



Board Report

File #: 2018-0184, File Type: Contract

Agenda Number: 43.

SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE JUNE 21, 2018

**SUBJECT: CONTRACTED TRANSPORTATION SERVICES -
NORTH REGION**

ACTION: AWARD CONTRACT

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a five-year firm fixed price Contract No. OP52365000 to Transdev Services Inc. for contracted bus services in the North Region for an amount not-to-exceed \$105,816,969 effective August 3, 2018.

ISSUE

Metro operates 18 bus lines that are contracted to private transportation companies. The North Region contractor currently operates six of these lines as follows: 96, 167, 177, 218, 501, and 603.

Contracting a portion of our bus service has provided both cost and operational benefits. Annual savings are realized through the lower operating costs of the contractors. Contracted bus service allows for greater flexibility in the ability to modify service levels. Specifically, lines can quickly be added, cancelled, or modified as a result of space requirements at the divisions.

The current contract with Transdev Services, Inc. (Transdev) for operating bus service in the North Region is scheduled to expire on August 2, 2018. A new contract is required to continue the service. This region covers the San Fernando Valley and City of Los Angeles areas.

DISCUSSION

In April 2013, the Board awarded a five-year contract with Transdev. The new contract term will begin on August 3, 2018 and end on August 2, 2023. Metro's Service Scheduling and Planning department generates all contracted bus service schedules and includes all North Region routes in performance and planning analysis. Changes are effected semiannually or as needed to ensure optimal and efficient service performance. The table below provides FY17 performance information in terms of revenue service hours and ridership.

Line	Route	FY17 Annual Revenue Service Hours	FY17 Annual Passengers
96	Metro Local - Downtown Los Angeles to Burbank Station	26,439	430,740
167	Metro Local - Chatsworth to Studio City	30,504	715,928
177	Metro Local - Pasadena, JPL to La Canada Flintridge	2,270	62,263
218	Metro Local - Studio City to Beverly Hills via Laurel Canyon Blvd	16,010	282,280
501	Metro NoHo - Pasadena Express Orange Line to Gold Line, Pasadena to North Hollywood via SR134	29,005	371,512
603	Metro Local - Grand LATTTC to Glendale Galleria	62,935	2,518,727
Total		167,163	4,381,450

The new Contract contains additional provisions related to vehicle maintenance, including dedicated positions for maintenance of Metro-owned communications equipment such as Advanced Transportation Management System (ATMS), Automatic Passenger Counting (APC), specific vehicle body damage and cleanliness standards, and procedures for the transfer of vehicles to and from the contractor to further increase service flexibility. The Contract also contains the same provisions that allow for service levels to be increased or decreased over the term of the Contract based on Metro operational needs. Additionally, Metro implemented new provisions to incentivize contractor application for and receipt of fuel tax credits and/or grants for the maintenance of Metro's vehicles. Such provisions allow the contractor to retain a majority of the fuel tax credits/grants toward the beginning of the contract period and gradually balance during the course of the contract so that both parties evenly retain fuel tax credits/grants.

Finally, for this procurement and for the prior two Contract Services East and South region procurements awarded in 2017, Metro included a stipulation restricting Contractors from being awarded multiple contracts. This restriction was put in place to protect the agency in the event a Contractor experienced a work stoppage due to union actions or failed annual California Highway Patrol Motor Carrier inspections resulting in service restrictions. Specifically, this new Contract for the North Region includes staff represented by the Teamsters Union. It is Metro's intent to protect the interest of our patrons and maintain service for the East, South and North regions as a part of the Contract Services program.

The Disadvantaged Business Enterprise (DBE) goal established by Metro's Diversity & Economic Opportunity Department (DEOD) for this Contract is 5%. The project manager will be responsible for

monitoring this goal on a regular basis for the duration of the Contract to ensure that the contractor is in compliance with the terms, conditions, and any goals set for this Contract.

DETERMINATION OF SAFETY IMPACT

The proposed Contract contains provisions requiring training levels to ensure the safest possible operation of our equipment and service.

FINANCIAL IMPACT

Funding of \$18,162,985 for the first year of this contracted service is included in the FY19 budget in Cost Center 3591; Project 306001, Operations Transportation, Account 50801, Purchase Transportation.

Since this is a multi-year contract, the cost center manager and Chief Operations Officer will be accountable for budgeting the cost in future years, including any options exercised.

Impact to Budget

Funding for this action will come from federal, state and local sources including sales tax and fares that are eligible for Bus Operations. These funding sources maximize the allowable fund use given approved funding provisions and guidelines.

ALTERNATIVES CONSIDERED

Staff considered bringing these services in-house. Metro's Bus Operating Cost is \$175.90 per revenue service hour and the contractor average bus rate for this award is \$124.13 per revenue service hour. Based on this comparison, it would cost Metro significantly more to operate these services in-house. In addition, physical modifications would be needed at our existing facilities to accommodate the additional buses and division staff, and training would be required to operate and maintain the different types of buses currently used to provide contracted bus services. Given that the overall performance of these lines has historically met or exceeded Metro's performance targets and standards, staff does not recommend bringing these services in-house.

NEXT STEPS

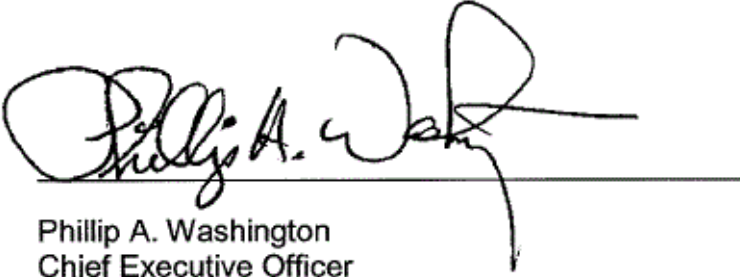
Upon Board approval, staff will execute the Contract awarded to Transdev Services Inc. effective August 3, 2018.

ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - DEOD Summary
- Attachment C - Metro North Region Contract Services Bus Lines Map

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