



Board Report

File #: 2018-0757, **File Type:** Motion / Motion Response

Agenda Number: 27.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE JANUARY 17, 2019

SUBJECT: CONTRACTED BUS SERVICES BUS FIRES MOTION 27 RESPONSE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the status update for item 37 entitled Burning Bus Motion regarding Contract Bus Services provider MV Transportation.

ISSUE

On Thursday, December 6, 2018, the Board of Directors (Board) approved Motion 37 by Directors Hahn, Solis, Butts & Krekorian (Attachment A), requesting staff to provide a comprehensive report within 30 days that addresses the directives below:

- A. Expedite the replacement of all 52 diesel buses operating in the South Bay region ahead of Metro's current schedule, to ensure the safety of drivers and passengers;
- B. Fully investigate the circumstances surrounding the incidents whereby 7 of these buses caught fire, how driver complaints about safety issues were handled and an explanation as to why the Board was not informed of these incidents;
- C. Conduct a full review of Metro's contract with MV Transportation, including maintenance, quality control and driver safety issues; and
- D. Conduct a full review of Metro's practice of contracting bus services out, and advise as to the feasibility of Metro directly providing bus services instead of through contractors.

BACKGROUND

Metro operates eighteen bus lines that are contracted to private transportation companies. MV Transportation (MV), South Region contractor, currently operates the following seven lines: 125, 128, 130, 205, 232, 607, and 625. MV Transportation is currently operating a fleet which includes the last remaining diesel Orion VI buses purchased by Metro in 2000. From 2015 to 2018, a total of seven buses experienced issues which resulted in engine fires. Of the seven incidents, two occurred while the buses were in-service with passengers however, no injuries were reported.

DISCUSSION

Ensuring the delivery of service that is safe and reliable for Metro customers and employees, including all contractors, continues to be Metro's top priority.

Expedited Diesel Bus Replacement

Metro will replace a total of sixty-six vehicles with new El Dorado CNG buses by spring 2019. To date, Metro has already replaced a total of seventeen Orion buses with 2014 and 2015 model CNG buses that were previously allocated to Dodger Stadium Express (DSE) service and Metro locally operated service. This is a short-term assignment of CNG buses for MV that will be superseded with the arrival of new CNG buses. Metro has confirmed that new CNG buses will arrive in the spring of 2019 and the delivery schedule will target eight buses per week. Once the diesel buses are replaced at MV with new CNG buses, they will be decommissioned, retired, and will not be used by any other contractor or by Metro.

Investigation of Bus Fire Incidents, Operator Report Handling & Board Notifications

From 2015 to 2018, a total of seven buses experienced the following issues resulting in engine fires:

- Short circuit of a stripped cable caused the ignition of surrounding materials in the area of the gas valve.
- Hydraulic hose failed, spraying hydraulic fluid mist which was ignited by alternator connectors.
- Short circuiting starter motor cable damaged nearby hydraulic fluid hose causing hydraulic fluid to spill and ignite on starter cable.

Metro staff has issued an engineering contract work order to an outside third party who will conduct a comprehensive bus functional hazard inspection and analysis of MV Transportation's remaining thirty-five diesel buses. The comprehensive assessment will include inspections, failure and fire hazard analysis of diesel bus engines, fuel, and exhaust systems that may lead to combustible material hazards or bus fires; along with the identification of any risk hazards in these diesel buses. This assessment will be completed by March 2019 and any recommendations will be used to make necessary fleet or contractual changes to deliver service that is safe and reliable.

Metro reviewed the process for handling frontline staff, including contractors, concerns regarding equipment safety and maintenance.

- When Metro and Contract Services bus operators experience a problem with a vehicle or its condition, as it relates to safety or otherwise, they complete an Operator Incident Report. These reports are logged and immediately reviewed and transferred to Maintenance in an effort to address any safety or maintenance concerns.
- Metro requires Contract Services contractors to perform preventive maintenance inspections (PMIs) every 3,000 miles, including brake inspections. Preventive maintenance activities are documented and any necessary repairs are documented via work orders and kept electronically.
- Metro and Contract Services contractors utilize Operator Vehicle Condition Reports used by operators to report all bus safety concerns and defects at the beginning of each pull-out.

These reports are reviewed daily and addressed by the appropriate maintenance staff.

Board Alerts

Board Alerts are issued to board members when there is a Code 2 incident that results in a fatality or when media are present on scene of an incident. Because the MV bus incidents referenced above were *contained* bus fires that did not result in fatalities nor was media called on scene, Board Notifications were not sent in these specific instances. Board offices can opt-in to receive the next level of notifications exclusive to executive staff outlined in Attachment B.

MV Transportation Contract Review - Maintenance and Quality Assurance (QA)

Metro's Quality Assurance (QA) Department performed multiple reviews of MV's Orion fleet (October 2018 and December 2018). Findings range from hydraulic oil leaks, hydraulic fan chaffing, damaged wiring and cable insulation, and insufficient engine area cleanliness activities. To date, MV Transportation has an improved maintenance system in place, work orders have been completed and closed for the various defects identified by QA, and work orders are being generated for any additional repairs necessary. Metro's QA Department will continue monitoring all contractor inspections and maintenance activities to ensure that service meets Metro standards.

On November 9, 2019, Metro directed MV to complete the following corrective actions, vehicle modifications, and maintenance campaigns to prevent similar issues from occurring and ensure the safety of our equipment for MV staff and our customers:

- Routine Steam Cleaning
- Alternator/Battery Cable
- Battery/Starter Cable
- Hydraulic Lines
- General Cable/Hose Routing Securement

Lastly, Metro's Audit Department will perform an independent audit of our contract with MV, focusing on the following areas:

- Review Maintenance Program
- Review Quality Control Activities
- Review Driver Safety Programs

This independent audit will be completed in the next three to six months and any recommendations to enhance safety or resulting in contract changes will be reviewed for implementation.

Metro Contracted Bus Services Practice & Feasibility of Directly Operating Services

Metro reviewed the practice of contracting bus services. In March 1995, a group of high subsidy lines were approved to be contracted out to various contractors. As a result of that board action, thirty-eight Metro local lines qualified for potential subcontracting or transfer.

Currently, Metro utilizes three private transportation contractors (MV, Transdev and Southland Transit Inc.) to run eighteen bus lines throughout Los Angeles County and provide Dodger Stadium Express Service. The three contractors operate about 500,000 annual revenue service hours (RSH) at a lower

rate compared to utilizing directly operated service. Of this number, MV operates approximately 210,000 annual RSH for Metro; Transdev operates 170,500 annual RSH; and Southland Transit Inc. operates 115,000 annual RSH. Metro's budgeted FY19 fully burdened rate, including fringe benefits, for directly operated service is \$174.97/RSH and the contracted services fully burdened average rate is \$121.29/RSH, a difference of \$53.68/RSH. Details for each contracted bus service provider can be found below:

Provider: MV

5-Year Contract Term: July 2017 through June 2022 (currently in year 2)

Contract Value: \$127,280,617

Total RSH over the Contract Term: 1,050,000

Total Number of Represented Staff (full-time): 226

Union: Teamsters Local 572

Provider: Transdev

5-Year Contract Term: August 2018 through August 2023 (currently in year 1)

Contract Value: \$105,816,969

Total RSH over the Contract Term: 852,500

Total Number of Represented Staff (full-time): 163

Union: Teamsters Local 848

Provider: Southland Transit Inc.

5-Year Contract Term: July 2017 through June 2022 (currently in year 2)

Contract Value: \$65,245,597

Total RSH over the Contract Term: 575,000

Total Number of Represented Staff (part-time & full-time): 108

Union: Amalgamated Transit Union (ATU), AFL-CIO

The three existing contracted services contracts document a process in which termination for convenience may be effected with opportunities for the contractors to potentially submit fees and liability costs to Metro. Specifically, Metro may be exposed to claims, liabilities, and any fees and costs, including but not limited to, work performed, equipment, amortization, depreciation and administrative expenses, and infrastructure investments. This does not address the potential impact to almost 500 operators, mechanics, and supervisors. A rough order of magnitude estimate for terminating the three contracts, including the increase to Metro in operating costs and value of potential claims, can be found below. The annualized cost increase to Metro is an estimated \$38 million (increase in annual operating costs and facility lease expenditures). Therefore, staff does not recommend terminating any contracted services contracts for convenience at this time.

**Annualized Rough Order of Magnitude Estimate
Contract Termination for Convenience**

Operating Costs	
Increase in Annual Operating Cost to Metro	\$ 26,598,440
Operating Cost Total	\$ 26,598,440
Potential Claims	
SBE/DBE Contract Cancellation (15 contracts)	\$ 7,441,446
CNG Station/Facility Construction	\$ 5,590,463
Fare Collection Services	\$ 265,725
Vehicle Insurance, Fuel & Maintenance	\$ 1,517,711
Taxes & Interest	\$ 1,239,732
Potential Claims Total	\$ 16,055,078
Subtotal (Operating Costs + Potential Claims)	\$ 42,653,518
Budgeted Expenditures	
<i>Facility Leases (4 Locations)</i>	\$ 9,901,015
<i>Equipment Leases/Depreciation (Operations and Maintenance Related)</i>	\$ 1,457,062
Budgeted Expenditures Total	\$ 11,358,077
Grand Total	\$ 54,011,595

DETERMINATION OF SAFETY IMPACT

Approval of this item will have a direct impact on the safety of our customers as the Contract Services program strives to deliver service that is safe and reliable.

FINANCIAL IMPACT

All costs relative to Contract Services contract and/or fleet changes, project and programs will be approved during the regular budget process. The Department project manager will be responsible for budgeting all Contract Services projects and programs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this recommendation supports the following Metro Strategic Plan Goal: 2) Deliver outstanding trip experience for all users of the transportation system.

NEXT STEPS

Staff will continue to work closely with MV Transportation to ensure the delivery of service that is safe

and reliable for Metro customers and employees. Also, Metro and MV Transportation will continue to work collaboratively to prevent any issues related to bus fire incidents. Metro and MV will continue to keep safety a top priority and proactively address all bus fleet maintenance issues in a timely manner. Lastly, staff will continue scheduled bus replacement efforts as the new El Dorado CNG buses are delivered and accepted.

ATTACHMENTS

Attachment A - Motion 27- Burning Bus Motion

Attachment B - Code 2 Criteria

Prepared by: Nancy Saravia, Senior Manager, Operations, (213) 922-1217

Sandra Solis, Director Admin & Finance, (213) 922-6266

Diane Corral-Lopez, EO Admin & Finance (213) 922-7676

Reviewed by: James T. Gallagher, Chief Operations Officer, (213) 418-3108

Debra Avila, Chief Vendor/Contract Management Officer, (213) 418-3051