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MEMORANDUM

To: John Rochford and Michael Glauner, King County

From: Richard Weiner, David Koffman, and Terra Curtis

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Subject: Service Model Concepts – Options Analysis & Recommendations

PURPOSE AND BACKGROUND

The purpose of this memo is to document and evaluate the available paratransit operations service models and their ability to address King County's goals in restructuring its contracting strategy:

- Enhance effective contractor oversight
- Create a payment structure that is flexible to respond to fluctuating demand
- Allow for innovative approaches to service provision, with a particular focus on increasing service quality
- Provide incentives for productive operations

In late 2016, King County will release an RFP for paratransit services and operations. This memo contains recommendations to help King County planners determine the service model (mix of contractors and subcontractors), payment structures, and incentives packages to include in the RFP (or package of RFPs).

OPTIONS ANALYSIS

This section describes four models that could be viable in King County, and Figure 2 outlines the pros and cons of several options for how each model might be implemented. Other models exist, e.g. entirely in-house operations and separate, turnkey zonal contracts, but these were deemed infeasible or counter to King County's goals in restructuring its service model. Following Figure 2 is a detailed discussion of considerations. The final section synthesizes this information into recommendations. Note that two of the peers, Boston and Chicago, currently have zonal turnkey contracts, but both are transitioning to a more coordinated model involving a call center or (in the case of Chicago) a scheduling and dispatch coordinator.

Service Model Descriptions

Model A: Turnkey Contract

In a turnkey contract, all services are provided under one contract with one provider. There may be a separate customer service contractor, or the agency may perform this function. None of the peers operates on this model, but many somewhat smaller systems do.

Model B: Turnkey Contract with Subcontractors

Same as Model A, however the RFP requires or strongly encourages the prime contractor to subcontract for some services (e.g. supplemental provider; maintenance; customer service). Because the agency has an arm's length relationship with subcontractors in this model, Metro may have a limited ability to determine who the subcontractor is, but can specify characteristics in the RFP. Dallas and Orange County use this model. Orange County's RFP describes subcontracted "supplemental service" at specific times of day and for "service protection."

Model C: Separate Call Center and Provider Contracts

This is King County's current service model. There is one contract for the call/control center (reservations, scheduling, and dispatch) and multiple contracts for providers. This model also allows for multiple contracts for functions like customer service or maintenance. Denver, WMATA, and Portland use this model and Boston is transitioning to it.

Model D: In-House Reservations, Scheduling, and Dispatching

Under this model, the agency takes on the responsibilities of scheduling, reservations, and dispatching, while contracting only with dedicated (and non-dedicated) service provider(s). Houston operates under this model.

Figure 1 Pros and Cons of Each Service Model

Model	Pros	Cons
(A) **Turnkey Contract**	▪ Simplest procurement process as everything falls under one contract ▪ Single point of accountability simplifies some aspects of contact oversight. ▪ If service area divided into smaller zones, can allow smaller local companies to provide service ▪ Opportunity for cost savings by including everything under one contract	▪ Depending on the payment method, creates a natural incentive for poor productivity or jamming schedules. Contract oversight and incentives are needed to counter the incentives created by the payment method. ▪ Lower agency involvement in scheduling may create less flexibility in reducing scheduled runs based on daily demand (to keep costs down) ▪ Less flexibility to add new providers or innovative approaches mid-contract, plus potential for biased scheduling of subs ▪ Risky if turnkey operator has significant potential to go out of business mid-contract or to walk away due to an unrealistically low bid ▪ Very limited opportunity for local providers, including non-profits, to participate

Model	Pros	Cons
(B) **Turnkey Contract with Subcontractors**	▪ Potentially more ability to incorporate new providers or innovative approaches than in pure turnkey contract ▪ Agency can set requirements for subcontractors during RFP process ▪ Retains simplicity of procurement and single point of accountability.	▪ Issue of possible conflict of interest: prime schedules the subcontractor and makes less money doing this—incentive is to assign hardest trips to the sub; arguments between them about who's at fault ▪ Depending on the payment method, creates a natural incentive for poor productivity or jamming schedules. Contract oversight and incentives are needed to counter the incentives created by the payment method. ▪ Lower agency involvement in scheduling may create less flexibility in reducing scheduled runs based on daily demand (to keep costs down) ▪ Risky if turnkey operator has significant potential to go out of business mid-contract or to walk away due to an unrealistically low bid
(C) **Separate Call Center and Providers** (Status Quo)	▪ Current structure; requires least adjustment ▪ With multiple service providers, agency has flexibility to hire/fire contractors based on performance ▪ Flexibility to bring in a different types of providers (e.g. taxis or TNCs) or shift trips between providers without permission / agreement from turnkey operator (call center responsible for redesigning schedules) ▪ With proper payment method, call center has no incentive to maximize hours	▪ Multiple contracts to administer and monitor ▪ Need to mediate disputes ▪ Complicates incentives/penalties for productivity and service quality due to shared responsibility ▪ Potential for "secondary employer" claims against the call center contractor ▪ Does not directly address current dissatisfaction with dispatching ▪ No career ladder for drivers without changing employers

Model	Pros	Cons
(D) **In-House Reservations, Scheduling, Dispatching**	▪ Higher involvement in scheduling and dispatching enables agency to cut or shorten runs based on daily demand (to keep costs down) ▪ Metro has a direct role (and responsibility) in determining productivity and service quality. ▪ Agency has comprehensive knowledge of all aspects of operations. ▪ Complete flexibility to use multiple providers to greatest advantage	▪ Significant new responsibility for agency staff ▪ Call center is probably more expensive than with contracting ▪ Potential for inflexibility in staffing due to public agency rules and procedures ▪ Costly model to change in the future as it would require terminating agency staff involved in reservations, scheduling, and dispatching ▪ Potential for "secondary employer" claims against Metro ▪ No career ladder for drivers without changing employers ▪ Applying penalties for poor productivity or OTP would require establishing that the contractor (not Metro) is at fault.

Relation to King County Goals

See Figure 2 starting on the next page.

Figure 2 Service Models and Implementation Characteristics

Model	Oversight of Contractors	Opportunities for Flexible Payment Structure	Flexibility to add Innovative Approaches	Incentives for Productive Operation and Service Quality
(A) **Turnkey Contract**	Need sufficient skilled and dedicated agency staff for contract oversight to mitigate contractor's financial incentives to increase vehicle hours. Agency needs to actively monitor scheduling to ensure productivity is not being compromised. Current Metro staff have the expertise and experience to exercise effective oversight. Separate customer service contractor could supplement staff oversight.	**<u>Recommended</u>: Per service hour;** encourages competition by enabling new bidders who cannot easily predict productivity. Split between monthly fixed (office/indirect staff costs) and variable rates (driver, fuel, maintenance costs) to closely match costs and promote office staffing stability. Rates can fluctuate if actual hours are significantly more/less than contract base amount. Option: **cost-based rate with not-to-exceed for call center function**; ensures agency doesn't pay for vacancies. Rates can be negotiated annually. **<u>Not recommended</u>: Per-trip rate**, balanced with high service standards (e.g. late and missed trip penalties). Per-trip rates are viable only in contexts with no central scheduling. Advantages: simple, natural productivity incentive; could be used to incentivize subcontracting. Disadvantages: efficiency benefits do not accumulate to agency because per-trip rates are fixed; strong incentives for jamming schedule; risky bids discourage competition; biggest savings potential in service provision	Limited opportunity to add additional service providers to the mix of dedicated service providers. Can leverage taxi service or TNCs as part of a supplemental subsidy program for same-day trips. Contractor has limited incentive to subcontract except for overflow trips (due to desire to avoid penalties for trip denials). In turnkey arrangements, agency may need to mandate subcontracts if desired (see Model B).	To mitigate incentives to justify more service hours, need to create strong productivity and service quality incentives (see discussion later).

Model	Oversight of Contractors	Opportunities for Flexible Payment Structure	Flexibility to add Innovative Approaches	Incentives for Productive Operation and Service Quality
(B) **Turnkey with Subcontractors**	As for Model A, but also need to monitor effective and fair use of subcontractor(s). Separate customer service contractor could supplement staff oversight.	As in Model A, but may need a separate payment structure for subs required or encouraged in RFP. If subs are a large part of service, may need a separate payment structure for the call center function. Option: Per-trip payment is an option to cover all components (prime contractor service, call center, subs), but with inherent disadvantages of this payment method (discussed in Model A).	Allows for higher reliance on taxis or TNCs for ADA service through mandated subcontracts. Can use proposal evaluation criteria to encourage the use of innovative partners. There is precedent for contracting with a taxi company for a dedicated fleet (but not in King Co.), but no precedent for TNCs. Experimentation with innovative provider arrangements can be accommodated, especially in contract extension. Use of taxis for ADA supplemental service is a proven model and TNCs are starting to enter this market. Customers can be provided travel alternatives in the form of a modernized taxi scrip program that can be accommodated with a turnkey contract.	As in Model A, but may need special provisions to encourage effective and fair use of sub(s).

Model	Oversight of Contractors	Opportunities for Flexible Payment Structure	Flexibility to add Innovative Approaches	Incentives for Productive Operation and Service Quality
(C) **Separate Service Provider and Call Center** (status quo)	Avoids risk of turnkey contractor scheduling self-serving trips, but still requires staff oversight to ensure service quality and productivity, and to mediate disputes between call center and provider(s).	Same as recommended for Model A and B. Per-trip rates for provider are not viable when the call center is a separate entity doing the scheduling of trips. Separate payment method for call center is needed.	Total flexibility to add providers and pilot new approaches mid-contract, particularly if there is local competition, taxi companies capable of managing significant ADA or non-ADA trip demand, or other innovative providers	Built-in efficiency from separate call center contract—can provide flexibility for agency to shorten or eliminate daily runs if demand is low. Can include incentives / penalties for productivity and service quality for all components, but may need a method to share these between contractors. Separate incentives for call center based on hold time, etc.
(D) **In-House Reservations, Scheduling, Dispatching**	Requires only oversight of service provision, and due to agency involvement in call center responsibilities, agency has high level of awareness of operations and service quality. Potentially several service providers to oversee	Same as Model C for service provider payment structure	Similar to Model C, high level of flexibility to add providers due to the separation of call center function	As in Model C, agency can shorten or eliminate runs based on daily demand, and has additional levers in responding to and controlling service quality Additional service quality incentives similar to other models (e.g. OTP, complaints, late pullouts,

DISCUSSION

Particular concerns have been discussed with the Planning Committee. This section elaborates on those issues.

Issues Connected with a Turnkey Contract (Models A and B)

Service Models A and B both involve a turnkey contract. These models differ only in the degree of subcontracting, since any turnkey contract will require some subcontracting, at least for overflow service to ensure zero denials.

If there is no significant role for subcontractors, then it would be difficult for local providers, including non-profits, to compete effectively for a role in service provision. Standard King County contracting procedures require 5% participation by Small Contractors and Suppliers. Any provisions that encourage use of local providers would be need to be separate from these standard provisions. There are good reasons to encourage use of local providers, especially local non-profits, since they contribute local knowledge, including knowledge of the human service network whose clients form a large part of the customer base.

A desire to allow for use of "innovative" provider arrangements can be accommodated within a turnkey contract. Given the current capabilities of traditional on-demand providers in King County, opportunities for these providers may be limited in the near-term. Experimentation with new providers can required as part of a turnkey contract, either initially or as part of a contract extension. Gaining experience with new providers will be of interest to most prime contractors, some of whom may already have strategic partnerships with technology companies that would enable new ways to connect with on-demand providers.

Even if options for innovative service within the ADA program remain limited, customers can be provided travel alternatives in the form of a modernized taxi scrip program that can be accommodated with a turnkey contract for ADA paratransit. One method that is being used in at least one other city involves customers making requests through the ADA paratransit call center, which then forwards the request to the customer's choice of provider. No scrip or smart cards are needed, there is no requirement for any particular type of equipment in provider vehicles, and there is 100% verification of every trip for which providers request payment.

Another possibility is a program that includes use of Transportation Network Companies (TNCs) such as Lyft and Uber. Because of the way these trips are booked and paid for, a complete audit trail is created for every trip. The major companies are increasingly offering options for customers without smartphones. The experience of WMATA and other systems with this type of service will help Metro determine if it is a viable option in King County.

Issues with Having a Separate Control Center (Models C and D)

It is becoming easier to establish liability for "secondary employers" who in some way oversee or control the work of drivers. As an example, a current lawsuit by Transdev drivers, concerning breaks, names First Transit, as control center operator, as a secondary employer. In any future contract, proposers to operate a separate control center, would need to take this risk into account. The result could be either inflated bids or a reduced number of bids.

Currently, the customer-dispatcher interaction is a flash point. This could be related to what customers hear from drivers. It could also be an instance of the common situation in which customers complain that dispatchers do not provide realistic information about ride status. In any event, leaving the current structure in place would not directly address this issue of concern to the community.

If the control center is completely separate from operations, then there is no career ladder available to drivers without changing employers. In turnkey contracts, it is common for experienced drivers to move up to a higher-paid dispatcher position. This gives some drivers a motive to stay on the job and perform well, and also creates a supply experienced people who are candidates for dispatcher positions. Having the dispatcher position in a separate contractor could have some effect on the service provision contractors' ability to recruit and retain drivers, and also affect the ability of the control center contractor to recruit qualified dispatchers who really understand paratransit service.

Having a separate control center contract may have worked well for Metro in the past, but currently it is perceived by many as a source of problems. Having a control center contractor helped Metro transition from a multi-zone system while retaining multiple contractors as insurance against contractor failure. Current technology, higher levels of expertise and experience in the industry and at Metro, and stable national contract providers, reduce the need for this added layer of complication.

If Metro were to take on the control center function itself, the perception of not addressing current problems would be avoided, but many other issues would be introduced. This arrangement would probably be much more expensive than other options. Applying penalties for poor productivity or on-time performance could become contentious, as contractors would claim that Metro's schedules or dispatching was the issue.

The potential for Metro to be named as secondary employer would also arise. In principle, much of this liability might be avoided by removing direct communication with drivers from the control center. This might be similar to a concept employed by Pace in Chicago, in which a coordination contractor constantly reviews service status and schedules and works with provider dispatchers to suggest changes. This arrangement would create added complication and more diffuse accountability, and would reduce the effectiveness of the control center function.

Separate Customer Service / Quality Assurance Contractor

Carving out the customer service function into a separate contract is possible with all of the service models. It is particularly attractive in the case of a turnkey contract. The customer service contractor would receive complaints, coordinate investigation (involving the service and/or control center contractors), and respond to the customer. Separating the customer service function reduces the potential for complaints to be ignored or not fully investigated, and reduces any perception on the part of customers that filing a complaint could lead to retaliation.

One downside of carving out customer service is that customers with immediate service issues, or simple requests for matters such as updating information in their records, might call the customer service contractor rather than the service or control center contractor who could best address their issue. Staff would need to be trained to spot these cases and efficiently reroute calls to the appropriate group.

The same contractor could take on a quality assurance function involving direct field observations, whether in response to complaints or proactive investigation of service quality issues.

The best known example of such a separate customer service / quality assurance contract is in Washington, DC. WMATA had a for-profit national company performing this function. The same function could be done by a non-profit contractor, though there is some potential for such a contractor becoming an advocate rather than a completely impartial observer.

Some evaluation of the customer service function itself may also be desirable, for example by conducting post-call surveys.

Payment Structure and Cost Control

The current per-hour payment structure for the call center does not incentivize productivity or cost control. Also, it creates the possibility of paying for unfilled staff positions. If a model similar to the status quo is required, the call center contractor should be paid differently than service providers. Several other transit systems pay call/control center providers based on actual cost or rates per staff hour. With this arrangement there is no payment for unfilled positions, or even for short-term absences.

Paying for call/control center functions based on actual cost could also be applied to a turnkey contract. In contracting jargon, this would be a cost-plus contract, meaning payment would be for actual costs plus a fixed fee (profit) that would not increase even if additional costs were authorized. Management labor could also be paid this way. We have found no examples of cost-plus payment in a turnkey service contract, but there appears to be no obstacle to implementing it. Since King County pays for facilities and utilities, cost-plus payment could completely replace the current fixed monthly payment.

Paying per vehicle hour service provision has significant practical advantages over paying per trip, despite some theoretical advantages of per-trip payment. Per-trip payment is said to incentive productive operation, but once the rate is set the transit agency does not benefit from any productivity improvements. Instead, there is a strong incentive for the contractor to jam schedules to reduce cost at the expense of service quality. In principle, payment per trip could encourage a prime contractor to subcontract to lower cost subcontractors. This appears to have been the case in Dallas. But this is a risky strategy, since bidders without intimate knowledge of local conditions will have a hard time producing realistic bids. As a result competition may be limited, bids may be padded, or bids may turn out to be unrealistically low, resulting in poor service or contractor default.

In comparison, payment per hour encourages competition, shares risk between the transit agency and the contractor, allows the transit agency to work with the contractor to improve productivity while maintaining service quality, and allows for use of incentives and penalties to encourage productive, high-quality service.

King County currently has certain cost control measures in place in its separate call center and service provider model. These measures include the ability to shorten or eliminate provider runs based on demand observed on a daily basis, reducing the amount of service hours billed by the provider. In restructuring its contracting model, King County would like to maintain this flexibility for cost control. These measures are less feasible in turnkey contracts due to the agency's limited involvement with the call center. That said, some of this could be mitigated by co-locating call center staff with agency staff to increase oversight and strengthen agency-contractor relationships.

Contractor Oversight

All service models require significant investment in contactor oversight, including administration of appropriate incentives and penalties. The nature of issues vary with the model and also with the payment method. Turnkey contracts leave staff with the least knowledge of operations and the greatest need for expertise in being able to exert effective oversight. However, by retaining ownership of scheduling software and requiring desktop access to all details of scheduling and dispatching, transit agency staff with the required expertise can exercise effective oversight. Current Accessible Service staff have the required expertise.

Effective Use of Supplementary Providers

King County has experienced challenges in ensuring the productivity and service quality offered by its supplemental providers—taxi companies that fill in for the dedicated vehicle fleet during peak period overflow or other times when the primary providers cannot serve trips.

Dedicated vs. Non-Dedicated Taxi/TNC Providers. Other agencies have relied on taxi companies both for dedicated and non-dedicated service, but in most cases where taxi companies provide a major portion of service, the vehicles are entirely dedicated to ADA paratransit service, do not transport members of the general public, and do not have meters. We have not seen TNCs used for this purpose to date, though WMATA appears to be exploring it.[1] To use a taxi company as a dedicated provider, there needs to be a local company with the capacity and credibility to manage that operation—currently, it is not clear if King County has any taxi companies operating at a large enough scale and with sufficient management capability to act as a major provider of paratransit service.

Accountability and effective customer service/complaint investigation. In general, increasing service quality is linked to the volume of trips dispatched to a taxi company. If drivers are guaranteed some level of income, have adequate training, and are assigned a fair selection of trips, then it is possible to develop a commitment to paratransit service. Because taxi and TNC drivers are paid based on actual fares collected, as long at taxi or TNC drivers receive only occasional trips and, usually, the most difficult and least profitable trips, their commitment to this service will be unreliable and it will be difficult to require effective training or adherence to standards.

Ensuring quality/usable data (trip monitoring and tracking). With a sufficient volume of trips assigned through certain companies, it becomes feasible to work with the taxi companies to create connections with the Trapeze scheduling software to facilitate service monitoring. Increasing the number and predictability of trips for taxi companies then makes additional requirements, such as data formats and other reporting, more viable.

Accessibility. Since 2006, King County has been a leader in ensuring the availability of wheelchair accessible taxicabs. Currently, there are enough wheelchair accessible taxicabs for trips diverted to taxis or for serving the taxi scrip program. Further, the City of Seattle now has a $0.10 per trip surcharge on taxi and TNC trips that goes directly into a fund for wheelchair accessible services fund. No significant changes to this availability are expected should King County Access' service model change, however availability of wheelchair accessible vehicles should be a requirement of any turnkey contract subcontractor or supplementary providers.

[1] https://www.washingtonpost.com/news/dr-gridlock/wp/2016/07/20/metro-moving-forward-with-plan-to-use-uber-lyft-for-paratransit-services/

Driver recruitment. Driver recruitment for Access' ADA paratransit service, taxi service for overflow trips, and Access' taxi scrip program are separate issues with separate possible solutions. In the case of contractors providing Access ADA paratransit trips, if King County's contractors are facing challenges in recruiting and retaining drivers, Metro could specify a minimum driver wage in its upcoming RFP. Contractors know that there is competition on price, and often reduce driver wages to ensure a low bid. Contracts might also include provisions that allow for adjustment based on labor market conditions.

To attract taxi drivers for overflow, Metro can influence how much is paid per trip (e.g. by ensuring a minimum fare to be received by the driver for an Access trip) or which trips are being sent to taxis (i.e. more than just the most difficult to serve).

Lastly, if Metro decides to use taxi companies in a bigger way (i.e. by contracting with a company to provide dedicated service), recruitment will be eased with higher volumes of guaranteed trips. Other agencies send full runs to taxi companies, paying drivers per service hour (first pick-up to last drop-off) to ensure minimal deadheading for the driver. In this case, a mechanism for confirming no-shows is imperative, as drivers have incentives to claim no-shows between pick-ups.

Incentives and Disincentives

Despite industry disagreement on their effectiveness, a variety of financial incentives and penalties are widely used in paratransit contracting to encourage contractors to perform well. For legal reasons, some transit agencies describe financial penalties as "liquidated damages" (often abbreviated as LDs) in contract documents. Issues commonly covered include: productivity, on-time performance, missed trips (failure to pick up a scheduled trip), telephone answering performance, complaint frequency, response to complaints, timeliness and accuracy of reporting, and timely performance of preventive maintenance.

King County is particularly interested in incentives and penalties regarding productivity and service quality. Contracts that include payment per vehicle hour typically include incentives and/or penalties based on productivity, measured as passenger trips per vehicle hour. Since achievable productivity varies from city to city, the level of productivity that is the appropriate trigger for incentives or penalties has to be determined from local circumstances. Further, to ensure productivity without compromising service quality, some agencies provide an incentive for high productivity only if their on-time performance standard is also met. *Note that incentives or penalties do not substitute for active contractor oversight. There is general consensus among paratransit staff at transit agencies that constant, proactive oversight of contractor scheduling practices is always necessary, regardless of contract provisions.*

Suggested incentives and penalties for productivity, on-time performance, missed trips, and telephone answering have been provided under separate cover. In general, incentives and penalties (or liquidated damages) should be more objective than in the current contract, so they are applied more consistently.

Contract Requirements

Future contracts will need more provisions for required reports, including measures that reduce Metro's current technological dependence on the control center contractor for service monitoring and efficiency evaluation. In addition, it would be desirable to reduce Metro's current dependence on the control center contractor for the IVR system and for the GIS capability used for path-of-travel evaluations.

Future contracts will need provisions related to staff compensation and work hours. Service quality, staffing recruitment and retention, and compliance with local ordinances will require higher wages in future contracts and may also require more stable work hours. Even meeting higher minimum wage requirements in local ordinances may be insufficient to ensure service quality.

RECOMMENDATIONS

1. Metro should work toward a turnkey contract that includes all service provision and control center functions, including vehicle maintenance. Subcontracting should be encouraged for overflow service, for flexibility in scheduling, and to ensure local knowledge and ability to work with the human service network. In addition, Metro should retain the right to require additional use of "innovative" providers, at least on an experimental basis.
2. Vehicle provision should be paid for on a vehicle-hour basis. Control center costs and management should be paid for based on actual cost within a detailed budget that must be included in contractor bids, but that will be subject to annual negotiation. Proposals should include a requirement for budgets with sufficient detail that Metro can verify that bids are realistic, are based on realistic rates of pay and work hours, and properly allocate costs between operations (paid per hour) and control center / management functions (paid based on actual cost).
3. Existing pass-through arrangements for payment of overflow service, for fuel, and for facilities costs should be retained.
4. There should be a separate contract for customer service, including at a minimum receipt of complaints, coordination of complaint investigation, and responding to customers. Metro staff should also be involved in complaint investigation and resolution, at the least reviewing determination of validity. Proactive quality assurance may also be included in this contract.
5. Incentives and/or penalties should not be the main tool for promoting productivity and high-quality contractor performance. Consistent, active transit agency oversight and involvement in all aspects of paratransit operations are the most effective tools for this purpose, along with appropriate payment formulas. Staff need to understand the scheduling process and be able to review schedules and scheduling procedures for effectiveness and realism. They need to understand driver scheduling and supervision, including dispatching methods.
6. The service provision contract should include incentives and/or disincentives (or liquidated damages) for productivity, on-time performance, missed trips, and telephone availability. As much as possible, incentive and penalty amounts should be scaled according to the size the contract. If sufficient data is available, this should be done using methods that automatically adjust to the scale of the contract. Examples of automatically scaling provisions include:
   - Penalties for each violation, for example for each missed trip or failure to report
   - Incentives or penalties stated in terms of a percentage of the monthly contractor payment, for example for exceeding or failing to meet productivity goals
   - Penalties for each trip or call that exceeds the established standard, for example for each late trip over the established standard

Penalties based on patterns of poor service may also be appropriate. Examples include consistently poor on-time performance in a particular area or particular time of day and consistently long telephone hold times at particular times of day.

7. To ensure ride times on Access are similar to fixed-route travel times, Metro can establish a performance standard for the percentage of trips less than a multiplier (typically 1.5 times) of the fixed-route travel time. A random sample of all trips longer than some value can then be examined using an online trip planner to see how many violate the performance standard. Penalties (or incentives) can be assigned to the contractor based on the percent of ride times that are over (or under) the standard.
8. Penalties for high complaint levels may be appropriate as long as complaints are not received by the service contractor. Any penalty based on complaints needs to include a process to determine what is a "valid" complaint, so that the contractor is not penalized for issues beyond their control, including policies set by the transit agency. Determination of validity needs to be controlled or at least reviewed by the transit agency.
9. Penalties for failure to meet contract compliance items are also appropriate. These include failure to perform timely preventive maintenance on transit agency-owned vehicles, failure to report incidents or ADA complaint issues such as denials, failure to submit timely and accurate routine reports, operating vehicles without all required equipment in good working order, providing unauthorized service, failure to respond to complaints in the time period required, etc.
10. In cases where both incentives and penalties apply, there should be a range of performance that is considered just acceptable and that triggers neither an incentive nor a penalty.