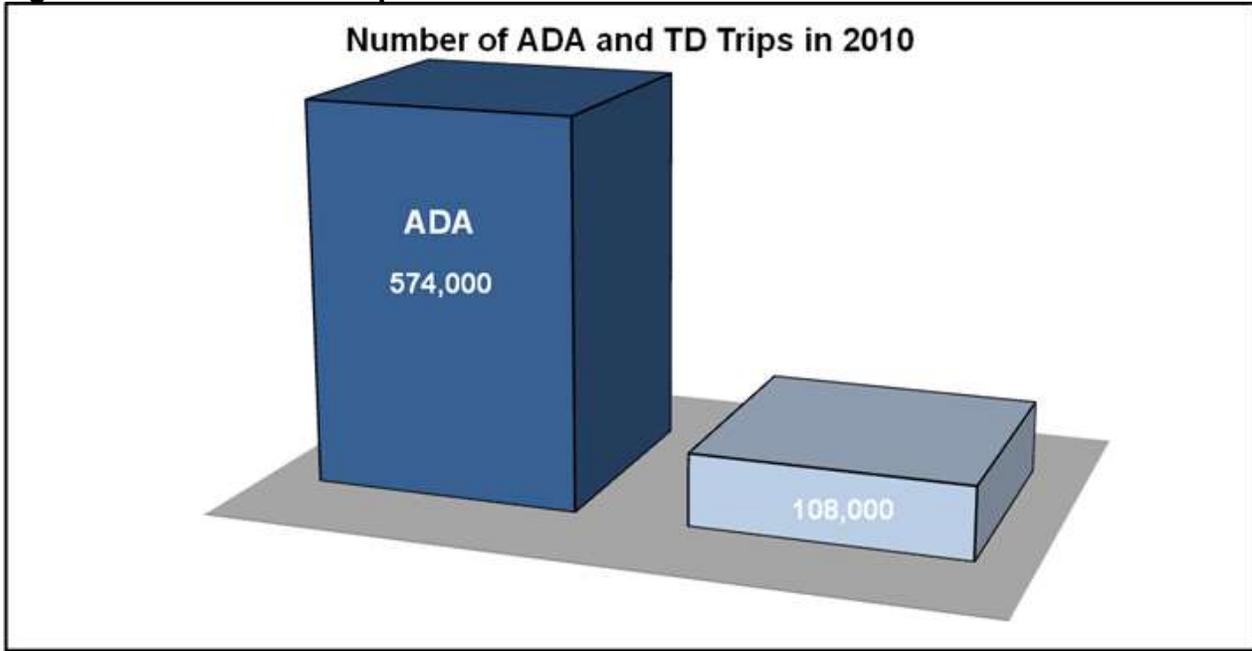
- **Medical transportation** is provided for Broward County residents who have no other means of transportation available to them and are traveling to and from dialysis, chemotherapy or radiation treatments. Treatment centers are responsible for enrolling patients in the TD program. Clients with Medicaid non-emergency medical transportation benefits are not eligible for this service. The client co-pay was \$3.00 per trip effective January 1, 2010 and \$3.50 per trip effective October 1, 2010.
- **General transportation** is provided for elderly and/or disabled Broward County residents that have no other means of transportation available to perform daily life functions such as trips for Grocery, Day Care/Senior Center, work and/or school. This service is offered to persons that have a need that cannot be met and are not disabled to the point of being eligible for ADA services. The client co-pay was \$3.00 per trip effective January 1, 2010 and \$3.50 per trip effective October 1, 2010.
- **Nutrition transportation** is provided for elderly and/or disabled Broward County residents who are Meals-on-Wheels recipients that receive meals at designated nutrition sites in the County and have no other means of transportation available to them. Broward County does not require co-pays for nutrition transportation.

As of December 31, 2010, there were approximately 1,500 registered TD clients. BCT paid providers for approximately 108,000 TD trips during calendar year 2010.

¹ BCT exceeds federal ADA requirements by providing ADA services beyond the three quarters of a mile boundary of the fixed-route bus system.

As shown in **Figure 1** below, BCT paid providers for a total of approximately 682,000 trips during calendar year 2010, of which approximately 574,000 (84%) were for ADA clients and 108,000 (16%) were for TD clients.²

Figure 1 - ADA and TD trips in Calendar Year 2010



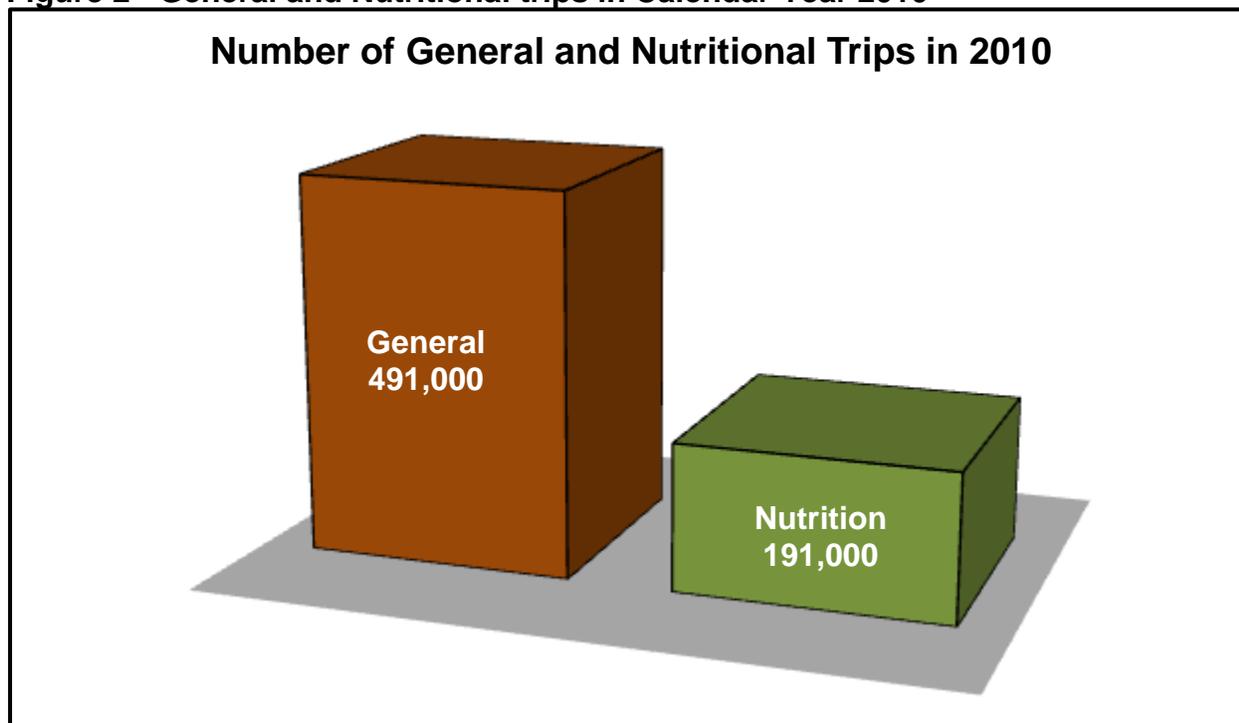
Source: Prepared by the County Auditor's Office from information obtained from ADEPT

As noted above, ADA and TD trips are divided into three categories: medical, general and nutrition. ADEPT categorizes medical and general trips in one group named "General" and nutrition trips are captured separately.

² This does not include Personal Care Attendants (PCA's) which are not billable trips under the contract.

Figure 2 below shows approximately 682,000 trips made in 2010, 491,000 (72%) were for general trips and 191,000 (28%) were for nutrition trips.

Figure 2 - General and Nutritional trips in Calendar Year 2010



Source: Prepared by the County Auditor's Office from information obtained from ADEPT

There are four major processes involved in providing Paratransit services (which are detailed on the following pages):

- 1) Application and Enrollment (page 7)
- 2) Scheduling and Routing (page 10)
- 3) Service Delivery and Quality Control (page 13)
- 4) Billing and Reporting (page 17)

1. Application and Enrollment Process

In order to utilize Paratransit services, potential riders must first apply to be enrolled in the appropriate ADA or TD program.

ADA Application Process

Standard ADA applications are available on-line or mailed on request to potential clients. The application³ consists of questions primarily designed to assess the applicant's functionality and ability to use the Broward County Transit (BCT) system. The application also includes a section to be completed, signed, and certified by a Florida licensed physician.

Upon receipt, BCT date stamps and reviews the application for completeness and checks the ADEPT software system (ADEPT) to determine whether the applicant is a new or existing client. All new clients are assigned an automatically generated pin / identification number created in ADEPT, while existing clients reuse their numbers.

If the application is determined to be incomplete, BCT staff returns incomplete applications to the client with a letter of incomplete status. Complete applications are separated into new and existing clients.

Complete applications from new clients.

BCT Staff sends complete new client applications to Neurological Rehabilitation Center (NRC), a third party company contracted by BCT to assess client eligibility requirements. NRC makes one of the following assessments: Eligible or Functional Assessment.

- Eligible
 - Unconditional status –assigned to persons who are determined unable to ever independently use BCT buses, even with training. This status is issued for a period of 1 to 3 years, depending on various considerations such as the expected period of the limiting disability (for example, if the applicant is visually impaired but undergoing mobility training).
 - Conditional status –assigned to persons who are able to use BCT buses most of the time, but would, under certain circumstances and for certain trips, be prevented from using BCT buses independently.

³ For existing clients, over 80 years old, renewing their eligibility, BCT staff may recommend an EZ application which is a shortened version of the standard ADA application.

- Temporary status –assigned to persons who are determined capable of using accessible BCT buses but cannot do so at present, either because of a temporary disability or because of other temporary changes to the bus route, stops or other conditions.

NRC returns all eligible applications to BCT who subsequently updates ADEPT, then mails an eligibility letter and riders guide to new clients.

- Functional Assessment

When the applicant’s degree of functionality is not clear, NRC requires the applicant to have an in-person evaluation of the applicant’s ability to use BCT. BCT staff mails “10-day” letters generated by the ADEPT to all applicants needing a Functional Assessment. The letters provide instructions to the applicant for scheduling a functional evaluation. If the applicant does not have transportation, NRC can provide transportation to/from their facility to assess the applicant’s functional ability beginning at the time of pick-up. Following the Functional Assessment, NRC categorizes the applicant as eligible,⁴ incomplete / deferred, or ineligible.

- Incomplete/Deferred – assigned to applicants whose functional evaluation is inconclusive (for example, the applicant refuses to perform or fails to complete a component of the functional assessment and it is unclear whether the effort is based on a cognitive / physical limitation, or if the applicant chose to self limit their performance).
- Ineligible – assigned to persons who do not meet the ADA eligibility criteria.

Applicants deemed to be incomplete/deferred or ineligible under ADA may be eligible for alternative programs, such as the TD program, bus pass program, or travel training program. See page 4 for discussion of the TD program. NRC retains incomplete/deferred and ineligible applications and meets with BCT staff weekly to review these applications. BCT staff evaluates whether any meet the ADA eligibility criteria. If an application remains incomplete / deferred or ineligible, BCT staff submits a “Notice of Incomplete Status” letter with a checklist of additional information to be provided within 30 days. If the applicant provides the requested information, BCT staff reviews the information with NRC staff to evaluate whether they meet the ADA eligibility. If the status remains incomplete / deferred or ineligible, a second “Notice of Incomplete Status” may be sent out requiring the applicant to call and schedule a “Real World Assessment.”

Real World Assessments are performed by BCT staff, who accompanies and evaluates the applicant on a planned bus trip. Following the assessment, BCT staff again meets with NRC staff and evaluates whether the applicant meets the

⁴ No further action is needed if the applicant is deemed to be eligible.

ADA eligibility criteria. If not, the applicant is considered ineligible. The applicant's status is updated in ADEPT and an ineligible letter is generated and mailed to the applicant.

Ineligible letters include a method for administrative appeal, in accordance with ADA standards. Applicants wishing to exercise their right to an appeal must provide a written request for appeal within 60 days. The appeal is heard by an ADA Eligibility Appeals Board consisting of seven members appointed by the Director of Transportation. The Board meets on an as needed basis.

Recertification of Existing Clients

Existing clients are required to recertify prior to expiration of their existing eligibility. Paratransit eligibility is generally one to three years depending on a number of functionality considerations. On a monthly basis, BCT staff mail reminder postcards generated from ADEPT for all clients expiring within 60 days. ADEPT also shows an on screen notice for any clients expiring within 45 days and clients are reminded when they call in to schedule rides.

BCT staff pulls the client file which contains prior applications and attaches it to the new application. The complete client file usually follows the "complete applications from new clients" process described above which involves sending the file to NRC.

TD Application Process

TD applications are usually provided by the client's medical (dialysis, radiation, or chemotherapy) treatment facility or nutrition center. The application consists of questions primarily designed to identify required medical and/or nutrition transportation needs, income level, alternative means of transportation available, and whether the client receives Medicaid. The application also includes a section to be signed and certified by a physician.

BCT staff reviews all TD applications for completeness and returns incomplete applications. In order to qualify, staff verifies the following:

- Medicaid eligibility – applicants who are fully Medicaid eligible are not eligible for TD Medical transportation as Medicaid provides all their medical transportation.
- Meals on Wheels – applicants with "Meals on Wheels" service at a designated nutrition site and have no other means of transportation are eligible to travel to their closest nutrition site
- Income eligibility – applicants must be at or below the poverty line to qualify
- Alternative transportation availability
- Age
- Disability

- Nearest bus stop

Medically eligible applicants are restricted to the dialysis site closest to their home address. Potential clients who are not eligible for ADA are sometimes eligible for TD and are enrolled as such.

Figure 3 below shows the number of registered ADA and TD clients at year end for each of the past three years.

Figure 3 - Paratransit registered clients at year end



Source: Prepared by the County Auditor's Office from information obtained from ADEPT

Once applicants are eligible to receive ADA or TD services, staff updates their eligibility status in ADEPT and the clients can then call the Paratransit Call Center, to schedule rides.

2. Scheduling and Routing Process

ADEPT Data Entry

BCT, the Call Center, and providers utilize ADEPT for reservations, scheduling, dispatch, customer service, and management of Paratransit services. BCT and the providers populate ADEPT with many key inputs including client information, vehicle information,

drivers, routes, speed zones, service delivery parameters, and service zones. These inputs impact the efficiency of the system.

BCT enters information into ADEPT, including:

Client Information

- Type of eligible service,
- Eligibility starting and ending dates,
- Basic contact information such as address, telephone number, nearest relative, etc.
- Notes – informs driver of part of specific pick-up location (for example, north side of building) or other relevant information,
- Special equipment such as wheelchairs or walkers – this impacts which vehicles are available for pick-up based on seating or storage capacity,
- Conditional status – limits allowable trips to certain conditions, and
- Trip Purpose (TD only) – limits types of allowable trips for TD clients

Vehicle Information

Each of the providers enter their vehicle fleet information into ADEPT. This information includes year/make/model, in-service date, and vehicle capacity by seat type (e.g., wheelchair, non-wheelchair, fixed ambulatory seat, flip-up flex seat, etc.) Some seating arrangements have very detailed specifications. For example, a vehicle may have capacity for two wheelchair passengers but the last one to be picked up may block the exit and therefore have to be the first one to be dropped off. This has significant impact on scheduling pick-ups and drop-offs and influences how efficiently ADEPT schedules trips.

Routes

Providers develop a master template that shows how many vehicles they will operate by day of the week and time of the day. This template allows the Call Center to schedule trips on a daily basis. This is referred to as “routes”. The provider can add and delete routes daily in ADEPT. This is important because a vehicle may be out of service or additional capacity may be needed during the day. These routes enable ADEPT to automatically schedule trips.

Travel Times

During the first few months of operation, all providers, the project manager from Stratagen, and BCT staff updated and populated the speed zones in ADEPT. Road segments were marked based on known factors such as congestion,

construction, school zones, etc. These determinations influence how efficiently ADEPT routes trips based on estimated travel times.

Zone Affinity

Zone affinity is the preference rating of 0 – 5 for each of the eight zones that providers assign to each route within the County. Zero is assigned when the provider does not want to pick-up in a zone and five is assigned to zones for which the provider has a preference. This influences how ADEPT schedules routes and assigns client pick-ups.

Scheduling Trips

BCT contracts with a private Call Center operator, Inktel Direct (Call Center). The County pays Inktel \$2.76 per each trip reservation, complaint, and outbound call. The Call Center utilizes ADEPT to provide trip reservations, trip scheduling, customer service⁵ and other related tasks. The Call Center operates the same hours as the Paratransit service providers.

Trip Reservations

Clients are required to make trip reservations by contacting the Paratransit Call Center one day in advance between 8:00 a.m. and 5:00 p.m. Client calls are forwarded to a call taker who request their client number and desired pick-up and drop-off location. If the requested locations are already in ADEPT from previous trips, the call taker verifies the correct address and selects the location. If it is a new location, the call taker creates it in ADEPT. The call taker will then request the client's desired pick-up or drop-off times. ADEPT automatically schedules the trip while the customer is on the phone and will provide a 30 minute pick-up window. The client may accept or decline the trip as scheduled.

Subscription trips are recurring trips. The client only needs to call in one time and follows the process above to schedule the trips.

Trip Scheduling

Automatic Scheduling

ADEPT automatically schedules trips on routes as the reservations are placed. On a daily basis, the provider specifies the amount and types of vehicles and the available times the vehicles will run. These are inputted in the system by the

⁵ Defined generally to include but not be limited to, the provision of assistance to clients with information about scheduled rides, the status of pick-ups, processing cancellations, compliments, complaints and eligibility inquires

provider and ADEPT automatically schedules trips based on the route's information.

Manual Scheduling

Some reservations cannot be automatically scheduled by the system and are placed on stand-by (for non-subscription trips) and wait-list (for subscription trips). The Call Center schedulers manually place any remaining stand-by and wait-listed trips on routes based on client requirements, available space, and whether the pick-up and drop-off can be efficiently matched with the existing routes. For wait-listed subscription trips, the Call Center will call the client if the re-scheduled pick-up time is different from the originally scheduled time. For stand-by trips, the client is required to call at the end of the day and confirm their time.

The Call Center schedulers also manually re-schedule trips as needed to improve efficiency. For example, multiple pick-ups from one location may be re-scheduled to a single route.

Finalizing the Routes

The Call Center stops taking phone calls for next day trips at 5 p.m. After the schedulers review the existing routes and complete scheduling the stand-by and wait-listed trips, the Call Center electronically sends the trip schedules for each route ("run manifests") between 6 p.m. – 8 p.m. to each provider for the next day trips. The providers review the routes and sometimes perform manual re-scheduling as they feel necessary. This re-scheduling could cause some of the clients to go back in a stand-by mode or cause clients to be reassigned to other routes. The Call Center must reschedule the trips on the day of service. Each provider has real-time access to ADEPT and continuously reviews and makes adjustments to the trips assigned to them even before the run manifests are released from the Call Center. Once the providers finalize their routes, they print the run manifest for each driver.

3. Service Delivery and Quality Control Process

Each driver obtains their manifest from their company's dispatch office before starting their daily shifts.

Pick-ups and Drop-offs

Drivers are required to record trip information on the manifest including start/end times, start/end odometer readings, and any co-pays collected from the clients. Clients and their accompanying companion are required to pay \$3.50 upon each boarding. No co-pay is collected from clients for nutrition trips or from authorized Personal Care Attendants (PCA).

When drivers pick-up clients, the clients are required to sign the manifest. The drivers report the time and odometer reading to the dispatcher, who updates the information into ADEPT. At the end of each shift, drivers turn in the completed manifest to the provider's central office.

Complaints and "Where's my ride?" Calls

Clients are given a 30 minute window for pick up. Sometimes clients may call the Call Center to ask about the driver's location (known as a "Where's my ride?" call) or sometimes clients may call to complain about service. If the call occurs before the 30 minute pick-up window, the client is informed of the 30 minute window and that the driver is on their way. If the call occurs during or after the 30 minute pick-up window, the Call Center contacts the provider for an update of their location and expected arrival. Calls received before or during the 30 minute pick-up window are logged as "Where's my ride?" call and not billable to the County by the Call Center. Calls received after the 30 minute pick-up window are logged as complaints and billable at \$2.76 per call.

Complaints are logged in ADEPT and Providers are able to document a response. BCT runs a complaint report by provider for each month and assigns each as valid or invalid. If the provider does not provide a response, complaints are considered valid. For some complaints, additional information is requested such as the driver manifests or maintenance record. Once the complaints are categorized into valid or invalid, BCT enters into an excel spreadsheet and creates a report which is used to enforce the terms of the contract.⁶ BCT is not up to date in reviewing complaints; therefore, disincentives have not been assessed for calendar year 2010. BCT has hired additional temporary staff to get current with the complaint reviews.

Ridership

Clients utilize the Paratransit system to varying degrees. Many clients register and become eligible solely as a back-up method of transportation while others utilize it for their primary mode of transportation. Some clients stop using the system because of a change in their disability or the service did not meet their expectations (for example, some applicants may not fully understand that Paratransit is a form of public transportation and most rides are multi-load with other disabled individuals, which can be time-consuming and inconvenient). Some clients register and are eligible but do not utilize the system at all.

⁶ BCT may charge providers up to \$2,000 per month based on the number of complaints and, for late pickups, \$1 each minute outside of the 30 minute pickup window.

Of the approximately 13,500 registered clients at December 31, 2010, approximately 8,100 clients (60%) had at least one trip during calendar year 2010 as noted in **Figure 4** below. Approximately 40% (5,400) of registered clients did not use the services.

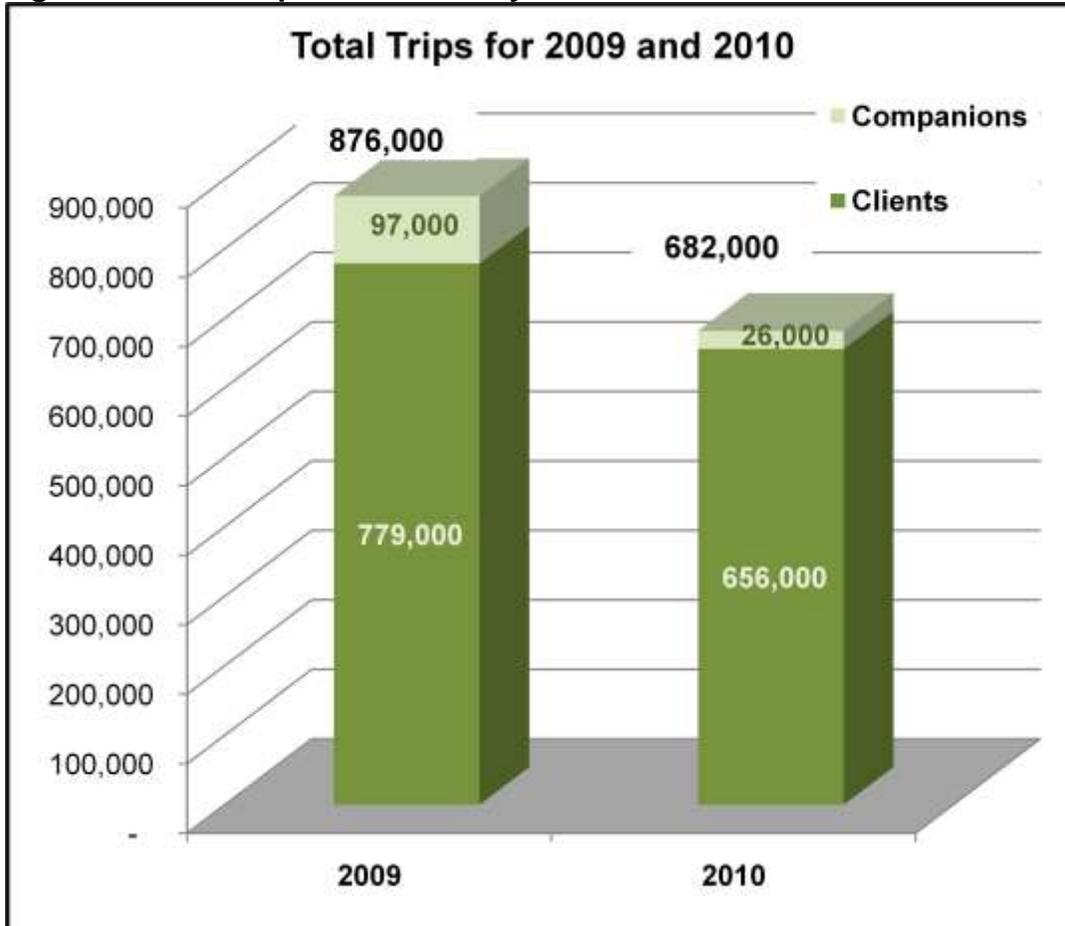
Figure 4 – Trip Frequency for 2010

Annual Trips	Total Clients	% of Clients	Total Trips	% of Trips
1-9	2,293	28.24%	9,810	1.44%
10 - 100	3,574	44.00%	127,744	18.72%
101 - 200	933	11.49%	130,411	19.11%
201 - 300	614	7.56%	141,315	20.71%
301 - 400	368	4.53%	118,433	17.36%
401 - 500	276	3.40%	119,469	17.51%
501 - 600	50	0.62%	25,715	3.77%
601 - 700	7	0.09%	4,413	0.65%
701-800	3	0.04%	2,275	0.33%
801-900	1	0.01%	865	0.13%
901 - 999	2	0.02%	1,861	0.27%
Total	8,121	100%	682,311	100%

Source: Prepared by the County Auditor's Office from information obtained from ADEPT

Ridership decreased by approximately 22% from 2009 to 2010. **Figure 5** below shows the decrease in trips from approximately 876,000 in 2009 to approximately 682,000 in 2010.

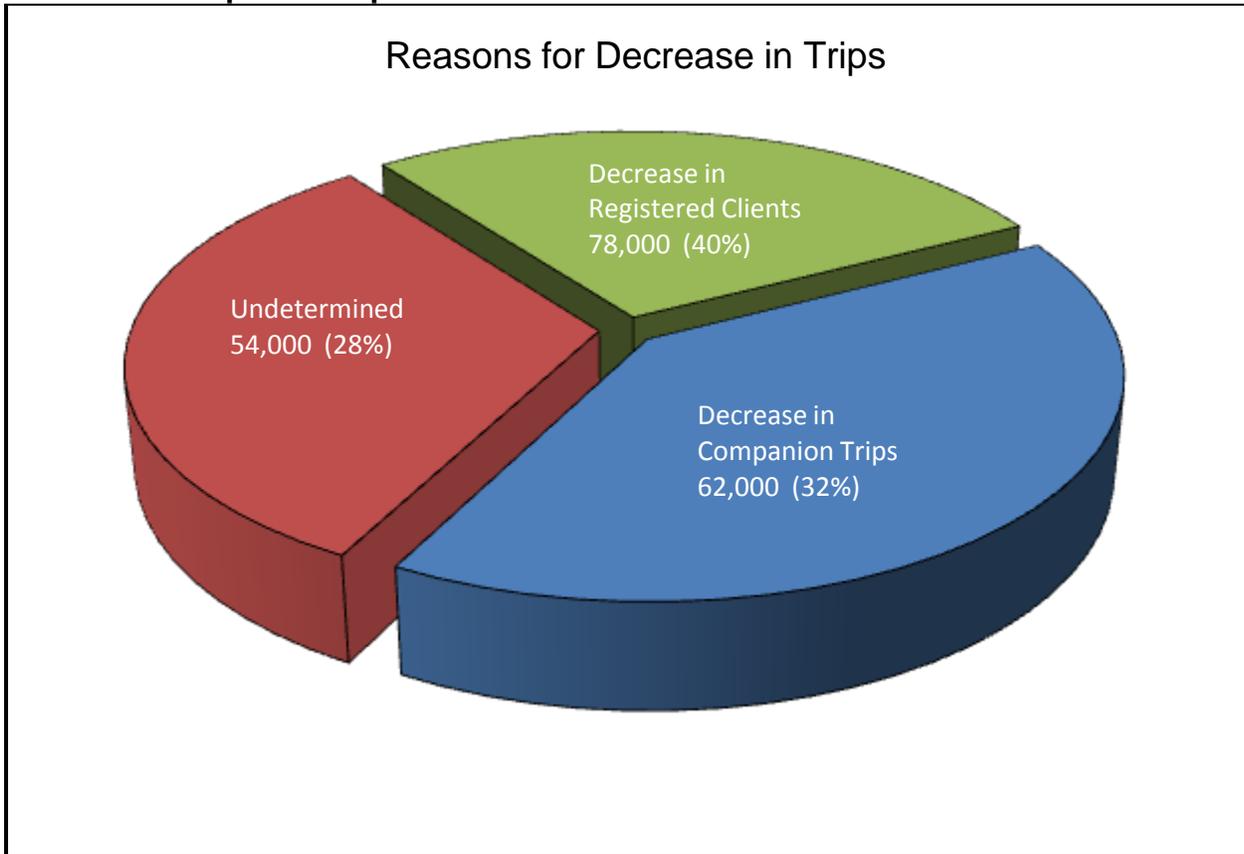
Figure 5 – Total trips decreased by 22% from 2009 to 2010



Source: Prepared by the County Auditor's Office from information obtained from ADEPT

According to ADEPT data, two primary reasons account for the decrease of 194,000 trips. As shown in **Figure 6** on page 17 approximately 140,000 trips (72%) of the total decline in trips appears attributable to decreases in registered clients and companion trips. The decrease in companion trips reflects a change in BCT policy. Prior to January 1, 2010, clients could travel with unlimited companions on their trips whereas beginning January 1, 2010, BCT limited companions to one client per trip.

Figure 6 – The primary reasons for ridership decline are fewer registered clients and fewer companion trips⁷



Source: Prepared by the County Auditor's Office from information obtained from ADEPT

4. Billing and Reporting Process

At the end of each week, the BCT staff runs a query in ADEPT of the total number of trips for the week by provider and by category. The raw data is saved into an EXCEL spreadsheet, manually modified and formatted into a report. After the report is finalized, the Paratransit staff sends it to the providers, who use the trips information directly from the report to prepare the invoices to the County. Providers invoice the County on a weekly basis.

⁷ From 2009 to 2010, companion trips decreased by approximately 71,000 from 97,000 in 2009 to 26,000 in 2010. However, a decrease of approximately 9,000 companion trips appears attributable to the decrease in the number of registered clients. Therefore, the remaining 62,000 trips were related to companions.

BCT provides the Broward County Coordinating Board (BCCB)⁸ with an update of the Paratransit program every other month, which generally includes information as to registered/eligible clients, billable trips, payments to providers, complaints for the period reported. The BCCB report is prepared by Paratransit staff using various queries of the ADEPT system, manually generating and updating the report on a monthly basis.

Contracted Providers

Broward County has historically contracted with private entities for the provision of Paratransit services to Broward County residents. The County pays Paratransit service contractors a “one-way passenger trip” rate for each trip actually provided. The Transit Division is responsible for monitoring service contractor performance and authorizing contractor payment.

On September 22, 2009, the Broward County Board of County Commissioners (BOCC) approved five individual contracts under Invitation for Bid (IFB) #V0696801B1 for the provision of Paratransit transportation services to Broward County residents and visitors. The contracts are effective from January 1, 2010 to December 31, 2015 and reflect the allocation of a percentage of total trips to each provider. The contracts do not guarantee a number of total trips or a number of trips allocated to each provider. The contracts have been amended three times as follows:

- On November 17, 2009, the contracts were amended to redistribute certain nutrition trips, estimated at ten percent (10%) of the total trips, to five community centers providing related meal services. The five community centers⁹ operate their transportation services as subcontractors to the original providers.
- On December 21, 2009, the contracts were amended to redistribute trips resulting from the inability of one of the providers to fulfill their assigned trips. As of May 2010, Support Management, Inc., no longer provided services, leaving four providers.
- On August 31, 2010, the contracts were amended to permit providers to retain co-pays instead of remitting those payments to the County for a 6 month period ending February 28, 2011. During this time the County worked to resolve alleged contractual issues pertaining to routing efficiency (i.e., improving trips per hour) and alleged losses incurred by the providers. On January 4, 2011, the third amendment was extended for three months to allow for sufficient time to complete

⁸ The BCCB meets to ensure the availability of efficient, cost-effective, and quality transportation services for Transportation Disadvantaged persons. It is composed of representatives appointed by the Metropolitan Planning Organization (MPO) to provide assistance to the Community Transportation Coordinator (CTC), relative to the coordination of transportation services

⁹ The five subcontractors are City of Margate Northwest Focal Point Senior Center, City of Miramar Senior Center, City of Pembroke Pines Southwest Focal Point Senior Center, Daniel D. Cantor Senior Center, and City of Deerfield Beach Northeast Focal Point Senior Center.

a peer review of the efficiencies of the Paratransit program operations as well as an in-depth financial review of Paratransit service providers.

Figure 7 below shows the original and modified allocation of trips among providers.

Figure 7- % of Trip Allocation per Provider

Providers	Prior to Contract Start Date			05/2010
	09/22/09	11/17/09	12/21/09	
Allied Medical Transportation, Inc.	20.00%	17.96%	35.46%	38.99%
Lucanus Developmental Center, Inc	25.00%	19.76%	27.04%	28.49%
Medex Transport, Inc	10.00%	9.03%	13.50%	14.86%
Tender Loving Care Transportation Services, Inc.	5.00%	5.00%	7.00%	7.66%
Support Management, Inc.	40.00%	38.25%	7.00%	0.00%
Subcontracted Nutrition Trips	<u>0.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>
Total	100.00%	100.00%	100.00%	100.00%

Source: BCT

The County pays trip rates depending on the type of trip performed. Figure 8 below shows the trip rates by provider by trip type.

Figure 8 - Rates by Provider by Trip Type

Types of Trips	Allied	Lucanus	Medex	TLC
Non-Ambulatory Trips	\$30.50	\$25.25	\$29.95	\$28.00
Ambulatory Trips	\$20.50	\$19.25	\$22.00	\$20.00
Companion Trips	\$18.50	\$13.50	\$14.95	\$15.00
Multi-load Trips	\$18.50	\$15.50	\$21.22	\$20.00
Group Trips	\$17.50	\$13.50	\$15.99	\$18.00
Blended Rate	\$21.07	\$18.35	\$22.26	\$20.91
Subcontracted Nutrition Trips ¹⁰	\$18.01	\$18.01	\$18.01	\$0.00

Source: BCT

¹⁰ This trip type was not part of the original Invitation For Bid (IFB) document. It was added in the 1st Amendment which reallocated approximately 10% of the overall program trips to five senior nutrition sites. The rate of \$18.01 was calculated as the average Multi-load trip rate of the five providers. The County pays the providers \$18.01 for the trips and the providers in turn pay the subcontractors \$16.21 per trip and retain \$1.80 per trip as an administrative fee. As shown in Figure 2, nutrition trips make up approximately 28% of total trips; therefore, the primary providers also perform nutrition trips.

Paratransit Program Costs

For calendar years 2009 and 2010, BCT's Paratransit program costs were approximately \$28 million and \$17 million, respectively. **Figure 9** below shows the BCT's internal costs, payments to the contracted providers and the Call Center operator for the two years ending December 31, 2009 and 2010. BCT reduced Paratransit program costs by approximately \$11 million from 2009 to 2010. Approximately \$4 million of this decrease can be attributed to the decline in ridership as discussed above while the remaining \$7 million appears to be due to other factors such as reduced trip rates, new policies (for example: limiting companions to one), and other system changes.

Figure 9 - Overall Program Costs was Reduced by 39% from calendar year 2009 to calendar year 2010

	2009	2010	Difference
Provider	\$ 27,094,083	\$ 14,564,284	\$ (12,529,799)
Inktel (Call Center)	0	1,356,690	1,356,690
County	1,177,293	1,322,988	145,695
TOTAL COSTS	\$ 28,271,376	\$ 17,243,962	\$ (11,027,414)

Source: BCT report from Info Advantage

Findings

Finding 1

Due to a variety of factors, the three providers reviewed had collective losses of approximately \$532,000 after correction for identified errors and adjustments and before provider retained co-pays for the year ended December 31, 2010.

We analyzed the financial results of operations for three of the four contracted providers¹¹ for the year ended December 31, 2010. After correcting for identified errors and adjustments, the providers reported combined losses of approximately \$532,000 (totaling -4% of revenue).¹² Because provider profitability is a function of individual trip rates bid by each provider, the number of trips, operational efficiency of each provider, and operational efficiency of the Paratransit system, the provider losses stem from some combination and interaction of these factors.

The retention of client co-pays by providers commencing June 1st provided approximately \$737,000 additional revenue to the providers resulting in a collective net income of approximately \$205,000. Prior to June 1st, these co-pays were retained by the County.¹³

We estimate that the providers' collective net income would have been approximately \$1.0 million (8% of revenue) if the providers retained the copayments for the full year.

Figure 10 on page 22 shows the result of operations for the year ended December 31, 2010 after correcting for identified errors and adjustments and grouping of accounts into a consistent format.

¹¹ We reviewed financial records for 3 of 4 providers because TLC did not provide complete financial information, therefore was not included in our analysis.

¹² As stated in the background, BCT has not fully assessed rider complaints and performance disincentives. BCT assessments may result in additional provider expenses for calendar year 2010 which are not included in total expenses in Figure 10.

¹³ The retention of co-pays (\$3.00 per trip) by the providers was authorized by the third amendment to the agreement and was effective June 1st. Before the third amendment, from January 1 through May 31, BCT paid providers the applicable trip rate less a deduction for co-pays that the providers collected from clients. The third amendment also provided an additional \$0.21 per trip, effective August 11, 2010. These additional revenues are included in "provider retained co-pay revenue". The third amendment also eliminated fuel deductions, effective August 11, 2010, which BCT previously deducted from payments to providers based on current fuel prices. These deductions would have resulted in approximately \$41,000 less revenue to the providers.

Figure 10 - Unaudited Results of Operations for Calendar Year 2010

Providers	Allied	Lucanus	Medex	System Total **
% of Total Actual Trips	41%	36%	12%	89%¹⁴
Total Revenue	6,270,309	4,762,805	1,938,704	12,971,818
Payroll	3,447,613	2,614,893	954,424	7,016,930
Fuel and Tolls	1,013,763	724,577	255,517	1,993,857
Fuel Rebate	*(32,493)	(86,822)	(21,153)	(140,468)
Sub-contractors	316,789	828,885	211,948	1,357,622
Depreciation and Lease	666,483	249,740	80,703	996,926
Auto & GL Insurance	349,207	213,504	103,304	666,015
Vehicle Repair and Maintenance	304,216	146,999	92,559	543,774
Facility Rent or Lease	61,389	77,821	28,380	167,590
Telephone	30,492	33,957	25,506	89,955
Interest	-	33,352	40,325	73,677
Workers Comp Insurance	102,479	23,589	23,970	150,038
Other Expense	236,957	62,313	60,171	359,441
Officers Salary	73,388	126,434	28,477	228,299
Total Expenses	6,570,283	5,049,242	1,884,131	13,503,656
Net Income (Loss) Before Provider Retained Co-Pay Revenue	(299,974)	(286,437)	54,573	(531,838)
Provider Retained Co-Pay Revenue (June 1 - Jan 2)	368,308	283,037	85,959	737,304
Net Income (Loss)	68,334	(3,400)	140,532	205,466
Net Income as a Percent of Revenue	1.0%	0.0%	7.2%	1.6%

Source: Prepared by the County Auditor's Office from information obtained from the providers and BCT.

* Allied fuel rebate of \$32,493 is for Oct 1 – Dec 31. Allied did not apply for fuel rebate for Jan 1 – Sep 30.

As indicated in Figure 10 above, two of the three providers had profits after the retention of co-pays. As shown in Figure 8 on page 19, trip rates varied by provider and appear to have a direct correlation to profitability. The blended trip rates bid by each provider were \$18.35 for Lucanus, \$21.07 for Allied, and \$22.26 for Medex.

¹⁴ TLC performed approximately 7% of total trips and Support performed approximately 4% of total trips. TLC was excluded from the analysis because they did not provide complete financial information. Support was excluded from the analysis because, as shown in Figure 8, they no longer performed trips as of May, 2010.

Finding 2

There may be opportunities to improve the providers’ financial results through operational efficiencies.

As discussed in Finding 1, provider profitability is a function of individual trip rates bid by each provider, operational efficiency of each provider, the number of trips, and operational efficiency of the Paratransit system. In response to provider concerns over system inefficiencies, we evaluated certain operational characteristics of the Paratransit system.

The number of trips per revenue hour¹⁵ is a key measure used to track the efficiency of routes. It is the average number of passengers picked up within one hour on each route. The providers use this as a measure of profitability; the higher trips per revenue hour, the more profitable they will be. During the bidding process for this contract, in response to question #89 in the bid document, BCT staff estimated “1.45 - 1.9 trips per revenue hour.”¹⁶ The providers have alleged that they relied on BCT’s estimated numbers in developing their trip rates, and that actual trips per revenue hour have not met BCT’s estimates.

Based on system and provider reports, the combined averages of scheduled and actual trips per revenue hour are 1.84 and 1.42, respectively, for the year ended December 31, 2010. **Figure 11** below shows the scheduled and actual trips per revenue hour for 2010.

Figure 11– Scheduled/Actual Trips per Revenue Hour by Provider for the Year Ended December 31, 2010

	SCHEDULED TRIPS PER REVENUE HOUR					ACTUAL TRIPS PER REVENUE HOUR				
	AMT	LUC	MDX	TLC	Combined	AMT	LUC	MDX	TLC	Combined
Average	1.78	1.89	1.83	2.03	1.84	1.37	1.48	1.39	1.57	1.42

Source: Prepared by the County Auditor’s Office from information obtained from ADEPT

The scheduled trips are in the range estimated by BCT, but the actual trips per revenue hour are slightly below that range estimate.

We identified several opportunities listed below to increase the operational efficiency of the system which might increase average trips per revenue hour and profitability. Each of these potential factors warrants further review and consideration by management.

¹⁵ Revenue hours are the number of hours between the first pickup and last drop off that a route is running.

¹⁶ The bid document did not contain any guarantee that the estimated trips per hour would be met. Moreover, BCT’s response does not indicate whether the estimated trips per revenue hour were scheduled (actual trips plus no shows and cancellations) or actual, nor does the response indicate the time period in which the projected trips per hour would be achieved.

No-shows and Cancellations

No-shows and cancellations account for the difference between scheduled and actual trips reported above. As shown in **Figure 12** below, for the year ended December 31, 2010, approximately 14% of scheduled trips were timely cancellations¹⁷ and 9% of scheduled trips were no shows / late cancellations¹⁸.

Figure 12 – Percentage of No-Shows/Cancellations by Provider for the year ended December 31, 2010

% OF NO SHOWS/CANCELLATIONS	
Timely Cancellations	14%
No-Shows / Late Cancellations	9%
Total	23%

Source: Prepared by the County Auditor's Office from information obtained from ADEPT

Based on our discussions with the APTA consulting team, no shows / late cancellations of 9% are within the expected range for a Paratransit system. However, additional procedures may serve to further reduce no-shows / late cancellations.

Although BCT is required to provide transportation service to ADA eligible clients, BCT may suspend the service when an eligible client establishes a pattern or practice of missing scheduled trips.

Although BCT does have a system to warn clients that show a pattern of no shows / late cancels, there is not a suspension mechanism in place to further reduce no shows / late trip cancellations. Reducing no-shows / late cancellations may result in a higher average trip per revenue hour.

¹⁷ A trip is a "Timely Cancellation" if the client cancels a trip at least two hours prior to the scheduled pick up time.

¹⁸ A trip is a "No-show / Late Cancellation" if the client 1) cancels a trip less than two hours before the scheduled pickup time, or 2) places a request for service but does not meet the ride upon its arrival, or 3) is not ready to board within five minutes after the arrival of the vehicle and the ride departs without them.

Updating Information in ADEPT

BCT and the providers worked together to populate ADEPT with initial inputs including information on vehicle types and travel times. The accuracy of this information impacts the efficiency in which trips are scheduled. For example: travel times impact scheduling and may vary depending on construction or seasonality. Regularly and accurately updating information in ADEPT by providers and BCT may increase the efficiency of the trips scheduled.

Zone Affinity

Zone affinity is the preference rating of 0 – 5 for each of the eight zones that providers assign to each route within the County. This influences how ADEPT schedules routes and assigns client pickups. These preferences appear inconsistent with the “virtual fleet” concept. Assigning these preference ratings based on zones creates additional route restrictions and therefore may reduce the system’s ability to optimize schedule/route efficiency.

Available Routes

Routing efficiency is impacted by how well available routes are matched to periods of peak demand. The providers specify the time each vehicle is available for scheduling. We found two providers that did not operate on weekends or evenings. We also found one provider operated independent from the system from January – April and performed trip reservations and scheduling independent of the Call Center. Both of these scenarios are inconsistent with contractual requirements and potentially reduce schedule and route efficiency and impact the number of trips per revenue hour.

Call Center Scheduling

The Call Center scheduling process is significant to routing efficiency. Limited staffing resources are allocated to manually scheduling stand-by and waitlisted trips and reviewing and optimizing automatically scheduled trips. Reviewing the staffing levels, expertise and the scheduling process could increase routing efficiency.

Provider Scheduling

The providers’ role in finalizing routes is also a significant variable to routing efficiency. Providers have the ability to modify routes both before and after the Call Center completes the scheduling process. Providers modifying routes during the day may negatively or positively impact routing efficiency. However, we cannot determine whether the providers or Call Center negatively or positively affect the routing.

Lack of available AVL, MDT, and IVR systems

The Paratransit system currently does not have an Automated Vehicle Location (AVL) system, a Mobile Data Terminal (MDT) system, or an Integrated Voice Response (IVR) system.¹⁹ Such systems partnering with ADEPT, could improve the Call Center and Providers' ability to schedule and respond to trip changes more efficiently.

We understand BCT engaged the American Public Transportation Association (APTA) to review the efficiencies of the Paratransit operations. We have had discussions with the APTA consulting team to assist in their effort and their report will be issued in the near future.

Finding 3

Opportunities exist to improve BCT Paratransit Section management and operations.

Administering a \$17.2 million Paratransit program consisting of multiple contractors and business processes to provide Federal and State mandated services requires effective oversight to ensure effective operations. In a startup venture of this magnitude, processes are not expected to be fully developed at the onset. Rather processes evolve and are refined over time as management responds to issues and operational needs. While management has been addressing issues as they arise, opportunities still exist for further improvements. It should also be noted that the Paratransit section was without a Paratransit manager for several months.

Based on our review, we found opportunities for improvement in management review and supervision of key processes including:

- Implementing a clearer chain of command and assignment of responsibility to employees,
- More thorough reviews of trip data entered by providers for completeness and accuracy,
- Addressing complaints and assessing penalties in a timely manner,
- Verifying and tracking fare evaders,²⁰ and

¹⁹ An IVR is an automated telephone interface between a telephone system and Paratransit scheduling software. The system allows for agent-free automated incoming and outbound calls for transportation services like trip verification, booking a trip, canceling a trip, trip notification calls. An AVL/MDT is a single system that partners with ADEPT and replaces paper trip manifests. The AVL portion feeds real time vehicle location information to ADEPT while the MDT is an onboard electronic computer terminal that ADEPT will send the trips to over a wireless network.

²⁰ Clients who do not pay the required co-pay upon pick-up are classified as fare evaders. BCT compensates providers for fare evaders prior to June 1, 2010.

- Implementing internal written procedures over the eligibility process

We also found that management should adapt technology to the Paratransit program needs. Sound management and supervision relies heavily on accurate data. We noted: (1) key reports were not defined, configured, or applied and (2) system access controls were not sufficient to protect the integrity, accuracy, and completeness of information in ADEPT.

- Key reports were not defined, configured, or applied. Although ADEPT provides multiple reports, staff have not identified and applied them to the business model. Such reports include:

Trips per Revenue Hour Reports – Staff is currently unable to generate monthly trip per revenue hour reports for selected providers until all providers have entered and archived their trip information. If one provider is delinquent, reports for the other providers cannot be generated. Furthermore, the inputs used to generate the reports should be better defined. Our manual calculation of trips per revenue hour (actual trips billed divided by revenue hours) is not consistent with ADEPT trips per revenue hour reports.

Billing Reports – BCT staff manually query and compile data into spreadsheets to prepare bills. This process is time consuming and can lead to errors. The process should be streamlined and procedures should be established to automate the billing process.

Performance Reports – Management has not created reports to illustrate the performance measures and parameters of operations as defined in the service contracts.

- System access controls should be improved to protect data integrity, accuracy, and completeness, as evidenced by the following:
 - After trip information is entered into the system, it is not “closed” or “locked down” allowing for trip data to be subsequently modified.
 - Trip data integrity – providers had access to modify archived data.
 - BCT does not restrict access to change client eligibility status to authorized BCT supervisors.
 - Users are set up with a non-expiring password.
 - Access to master tables and critical data components used in processing has not been appropriately restricted to enable accountability and ensure system integrity.

Recommendations

To ensure long term viability of the Paratransit program, we recommend the Board of County Commissioners direct the County Administrator to:

- 1) Evaluate the sufficiency of current rates paid to the Paratransit providers in conjunction with improvements in operational efficiency of the program.
- 2) Improve routing efficiency by further evaluating those issues identified in this report.
- 3) Establish management review and supervision of key processes as identified in this report.
- 4) Define, configure, and establish key reports that would provide management with reliable, accurate and useful data.
- 5) Improve system access controls to protect data integrity, accuracy, and completeness.