



Board Report

File #: 2022-0323, File Type: Contract

Agenda Number: 36.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
AUGUST 18, 2022**

SUBJECT: METRO FREEWAY SERVICE PATROL

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE contract modifications for 4 existing Freeway Service Patrol (FSP) contracts in an aggregate amount of \$4,466,000 thereby increasing the contract amounts from \$4,816,957 to \$9,282,957 and extending the periods of performance for the following contracts:
 - Beat 24: T.G. Towing, Inc. Contract No. FSP2833200FSP1424, for \$582,000 for up to 12 months, increasing the total contract amount from \$4,114,302 to \$4,696,302;
 - Beat 29: Platinum Tow & Transport, Inc. Contract No. FSP3470600B29, for \$438,000 for up to 12 months, increasing the total contract amount from \$3,707,024 to \$4,145,024;
 - Beat 42: Platinum Tow & Transport Contract No. FSP2842100FSP1442, for \$438,000 for up to 12 months, increasing the total contract amount from \$3,526,231 to \$3,964,231; and
 - Beat 60: Freeway Towing, Inc. Contract No. FSP5768900B60, for \$3,008,000 for up to 24 months, increasing the total contract amount from \$5,255,700 to \$8,263,700.

- B. APPROVE a change in the beat cap policy to increase the number of FSP Light Duty (FSPLD) tow service beats that a vendor can be awarded from 2 to 4, establish a two beat cap limit for FSP Heavy Duty (FSPHD), and a one contract cap for FSP Regional (FSPR) (Regional contracts are comprised of multiple beats).

ISSUE

Recommendation A authorizes contract modifications in the aggregate amount of \$4,466,000 to extend existing FSP tow service contracts to ensure no gaps in service.

Recommendation B increases the maximum number of FSPLD beats a vendor may have under contract, from 2 to 4 beats. In the last 3 solicitations for FSPLD beats, there have not been sufficient responsive/responsible bidders to award all contracts offered. The change to the beat cap is expected to increase the number of FSPLD contracts awarded. Increasing the beat cap limit to 4 beats will allow current capped out FSPLD contractors to bid and make the process more competitive for contracts. The recommendation also establishes a beat cap limit for FSPHD and a contract cap for FSPR (as detailed below in "Discussion").

BACKGROUND

As previously reported to the Board, during the early stages of the pandemic the worst congestion in the world had disappeared in a matter of weeks resulting in a reduction in FSP service levels. In late 2021, congestion started to return as people resumed their normal activities such as commuting to and from work. Except for a short period in January and February (spike in Covid-19 cases), congestion has steadily increased with a return to full (pre-pandemic) service levels as of May 1, 2022.

The FSP program is managed in partnership with Metro, CHP and Caltrans serving motorists on all major freeways in Los Angeles County. Metro's FSP program is the largest of its kind in the nation and maintains the highest level of benefit to cost ratio of all 14 FSP programs within California.

The program utilizes a fleet of roving tow and service trucks designed to reduce traffic congestion by efficiently rendering disabled vehicles operational by changing out flat tires, providing a jump start, adding water to the radiator, taping leaking hoses, or by quickly towing those vehicles from the freeway to a designated safe location. These services are free to motorists. Quickly removing motorists and their disabled vehicles from the freeway reduces the chances of further incidents caused by onlookers and impatient drivers. FSP helps save fuel and reduce air polluting emissions by reducing stop-and-go traffic through the provision of free services to motorists and operates seven days a week during peak commuting hours.

Metro contracts with independent tow service providers for light duty tow service on general purpose lanes on all major freeways in Los Angeles County, 2 light duty contracts on the ExpressLanes (I-110 and I-10), and 2 heavy duty (Big Rig) contracts (I-710 and SR-91) to assist large commercial vehicles. Each weekday, 138 tow and service trucks are normally deployed during peak commuting hours.

FSP light duty contracts are re-procured approximately every 4 years to replace aging vehicles, give tow service providers the opportunity to bid on new contracts, and allow new contracts to reset rates using current industry prices.

The annual benefit of the program is as follows:

- For individual beats, an annual Benefit to Cost Ratio of 9:1 - For every \$1 spent there is a \$9 benefit to motorists

- 300,000 motorist assists
- 5,175,845 hours motorists saved from sitting in traffic
- 8,897,277 gallons of fuel savings
- Approximately 78,296,040 kg of CO2 reductions
- The average motorist wait time for FSP service is 7 minutes (the average wait time for other roadside service is over 30 minutes)
- The Los Angeles County FSP program generates one-half of the cumulative benefits of the 14 FSP programs in the state.

DISCUSSION

The past 3 solicitations for FSP contracts have not resulted in a sufficient number of responsive/responsible bidders to award all contracts. Staff have held Metro Connect outreach events, attended tow industry events, and visited/called local tow operators to attract new bidders. Unfortunately, to date, these efforts have not produced significant interest in the program culminating in a recent cancellation of an IFB for eleven FSPLD beats. Additional outreach events will be held prior to the release of a subsequent IFB in September. Staff expects to return to the Board at the appropriate time for authorization to award new contracts.

Recommendation A requests funding to extend periods of performance for three Beats (24, 29, & 42) to avoid a gap in service provision. Authorizing contract modifications will ensure seamless and efficient operation of the FSP program until a new solicitation and contract award have been completed. It will also provide funds to address operating costs not recovered by contractors due to the reduction in service levels, increased insurance premiums, major maintenance expenses, fluctuating fuel prices, and to replenish funding to contracts that provide support to Caltrans construction projects through a Cooperative Agreement which reimburses Metro for FSP support.

Recommendation A will also increase funding and extend the period of performance for the Beat 60 FSPHD contract. Extending the contract for 24 months allows Metro to continue to provide the service using the existing high-cost/long-life vehicles that were underutilized for 2 years during the pandemic due to service reductions. The alternative is to allow the contract to expire and procure a new contract at potentially much higher hourly rates. Heavy duty tow trucks cost upwards of \$750k and can operate effectively for over 1 million miles.

On September 1, 2001, the Board approved two recommendations; A) Reducing the beat cap policy from 3 beats to 2 beats and B) Placing a temporary restriction on the number of beats a bidder can be awarded, without previous FSP experience in Los Angeles County, to one beat. Staff initiated these recommendations in response to a contractor with 3 beats defaulting and creating a significant service gap until the beats could be reprocured. Although there is always a risk of contractors defaulting, the risk is much lower now considering the higher value of FSP contracts, how the bidders are scrutinized during the solicitation process, and active program management to identify potential issues. Increasing the number of beats a contractor may operate from 2 to 4, as outlined in Recommendation B, will increase the number of available bidders for FSPLD contracts. The reason for increasing the beat cap to 4 versus 3 beats is so bidders with experience can bid on the 2 beat contracts that will be offered in the subsequent solicitation.

To further reduce program costs, staff have consolidated 2 beats into a single contract. Normally a single beat contract requires 1 backup truck to fill in when there are vehicle issues. However, by consolidating 2 beats into a single contract, it is possible to eliminate one of the backup trucks at a saving of approximately \$140,000. The recommendation will also establish a beat cap limit of 2 for FSPHD and a contract cap limit of 1 for FSPR. If the Board approves the recommendation, the combination of existing contracts and new awarded contracts may create a temporary overlap situation for several months where a contractor may exceed the program's beat/contract limits. At that time, staff will establish a reasonable contract overlap period on a case-by-case basis. Considering these factors, staff supports increasing the number of FSPLD beats a contractor with experience can operate from 2 beats to 4 beats, establishing a two-beat limit for FSPHD and a 1 contract limit for FSPR, while still placing a limitation on bidders/proposers without specific FSP experience to assure their ability to provide services consistent with Metro requirements through their initial contract.

DETERMINATION OF SAFETY IMPACT

The FSP Program enhances safety on Los Angeles County freeways by assisting motorists with disabled vehicles, towing vehicles from freeway lanes to prevent secondary accidents and removing debris/obstacles from lanes that can be a hazard to motorists.

FINANCIAL IMPACT

The amount of \$4,466,000 for the modifications is included in the FY23 budget in cost center 3352, Metro Freeway Service Patrol.

Impact to Budget

The FSP program is funded through a combination of dedicated state funds, SB1 funding and Proposition C 25% sales tax revenues. These funds are not eligible for Metro Bus and Rail Operating and Capital expenses. Metro is also reimbursed for the services provided to support Caltrans construction projects.

EQUITY PLATFORM

DEOD has implemented a two-phased Small Business Recruitment Strategy to increase the number of SBE/DVBE certified vendors specific to the towing industry and tow service providers. Through DEOD's Metro Connect Outreach Program), Congestion Reduction's Project Management and Contract Administration staff have scheduled separate pre-solicitation outreach events targeting untapped SBE, DVBE, and DBE-eligible firms within specific North American Industry Classification System (NAICS) codes. In addition, FSP program management staff will continue to outreach to the towing community by attending the annual tow show sponsored by the California Tow Truck Association, contact local towing firms via phone or in person, and reach out to former FSP tow contractors.

FSP contracts have continued to support Metro's Equity Platform by providing ever-increasing access to opportunities across various service areas. With three of four beats awarded to SBE Prime Contractors, the participation levels for the Small Business Enterprise program are significant with 100% credit captured for these contracts.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The FSP Program aligns with Strategic Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The program mitigates congestion on all major freeways in Los Angeles County.

ALTERNATIVES CONSIDERED

The Board may decide not to authorize the increase in contract modifications and/or the changes to the beat/contract limit policy. This alternative is not recommended as it could adversely impact the existing contracts and the level and quality of FSP service provided in Los Angeles County.

NEXT STEPS

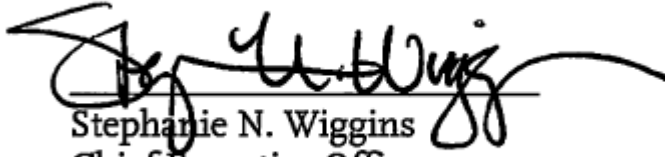
Upon Board approval, staff will execute the necessary contract modifications to assure efficient and seamless delivery of the FSP program and implement the new beat/contract limits policy. Staff will work on new procurements to address needs beyond FY23. Barring additional unforeseen impacts, staff will return to the Board at the appropriate time to secure approval for new contracts with services to commence in June 2023.

ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - Contract Modification Summary
- Attachment C - Contract Modification/Change Order Log
- Attachment D - FSP Beat Map
- Attachment E - DEOD Summary

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