



Board Report

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Agenda Number: 25.

OPERATIONS, SAFETY, AND CUSTOMER SERVICE COMMITTEE APRIL 17, 2025

SUBJECT: VANPOOL VEHICLE SUPPLIER BENCH CONTRACT

ACTION: AWARD CONTRACTS

RECOMMENDATIONS

CONSIDER:

- A. AUTHORIZING the Chief Executive Officer to award firm-fixed unit price Vanpool Vehicle Supplier Bench Contract Nos. PS125899000 to Airport Van Rental, Inc. (AVR) and PS125899001 to Enterprise Rent-a-Car Company of Los Angeles (Enterprise), in the Not-to-Exceed (NTE) amount of \$57,188,760 for the six-year base period and \$27,234,168 for the first, two-year option, and \$30,741,000 for the second, two-year option, for a combined NTE amount of \$115,163,928, effective July 1, 2025, subject to the resolution of properly submitted protest(s) if any; and
- B. EXECUTING individual contract modifications within the Board approved contract modification authority.

ISSUE

The current Metro Vanpool Program vehicle supplier bench contracts will expire on June 30, 2025. There are approximately 800 Metro vanpools currently in operation serving over 4,500 users/participants. To ensure the continued operation of these vanpools, new bench contracts are needed.

BACKGROUND

Metro launched the Metro Vanpool Program in May 2007, adding vanpools as a mode of public transportation to the Metro family of services. Since then, Metro Vanpool has grown to be the largest vanpool program in the country and has become an industry leader in providing a mobility option to employers and commuters to significantly reduce traffic congestion and Vehicle Miles Traveled (VMT) while improving air quality throughout Southern California. This program allows riders to commute long distances for work using vanpools, such as inter-county commuters who may lack transit options or other mobility alternatives. As a result, this program produces an annual VMT reduction of over 50

million miles based on the number of participants and the length of their collective vanpool miles traveled.

The current bench contract was awarded in 2018 for a base of two years and three one-year options. In September 2024, the Board authorized the modification of the contracts to allow for the completion of this procurement. This resulted in extending the contracts to June 30, 2025, and the addition of funds to support the extension.

DISCUSSION

The Metro Vanpool bench contracts were established to offer commuters multiple options to secure leased vehicle services. These contracts are established as firm-fixed rate contracts with a not-to-exceed contract value that is based on anticipated program growth estimates over the life of the contract. Contract funds will only be used to pay the subsidies of eligible participating vanpools.

Individuals interested in starting a Metro Vanpool can work with a bench contractor to identify and secure a vehicle. Eligible vanpools enrolled in the program can receive subsidies amounting to 50% of the vanpool vehicle lease costs up to a maximum base subsidy of \$600 per month. New vanpools are eligible to receive an additional \$200 “new-start bonus” for their first month, and any vanpool that has a reported occupancy of 70% or more qualifies for an additional \$100 bonus. The total monthly lease cost of a vanpool vehicle covers the vehicle cost, any financing costs, maintenance, insurance, and contractor support labor, with Metro’s subsidies reducing the monthly lease cost of each qualified vanpool and being paid directly to the bench contractors. Individual qualified vanpools that join Metro Vanpool and execute agreements with Metro must (1) use vehicles that are leased from Metro-contracted vehicle suppliers, (2) commute to Los Angeles County worksites, (3) be open to any fare-paying commuter regardless of employer affiliation, and (4) provide a monthly ridership report with specific operating data to Metro.

The program continues to recover from the COVID pandemic of 2020. At the height of the pandemic, the number of vanpools decreased by 50% from 1,280 to 636. Since then, the program has grown to approximately 800 vanpools (an increase of 26%), offering a long-distance commute option to work sites within Los Angeles County, resulting in a VMT reduction of 56 million miles in FY24. The average one-way commute for Metro Vanpool is 49 miles, with the longest one-way commute measuring 144 miles (288 miles round trip). Of the ridership that boards a vanpool within the County of Los Angeles, 20% of them board within an Equity Focus Community (EFC). Additionally, since Metro Vanpool operates for long-distance commutes, nearly half of Metro Vanpool participants originate in other counties, with 28.5% boarding a vanpool vehicle within a California-designated Disadvantaged Community. Metro Vanpool is expected to continue to grow as more commuters return to in-person work schedules and choose more convenient and economical transportation options. Additionally, with the award of these new contracts, staff will be launching a robust marketing and outreach effort to promote and secure new vanpools in an attempt to grow the program to pre-pandemic levels and beyond. The goal is to reach pre-pandemic participation numbers by the end of FY29 and sustain steady growth in the years to follow.

As vanpools are recognized and identified as a public transit service by the Federal Transit Administration (FTA), all vanpool operating and expense data are collected, validated, recorded, and

reported to the FTA as part of Metro's agency-wide annual National Transit Database (NTD) report. The NTD is the system through which FTA collects uniform data to administer department programs. The data reported is used in formula calculations which apportion federal transit funds to the region.

As a mode within Metro's family of services, Metro Vanpool data contributes to the Sections 5307 and 5339 federal formula funding distributed to the region. Metro Vanpool has consistently produced more federal funding returns than the actual operating cost. For example, program expenditures in FY24 totaled \$6 million, while program reporting generated an estimated \$16 million in federal formula revenues. The funds returned to the agency are eligible to support Metro transit operations.

The new Bench contracts will allow Metro to continue subsidizing Metro Vanpool participants. Both firms selected are current bench contractors, have extensive experience supporting the program/participants, and represent over 98% of the currently authorized vanpools, which will ensure a seamless transition for these participants. One current firm that supports 14 vanpools did not participate in this procurement, and staff will ensure that the impacted vanpools are properly notified and given the opportunity to transition to one of the new contractors. The contractors will continue to be responsible for leasing the vehicle to participants, providing maintenance, and providing Metro with required data about the vehicles and participants, including lease costs.

DETERMINATION OF SAFETY IMPACT

The Metro Vanpool Program has effectively reduced the number of cars on the road during the peak commute period, contributing to public safety.

FINANCIAL IMPACT

The cost of this contract is included in the FY26 proposed Budget in Project 405547 and Cost Center 4540. Since activities related to this action are provided through multi-year contracts, the Cost Center manager and the Deputy Chief Operations Officer, Shared Mobility will be accountable for budgeting costs in future years.

Impact to Budget

Funding sources for this expense consist of Proposition C 25% Streets & Highways and are not eligible to fund bus and rail operating and capital expenditures. However, FTA Sections 5307 and 5339 grant funds generated by the Metro Vanpool Program will increase the amount of funds available for bus and rail capital expenditures. In FY24, the Metro Vanpool Program generated approximately \$16 million in FTA Section 5307 and 5339 grant funds.

EQUITY PLATFORM

Metro Vanpool provides a public service to commuters and is committed to implementing an equitable, ADA-compliant program. The program has been in continuous operation since 2007 and is anticipated to continue yielding benefits for marginalized groups and EFCs.

Metro Vanpool provides a non-drive-alone mode option to all commuters living and/or working in Los

Angeles County, including those in EFCs, and is open to all groups. Of the 2,673 commuters who board a Metro vanpool within LA County, 539 (20%) board a vanpool vehicle within an EFC. Additionally, many Metro Vanpool program participants originate outside of LA County but utilize the program to commute to their workplace within LA County. Of these additional commuters, 28.5% board a vanpool vehicle from a California-designated Disadvantaged Community (DAC).

The program increases access to a non-drive-alone mode that reduces traffic and improves air quality in EFCs via reductions in VMTs. The program is available to all commuters at a cost that is less than driving alone. The subsidy provided through the program decreases the overall cost and increases the program's affordability for participants. In addition, Metro complies with ADA regulations and requires vehicle suppliers to provide vehicles that can accommodate participants with various physical abilities.

The program has been stabilized post-pandemic and is now poised for growth. To expand the program's benefit to marginalized communities and EFCs, Metro Vanpool is committed to prioritizing outreach and reducing barriers these communities may face (e.g., limited language proficiency, digital divide, reaching people with disabilities, etc.). Staff will continue to research, identify opportunities, and assess the feasibility of implementing these strategies. In the coming year, Metro Vanpool will begin to collect data from existing customers to better understand the demographics and needs of these customers for service optimization and further strategic planning.

The Diversity and Economic Opportunity Department (DEOD) did not establish a Disadvantaged Business Enterprise (DBE) goal for this procurement due to a lack of subcontracting opportunities. Metro will encourage contractors to conduct outreach and utilize DBE firms if potential subcontract opportunities become available.

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

As part of these ongoing efforts, this item is expected to contribute to further reductions in VMT. This item supports Metro's systemwide strategy to reduce VMT through investment activities that will maintain and further encourage transit ridership, ridesharing, and active transportation. This item ensures the availability of vehicles for one of the critical programs in Metro's portfolio of services that reduces dependence on single-occupancy vehicles for commuting to and from LA County workplaces. Metro's Board-adopted VMT reduction targets were designed to build on the success of existing investments, and this item aligns with those objectives.

Metro conducted a preliminary analysis to show that the net effect of this multi-modal item is to decrease VMT. In FY24, the Metro Vanpool Program demonstrated VMT reductions of 56,431,733

miles based on collective ridership numbers and total vanpool miles traveled.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports the following strategic plan goals:

- Goal 1: Provide high-quality mobility options that enable people to spend less time traveling
- Goal 2: Deliver outstanding trip experiences for all users of the transportation system
- Goal 3: Enhance communities and lives through mobility and access to opportunity

ALTERNATIVES CONSIDERED

The alternative is to allow the current contracts to expire and discontinue the operation of the Metro Vanpool Program. Staff does not recommend this because the Metro Vanpool Program provides an important commute option for the county's long-distance commuters-a market not readily serviced by other transit options. Most of the existing vanpools operating today were established through the Metro Vanpool Program and would likely cease operation if the program were to end. In addition, the program generates significant additional net revenues for the agency annually through the NTD reporting process. If the new bench contracts are not awarded and the program is discontinued, these revenues would no longer be allocated to Metro.

NEXT STEPS

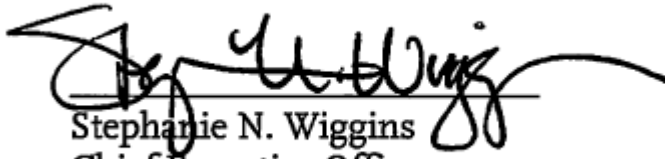
Upon Board approval, staff will execute the Bench contracts and continue to implement the program, focusing on long-term growth.

ATTACHMENTS

Attachment A - Procurement Summary

Attachment B - DEOD Summary

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