

## Changing DART's paratransit contract likely to eat up millions in potential savings



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Dallas Area Rapid Transit is on track to shave tens of millions of dollars off the cost of providing federally mandated paratransit services for elderly and disabled passengers. But the methods proposed to create those savings have angered scores of the agency's most vulnerable riders.

Restructuring the paratransit contract to satisfy many of the complaints could now eat up more than \$26.3 million in potential savings. And the proposed contract changes are so dramatic that some DART board members question whether the agency shouldn't just reopen the contract for bids from other companies.

But those developments haven't slowed DART staffers' push to alter and extend the contract.

"We believe we have come too far to go back now," Doug Douglas, DART's vice president for mobility management services, told board members last week.

The agency's appointed decision-makers have wrestled with MV Transportation's contract for paratransit services in their last three meetings. They are expected to again discuss the matter next week. It's not clear when they might vote on the contract.

Douglas and other DART employees are recommending that the board restructure how MV is paid. They also want to extend the contract for five years beyond a two-year pilot program that ends in September.

The board originally agreed to spend up to \$185.9 million for seven years. The changes staff members are proposing to paratransit services would save \$2.4 million from that original cost. But that's a fraction of the \$28.8 million DART is set to save under the current contract.

What's driving that larger number is the agency's miscalculation of how many people would use paratransit during the seven-year period. When MV bid on the contract in 2012, DART estimated it would provide the company with 6.2 million passenger trips. The agency now estimates that number to be 5.1 million trips.

"We just missed it," Douglas told board members.

Because DART pays MV per each passenger's trip, the revised ridership estimate is expected to save the agency more than \$28.8 million. Yet that same ridership overestimation — combined with a lack of understanding about DART paratransit riders — is also driving the push to restructure the contract. And the proposed changes come with a price tag of up to \$26.3 million.

DART procurement vice president John Adler told board members last month that the current contract entitles MV to renegotiate its per-trip rate if ridership falls below 85 percent of what DART originally estimated. Current estimates are 82 percent of the original calculations.

DART employees are recommending that the agency increase MV's rate by an average of \$4.36 per ride over the life of the contract. MV is currently paid \$24.07 per trip. Under the proposed changes, the cost would increase to \$31.23 per trip in 2019.

Board members have twice abruptly gone into executive session to discuss the contract. The most recent closed-door discussion came last week after board member Pamela Dunlop Gates said she wanted legal advice on the ramifications of DART not restructuring or extending the contract. Board members reached no consensus about how to move forward after they returned into open session.

## **2012 system overhaul**

Paratransit is the main transportation option for more than 10,000 of North Texas' most vulnerable transit riders. The service is required under the Americans with Disabilities Act and is not meant to be a revenue-generator. In fact, paratransit services are typically very costly to transit agencies.

DART used to pay a company to operate a fleet of paratransit vehicles the agency owned. The 186 shuttles were specially designed for paratransit riders. Many of those passengers rely on mobility devices like wheelchairs and motorized scooters. The company was paid by the hour.

To save tens of millions of dollars over several years, DART in 2012 decided to overhaul paratransit services. Its new system relies on a mixed fleet of vehicles — including taxis — to shuttle elderly and disabled riders. The payment method shifted to a per-trip system. MV submitted the winning bid and took over in October 2012.

The rollout was a disaster. Passengers complained about poorly trained drivers who rushed them on and off. They said many vehicles don't properly accommodate mobility devices. Other passengers don't like the taxis MV uses because they require a 15-inch step up to get inside.

DART officials say MV put together a fleet that could handle standard-size mobility devices. The company also planned to be able to accommodate some oversized devices. But, officials say, more DART paratransit users have oversized devices than anticipated.

Riders also complained about routes that took them out of the way before they reached their destinations. Because MV is paid per trip, its profits rely largely on the number of people transported. Putting numerous passengers, regardless of their destination, into one vehicle can increase revenues.

"The more you can get into a vehicle, the more profitable, if you will, that particular ride is," Douglas told board members last month.

## **Following the money**

None of the additional \$26.3 million DART is proposing to pay MV would be given in a lump sum. Instead, it would be paid over the life of the contract in the per-trip increase. More than \$5.5 million is meant to cover MV's costs of allowing more time for passengers to get in and out of vehicles and reducing out-of-the-way routes.

More than \$11.6 million is meant to compensate MV for fixed costs DART said the company took on under the assumption that it would transport 1.1 million riders more than it actually will. Adler said the company's specific costs and price data are proprietary.

"Because the contractor is making fewer trips than contracted, it is unable to recover a portion of its fixed costs," said Adler, the procurement vice president.

Up to \$7.7 million is earmarked for new taxis. MV plans to buy new vehicles that drivers of cab operator Irving Holdings will use. DART's proposed compensation is meant to cover 56 percent of the depreciation in value of the vehicles.

Cab drivers, who can only use the vehicles for non-DART fares 20 percent of the time, will cover the rest of the vehicle's depreciated value. MV will cover upfront purchase costs and own the vehicles replacing current taxis.

"Our riders are just not happy with them," Douglas said.

## **No new bidding process**

When board members pushed back on the proposed costs, Douglas said the agency doesn't have time between now and

September to take new bids and get a new provider up and running. DART president and executive director Gary Thomas said such a change could also cause a disruption similar to the 2012 transition.

Dunlop Gates, however, said the previous problems were largely because of DART's changing to a new system of providing paratransit. She questioned whether sticking with the current system under a different company would cause similar transition problems. She also asked why the agency should drastically alter the contract without reopening the bidding process to other companies.

Thomas said the agency estimates going with another company could cost as much as \$40 million more than the \$185.9 million DART already agreed to pay.

"We'd probably spend more money doing that than exercising the five-year option," he said.

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## BY THE NUMBERS

DART staff members want to change how it pays the company that provides rides for elderly and disabled riders. Here's a look at some of the figures and costs involved:

**6.2 million:** Number of passengers DART estimated would use paratransit over 7 years

**5.1 million:** Adjusted estimate of ridership over that period

**\$185.9 million:** Amount DART agreed to pay MV Transportation for paratransit and other services

**\$156.9 million:** Original amount meant for paratransit

**\$154.5 million:** Proposed new cost for paratransit

**\$28.7 million:** Potential savings under current contract because of lower ridership

**\$26.3 million:** Proposed new payments to MV

**\$2.4 million:** Amount DART would save under new proposal

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**Wylie H Dallas** 1 day ago

[Its new system relies on a mixed fleet of vehicles — including taxis — to shuttle elderly and disabled riders. The payment method shifted to a per-trip system. MV submitted the winning bid and took over in

October 2012.]

This story almost completely misses the point as to what is going on here. This appears to really be Jack Bewley/Irving Holdings/Yellow Cab taking over control control of the Dallas metropolitan area paratransit system, and now jacking up the prices without DART allowing anyone else to compete for the contract.

Take a look at these quotes from the January 30, 2012 press release, for example:

"MV's modified service model provides service through the use of TAXI and other means of on-demand services to extend significant cost savings to DART and Dallas taxpayers."

"Under the terms of this new seven year, \$186 MILLION agreement, MV will provide service across the 13 City Metroplex of Dallas and will provide more than 750,000 trips in the first year." (The only vehicles I've seen operating under this new agreement are TAXIS provided by YELLOW CAB & its affiliates.)

"YELLOW CAB is proud to partner with MV for the implementation of this critical service," said JACK BEWLEY, President of IRVING HOLDINGS, Inc. "We currently provide over 4,000 Medicaid trips each day in the Dallas region and have worked with DART in the past. It will be an honor to work with MV as they transition and train our drivers to deliver this service for DART passengers. WE ARE LOOKING FORWARD TO A SUCCESSFUL RELATIONSHIP."

<http://www.marketwired.com/press-release/mv-transportation-inc-awarded-186-million-dallas-paratransit-contract-1612681.htm>

Reply

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**Anonymous** 1 day ago

I agree with Mr. Kennedy. My son has long waits at school before being picked up and then he is driven around for hours before being dropped off after school, and the taxi is so packed that my son texts me to let me know how uncomfortable he is at being "squished" against the taxi wall. He is picked up at 7:00 am and sometimes is late getting to school that starts at 8:30. Many of the drivers are rude and unprofessional and do not know nor care about dealing with the disabled, and they far outnumber those that are nice and courteous and helpful. I worry all the time while my son is on the road so I track him with the DART app and his phone because I never know where he will go and his time to arrive is always changing because they keep adding people at the last minute. This would be such a great service for the disabled if they had people running the program who actually knew what they were doing. Whoever plans those routes has no clue what they are doing, and when you talk to the supervisors, all you hear is excuses. Someone please correct this awful situation for the sake of those people who are the most needy and vulnerable.

Reply

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**Robert Kennedy** 2 days ago

How sad that nothing has changed since my wife used DART paratransit in the nineties. She often spent 2 hours or more wandering around the city before being brought home. The drivers were usually nice but the schedule was nonsense. I have a novel idea - why doesn't DART hire the most qualified group to provide a service instead of basing a decision on minority business status, and then assimilate it into existing DART service? The data should be there on users, level of disability, destinations for all routinely used routes. DART just doesn't have qualified people to do the job, or they just don't care about providing adequate transportation for the disabled.

Reply

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**Wylie H Dallas** 1 day ago

The service appears to be operated by Yellow Cab, rather than MV Transportation. I don't believe Yellow Cab trades on any sort of minority business status.

Reply

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