



Board Report

File #: 2021-0741, File Type: Contract

Agenda Number: 23.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE FEBRUARY 17, 2022

SUBJECT: CONTRACTED TRANSPORTATION SERVICES - EAST REGION AND SOUTH REGION

ACTION: APPROVE CONTRACT AWARDS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. AWARD an indefinite delivery/indefinite quantity Contract No. PS76258000, for the East Region contracted transportation services, to Southland Transit, Inc. The contract not-to-exceed amount is \$90,032,724, for the five-year base period and \$57,511,425, for the one, three-year option, for a combined not-to-exceed amount of \$147,544,149, effective July 1, 2022, subject to resolution of protest(s), if any; and
- B. AWARD an indefinite delivery/indefinite quantity contract No. PS76258001, for the South Region contracted transportation services, to MV Transportation, Inc. The contract not-to-exceed amount is \$148,645,400, for the five-year base period and \$101,588,036, for the one, three-year option, for a combined not-to-exceed amount of \$250,233,436, effective July 1, 2022, subject to resolution of protest(s), if any.

ISSUE

The current contracted transportation services contracts for the East and South Regions are scheduled to expire on June 30, 2022.

To ensure continuous contracted bus transportation services, two new contract awards are required to be in effect by July 1, 2022. The two new contracts will provide uninterrupted transportation services to the East and South regions of Los Angeles County. The East Region services the San Gabriel Valley and Gateway Cities communities, while the South Region services the South Bay and Gateway Cities communities.

Bus transportation services' safety and reliability are important for improving the customer experience of our riders throughout Los Angeles County. The contract awards to Southland Transit, Inc. and MV Transportation, Inc. will provide reliable and safe bus transportation for riders throughout Los Angeles County.

BACKGROUND

In 1996, the Consent Decree, an agreement between Metro and the Bus Riders Union (BRU), required Metro to increase its service levels within disadvantaged and underserved communities. As a result, Metro decided to contract out multiple bus lines due to the bus lines’ high subsidy cost per passenger and the contracted companies’ ability to quickly ramp up service and fleet levels. These improvements resulted in 13 bus lines operating in the East and South Regions. Currently, the changes to community needs have led to nine bus lines operating in the regions. These lines are made up of a combination of Consent Decree-impacted bus lines, regular local bus lines, and special event-based bus services. Contracting a portion of Metro’s overall bus services has provided both cost and operational benefits:

- Annual savings are realized through the lower operating costs of the contractors.
- Modifications to or expansion of existing Metro bus divisions are not necessary when new services are added due to available contractor capacity.
- Contract terms and conditions allow greater flexibility during service changes (e.g., lines can be quickly added, canceled, or modified, etc.).

The information below depicts a detailed breakdown of the current contracted bus transportation services contracts for the East and South Regions.

The East Region contractor currently operates four of nine lines and are as follows: 256, 266, 577, and 605.

Line	Description	Annual RSH*	Annual Passengers**
256	Commerce - Sierra Madre Villa Station via Eastern Ave-Ave 64-Washington Bl.	24,561	445,792
266	Sierra Madre Villa Station - Lakewood Center Mall via Rosemead Bl.	63,242	1,515,213
577	Metro Express (El Monte Station - Long Beach VA Medical Center via I- 605 Fwy)	20,697	222,861
605	LAC+USC Medical Center - Boyle Heights	21,967	624,397

*RSH = Revenue Service Hours as of September 2021 Shake-Up Hours

**Annual Passenger count is for 2019 ridership pre-Covid.

The South Region contractor currently operates five of nine lines and are as follows: 125, 128, 130, 205, and 232.

Line	Description	Annual RSH*	Annual Passengers**
125	El Segundo - Norwalk Station via Rosecrans Av.	53,661	1,374,272
128	Compton Station - Cerritos Towne Center via Alondra Bl.	15,815	269,539

130	Cerritos - Artesia Station via Artesia Bl.	13,639	741,188
205	Willowbrook Station - San Pedro via Wilmington Av-Vermont Av.	48,590	1,048,863
232	LAX City Bus Center - Long Beach - via Sepulveda Bl-Pacific Coast Hwy	64,764	1,494,603

*RSH = Revenue Service Hours as of June 2021 Shake-Up Hours

**Annual Passenger count is for 2019 ridership pre-Covid.

Metro’s Contracted Services ensures bus contractors provide safe, clean, on-time and reliable bus transportation services system-wide. Under this approach, contractors are accountable as bus transportation service providers that are responsible for meeting goals and delivering a level of service compliant with Metro’s standards. Contract Services works in partnership with all of the contractors to provide seamless world-class transportation services.

...Discussion
DISCUSSION

Under these new regional contracts, each contractor will continue to provide contracted bus transportation services within their defined locations while implementing innovative technologies and bringing increased value to Metro.

The selected East Region contractor, Southland Transit, Inc., has committed to overhauling the division’s security system by replacing its current surveillance cameras with state-of-the-art wide and fisheye lens cameras. In conjunction with their new Hye Tel, Inc. cloud-based surveillance system and perimeter intrusion detection technology, these cameras will allow contractor staff to immediately identify and report security breaches to the appropriate law enforcement organization. Southland will also employ SaaS Hosted software, from Ron Turley & Associates, to modernize their maintenance recordkeeping and scheduling processes. These efforts will evolve the division into a modern and effective transit division.

The selected South Region, MV Transportation, Inc., contractor has committed to spearhead the advancement of contracted service vehicle maintenance through adopting and implementing the HoloLens2 maintenance system. This technology will provide an extended reality system that provides remote assist, built-in guides, and other tools that will aid technicians in following maintenance and repair best practices. MV has also arranged for full integration into the Swiftly performance monitoring system to improve better overall service performance, customer information, and system reliability. These tools will allow MV to continue their upward climb in the areas of reliability and performance.

The transportation bus service contracts have been updated to include increased contractor accountability through the establishment of Key Performance Indicators (KPI) (e.g., In-Service On-Time Performance (ISOTP), Mean Miles Between Mechanical Failure (MMBMF), bus cleanliness, accident frequency rate, etc.) that are better aligned with Metro’s directly operated divisions, more modern cybersecurity requirements, and the re-introduction of contract extension options. These extension options will allow Metro to maximize the value of its purchased transportation by increasing amortization periods and reducing the frequency of costly transition when dealing with satisfactorily performing contractors. The contract retains the same provisions that allow for quick and efficient changes to service levels, throughout the contract term, based on Metro’s operating needs. Finally,

both selected contractors, already possess fully operational CNG fueling stations, allowing for seamless operational support during contract period transitions.

Metro’s Service Planning Department includes all the East and South Region routes in their performance and planning analysis. Service changes are implemented semi-annually or as needed, to ensure optimal and efficient service. In addition, the East and South Regions have been integrated into the NextGen Bus Plan, which will restructure Metro’s bus network to be more relevant to today’s travel patterns, provide more frequent service on key corridors, particularly during off-peak times, and improve the speed of service via transit supportive infrastructure.

Southland Transit, Inc., has operated Metro’s East Region contracts for the past 16 years (since April 2005). Southland has consistently met and exceeded Metro’s performance requirements, achieving timeliness, cleanliness, and reliability scores that are often among the best in the agency. During FY21, Southland averaged 90.8% In-Service On-Time Performance (ISOTP); this is well above the required 80.0%. Southland simultaneously averaged 9,011 Mean Miles Between Mechanical Failures (MMBMF), staying above the 7,500 mean miles required by the contract, and a 9.6 bus cleanliness rating, exceeding the 8.0 rating required by the contract. Their proposed management team consists of experienced and vetted transit professionals that bring the best in their respective areas to the project and have continuously demonstrated their ability to exceed Metro’s performance requirements.

MV Transportation, Inc., has operated Metro’s South Region contracts for the past 10 years (since October 2010). MV has recently transitioned to an all-CNG fleet significantly improving their performance. No other contracted division has shown as much improvement over such a short period of time. Since receiving authorization to perform service on their new ENC bus fleet, MV has averaged 13,019 MMBMF. MV has achieved an average bus cleanliness score of 8.9, throughout FY21, and an average 1.99 traffic collisions per 100K miles, well below the maximum 3.0 traffic collisions per 100K miles required by the contract. Their proposed management team is single-handedly responsible for improving performance and making their division one of the agency’s top performers in reliability, cleanliness, and safety.

For a comparison of Directly Operated and Purchased Transportation Bus KPIs, see table below:

Comparison Between Directly Operated & Purchased Transportation Bus KPIs		FY2021		
		D.O.	Southland	MV
KPI-1	ISOTP - On	77.62%	90.80%	77.70%
KPI-2	ISOTP - Ea	4.58%	0.60%	1.40%
KPI-3 ¹	Complaints	5.36	3.03	6.78

KPI-4 ²	Mean Miles	3812	9011	5217
KPI-5	% On Ontim	94.17%	99.68%	99.36%
KPI-6	Bus Cleanlin	8.4	9.6	8.9
KPI-7 ³	Bus Traffic	3.17	1	0.66

¹ KPI-3: Purchased Transportation differ from Directly Operated in that complaints can be disputed if believed to be invalid.

² KPI-4: Purchased Transportation differ from Directly Operated in that Road Calls may be utilized to prevent Mechanical Failures Requiring Bus Exchange on the field.

³ KPI-7: Purchased Transportation differ from Directly Operated in that only preventable bus traffic accidents are factored into the calculation.

The new contract periods will operate from July 1, 2022, through June 30, 2027. One, three-year extension option is available, per contract, which would extend each contract period through July 1, 2030.

DETERMINATION OF SAFETY IMPACT

The approval of this award will ensure to proactively continue to maintain and ensure the delivery of safe, clean, on-time and reliable bus transportation services.

FINANCIAL IMPACT

The not-to-exceed amount for the East Region, contract No. PS76258000, is \$90,032,724, for the five-year base period and \$57,511,425, for the three-year option, for a combined not-to-exceed amount of \$147,544,149. The costs for these contracted services are included in the FY23 budget in Cost Centers 3592; Project 306001, Operations Transportation, and Account 50801, Purchased Transportation.

The not-to-exceed amount for the South Region, contract No. PS76258001, is \$148,645,400, for the five-year base period and \$101,588,036, for the three-year option, for a combined not-to-exceed amount of \$250,233,436. The costs for these contracted services are included in the FY23 budget in Cost Centers 3592; Project 306001, Operations Transportation, and Account 50801, Purchased Transportation.

Since these are multi-year contracts, 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

The source of funds for this action will come from Federal, State, and Local funding sources including Fares. Using these funds will optimize the allocation based on approved guidelines and provisions.

EQUITY PLATFORM

Community members who live throughout and along the East and South Region lines will benefit from the bus services provided. It is utilized as one of the primary modes of transportation to work and other social destinations (Customer Satisfaction Survey, 2019). The service provided by the East and South region runs through Equity Focused Communities (EFCs) where Customer Satisfaction Survey results show: 71% take Metro buses 5 or more days a week, 53% of riders are

women and 89% are people of color. In addition, the employment of the local workforce and sponsorship of small businesses within the community presents an opportunity for Metro's Diversity & Economic Opportunity Department (DEOD) to continue engaging with small businesses in information sharing that could lead to future opportunities.

The DBE goal established by Metro's DEOD for this contract is 5%. Metro staff will be responsible for monitoring this goal regularly for the duration of the contract to ensure that the contractors are following the terms, conditions, and any goal set forth in this contract.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This Board action supports Strategic Goal 3: Enhance communities and lives through mobility and access to opportunity. Providing reliable bus services to the local communities supports Metro's goals to create prosperous communities and enabling individuals and families to access jobs, essential services, education, and other social, and recreational opportunities.

ALTERNATIVES CONSIDERED

Staff considered bringing these services in-house. Metro's fully burdened bus operating cost is \$203.01 per revenue service hour and the contractor revenue service hour rates for this award are \$147.10, per revenue service hour for the East Region, and \$126.13, per revenue service hours for the South Region. Based on this comparison, it would cost Metro significantly more to operate these services in-house. In addition, physical modifications would be needed at existing Metro facilities to accommodate the additional buses and division staff, and additional 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 standards, staff does not recommend bringing these services in-house.

NEXT STEPS

Upon Board approval, staff will execute Contract No. PS76258000 to Southland Transit, Inc. and Contract No. PS76258001 to MV Transportation, Inc. and monitor performance in accordance with the newly developed monitoring plan. The data collected will be utilized to determine whether to exercise the three-year options included in each of these contracts.

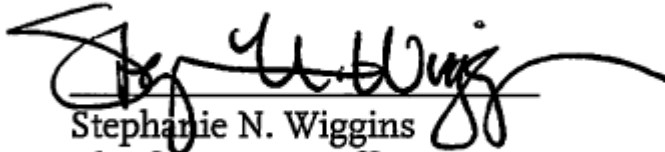
ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - East Region and South Region Service Maps
Attachment C - DEOD Summary

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