



Board Report

File #: 2024-0036, File Type: Contract

Agenda Number: 30.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
MARCH 21, 2024**

SUBJECT: CONTRACTED TRANSPORTATION SERVICES

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer to execute:

- A. Contract Modification No. 2 to Contract No. PS76258000 with Southland Transit, Inc. to operate an additional two fixed route bus lines in the North Region of Los Angeles County, specifically Metro Bus Lines 96 and 218, in the amount of \$18,701,950, increasing the total not-to-exceed five-year base term from \$90,032,724 to \$108,734,674;
- B. Contract Modification No. 2 to Contract No. PS76258001 with MV Transportation, Inc. to operate an additional two fixed route bus lines in the North Region of Los Angeles County, specifically Metro Bus Lines 177 and 603, in the amount of \$39,176,545, increasing the total not-to-exceed five-year base term from \$148,645,400 to \$187,821,945; and
- C. Individual contract modifications within the Board-approved contract modification authority.

ISSUE

The current Contract No. OP52356000, for Contracted Transportation Services - North Region with Transdev Services, Inc. (Transdev) is scheduled to expire on June 30, 2024.

Transdev currently operates six fixed-route bus lines: 96, 167, 177, 218, 603, and 501.

| Line | Description | Annual RSH ¹ | Annual Passengers ² |
|------|---|-------------------------|--------------------------------|
| 96 | Chinatown - Burbank Station via Griffith Park Dr | 15,614 | 201,844 |
| 167 | Chatsworth Station - Studio City via Plummer-Coldwater Canyon | 25,284 | 447,836 |
| 177 | JPL - Pasadena (Caltech) | 4,106 | 39,567 |
| 218 | Studio City - Cedars Sinai Medical Center via Laurel Canyon Bl-Fairfax Bl | 12,311 | 175,742 |
| 501 | North Hollywood - Pasadena Express | 27,977 | 305,971 |

| | | | |
|-----|---|--------|-----------|
| 603 | Glendale - Grand Station via San Fernando Rd-Rampart St-Hoover St | 79,784 | 2,308,733 |
|-----|---|--------|-----------|

¹RSH = Revenue Service Hours as of December 2023 Shake-Up Hours.

²Annual Passenger count is for FY23.

It is in Metro’s best interest to transfer the operations of Metro’s six (6) fixed route bus lines in the North Region of Los Angeles County from Transdev to a combination of Metro’s directly operated divisions and its contracted transportation services contractors for the East and South Regions: Southland Transit, Inc. and MV Transportation, Inc. under Contract Nos. PS76258000 and PS76258001, respectively.

BACKGROUND

On June 6, 2022, Request for Proposals (RFP) No. PS86222 for contracted transportation services within Los Angeles County’s North Region was issued as a competitive solicitation to continue the existing contracted transportation services for the North Region.

The single proposal that was received in August 2022 from Transdev in response to the RFP was evaluated in accordance with the terms of the RFP, in which Metro included 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.) in line with those that Metro’s directly operated divisions are evaluated on, as well as more modern cybersecurity requirements. Over the next several months, Metro staff engaged in several discussions with Transdev to negotiate pricing.

A revision of Transdev's price proposal was submitted in September 2023. This proposal was influenced by several significant factors, including an increase in facility lease cost by recently moving to a new facility, higher insurance premiums, increased fuel costs, an increase of more than 100% for non-revenue vehicle costs, and facility improvements, in addition to increased wages. Metro's staff determined that the revised price proposal submitted by Transdev was not cost-effective and did not serve the best interests of Metro. As a result, the RFP was canceled on January 9, 2024.

Additionally, Transdev has been struggling to meet performance standards, with only 3 out of the 8 established KPIs being met on average each month during FY24. This is particularly concerning for Complaints per 100k Boardings, Mean Miles Between Mechanical Failure (MMBMF), and Traffic Collisions. Although Transdev has made efforts to address these issues, monthly service performance still falls short of the key performance targets set under the contract.

| D98 - Transdev | | Goal | July | Aug | Sept | Oct | Nov | Dec | Jan |
|----------------|--|----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| KPI-1 | In-Service On-Time Performance (ISOTP) | >= 80.0% | 78.6% | 72.7% | 68.6% | 67.9% | 72.4% | 71.1% | 75.8% |
| KPI-2 | In-Service Early Departures | <= 2.0% | 1.2% | 1.2% | 1.2% | 1.9% | 1.6% | 0.7% | 1.0% |
| KPI-3 | Complaints per 100,000k Boardings | <= 10.0 | 12.34 | 9.51 | 13.57 | 10.34 | 11.53 | 8.70 | 8.02 |
| KPI-4 | Mean Miles Between Mechanical Failures | >= 7,500 | 6,169 | 3,627 | 4,959 | 5,753 | 4,834 | 8,771 | 6,211 |

| | | | | | | | | | |
|-------|--------------------------------------|----------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| KPI-5 | On-Time Pull-Outs | >= 99.0% | 97.75% | 95.09% | 93.78% | 93.47% | 97.73% | 98.31% | 97.27% |
| KPI-6 | Bus Cleanliness Score | >= 8.0 | 9.2 | 9.2 | 9.4 | 9.2 | 9.1 | 9.0 | 9.0 |
| KPI-7 | Traffic Collisions per 100,000 Miles | <= 3.0 | 4.17 | 3.22 | 7.20 | 3.29 | 3.37 | 4.75 | 2.76 |
| KPI-8 | Monthly Farebox Reconciliation | +/- 2.0% | 4.89% | 2.88% | 1.89% | 5.52% | 0.12% | 1.25% | 1.21% |

DISCUSSION

To ensure the continuity of bus service beyond June 2024, Metro staff explored the transfer of the operations of the North Region bus lines to Southland, MV, and Metro’s directly operated divisions. Proposals were requested from the two firms, and a series of fact-finding discussions and negotiations were held.

Cost-benefit analysis revealed that the estimated total aggregate cost to operate the North, South, and East Regions through June 30, 2027 (the remaining base term and option period of the Southland and MV contracts) under this alternative option would result in an overall cost savings of about \$17 million compared to the estimated total aggregate cost to operate the same regions with Transdev managing the entire North Region, based on its revised price proposal of September 2023.

Therefore, Metro is proposing to transfer the operations of the North Region fixed route bus lines 96, 167, 177, 218, 501, and 603 to Metro’s other contracted transportation services contractors and directly operated bus divisions. Under this proposal, Lines 96 and 218 will be transferred to Southland, the East Region contractor, while Lines 177 and 603 will be transferred to MV, the South Region contractor. Metro’s directly operated bus divisions 8 and 15 will operate Lines 167 and 501, respectively.

The recommended transfer of fixed-route bus lines makes maximum use of the current contractors’ capacity, location, and resources. Special services such as the Dodger Stadium Express - Union Station, which is currently operated by Transdev, shall also be divided evenly between Metro’s East and South Region contractors.

Metro staff has determined that MV whose employees are represented by the Teamsters Union and Southland represented by the Amalgamated Transit Union (ATU) have the operational capacity and capability to successfully undertake this additional bus service. These services will be physically transferred to their respective existing divisions as the existing Transdev operating base location does not provide operational or financial benefits for Metro. For example, it would require an additional property lease, duplication in maintenance and management/supervisor staff, and other higher costs that can be avoided by relocating the existing Transdev operations to other existing operating locations with lower operating costs. In addition, maintaining a separate operating facility for these lines would result in less efficient operator assignments and the need for MV and Southland to mutually agree to terms governing jointly sharing in the maintenance, operations, and liabilities associated with the additional facility.

Metro has a long-standing working relationship with both contractors and performance has been satisfactory. MV has a large facility and is able to accommodate the additional buses for operation on

Lines 177 and 603. Southland will take over the operation of Lines 96 and 218, which utilize smaller 32' buses, the same as utilized on other lines they operate. Both contractors offer competitive cost per revenue service hour which offers savings for Metro compared to the existing contractor's proposed rates and compared to direct operation by Metro.

To ensure a seamless transition of service, Southland and MV will commence the operations of the North Region bus lines starting June 23, 2024, which coincides with Metro's semi-annual service shake-up. Metro's staff will also dedicate the necessary resources to ensure the smooth transfer of lines to the respective divisions. The coordination process would be implemented upon approval of the recommendations.

Similarly, Metro staff reached an agreement with Sheet Metal, Air, Rail and Transportation Workers (SMART), the Union representing Metro bus operators, to accept the transfer of Lines 167 and 501 to be directly operated by Metro bus operations. These two lines are located in the San Fernando Valley with terminals located near Metro Division 8 at Chatsworth (Line 167) and Division 15 in Sun Valley (Line 501), making it more efficient to operate these lines directly compared to operation by either Southland (located at Baldwin Park) and MV (located at Carson). Metro will hire additional bus operators as needed for the operation of these two lines.

DETERMINATION OF SAFETY IMPACT

The approval of these contract modifications will ensure the seamless delivery of safe, clean, on-time, and reliable bus transportation services to LA County's North Region.

FINANCIAL IMPACT

The funding for the additional service will be added to the FY25 budget in Cost Centers 3592 and 3593, respectively; Project 306001; Account 50801.

The combined total cost, to have the North Region work performed by Southland (\$18,701,950), MV (\$39,176,545), and Metro (\$29,084,746) is \$86,963,241. This represents a savings of \$17,107,954 from Transdev's proposed price.

Since this is a multi-year procurement, the Project Manager and Chief Operations Officer will be responsible for budgeting costs in future fiscal years.

Impact to Budget

The source of funds for this action will come from state and local funding sources, including fares that are eligible for bus and rail operating projects. The Metro FY25 budget will also reflect these changes including the additional bus lines to be directly operated.

EQUITY PLATFORM

The approval of the contract modifications will ensure Metro's ability to continue to operate and maintain transportation services that are accessible to Los Angeles County residents.

Community members who live throughout and along the North Region lines impacted by this action will continue to benefit from the bus services provided, without interruption to service. The service is utilized as one of the primary modes of transportation to work and other social destinations (Customer Satisfaction Survey, 2022). The service provided to the North region runs through Equity Focus Communities (EFCs) where Customer Satisfaction Survey results show: 63% take Metro buses five (5) or more days a week, 49% of riders are women and 85% are people of minority ethnicities. Southland Transit, Inc. made a 10.36% Disadvantaged Business Enterprise (DBE) commitment, and the current DBE participation is 11.11%, exceeding the commitment by 0.75%. MV Transportation Technologies, Inc. made a 3.75% Disadvantaged Business Enterprise (DBE) commitment, and the current DBE participation is 5.18%, exceeding the commitment by 1.43%.

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 enable individuals and families to access jobs, essential services, education, and other social and recreational opportunities.

ALTERNATIVES CONSIDERED

The Board may choose not to authorize the requested action or issue a competitive solicitation to manage the operations of bus lines in the North Region. Both alternatives are not in the best interest of Metro because they will require Metro to enter into contract negotiations with Transdev for the extension of the existing contract. This alternative is not recommended since rates offered by Transdev are very prohibitive and are not cost-effective. Staff also considered maintaining the Transdev location for operations between Southland and MV. However, these services will be physically transferred to their respective existing divisions as the existing Transdev operating base location does not provide operational or financial benefits for Metro. For example, it would require an additional property lease, duplication in maintenance and management/supervisor staff, and other costs that can be avoided by relocating the existing Transdev operations to other existing operating locations with lower operating costs. In addition, maintaining a separate operating facility for these lines would result in less efficient operator assignments and the need for MV and Southland to mutually agree to terms governing jointly sharing in the maintenance, operations, and liabilities associated with the additional facility.

NEXT STEPS

Upon Board approval, staff will execute Modifications No. 2 to Contract No. PS76258000 with Southland Transit and Contract No. PS76258001 with MV Transportation, Inc. to operate fixed route bus services in the North Region of Los Angeles County, specifically Metro Bus Lines 96, 177, 218, and 603, as well as the management of the operations of Metro Bus Lines 167 and 501 by Metro directly operated divisions.

ATTACHMENTS

Attachment A-1 - Procurement Summary (East Region)

Attachment A-2 - Procurement Summary (South Region)

Attachment B-1 - Contract Modification /Change Order Log (East Region)

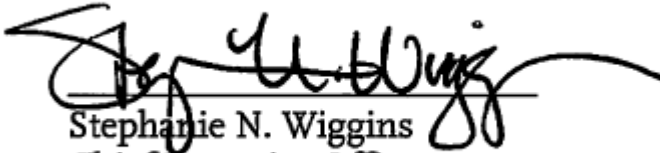
Attachment B-2 - Contract Modification /Change Order Log (South Region)

Attachment C-1 - DEOD Summary (East Region)

Attachment C-2 - DEOD Summary (South Region)

Prepared by: Sandra Solis, Director, Finance & Administration Management Services (213) 922-6266
Joseph Forgiarini, Senior Executive Officer, Service Development (213) 418-3400
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer (Interim) (213) 922-4471

Reviewed by: Conan Cheung, Chief Operations Officer, Transit Operations, (213) 418-3034



Stephanie N. Wiggins
Chief Executive Officer