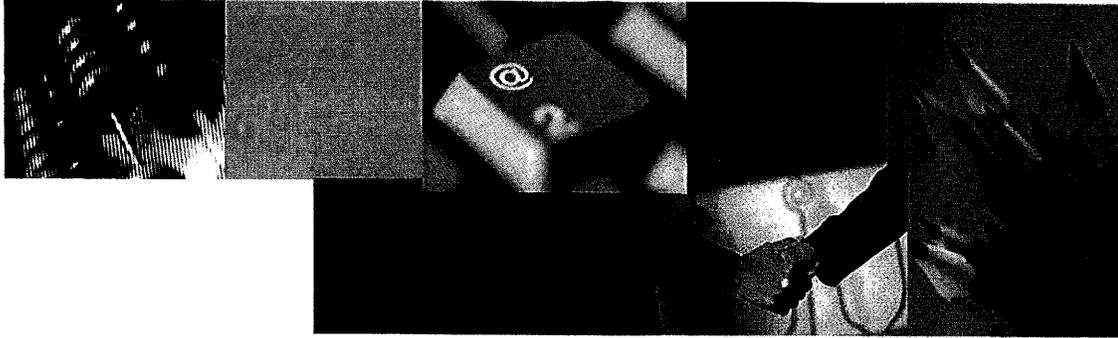


Handouts  
for  
Item Two



**REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS  
AND  
FINDINGS OF AGREED-UPON PROCEDURES  
CITY OF LINCOLN**

**June 1, 2008**

**through**

**May 31, 2011**

**HBE BECKER MEYER LOVE LLP**

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**HBE**

**Becker Meyer Love LLP**

*Certified Public Accountants & Consultants*



**Becker Meyer Love LLP**

Certified Public Accountants & Consultants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON APPLYING AGREED-UPON PROCEDURES

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The City Council  
City of Lincoln  
Lincoln, Nebraska

We have performed the procedures enumerated below, which were agreed to by the City of Lincoln and the Lincoln, Nebraska City Council, solely to assist you with determining if Impact Fees are being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. The City of Lincoln's management is responsible for the Impact Fees. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures are as follows:

- 1) Perform a walkthrough of three Impact Fee applications, from beginning to end, and determine that internal controls as described by City Personnel are accurate.
- 2) Review 10 Building Permit applications that do not include Impact Fees and determine that Impact Fees were properly excluded.
- 3) Randomly select 25 residential and 25 commercial Impact Fee applications and verify that:
  - a) Impact Fees were properly calculated in accordance with the fee schedule.
  - b) Exemptions were proper per Section 27.82.060 of the Lincoln Municipal Code.
  - c) Amount of Impact Fees collected agrees with the amount calculated on the application.
  - d) Impact Fees collected were distributed to the proper districts and in the correct amounts.
- 4) Review 25 expenditures of Impact Fees and verify that:
  - a) Expenditure was for the proper use.
  - b) Expenditure was within the proper district.
  - c) Any refunds were proper.
- 5) Review "Impact Fees—Compliance with Spending Time Limit" worksheet prepared by City staff and verify that Impact fees are being spent within the proper time limits per Section 27.82.080(a) of the Lincoln Municipal Code.



We have attached a summary of our findings and recommendations on pages 3 through 7.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on Impact Fees being properly assessed and distributed for the period of June 1, 2008 through May 31, 2011. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City of Lincoln and the Lincoln, Nebraska City Council and is not intended to be and should not be used by anyone other than those specified parties.

*HBE Beckwith Meyer Howell LP*

November 7, 2011

City of Lincoln

Procedure #1

**SUMMARY:**

HBE obtained a memo from City of Lincoln personnel which described the internal control procedures over the Impact Fee application process. HBE randomly selected three Impact Fee applications and performed a walkthrough of those applications, from beginning to end, to determine that internal controls as described by City personnel are accurate.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #2

**SUMMARY:**

HBE randomly selected five Impact Fee applications and five Building Permit applications that did not include Impact Fees and determined that Impact Fees were properly excluded.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #3

**SUMMARY:**

- HBE randomly selected 25 residential and 25 commercial Impact Fee applications.
- HBE recalculated the Impact Fee based on the use of the property noted on the application.
- If any reductions in the fee were included in the calculation, HBE obtained support for the reduction from the Impact Fee Administrator and recalculated the reduction amount.
- HBE verified that any exemptions included in the calculation agreed with the exemptions reported on the GIS mapping system and verified the exemption was allowed per Section 27.82.060 of the Lincoln Municipal Code.
- HBE obtained invoices from the Impact Fee Administrator supporting the amount of impact fees due and paid to verify the fee collected agreed with the fee calculated.
- HBE traced the amount deposited into each district's account.
- HBE investigated any unpaid fees.
- HBE verified the Impact Fees collected were distributed to the proper district and in the correct amounts.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #4

**SUMMARY:**

HBE reviewed 25 expenditures of impact fees and verified that the expenditure was for the proper use, made within the proper district and any refunds were proper.

For the Water, Wastewater and Street Funds:

- HBE randomly selected 21 transfers in total for all three funds.
- HBE agreed the total project expenses to the total impact fee transfer.
- In order to verify that the expenditure was for the proper use, HBE performed the following procedures:
  - HBE obtained the Proof of Payment Report totaling all expenses to a specific project ID number and the invoices that related to each transfer selected.
  - HBE verified the amount on the Proof of Payment Report to the total expenses reported on the Transfer Listing.
  - HBE viewed the invoices and verified that total invoices exceeded the amount of the transfer and the invoice was related to the coded project ID number.
  - HBE also ensured that the invoices were approved by an appropriate manager.
- To verify that the expenditures were being made within the proper district:
  - HBE obtained the journal entry that was posted into the JD Edwards Accounting Software for each transfer selected. HBE verified that the designated funds went into the correct district.
  - HBE compared the project address listed on the Job Cost Report to a district map.

For the Park Fund:

- HBE obtained the Account Ledger reports for all Districts from the Business Manager. The total expenditures per District agreed to the amount listed on the Impact Fee Spenddown Analysis.
- In order to verify that the expenditure was for the proper use HBE performed the following procedures:
  - HBE obtained the interdepartmental charges report for four transfers and viewed the related invoices.
  - HBE verified that the total invoices agreed with the payment made to the Parks department.
  - HBE also ensured the invoices were approved by an appropriate project manager.
- To verify that the expenditures were being made within the proper district HBE compared the project address listed on the invoice to the district map.

Per discussions with the Business Manager, there were no refunds.

**FINDINGS:**

No exceptions were noted.

City of Lincoln

Procedure #5

**SUMMARY:**

HBE reviewed the "Impact Fees – Compliance with Spending Time Limit" worksheet prepared by the City of Lincoln staff and verified that Impact Fees were spent within the proper time limits established by Section 27.82.080(a) of the Lincoln Municipal Code.

**FINDINGS:**

No exceptions were noted.

Handouts  
for  
Item Three



## Consultant: Don't privatize StarTran

By JORDAN PASCALE / Lincoln Journal Star | Posted: Saturday, December 10, 2011 8:00 am

Privatizing the city's public bus system is not a viable option, a Minneapolis consulting firm told the StarTran Advisory Board.

If a private company bought the system, it would have to slash services and raise prices for it to be profitable, which wouldn't be good for the company or the riders, Joe Kern of SRF Consulting told the board.

City Councilman Adam Hornung asked the city's audit advisory board for the report in August. It paid SRF \$104,984. Kern presented preliminary findings this week.

Hornung wanted to look at privatizing three areas: management, employees -- with buses still owned by the city -- or complete privatization.

The consulting firm didn't recommend privatization. It said the strongest potential was for Handi-van services, but it still might not be financially feasible.

Fares paid by StarTran riders cover less than 20 percent of the system's operating costs. The rest comes from federal, state and local tax support, including almost \$5.8 million this year from city taxpayers.

Hornung said Wednesday he hadn't yet had a chance to look at the study and couldn't comment.

Kern said he doesn't often get to tell operations they're doing well, but he did tell StarTran.

"It can get better," he said, "but it's doing well."

Among the preliminary findings:

- \* There aren't many opportunities for new revenue.
- \* The routes are efficient cost-wise but have low ridership compared to peer markets.
- \* Having buses run to midnight, especially in a college town, seven days a week, could increase ridership, but it will cost more.
- \* Increasing the frequency of buses (10 minutes instead of every 30 minutes) in core areas like Near South and downtown could increase ridership.
- \* StarTran's mission isn't clear to staff and the board.
- \* Because of an uncertain future, the staff avoids taking risks or making changes.
- \* A transit authority system wouldn't work in Lincoln because of few nearby communities.

Beatty Brasch, who sits on the advisory board, said there weren't any major surprises, in her opinion.

"It sounded like they just wanted to leave it as it is," she said.

Financial and Operational Review of StarTran

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**System Overview and Preliminary  
Observations**

DRAFT

December 2011

SRF Consulting Group Team



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# Lincoln Transit System Overview

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The City of Lincoln is conducting a financial, marketing, management, and operational analysis of the StarTran transit system. This document provides an overview of the transit system, as well as initial system observations.

## History

With the arrival of the first horse-drawn streetcar lines in the 1880s, the City of Lincoln, Nebraska began the first steps in the creation of a city-wide public transportation system. By 1906 the horse-powered vehicles had been replaced by electric streetcars. The introduction of the first motor buses in 1926 triggered a steady transition from a mixed streetcar and bus system to a bus-only system in 1945. This also coincided with the city's peak annual ridership of 11,674,000. At this time, the system was operated by Lincoln City Lines using 63 buses on 11 routes with 125 employees.

Following national trends after the rise of the automobile as a more dominant transportation option, Lincoln City Lines saw a sharp decline in ridership with 10.6 million annual rides in 1950, 3.8 million rides in 1960, and 1.9 million rides in 1970. In 1971, Lincoln City Lines was officially absorbed by the City of Lincoln and renamed the Lincoln Transportation System. An overhaul of the system in 1989 included improved schedules and a renaming of the system to StarTran.

StarTran's mission is, "to provide the citizens of Lincoln a convenient, reliable, comfortable, safe and affordable public mass transit system."

## Oversight and Guidance

The Lincoln Municipal Code, Chapter 2.38, establishes within the Department of Public Works a division known as StarTran. StarTran exists under the general control and supervision of the Director of Public Works and provides public transit services within the City of Lincoln.

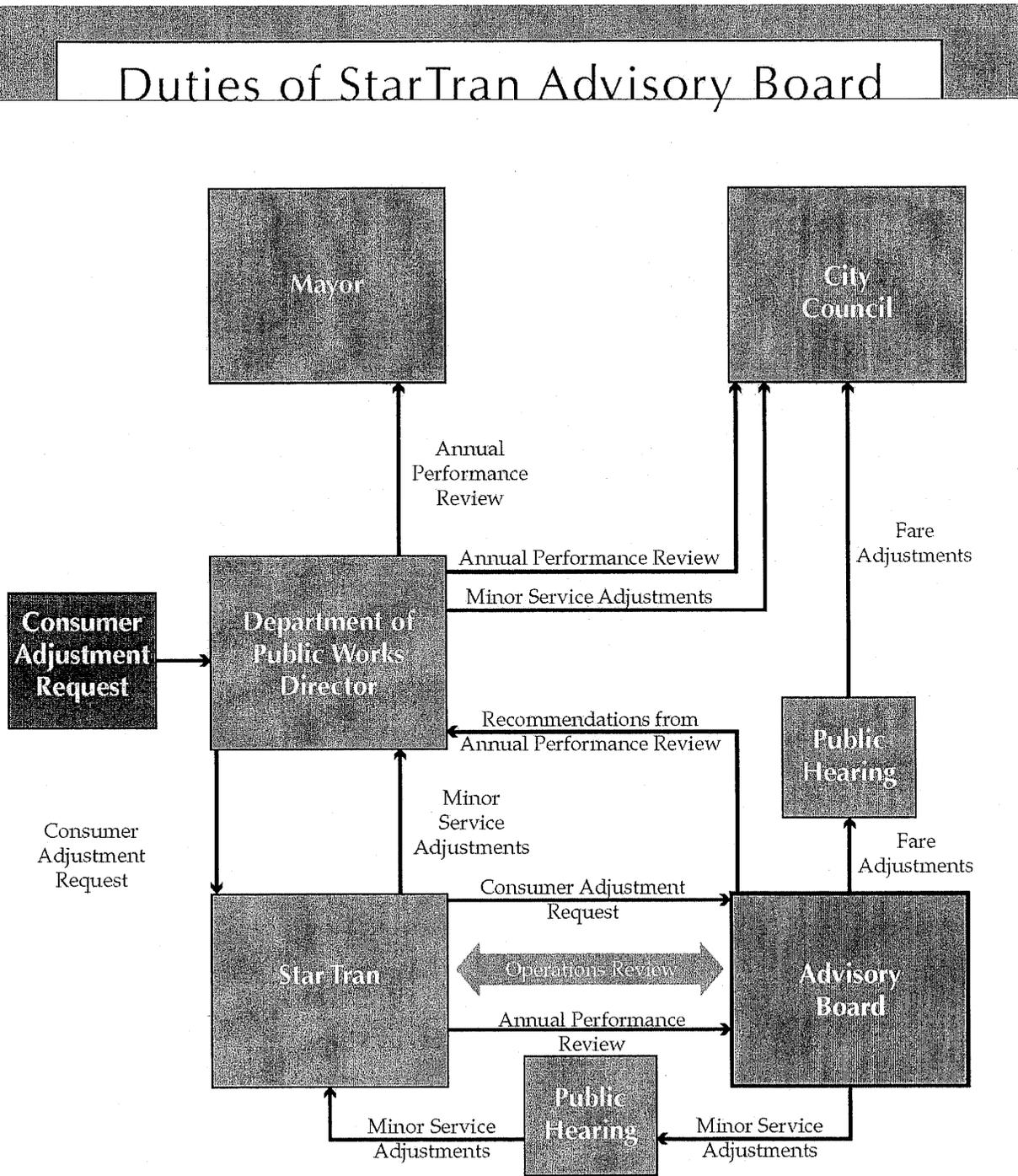
According to the municipal code, StarTran shall be managed by a general manager appointed by the Director of Public Works, or by a firm or individual under contract to the City. Currently, StarTran is managed by a general manager, who is a department head in the Department of Public Works and Utilities.

Municipal code established the StarTran Advisory Board, consisting of seven members who are electors of the City and appointed by the Mayor with the approval of the City Council. The principal function of the Advisory Board is to advise the Mayor, City Council and Director of Public Work concerning StarTran operations, including initial review of transit-related studies and plans, route studies and evaluations, performance indicators, rates, fares, and schedules. The Advisory Board is charged with annually reviewing the performance of transit services using established measures and standards, and forwarding any recommendations to the Director of Public Works. The Advisory Board has no authority to review salaries, employee benefits, or the system for selection, promotion, and retention of employees or managers of the system.

The Advisory Board shall, by official action after public hearing, make recommendations to the City Council on rates and fares. The Advisory Board may, after public hearing and without further action by the Council or Mayor, make adjustments to trips, schedules, routes and promotional fares.

The relationships of the key stakeholders are shown in Figure 1.

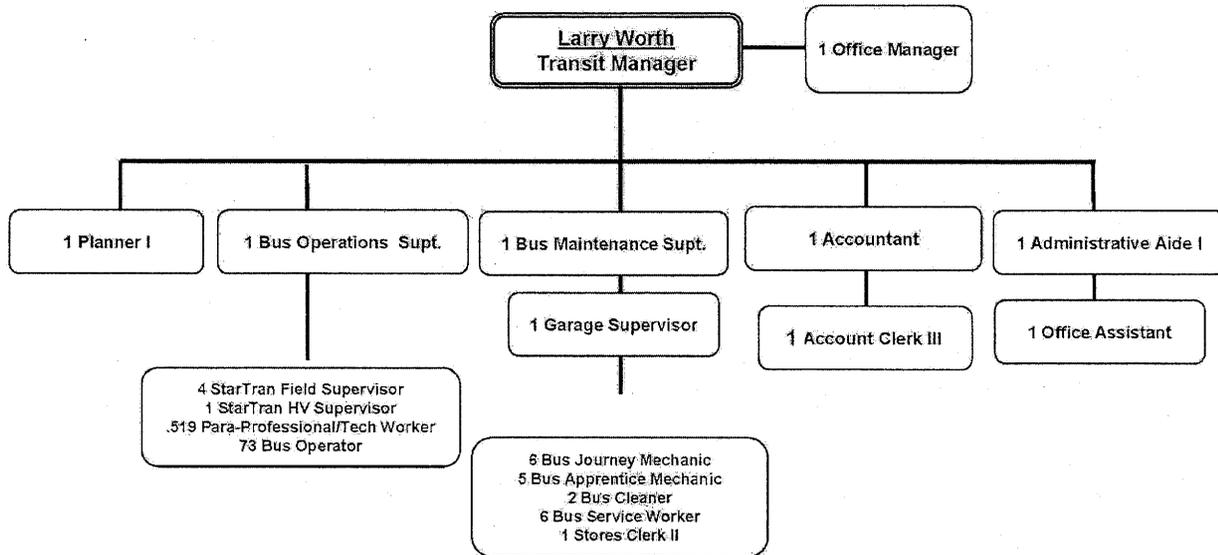
Figure 1. StarTran Stakeholders Flow Chart



## Staff

StarTran staff levels for fiscal year 2011-2012 are 108.52 full time employees. This has been reduced from 111.52 employees in fiscal year 2010-2011, as a result of reducing the Saturday service span. Figure 2 shows the current organization structure for StarTran.

Figure 2. StarTran Organization Chart



## Fleet

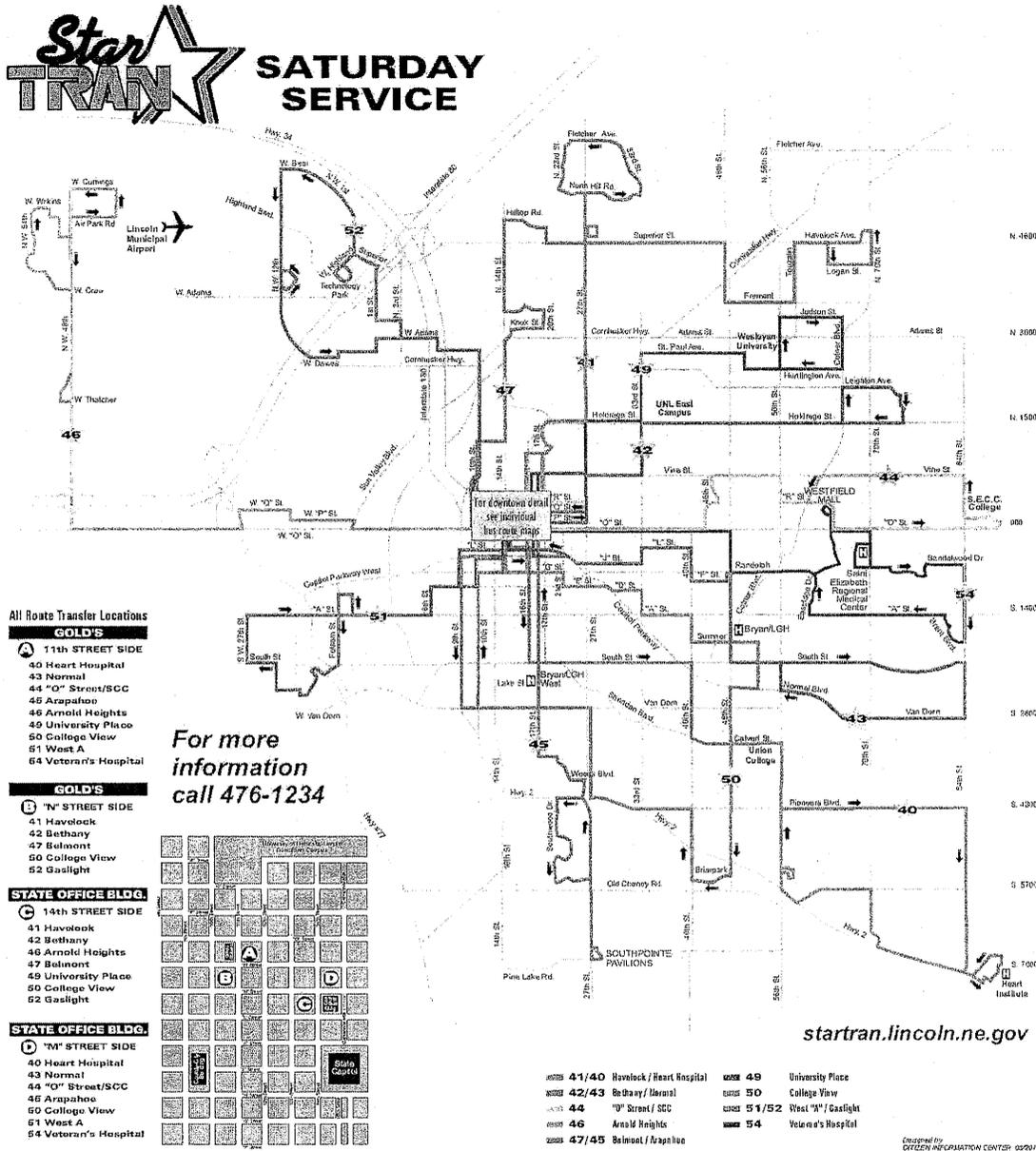
StarTran's fixed route vehicle fleet consists entirely of Gillig full-size coaches with an average age of 6 years. Over 1/3 of the fleet is comprised of 10 year old buses which are nearing the end of their economically useful life of 12 years. A unique aspect of StarTran's bus operation is its nationally acknowledged alternative fuel programs. Since 2008, all of StarTran's full-size buses have been powered by a diesel/biodiesel mix (95 percent diesel, 5 percent biodiesel). Prior to this, from 2000 to 2008 the entire fleet was powered using a diesel/ethanol mix (92 percent diesel, 8 percent ethanol). StarTran operates a fleet of Glaval vehicles for its Handi-Van paratransit service. Table 1 lists the various vehicle types and ages.

Table 1. StarTran Vehicle Inventory

Full-Size Coach Buses	Count	Age
2001 Gillig	20	10
2004 Gillig	10	7
2006 Gillig	15	5
2011 Gillig	13	0
2010 Glaval (Paratransit)	13	1



Figure 4. StarTran Weekend Bus Routes



## Service Area

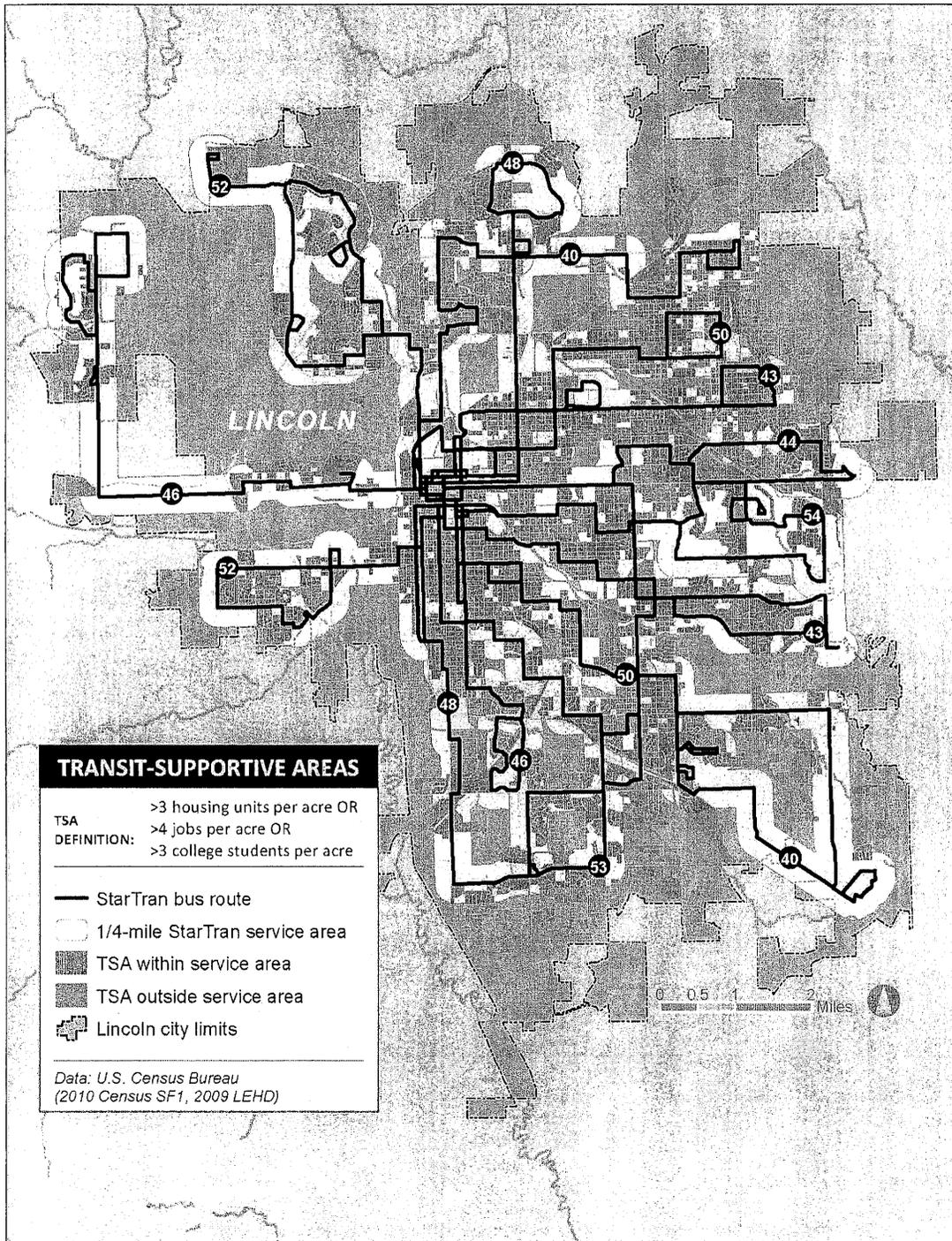
When analyzing a transit system's service coverage area, it is a common practice to use ¼ mile as the maximum distance a customer will be expected to walk to use fixed route bus service. Using this distance as a guideline, StarTran provides service to 57 percent of the city of Lincoln land area.

A more detailed analysis of service coverage can be completed by defining certain areas within the city limits as transit supportive areas (TSA). In order to fall under the definition of a TSA, an area should have at a minimum either 3 housing units per acre, 4 jobs per acre, or 3 college students per acre. Under this definition, 21,094 acres (36 percent) of the city is classified as a TSA. Of this TSA area, StarTran provides service to 17,071 acres (81 percent) as shown in Table 2. The TSAs are shown in Figure 5.

Table 2. StarTran Service Area

StarTran Service Area Coverage	Acres	Percent
Lincoln City Limits	58,112	100%
Areas within 1/4-mile of StarTran Service	33,001	57%
Lincoln Transit Supportive Area (TSA)	21,094	36%
TSA within 1/4-mile of StarTran Service	17,071	81%

Figure 5. Transit-Supportive Areas



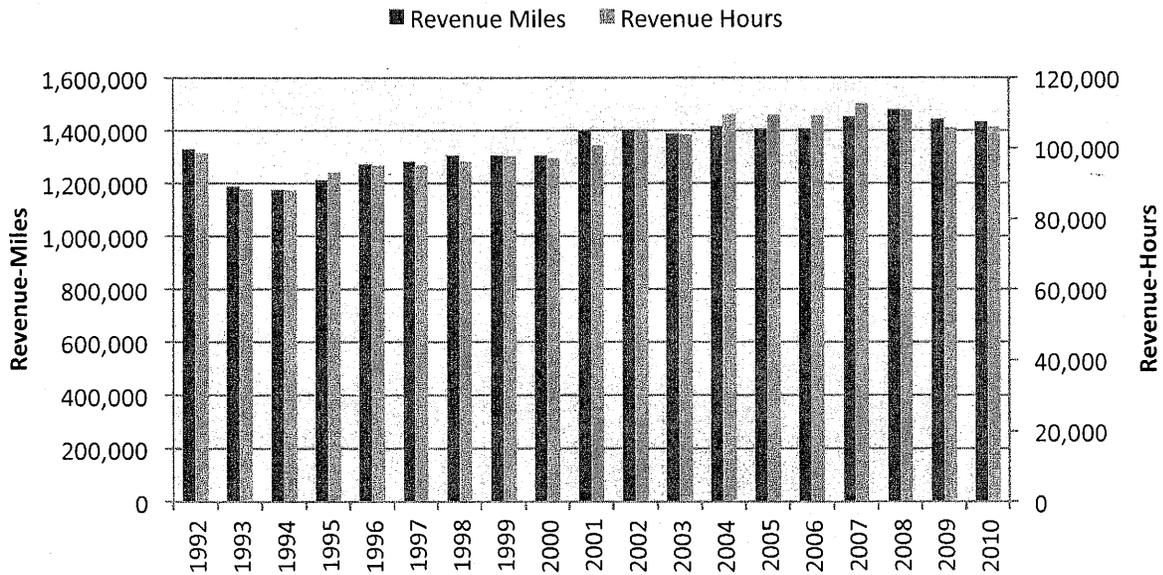
## Service and Ridership

In 2010, StarTran provided 1.8 million total passenger trips. The following sections summarize service and ridership for the fixed route and paratransit service.

### Fixed Route

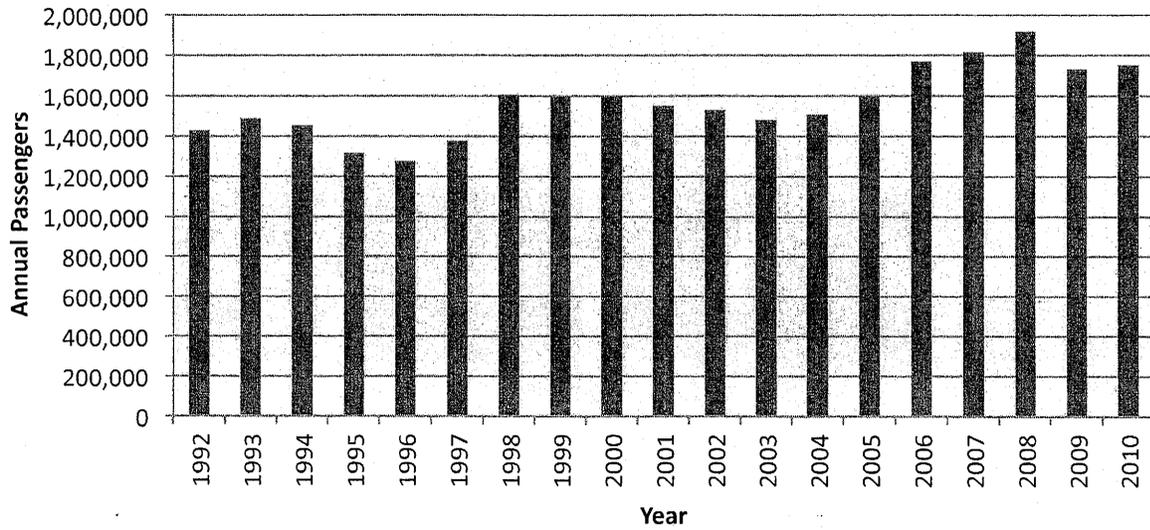
In 2010, StarTran operated 1,443,312 revenue miles and 105,925 revenue hours on its fixed route service as shown in Figure 6. The system's hours and miles have increased moderately over the last 18 years. The 2010 levels of hours and miles represent only a 7.7 percent and 7.5 percent increase over 1992 levels.

Figure 6. Fixed Route Revenue Hours and Miles



In 2010, nearly 1.75 million passenger trips were made using the fixed route service, as shown in Figure 7. In 1991, average ridership was 6,000 passengers per day. In 2011, average ridership is 8,000 per day when the University of Nebraska- Lincoln (UNL) is in session and 6,000 per day when it is not.

Figure 7. Annual Fixed Route Passenger Trips, 1992-2010



**Paratransit**

In 2010, nearly 60,000 trips were made using StarTran’s paratransit service. Figure 8 shows annual passenger trips using StarTran’s directly operated paratransit service, Handi-Van. Figure 9 shows annual passenger trips using StarTran’s contracted paratransit providers. Transport Plus has operated this service for about 13 years.

Figure 8. Annual Handi-Van Passenger Trips, 1992-2010

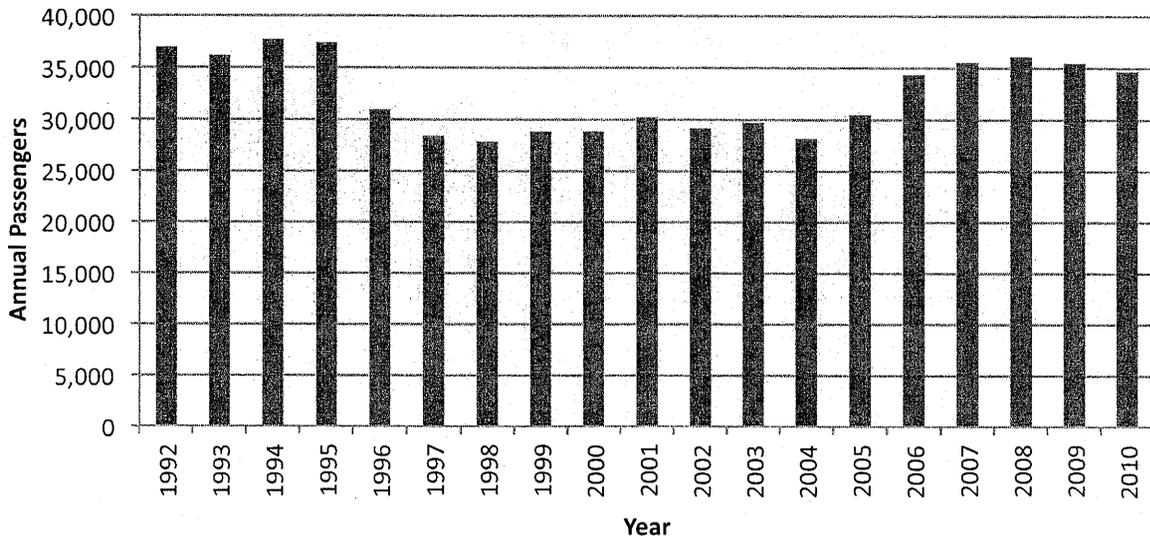
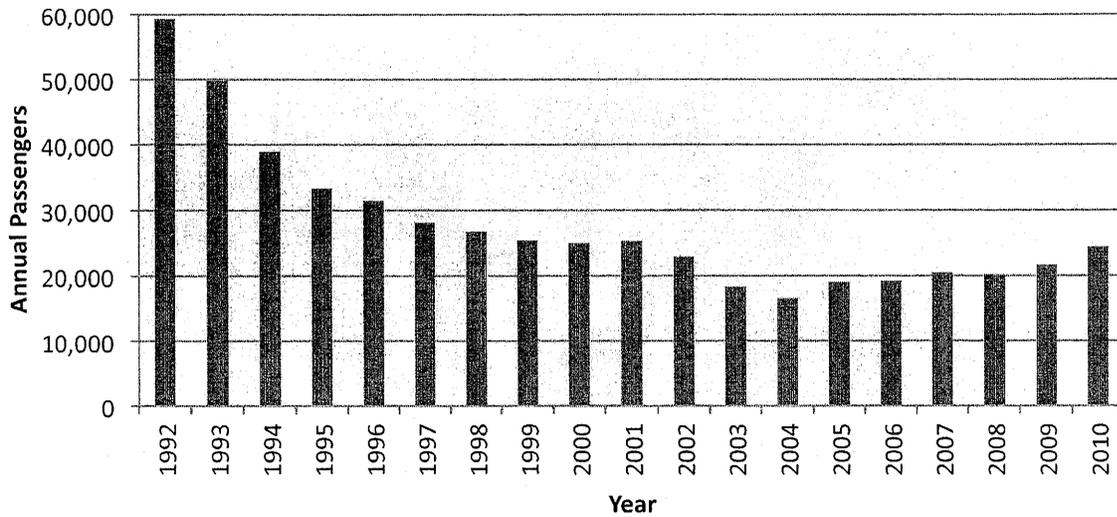


Figure 9. Annual Purchased Paratransit Service Passenger Trips, 1992-2010



### Route Ridership

Table 3 lists individual route ridership, revenue hours, passengers per revenue hour, revenue miles, and passengers per revenue mile.

Table 3. Route Ridership, 2010-2011

Route #	Route Description	Passengers	Rev-Hours	Pass / Rev-Hour	Rev-Miles	Pass / Rev-Mile
<b>REGULAR ROUTE SERVICE</b>						
14	West Van Dorn	3,695	234	15.8	2,734	1.35
24	Holdrege	300,227	7,215	41.6	86,366	3.48
40/41	Heart/Havelock	265,451	15,414	17.2	251,892	1.05
42/43	Bethany/Normal	149,589	10,497	14.3	151,306	0.99
44	O Street	143,987	5,603	25.7	76,475	1.88
45/46	Arapahoe/Arnold HTS	186,314	11,071	16.8	182,891	1.02
47/48	Belmont/Salt Valley	145,067	9,695	15.0	170,122	0.85
49/50	Uni/College View	233,953	10,505	22.3	156,566	1.49
51/52	West A/Gaslight	80,181	5,186	15.5	72,096	1.11
53	Southpointe	85,279	5,090	16.8	77,763	1.10
54	Vets Hosp	73,530	5,048	14.6	80,261	0.92
55	Star Shuttle	60,843	2,984	20.4	26,857	2.27
	<b>REG RTE TOTAL</b>	<b>1,728,116</b>	<b>88,542</b>	<b>19.5</b>	<b>1,335,329</b>	<b>1.29</b>
<b>BOOSTER SERVICE</b>						
10	Culler BST	21,646	668	32.4	3,161	6.85
11	Schoo BST	5,257	312	16.8	2,558	2.06
12	Arnold BST	29,452	1,002	29.4	27,745	1.06
18	Lux BST	28,853	1,169	24.7	7,199	4.01
19	SW BST	1,938	251	7.7	2,327	0.83
27	Scott BST	11,700	501	23.4	3,526	3.32
	<b>BOOSTER TOTAL</b>	<b>98,846</b>	<b>3,903</b>	<b>25.3</b>	<b>46,516</b>	<b>2.12</b>

Route #	Route Description	Passengers	Rev-Hours	Pass / Rev-Hour	Rev-Miles	Pass / Rev-Mile
<b>SPECIAL SERVICE</b>						
	Big Red Express	37,426	1,082	34.6	11,372	3.29
	Boo at the Zoo	3,018	51	59.2	918	3.29
	Taste of Home	161	15	10.7	41	3.93
	4th of July	632	21	30.1	210	3.01
	<b>SPECIAL TOTAL</b>	<b>41,237</b>	<b>1,169</b>	<b>35.3</b>	<b>12,541</b>	<b>3.29</b>
<b>GRAND TOTAL</b>		<b>1,868,199</b>	<b>93,614</b>	<b>20.0</b>	<b>1,394,386</b>	<b>1.34</b>

## Span of Service and Frequency

Table 4 lists the span of service and bus frequency by route. The majority of weekday routes have a span of service between 12 and 13 hours each day. Most weekend routes have a span of service of 11 hours.

Table 4. StarTran Route Span of Service and Frequency

Route	Weekday		Weekend		Notes
	Span of Service (hrs)	Frequency (min) Peak/Off-Peak	Span of Service (hrs)	Frequency (min)	
14	-	-	-	-	Single Weekday Trip (5:30am)
24	11	10	-	-	Operates when UNL is in session
41/40	13	30	11	60	
42/43	12.5	30/60	11	60	
44	13	35/70	11	60	
45/46	12.5	30/60	11	60	Saturday service 46 portion only
47/48	13	30/60	11	60	Saturday service for 47/45
49/50	12.5	30/60	11	60	Saturday 49 and 50 operated separately
51/52	12	60/120	10	120	
53	12.5	35/70	-	-	
54	12	35/70	11	60	
Star Shuttle	12.5	20	-	-	

The two most frequently operated routes are the 24 and the Star Shuttle. Route 24 provides shuttle service between the UNL East Campus and the UNL City Campus. It operates at a 10 minute frequency while UNL is in session. The Star Shuttle operates as a downtown circulator with a frequency of 20 minutes.

## Current Passenger Fares

The following tables list the current passenger fares for fixed route service and paratransit service.

Table 5. Fixed Route Cash Fares

Category	Fare
Cash fare	\$1.75
Elderly (65+), Disabled, Medicare	\$0.85
Star Shuttle	\$0.25
Transfer	Free
Children (under 4)	Free

Table 6. Fixed Route Passes

Pass Category	Fare
31-day Pass	\$45.00
31-day Pass, Low-Income Uses	\$8.00
20 Ride Pass	\$33.00
20 Ride Pass, Elderly, Disabled, Medicare Pass	\$16.00

Table 7. Paratransit Fares

Pass Category	Fare
Cash fare	\$3.50
Handi-Van 20-ride Pass	\$66.00
Handi-Van 31-day Pass	\$90.00
Handi-Van 31-day Pass, Low-Income	\$16.00

## Costs and Revenues

StarTran's total operating expenses in 2010 were \$9,550,806. The following sections describe in detail the operating expenses for the fixed route and paratransit service.

### Fixed Route Costs

For National Transit Database (NTD) reporting purposes, operating expenses are broken down into four sub-categories: Vehicle Operations, Vehicle Maintenance, non-Vehicle Maintenance, and General Administration. Currently StarTran spends 63.5 percent of its operating expenses on vehicle operations. An additional 21 percent is spent on vehicle maintenance, and the remainder is spent on non-vehicle maintenance and general administration. This is shown in Table 8.

Table 8. Fixed Route Operating Expense Allocation

Categories	Percent
Vehicle Operations	63.5%
Vehicle Maintenance	21.0%
Non-Vehicle Maintenance	1.4%
General Administration	14.1%

From 1992 to 2010 StarTran's fixed route operating expenses rose from \$3.9 million to \$7.7 million at an average annual growth rate of 3.90 percent, as shown in Table 9. Individual components of the operating expenses rose at various rates with the greatest growth seen in General Administration at 5.00 percent and the smallest growth seen in Non-Vehicle Maintenance at 0.10 percent. Vehicle

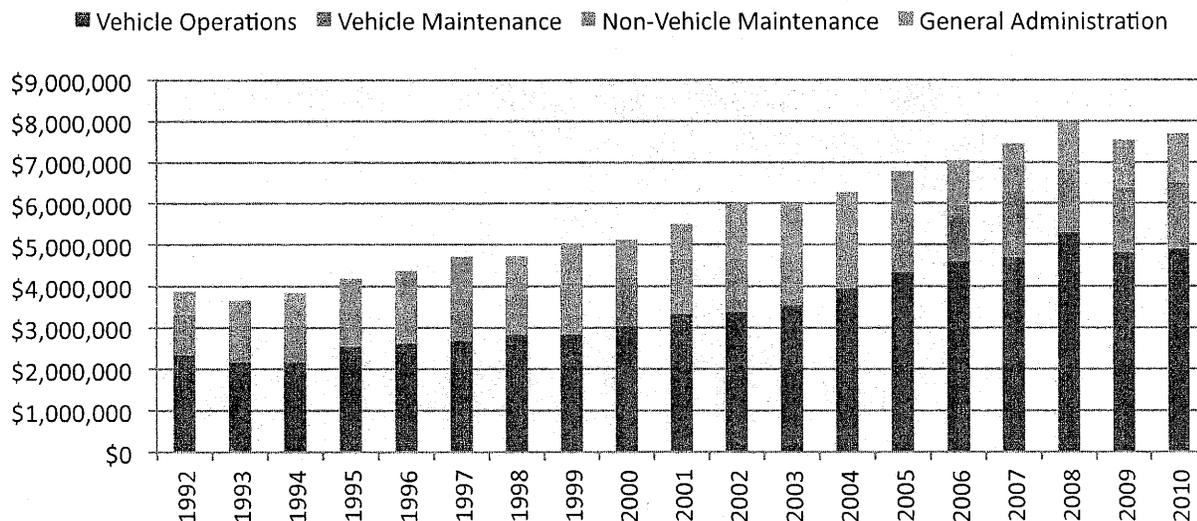
Operations also saw a higher than average growth rate of 4.20 percent. Figure 10 shows StarTran's operating expenses between 1992 and 2010.

Table 9. StarTran's Fixed Route Operating Expense Growth Rate

Expense Category	1992	2010	Growth Rate*
Vehicle Operations	\$2,347,375	\$4,886,207	4.20%
Vehicle Maintenance	\$971,274	\$1,616,380	2.90%
Non-Vehicle Maintenance	\$101,835	\$104,609	0.10%
General Administration	\$450,303	\$1,084,230	5.00%
<b>Total Operating Expenses</b>	<b>\$3,870,787</b>	<b>\$7,691,426</b>	<b>3.90%</b>

\*Annually Compounded Average Growth Rate

Figure 10. StarTran's Fixed route Operating Expenses, 1992-2010



### Paratransit Costs

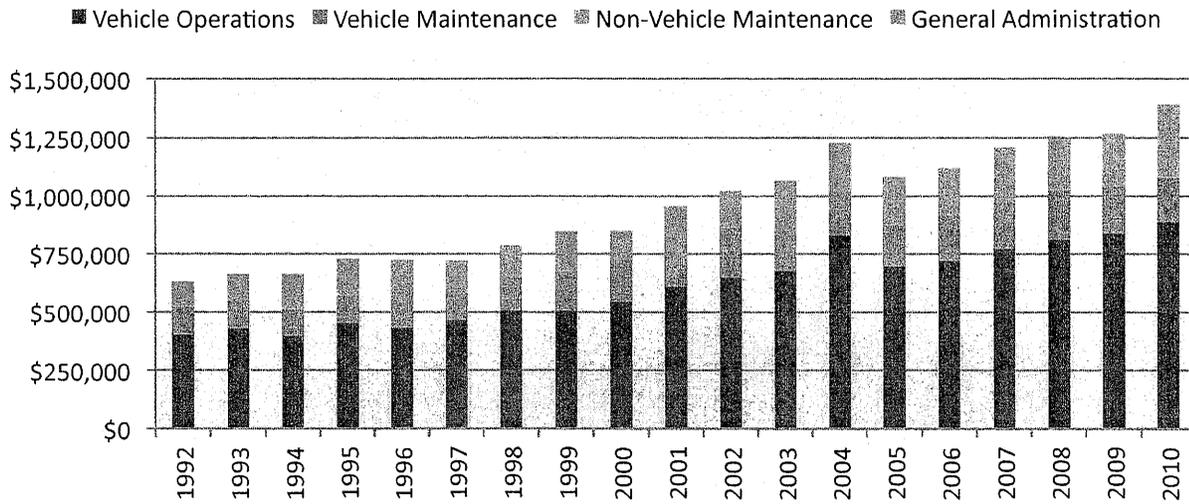
From 1992 to 2010 StarTran's Handi-Van operating expenses rose from approximately \$630,000 to \$1.4 million at an average annual growth rate of 4.50 percent, as shown in Table 10 and Figure 11.

Table 10. Handi-Van Operating Expense Growth Rate

Expense Category	1992	2010	Growth Rate*
Vehicle Operations	\$402,748	\$890,970	4.51%
Vehicle Maintenance	\$118,575	\$189,464	2.64%
Non-Vehicle Maintenance	\$15,642	\$20,715	1.57%
General Administration	\$92,541	\$289,215	6.54%
<b>Total Operating Expenses</b>	<b>\$629,506</b>	<b>\$1,390,364</b>	<b>4.50%</b>

\*Annually Compounded Average Growth Rate

Figure 11. Handi-Van's Operating Expenses, 1992-2010



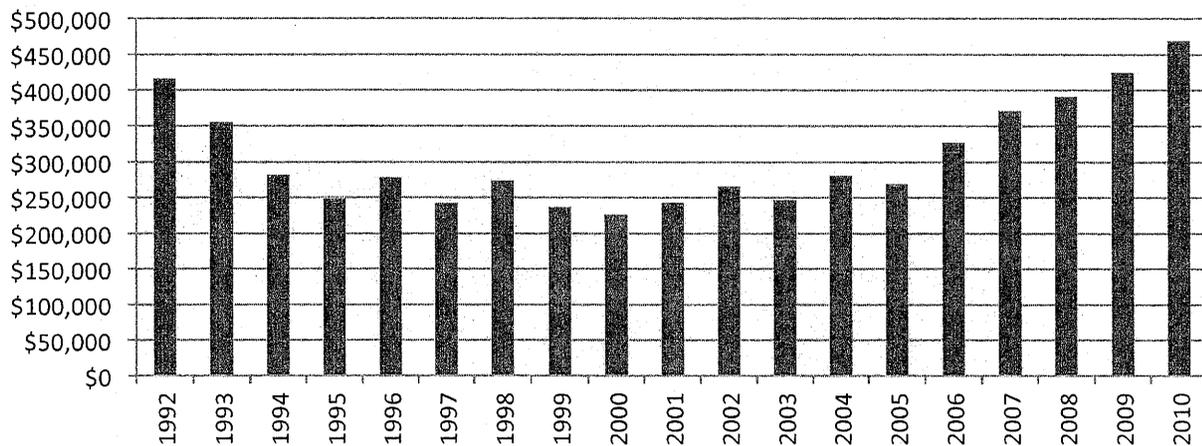
From 1992 to 2010 StarTran's purchased paratransit service operating expenses rose from approximately \$416,186 to \$469,016 at an average annual growth rate of 0.67 percent, as shown in Table 11 and Figure 12.

Table 11. Purchased Paratransit Operating Expense Growth Rate

Expense Category	1992	2010	Growth Rate*
Total Operating Expenses	\$416,186	\$469,016	0.67%

\*Annually Compounded Average Growth Rate

Figure 12. Purchased Paratransit Operating Expenses, 1992-2010



## Revenue

StarTran service is funded through a variety of sources with the local share currently contributing over half of all operating funds. Table 12 shows the various funding sources used in 2010.

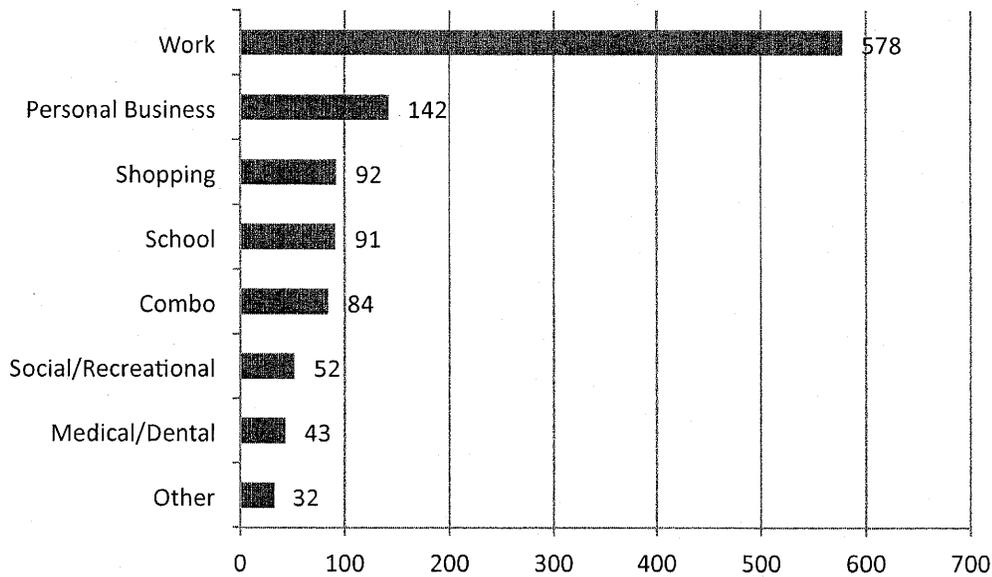
Table 12. 2010 Funding Sources

Funding Source (2010)	Percent	Total \$
Fares	12.7%	\$1,215,213
Federal	27.6%	\$2,635,499
State	3.9%	\$376,756
Local	52.7%	\$5,035,780
Other	3.0%	\$287,558
<b>TOTAL</b>		<b>\$9,550,806</b>

## 2011 Customer Survey

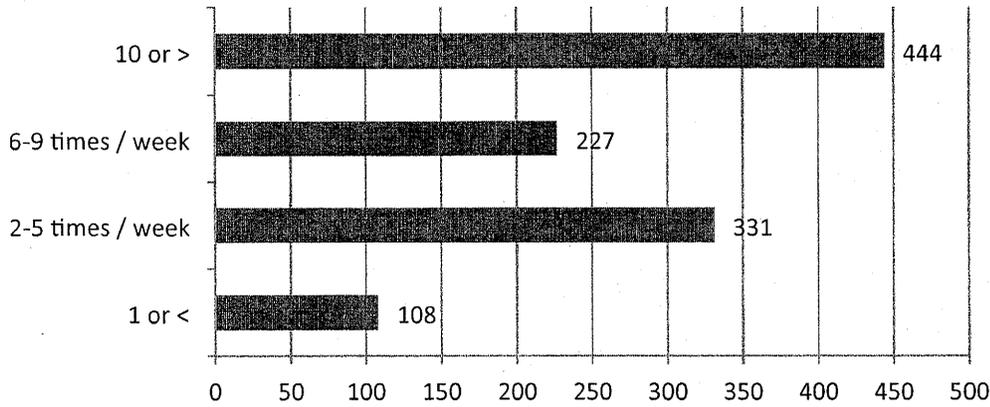
The following figures summarize the key findings from a customer survey completed in 2011.

Figure 13. What is the purpose of your trip?



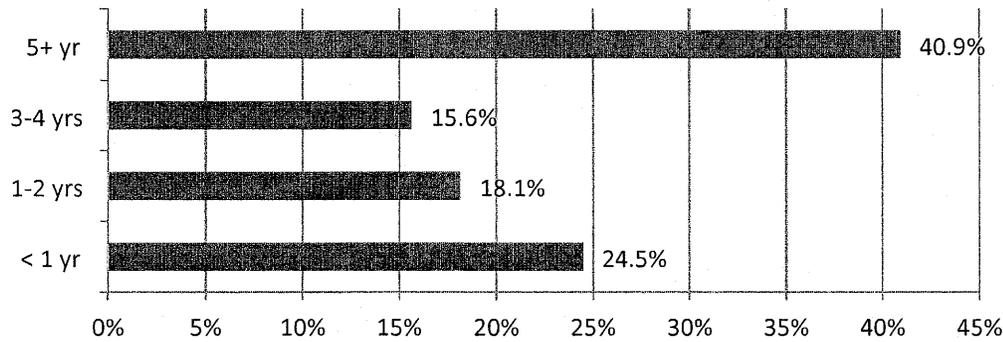
Over 50 percent of riders surveyed indicated they rode the bus that day to go to work.

Figure 14. How many trips per week do you make using the bus?



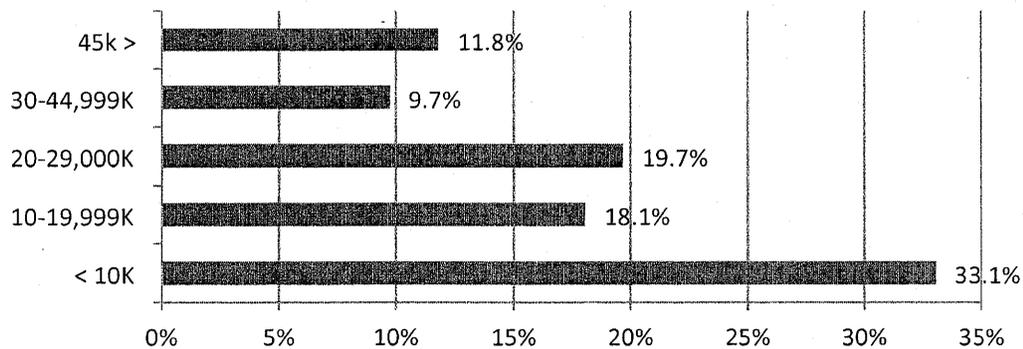
Over 60 percent of rides make 6 or more trips per week on the bus.

Figure 15. How long have you been a StarTran Rider?



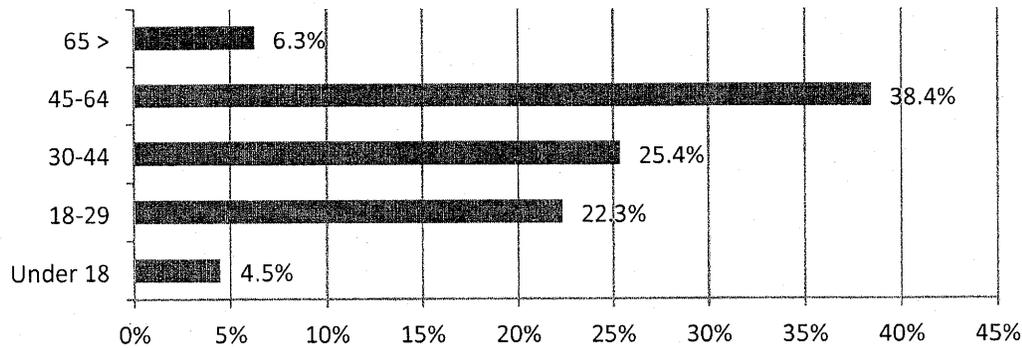
StarTran has a relatively high turnover in its customer base, similar to most mid-size transit systems. In a recent rider survey, nearly 25 percent of riders responded that they had been riding StarTran for less than one year. Approximately 41 percent responded that they had been riding for more than five years.

Figure 16. Respondent Income



The median income range of survey respondents was \$10,000-19,999k per year. One third of survey respondent reported an annual income of less than \$10,000 per year.

Figure 17. Respondent Age



The median age range of survey respondents was 30-44 with nearly 45 percent of riders reporting an age of 45 or greater.

## System Performance

The purpose of a peer group analysis is to gain general insights as to the efficiency and effectiveness of a transit system and then to use those insights to guide the more detailed and specific assessment of the system's financial and operating performance. Comparisons of system characteristics and performance are commonplace within peer analysis.

As part of the evaluation process, twelve transit systems were selected as peer systems for Lincoln. The initial peer selection determined based on metropolitan statistical area (MSA) population; however, it was discovered that many of these cities did not have information available through the NTD. The final selection of peer cities was a combination of those cities in the MSA peer group with available NTD information and six Midwestern transit systems used by Lincoln's Human Resources staff for their collective bargaining analysis and planning. The systems selected for the final peer group include:

- Fort Collins, CO
- Cedar Rapids, Iowa
- Des Moines, Iowa
- Madison, Wisconsin
- Sioux Falls, South Dakota
- Springfield, Missouri
- Fort Smith, Arkansas
- Green Bay, Wisconsin
- Lubbock, Texas
- South Bend, Indiana
- Roanoke, Virginia
- Charleston, West Virginia

## Fixed route Performance

The following tables list Lincoln's fixed route performance compared to its peers. The tables include general indicators, efficiency and effectiveness measures.

Table 13. General Indicators, 2009

General Indicators	Peer Average	Lincoln	Lincoln / Peer Average
Service Area Population	254,169	235,594	92.7%
Service Area Size (sq mi)	133	82	61.6%
Density (pop/sq mi)	2,554	2,873	113%
Passenger Trips	2,869,740	1,733,188	60.4%
Passenger Miles	11,416,275	5,125,037	44.9%
Vehicle Miles	1,722,394	1,502,913	87.3%
Revenue Miles	1,601,058	1,443,148	90.1%
Vehicle Hours	125,592	109,544	87.2%
Revenue Hours	117,493	105,703	90.0%
Route Miles	266	358	134.6%
Total Operating Expense	\$ 9,905,679	\$ 7,528,903	76.0%
Total Maintenance Expense	\$ 1,989,744	\$ 1,677,139	84.3%
Total Full-Time Employees (FTE)	105	88	83.8%
Operating FTEs	78	64	82.8%
Maintenance FTEs	20	16	80.0%
Administrative FTEs	11	8	67.3%
Vehicles Available for Maximum Service	59	60	102.3%
Vehicles Operated in Maximum Service	48	50	105.3%
Spare Ratio (%)	19.0%	16.7%	87.6%

Lincoln has a smaller population and service area compared to its peers; however, it has a greater density than its peers. Compared to its peers, StarTran's annual revenue miles and hours are both 10 percent below the peer average. Because there is a wide range of operating expenses in Lincoln's peer group, StarTran's operating expenses are 24 percent lower than the peer group average.

Table 14. Efficiency Measures, 2009

Efficiency Measures	Peer Average	Lincoln	Lincoln / Peer Average
<b>COST EFFICIENCY</b>			
Op Expense Per Capita	\$38.97	\$31.96	82.0%
Op Expense Per Peak Vehicle	\$208,540.61	\$150,578.06	72.2%
Op Expense Per Passenger Trip	\$3.45	\$4.34	125.8%
Op Expense Per Passenger mile	\$0.87	\$1.47	169.3%
Op Expense Per Revenue Mile	\$6.19	\$5.22	84.3%
Op Expense Per Revenue Hour	\$84.31	\$71.23	84.5%
Maint Expense Per Rev-Mile	\$1.24	\$1.16	93.5%
Maint Expense Per Op Expense	20.1%	22.3%	110.9%

<b>OPERATING RATIOS</b>			
Farebox Recovery (%)	27.3%	18.7%	68.4%
Local Revenue Per Op Expense (%)	43.6%	71.4%	163.7%
Operating Revenue Per Operating Expense	123.2%	122.5%	99.4%
<b>VEHICLE UTILIZATION</b>			
Vehicle Miles Per Peak Vehicle	36,260.9	30,058.3	82.9%
Vehicle Hours Per Peak Vehicle	2,644.0	2,190.9	82.9%
Revenue Miles Per Vehicle Mile	93.0%	96.0%	103.3%
Revenue Miles Per Total Vehicles	4.5	6.0	131.6%
Revenue hours Per Total Vehicles	2,002.7	1,761.7	88.0%
<b>LABOR PRODUCTIVITY</b>			
Revenue Hours Per FTE	15,285.9	16,448.0	107.6%
<b>ENERGY UTILIZATION</b>			
Revenue Hours Per FTE	1,121.8	1,204.7	107.4%
<b>FARE</b>			
Average Fare	\$0.94	\$0.81	86.1%
Base Fare	\$1.38	\$1.75	126.8%

StarTran performs at better than average efficiency levels compared to its peers, as shown in Table 14. This is due to lower unit costs, and personnel productivity.

Table 15. Effectiveness Measures, 2009

Effectiveness Measures	Peer Average	Lincoln	Lincoln / Peer Average
<b>SERVICE SUPPLY</b>			
Vehicle Miles Per Capita	6.8	6.4	94.1%
<b>SERVICE CONSUMPTION</b>			
Passenger Trips Per Capita	11.3	7.4	65.2%
Passenger Trips Per Revenue Mile	1.8	1.2	67.0%
Passenger Trips Per Revenue Hour	24.4	16.4	67.1%
<b>AVAILABILITY</b>			
Revenue Miles Per Route Mile	6016.1	4027.8	66.9%
Route Miles Per Square Mile of Service Area	2.0	4.4	218.6%

StarTran performs at lower than average effectiveness levels compared to its peers, as shown in Table 15. Low ridership is the primary contributor to this performance.

## Paratransit Performance

Table 16 lists Lincoln's paratransit, or demand response (DR), performance compared to its peers. The table includes columns for both directly operated (DO) paratransit service (Handi-Van) and purchased (PT) paratransit service (Transport Plus).

Table 16. Paratransit Peer Comparison

	Lincoln			Lincoln to Peers		
	DODR	PTDR	Combined	DODR	PTDR	Combined
Annual Passengers	35,507	21,652	57,159	52%	21%	33%
Passenger Miles	207,790	124,318	332,108	40%	24%	32%
Vehicle Miles	243,032	149,411	392,443	60%	19%	33%
Revenue Miles	239,605	122,494	362,099	65%	19%	36%
Vehicle Hours	16,904	8,630	25,534	58%	17%	32%
Revenue Hours	16,388	5,749	22,137	62%	13%	31%
Total Operating Expense	1,265,531	425,263	1,690,794	72%	21%	44%
Total Maintenance Expense	220,120	73,995	294,115	70%	25%	48%
Total FTE's	16	0.0	16	65%		65%
Operating FTE's	12	0.0	12	62%		62%
Maintenance FTE's	3	0.0	3	77%		77%
Administrative FTE's	1	0.0	1	69%		69%
Available Vehicles	10	12	22	56%	26%	35%
Peak Vehicles	7	6	13	45%	18%	26%
Gallons of Fuel	27,930	7,538	35,468	48%	12%	29%

- Handi-Van carries 60 percent of the passengers carried by its peers
- The cost per capita is 71 percent of the peer group average
- The cost per passenger is 116 percent of the peer group average
- The average trip length is shorter and the average speed is higher than the peer group
- The cost per mile for directly operated service is exactly the average
- The cost for purchased transportation is higher than the average, but is only 21 percent of service operated compared to the peer group.

# Initial System Observations

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The following sections summarize the initial system observations compiled by the review team.

## Oversight and Guidance

1. Mission of the organization is not clear to staff due to unclear policy direction
  - What takes precedence— controlling deficit or capturing new riders?
  - Should StarTran manage operations to increase riders or maximize user revenues?
2. Relationships are unclear as StarTran management reports via three ladders:
  - Mayor and Public Works Director
  - City Council
  - Advisory Board
3. Advisory Board does not exhibit a clear understanding of its role and responsibilities
  - Staff appears to defer to Advisory Board on issues that may not be part of Advisory Board charge
  - Unclear if Advisory Board gets policy direction from Mayor or Council
4. Lots of planning and financial data produced
  - Data submitted at reasonable intervals up the chain but does not appear to be regularly used to help guide investment decisions
  - Annual Surveillance Report provides a reasonable review of performance but the basis for some of the standards could be more clearly defined
  - Opportunities to improve by establishing a clearer set of reporting standards to meet expectations of city administration
5. The system is generally well run
  - Staff is attentive to detail and fully committed to perform their jobs
  - Because they are uncertain of the future, staff avoid taking risks to change the system
  - As a result, there is little incentive to look at things differently
  - Staff does not look to the Advisory Board for policy clarity
6. Administration staff level at StarTran is not excessive, peers have similar or lower levels
  - Administrative employees are generally busy but technology could improve efficiencies
  - Lots of city administrative support services provided to StarTran that are not in transit budget
  - There is some room to grow services without adding administrative staff
7. Findings of the Federal Transit Administration (FTA) Triennial Review are straightforward
  - Purchasing issues will need to be resolved by StarTran and City Purchasing staff
  - A 2010 city audit(CAFR) of compliance requirements noted deficiencies in federal program procurement practices but that a revised process manual has already been prepared
8. StarTran is not at the bargaining table throughout labor contract negotiations
  - Transit management not able to propose or make the case for StarTran specific issues

- Current labor agreement does not have excessive wage concessions and is comparable to other similar-sized cities
  - Terms of the contract in force if private operator takes over
9. Any realistic opportunity to create a transit authority is hampered by the city having 85 percent of regional population
    - This limits ability to add cost-sharing partners at the regional level
    - Current state law does not allow Lincoln to form a transit authority
  10. The strongest potential for privatization rests primarily in the paratransit service
    - City has already experienced private sector transit management
    - Bidding service out for contract management could add a layer of expense
    - Not financially feasible to maintain quality of service and operate at a profit
    - Cost efficiency of StarTran better than peers

## Service Design, Operations and Performance

1. Route services cover a reasonable amount of the transit supportive areas within Lincoln as defined by residential densities over 3 dwellings per acre and employment densities over 4 jobs per acre
  - 81 percent of transit supportive area within Lincoln is within ¼ mile of transit route
  - There are pockets of unserved transit supportive areas primarily on the north and south edges of the community
2. StarTran fixed route transit service is mediocre
  - Modest in design
  - Operating costs comparable to peers
  - Underperforming in terms of ridership compared to other cities with large university populations
3. The fixed route service performs at better than average efficiency levels compared to peers
  - Unit costs are lower
  - Personnel productivity is better
4. The fixed route service performs at lower than average effectiveness levels compared to peers
  - Low ridership is the primary contributor to this poor performance
  - There is significant upside ridership potential from within existing markets
5. Route performance levels are monitored at reasonable intervals against goals
  - Very few trips within the schedule with less than two passengers per trip on average
  - Some on-time performance issues both for early and late departures
6. Fixed route operations are generally well run
  - Low payroll to platform hour ratio (1.06)
  - Absenteeism not a problem
  - Driver overtime not a problem (8.8 percent)

- No grievances filed in 2010
  - Driver training program is adequate
7. No use of part-time labor even though labor agreement allows up to 10 percent
    - Part-timers used previously, not found to produce labor savings as contract requires use of same wage scale
  8. Maintenance Plan is thorough but not fully updated to current practice
    - Forms need to be updated
    - Check with peers on inspection interval for Gilligs—lesser interval could save on inspection hours
    - Does StarTran review any part of Transport Plus performance
  9. Performance of the paratransit blended (Handi-Van and Transport Plus) service compared to peers results in
    - Average cost per mile
    - Below average passengers carried
    - Above average cost per passenger
    - League of Human Dignity conducts eligibility certifications under contract
  10. Productivity of directly operated Handi-Van service can be improved through
    - Improved scheduling
    - Strategic assignment of trips to the contractor
  11. The on-time performance of the paratransit service needs to be recomputed
    - Need to include the influence of trip rescheduling and early arrivals
    - Need to include service from Transport Plus
  12. Use of Transport Plus for a larger share of paratransit service is an opportunity worth exploring
    - Current contract lacks performance standards
    - Reimbursement on a per trip basis (\$23)
    - Current staffing level inadequate to schedule properly and oversee Transport Plus
  13. Reducing the fixed route service area to a “core” bounded by Superior/Havelock, 70<sup>th</sup> Street and Pioneers Boulevard would provide transit service to about 60 percent of the city compared to current levels around 80 percent coverage. Service would be eliminated to:
    - Southeast Community College
    - North Star High School
    - Southwest High School
    - Scott Middle School
    - Walmart
    - Heart Hospital
  14. Elimination of all Saturday service would:
    - Reduce operating costs by about \$500,000 per year
    - Reduce fare revenues by about \$60,000 per year

- Eliminate about 90,000 passenger trips per year
  - Reduce federal revenue apportionment
15. Elimination of a marginally performing route like #54, Vets Hospital, would:
- Reduce operating costs by about \$250,000 per year
  - Reduce fare revenues by about \$40,000 per year
  - Eliminate about 60,000 passenger trips per year
  - Reduce federal revenue apportionment

## Costs and Revenues

1. Operating costs have grown at a 3.9 percent annual rate since 1992 (essentially doubling the total system cost)
  - This generally matches the cost of inflation
  - 48 percent of the total operating expense was in the "drivers seat" in 2010 (wages and fringes)
2. High seniority levels in operations and maintenance
  - 10.6 years average seniority for drivers
  - 14.5 years average seniority for maintenance employees
3. The allocation of operating expenses across operations, maintenance and administration is comparable to peers.
  - StarTran has slightly higher proportion of expenses in maintenance than peers
  - StarTran has slightly lower proportion of expenses in administration than peers
4. Since 1992 Federal revenues have grown at 4.8 percent per year, the fastest of all revenue sources
  - Local revenues grew at a 3.6 percent annualized rate since 1992
  - Fare revenues grew at a 1.8 percent annualized rate since 1992
5. The average fare generated per passenger has remained essentially unchanged since 2004 even though the base fare has increased from \$1.00 to \$1.75 over that period
  - Average fare over all passenger trips is around \$0.70
  - Average fare per trip for Low Income Pass users is \$0.24
  - Compared to peers the base fare is high but the average fare per passenger is comparable
  - The Low Income Pass is used by 40 percent of all riders but generates only 18 percent of passenger revenue
  - Elasticity of demand vs. 2009 fare increase was a 0.25% drop in ridership for every 1.0% increase in fare (national levels typically at 0.33% drop per 1.0% increase)
6. The \$0.25 fare trial in February 2010 was successful in increasing ridership by about 16%
  - Elasticity of demand vs. fare decrease was a 0.25% increase in ridership for every 1.0% decrease in average fare (\$0.70 average fare dropped to \$0.25 during trial)
  - Net cost of the fare trial was \$63,000 (\$42,000 in reduced fares, \$21,000 in promotion)

7. The best opportunities to increase future operating revenues will be through UNL, its students and Southeast Community College.
  - Additional state assistance unlikely
  - Lincoln Public Schools does not contribute any revenue for the Booster service
  - Any federal increases likely to be tied to capital expenses
8. The UNL service connection has the potential to be a bigger revenue source if StarTran can increase the level of contracted services
  - UNL needs to choose its future course—continue to operate or move to StarTran
  - Current agreement expires August 21, 2012, termination for convenience capability a potential concern
  - Basis of capital cost contribution needs to be better defined
9. StarTran has been successful in obtaining expanded federal transit revenue from competitive programs including:
  - Job Access Reverse Commute
  - New Freedom
  - American Recovery and Reinvestment Act
10. There are no significant untapped revenue sources to contribute to the local share
  - Changing local revenue source will require comprehensive city discussion
  - The city has retained municipal advertising firm (Active Network) that may be able to identify new revenue streams but it is unlikely that advertising revenues can significantly reduce current property tax contribution
  - Lincoln currently using about 50% of its taxing authority
11. The marginal cost estimating method used to calculate service change costs is reasonable
  - A fully allocated cost model should be used to conduct year to year and peer reviews of overall service costs
  - The payments for UNL service should be compared to costs derived from a fully allocated cost model to determine whether or not the full cost of service is being recovered

## Customer Service and Marketing

1. Customer service activities are less than desirable
  - Inadequate telephone coverage during Office Assistant breaks
  - Little customer interaction from supervisors and senior staff
2. Complaints processed by Office Assistant may give appearance of diminished importance
  - Office Assistant forced to multi-task may not be able to devote adequate time to record the incident
3. Contract with outside firm for transit advertising is common in the industry
  - Contract with Houck in place since 1996
  - Bid process used in 2007, 3 bids received
  - Return is comparable to peers

4. Current Marketing Plan and overall approach to marketing is event driven
  - Lots of activities but lack of cohesive direction
  - Products are typical of peer systems
  - Targeting seniors and commuters for significant ridership gains appears unrealistic given current mix of services and local travel conditions
  - Insufficient effort given to increasing UNL student ridership

## Equipment and Facilities

1. The fixed route fleet composition is appropriate for the service
  - Smaller capacity vehicles not appropriate during most time periods as there are periods of heavy use
  - Average fixed route fleet age is appropriate at just over 6 years
2. Maintenance shop has inefficient layout but appears to get a reasonable job done
  - Consideration of moving facility needs to include costs of non-revenue mileage
  - Cost of new facility may outweigh possible efficiency gains
3. Technology pieces not fully utilized or integrated
  - New technology has been tried but has not proven fully effective
  - Staff did not work with vendors to resolve initial problems
  - Underutilized components (AVL, APC, schedule master, garage wireless)

DRAFT

**REQUEST FOR PROPOSALS  
CONSULTING SERVICES  
FOR  
FINANCIAL, MARKETING, MANAGEMENT AND OPERATIONAL ANALYSIS  
OF  
CITY'S BUS SERVICES KNOWN AS STAR TRAN**

**1. INTENT**

- 1.1 The City of Lincoln is soliciting proposals from qualified firms and intends to retain a professional firm to perform the following comprehensive and detailed analysis regarding the City transit system: Performance Analysis, Marketing Research, Current Management and Operational Review, and Review the options for implementing a Transit Authority or other municipal transportation models.
- 1.2 The major objective of this RFP is to:
  - 1.2.1 Reduce the amount of funding provided to StarTran by the City.
- 1.3 This Request for Proposals will be used to select a firm based on qualifications, recommended study approach and practical applications which will accomplish the objectives of the Analysis while incorporating innovative and cost effective methods.
- 1.4 Any other or future additional services would be negotiated at a future date and at the sole discretion of the City.
- 1.5 All inquiries in regard to this RFP are to be directed, in writing, to the individual listed below:

Vince M. Mejer, Purchasing Agent  
City of Lincoln Purchasing Division  
"K" Street Complex, Suite 200 (SW Wing)  
Lincoln, NE 68508  
FAX 402-441-6513  
Email [vmejer@lincoln.ne.gov](mailto:vmejer@lincoln.ne.gov)

- 1.5.1 These inquiries and/or responses shall be distributed to prospective bidders as an electronic addendum.
- 1.5.2 All addendums will be issued electronically via the City e-bid system.
- 1.5.3 The City shall only reply to written inquiries received prior to five (5) calendar days of proposal opening.
- 1.6 Proposers must submit an electronic response using the City E-bid System and a written response prior to the RFP closing date and time.
  - 1.6.1 Written response must be mailed or hand-delivered to the City Purchasing Office at the following address:

Vince M. Mejer, Purchasing Agent  
City of Lincoln Purchasing Division  
"K" Street Complex, Suite 200 (SW Wing)  
Lincoln, NE 68508

- 1.6.2 Failure to complete either the written or the electronic portion of the Proposal may result in the rejection of proposal.

2. **GENERAL BACKGROUND**

2.1 **MISSION**

2.1.1 StarTran's mission is to assure that Lincoln's transportation goals are met and that the greatest number of citizens are served by the StarTran system at the least possible cost.

2.2 **STATEMENT OF VALUES**

2.2.1 The StarTran Division prides itself in being a highly dedicated, knowledgeable and talented team known for its honesty and flexibility.

2.2.2 StarTran will continue to efficiently serve the public with the highest standards of quality, safety, and responsiveness while working with great commitment to increase the public trust and the community's quality of life.

2.3 **STARTRAN SYSTEM FACTS**

2.3.1 StarTran is the only mass transit carrier in the City of Lincoln.

2.3.2 StarTran is fully owned and operated by the City as a municipal service through the administration of the Lincoln Public Works & Utilities Department.

2.3.3 **Service Hours**

Weekdays . . . . . 5:15 a.m. - 7:10 p.m.

Saturdays . . . . . 5:55 a.m. - 7:10 p.m.

No Sunday Service

2.3.4 **Annual Ridership 2009-2010**

Fixed Route . . . . . 1,753,777

Special Transportation Svcs . . . . . 55,769

TOTAL 1,809,546

2.3.5 **Annual Revenue Miles Traveled 2009-2010**

Fixed Route . . . . . 1,433,533

Special Transportation Svcs . . . . . 335,918

TOTAL 1,769,451

2.3.6 **Funding Sources Budgeted 2010-2011**

Operating

Federal \$2,457,670

State \$ 300,000

City \$5,330,123

Users Fee \$1,577,022

2.3.7 **Annual Operating Budget 2010-2011**

\$9,664,815

2.3.8 **Fleet**

2.3.8.1 **Full Size Coaches**

1997 Gillig . . . . . 11

2001 Gillig . . . . . 20

2004 Gillig . . . . . 10

2006 Gillig . . . . . 15

2010 Glaval . . . . . 3

Total 59

2.3.8.2 **HandiVans:**

2008 Uplander . . . . . 1

2010 Glaval . . . . . 10

Total 11

2.3.8.3 **Bus Routes - (All Accessible)**

Regular Line Service - 16

Downtown Circulator - 1

2.3.8.4 Special Transportation Services Include:  
HandiVan/Brokerage Service

2.3.9 StarTran Advisory Board

2.3.9.1 The StarTran Advisory Board exists to advise the Mayor, City Council and Director of Public Works concerning operation of StarTran (except general personnel matters).

2.4 SPECIAL PROGRAMS

2.4.1 "Big Red Express" Husker Football Shuttle: Big Red Express service begins two hours prior to kick-off with continuous shuttle service to the east stadium. Last buses will leave these lots to the stadium approximately 45 minutes prior to kick-off. Buses will return to the lots immediately after the game.

2.4.2 Bike and Bus

2.4.3 Handi-Van Program: door-to-door transportation service created to help meet the transportation needs of individuals who experience disability and who, because of that disability, are unable to ride the regular fixed-routed city bus.

2.4.4 Ride for \$7.50 - Low-Income Bus Pass Program: If you are low-income, you can purchase a StarTran 31-Day Pass for only \$7.50 (\$15 for HandiVan-eligible patrons)

2.4.5 Star Pass - Summer Youth Bus Pass: The "Star Pass" is for youth ages 5-18, valid from June 1-August 31, 2010. This pass offers unlimited rides on StarTran buses and special discounts from nineteen participation sponsors all summer long.

2.4.6 Stuff the Bus: StarTran, in cooperation with North Wal-Mart, South Wal-Mart, East Wal-Mart, Sam's and Three Eagles Communications, is sponsoring a "Stuff the Bus" promotion for the donation of new items needed by women and children at Friendship Home.

2.4.7 FTE's

75 Bus Operators

35.28 other Employees in various classifications

2.10 Employees paid out of Grant-in-aid fund

2.4.8 Operates buses between University of Nebraska campuses.

3. GENERAL REQUIREMENTS AND SERVICES

3.1 The following describes the general extent of services to be provided by the selected firm.

3.1.1 The information presented is not necessarily all-inclusive and the selected firm shall include in their proposal any tasks and services deemed necessary to satisfactorily complete the project.

3.1.2 City will rely on the firm's competence and experience to develop a final scope of services identifying all necessary tasks, meetings, and deliverables.

3.2 BASIC OVERALL STUDY SERVICES

3.2.1 Initially meet with City Designee, to review the scope of required services, study criteria and expectations, obtain background information and establish tentative schedule for completion.

3.2.2 Conduct necessary visits and site investigations review existing background information and review related data.

3.2.2.1 Cooperate with other City and private contractors and service providers as necessary while performing work on this project.

- 3.2.3 Prepare and present final detailed report to City Designee Team, Mayor, City Council and other interest groups as outlined and described in this RFP and the firm's final scope of services.
- 3.2.4 Submit ten (10) printed copies of Final Study Report and one (1) electronic copy in acceptable electronic formats (MS Word and Adobe Acrobat.pdf files) to the City Designee.

**4. PERFORMANCE ANALYSIS REQUIREMENTS**

- 4.1 Financial Efficiency Review, including but are not limited to:
  - 4.1.1 Identify areas within StarTran (Operations and Management) that are financially inefficient.
  - 4.1.2 Identify cost savings with time management changes, operation changes, route changes, or equipment changes.
  - 4.1.3 Identify ways to provide existing services at less cost.
  - 4.1.4 Make recommendations regarding StarTran's rate structure.
  - 4.1.5 Present any alternate revenue funding sources.

**5. MARKETING RESEARCH ANALYSIS:**

- 5.1 Review the StarTran and StarTran Advisory Board's Marketing Research Plan. (See attached PDF)
- 5.2 Determine efficiency and effectiveness of the current marketing efforts and make suggestions for improvement.

**6. DETERMINE IF STARTRAN IS SERVING ITS CLIENTS EFFECTIVELY AND EFFICIENTLY**

- 6.1 Review StarTran's client data and give suggestions for improvements on its collection and StarTran's use of the information.

**7. REVIEW STARTRAN'S CURRENT MANAGEMENT AND OPERATION STRUCTURE**

- 7.1 Make recommendations on how to improve efficiency of the management and operational structure.

**8. REVIEW THE OPTION OF IMPLEMENTING AN APPROPRIATE TRANSIT AUTHORITY MODEL**

- 8.1 Provide the strengths, weaknesses, cost, groups affected, and funding of any changes.

**9. CONSIDERATIONS IN MAKING STARTRAN FULLY OR PARTIALLY PRIVATE (WITH A CITY SUBSIDY)**

**10. ADDITIONAL EVALUATION REQUIREMENTS**

- 10.1 Following is a list of recommendations that have been provided to us. Review and comment on each of these recommendations in addition to any other recommendations that may be presented. (Provide the strengths, weaknesses, cost, groups affected, and funding.)
  - 10.1.1 Lower sales commission on bus wraps by working with local media sales to generate more revenue.
  - 10.1.2 Outsource all StarTran's Marketing (save \$25,000 by eliminating marketing position at StarTran).
  - 10.1.3 Reduce Saturday Service during off peak hours.
  - 10.1.4 Reset bus fares. (Consider free fares, 25¢ fares, and \$1.00 fares)
  - 10.1.5 Evaluate Administrative Staff Cuts.

- 10.1.6 Evaluate the elimination of one bus route. (The South Pointe route could possibly save \$150,000).
- 10.1.7 Don't provide bus service to new development areas to save money.

**11. CITY'S RESPONSIBILITIES**

- 11.1 Assign City contacts to coordinate work activities of the City designated team, Consultant, and other affected City Departments.
- 11.2 Provide pertinent data for use by interested firms including a link to the August 2007 Transit Development Plan.  
<http://lincoln.ne.gov/city/plan/transit/finalrpt/index.htm>
- 11.3 Provide all policy and budgetary decisions so as to allow timely completion of the work.
- 11.4 Supply pertinent existing records, and other available information.
- 11.5 Provide the contractor with copies of section 4.66 of the Lincoln Municipal Code (LMC) that sets out the duties and responsibilities of the City Audit Advisory Board. <http://lincoln.ne.gov/city/attorn/lmc/ti04/ch466.pdf>
- 11.6 Provide copies of the Lincoln Municipal Code Section 2.38, which sets out the duties of StarTran. <http://lincoln.ne.gov/city/attorn/lmc/ti02/ch238.pdf>

**12. TENTATIVE PROJECT SCHEDULE**

- |      |                                 |                                 |
|------|---------------------------------|---------------------------------|
| 12.1 | Advertise Proposals             | April 29, 2011                  |
| 12.2 | Receive Proposals               | June 6, 2011                    |
| 12.3 | Review Proposals                | June 8-15, 2011                 |
| 12.4 | Interview and Select Firms      | June 27-30, 2011                |
| 12.5 | Finalize Contract               | July 20, 2011                   |
| 12.6 | Begin Study Work                | August 1, 2011                  |
| 12.7 | Complete and Submit Draft Study | Please include in your response |
| 12.8 | Present Final Study & Report    | Please include in your response |

**13. PROPOSAL CONTENTS**

- 13.1 Describe and outline the timeline and key work elements of the **Firm's Approach** to performing the work required by this project.
  - 13.1.1 Include implementation plan describing project phases, key work elements to meet critical project dates, and a recommended schedule of meetings to provide for timely input by City Designee team.
- 13.2 Outline the **Proposed Project Schedule** to meet the project schedules previously outlined in the RFP.
  - 13.2.1 Provisions for meaningful input from City Designee team during the initial and final phases of the study, and of various portions of the project are essential and shall be addressed.
- 13.3 Delineate the **Project Team and Organization** for this project.
  - 13.3.1 Include names of key individuals to be assigned to, and work directly on, the project.
  - 13.3.2 Describe specific areas and limits of responsibilities for each of the team members and proposed sub-consultants to be utilized.
  - 13.3.3 Include a project team organizational chart showing lines of responsibility and extent of involvement for sub-consultants. Include resumes for project team members, key individuals, and sub-consultants.
- 13.4 Describe the **Ability of the Firm to Meet the Intent of Required Services** Outlined in this RFP, including:
  - 13.4.1 Time availability of team members to meet the tentative project schedule.

- 13.4.2 Quality Assurance and Quality Control (QA/QC) review procedures to be utilized on this project.
- 13.4.3 Cost estimating and cost control procedures used by firm on similar projects.
- 13.4.4 A statement of general qualifications and background experience of the firm and project team members, including sub-consultants in this type of project and work.
- 13.4.5 In addition to information provided in response to RFP provide further detailed statement of general qualification and background experience of the firm and project team members, including sub-consultants proposed for this type of project and work.
  - 13.4.5.1 Include a report comparable to similar projects similar size, capacity and cost.
- 13.4.6 Listing of types of anticipated assistance that may be required from Owner.
- 13.4.7 Submit four contacts of former clients (to include contact person, title, and telephone number) for which your firm was engaged within the past five (5) years to perform similar financial analysis, cost of service and rate studies.
- 13.4.8 Proposals shall be provided on plain white paper; limited to 25 pages in length; and, stapled in the upper left corner. This does not include cover letter and resumes.

**14. EVALUATION CRITERIA**

- 14.1 Understanding of the requirements of this project.
- 14.2 Relevance and suitability of the project approach and schedule to meet the needs of the City.
- 14.3 Qualifications and expertise of the key personnel to be assigned to this project.
- 14.4 Background experience of the firm and the project team as it directly relates to this project.
- 14.5 Record of past performance on similar projects.
- 14.6 Comments and opinions provided by references.
- 14.7 Quality and cost control procedures to be used on this project. Identify personnel responsible for these controls.
- 14.8 Resources of the firm to conduct and complete this project in a satisfactory manner. Factors to be considered include: current work load (including current work with the City); schedule for completion; and, ability and willingness to commit the key personnel to complete the projects by the scheduled dates outlined in this RFP.
- 14.9 Clarity, conciseness, completeness, and organization of proposal.
- 14.10 Proposals will be reviewed, evaluated and short listed/ranked (e.g.: 1, 2, 3) in accordance with the City's selection process and procedure.
- 14.11 The top ranked firm will be invited to scoping and contract negotiation meetings.
- 14.12 Fees will be part of evaluation.

**15. SUBMITTAL PROCEDURES**

- 15.1 Submit five (5) copies (one (1) original and four (4) copies) of your proposal to Vince M. Mejer, Purchasing Agent, City of Lincoln, 440 South 8<sup>th</sup> Street, Suite 200, Lincoln, Nebraska, 68508, **no later than the date and time stated in this Request for Proposals.**
- 15.2 Mark the outside of the container with the name of the project. Proposal must be submitted in a sealed envelope or container.

**16. ESTIMATED FEES**

- 16.1 The City will rank the proposals based on the criteria outlined in the RFP and determine a short list.
- 16.2 The firms shall submit a detail scope with a proposed fee structure for negotiation, to include hourly rates.
  - 16.2.1 Fees shall be submitted in a separate envelope and included with your proposal.
- 16.3 If the City is unable to arrive at a mutual agreement with the top ranked firm, the City retains the sole right to move on to negotiations with the second (then third, etc.) ranked firm.

**17. INSURANCE**

- 17.1 Successful firm shall obtain all insurance required and approved by the City Attorney for the City of Lincoln. Standard Certificate of Insurance requirements can be found on the City website at:  
[www.lincoln.ne.gov/city/finance/purch/index.htm](http://www.lincoln.ne.gov/city/finance/purch/index.htm)
- 17.2 All certificates of insurance shall be filed with the City of Lincoln on the standard Accord Certificate Of Insurance form showing the specific limits of insurance coverage required in Sections A, B, C, D, and showing the City of Lincoln as named additional insured.
  - 17.2.1 Such certificate shall specifically state that insurance policies are to be endorsed to require the insurer to provide the City of Lincoln thirty days notice of cancellation, non-renewal or any material reduction of insurance coverage.
- 17.3 Successful firm shall use the standard City of Lincoln contract form and language found on the City Attorney's website at:  
[www.lincoln.ne.gov/city/attorn/contract/contents.htm](http://www.lincoln.ne.gov/city/attorn/contract/contents.htm)

**Advertise X time  
Wednesday, XXXXXX, 2011**

**City of Lincoln/Lancaster County  
Purchasing Division  
REQUEST FOR PROPOSALS**

Sealed proposals will be received by the Purchasing Agent of the City of Lincoln/Lancaster County, Nebraska **BY ELECTRONIC PROCESS** until: 12:00 pm, XXXXX, XXXXX, 2011 for providing the following:

**CONSULTING SERVICES  
FOR  
FINANCIAL, MARKETING, MANAGEMENT AND OPERATIONAL  
ANALYSIS OF CITY'S BUS SERVICES KNOWN AS STAR TRAN  
Bid No. 11-XXX**

Submitters must be registered on the City/County's E-Bid site in order to respond to the above request. To Register go to: [lincoln.ne.gov](http://lincoln.ne.gov) (type: e-bid - in search box, then click "Supplier Registration")

Upon e-mail notification of registration approval, you may go to the E-Bid site to respond to this bid. Questions concerning this bid process may be directed to City/County Purchasing at (402) 441-8313 or (402) 441-7410 or [vmejer@lincoln.ne.gov](mailto:vmejer@lincoln.ne.gov)

Handouts  
for  
Item Four

**AGREED UPON PROCEDURES - ENGINEERING REVOLVING FUND - CITY OF LINCOLN, NE**

**Time Period for all Testing: September 1, 2009 - August 31, 2011.**

Examine and test internal control structure for the following elements:

- Cost accounting practices and procedures
- Billing procedures and controls
- Systems for tracking and allocating direct labor costs
- Systems for allocating indirect labor costs to appropriate indirect labor categories.

Track 25 labor samples from employee time records to:

- The payroll records to assure hours recorded are paid
- The cost system to assure hours are posted properly to jobs
- The general ledger to assure that the total posted is recorded in the financial accounting system.

Verify that the revenue earned from billable hours is recorded accurately in the general ledger and reconciles to the job cost system.

Verify the accuracy of the calculation of the overhead rate.

Verify if costs included in the overhead rate are appropriate or should be funded with other sources of revenue.

Examine other fees of the engineering revolving fund to determine if, at a minimum, all costs are recovered through the fees. Other fees include map sales, sidewalk permits, curb cuts, and the general fund reimbursement.

Additional Information:

• Revenues for FY 10/11:	
Engineering fees	6,515,884
General fund reimbursement	203,303
Misc revenue	<u>563,783</u>
Total Revenues	7,282,970
• Expenditures for FY 10/11	(7,633,790)
• Net Income (Loss)	(350,820)

Handouts  
for  
Item Five

# **“Engineering Services Charges/Fees compared to a Private Engineering Consultant”**

## **GENERAL SCOPE OF WORK**

The selected consultant shall conduct a detail evaluation and examination of the current Engineering Services Division (ESD) charges and fees as compared to Private Engineering firms from other Cities located in the mid-west region. The private firms selected for comparison must regularly provide a full range of Civil & Transportation Engineering Services to Municipalities for their Planning and Engineering activities. The firms sampled must be from cities that are at least equal to or greater than Lincoln, in size and population. Based upon the external data collected, the consultant shall establish a benchmark to compare the current charges & fees identified in the ESD “Engineering Revolving Fund”. Accordingly, the consultant shall identify and prepare recommendations for the City. Typical services provided by the ESD include preliminary engineering, final design and construction engineering & inspection. To assist with this comparison, attached is a current organization chart for the Engineering Services Division. The number of private firms included in the comparative analysis should represent a statistically significant sample size.

The proposed comparative analysis should also consider services such as Project Management; General Project Meetings; Project Survey & Right-of Way Survey; Utility Coordination; Public Involvement; Drainage Analysis; Traffic Engineering Analysis; Geotechnical Evaluation; Environmental Evaluation; Preliminary & Functional Design; Final Design; Acquisition of Right-of-Way; Quality Assurance & Quality Control; Permit Applications & Agreements; Construction Engineering & Inspection; Fixed Fee Determination; Overhead Rate Determination; Direct Expenses.