



Board Report

File #: 2017-0299, **File Type:** Contract

Agenda Number: 31.

**SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
JUNE 15, 2017**

SUBJECT: CONTRACTED BUS SERVICE - EAST REGION

ACTION: AWARD CONTRACT FOR CONTRACTED BUS SERVICE

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to award a five-year, firm fixed unit price Contract No. OP38382000 to Southland Transit, Inc. for contracted bus services in the East Region in an amount not-to-exceed \$65,245,597 effective July 1, 2017, subject to resolution of protest(s), if any.

ISSUE

The current contract with Southland Transit, Inc. (Southland) for operating bus services in the East Region is scheduled to expire on June 30, 2017. A new contract is required to continue the service.

DISCUSSION

Metro operates 18 bus lines that are contracted to private transportation companies. The East Region contractor currently operates five of these lines as follows: 254, 256, 266, 577, and 605.

| Line | Description | Annual RSH* | Annual Passengers |
|------|---|-------------|-------------------|
| 254 | Boyle Heights - 103rd St. Station via Lorena St. & Boyle Ave. | 10,575 | 227,198 |
| 256 | Commerce - Altadena via Eastern Ave. & Hill Ave. | 26,435 | 533,293 |
| 266 | Lakewood - Pasadena via Roasemead Blvd. & Lakewood Blvd. | 37,551 | 1,581,242 |
| 577 | Metro Express (El Monte Station - Downtown Long Beach via I-605 Fwy.) | 15,762 | 214,672 |
| 605 | Grande Vista Ave. - Boyle Heights - LA County + USC Medical Center | 17,095 | 680,051 |

*RSH = Revenue Service Hours

Metro began contracting a portion of bus services in 1996. The first 13 contracted lines were existing services Metro operated. These lines were transferred because of their high subsidy per passenger. The remaining contract lines include some of the new local shuttle and Consent Decree services that have been added since 1996. Contracting a portion of the bus services has provided both cost and

operational benefits:

- Annual savings are realized through the lower operating costs of the contractors.
- Modifications or expansion to existing bus divisions are not necessary when new services are added.
- Contracts allow greater flexibility in operation. Lines can be quickly added, cancelled, or modified.

Despite being operated by a contractor, Metro Service Planning Department still includes all East Region routes in all performance and planning analyses. Changes are effected semiannually or when needed to ensure optimal and efficient service performance.

In July 2010, the Board approved an award of a five-year contract with Southland Transit which expires June 30, 2017. The new proposed Contract requires the contractor to pay for CNG fuel costs for buses and develop a plan for the installation of a CNG station within their facility for reliability of operation.

The new Contract contains additional provisions related to vehicle maintenance, including dedicated positions for maintenance of Metro-owned communications equipment such as advance transportation management system (ATMS), automated passenger count (APC), and others, stricter body damage and appearance standards, and specific procedures for the transfer of vehicles to and from contractor to further increase service versatility. 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 our operating needs. Additionally, Metro has implemented new provisions to incentivize the application for, and receipt of, fuel tax credits and grants relating to the maintenance of Metro's buses. These provisions allow the contractor to retain a majority of the fuel tax credits/grants toward the beginning of the contract period and gradually balance out to where the contractor and Metro evenly retain the fuel tax credits/grants.

The new Contract term will begin July 1, 2017 and end June 30, 2022.

DETERMINATION OF SAFETY IMPACT

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

FINANCIAL IMPACT

The funding of \$12,070,511 for this contracted service is included in the FY18 budget in Cost Center 3593; Project 306001, Operations Transportation, and Account 50801, Purchases 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

The source of funds for this service will come from Federal, State, and local funding sources including sales tax and fares that are eligible for Bus Operating Projects. These funding sources will

maximize the use of funds for these activities given funding provisions.

ALTERNATIVES CONSIDERED

The alternate to awarding a new contract, staff considered in-house services. Based on the proposed FY18 marginal bus operating cost of \$167.65 per Revenue Service Hours, it would cost more to operate these services in-house and would require physical modifications to our facilities to operate and maintain the vehicles used for this service. The new cost for services is \$104.96 per Revenue Service Hour for CNG. The East region does not operate diesel vehicles.

NEXT STEPS

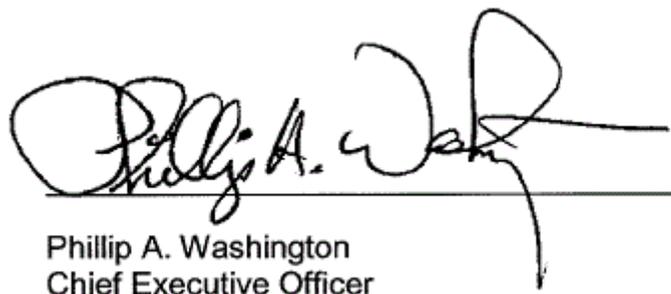
Upon Board approval, staff will execute Contract No. OP38382000 to Southland Transit, Inc. In spring 2022, staff will return to the Board with recommendations based upon further evaluation of the services provided under this Contract.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - East Region Service Map
Attachment C - DEOD Summary

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