

STAFF REPORT

SUBJECT: Fixed-Route Operations and Maintenance Contract

FROM: Michael Tree, Executive Director

DATE: March 5, 2018

Action Requested

Based on the recommendations of both the Projects & Services and Finance & Administration Committees, staff recommends the Board of Directors award the Operations and Maintenance (O&M) Contract for fixed-route bus service to MV Transportation for a period of three base years commencing on July 1, 2018, with LAVTA holding four additional one-year options.

Background

LAVTA most recently went out to bid for its O&M contract in 2011, and awarded the fixed-route contract to MV Transportation, which has held LAVTA's fixed-route O&M contract continuously since 2003. At that time, the paratransit O&M contract was awarded to American Logistics Company, and since that time the two contracts have been procured and managed separately due to fundamental differences in business models between the two modes of service planning and delivery.

MV's current fixed-route O&M contract commenced on July 1, 2011. The three base years of the current contract expired on June 30, 2014. At that time, the Board of Directors began extending the contract term by exercising each of the four option years in succession, as business conditions remained stable and overall service levels remained fairly consistent throughout the contract period. On July 1, 2016, MV executed a new collective bargaining agreement (CBA) with the Teamsters Local 70, which is in effect through June 30, 2020. On November 27, 2017, MV notified LAVTA staff that it was in negotiations with the union to renegotiate the CBA to raise wages for entry-level drivers based on a market analysis of starting wages in the Livermore area for drivers. On November 29, 2017, MV and the Teamsters executed a Memorandum of Agreement amending the existing agreement accordingly for the remainder of the CBA term.

Discussion

In preparing to re-bid the fixed-route O&M contract, staff developed and refined procurement documents beginning in Summer 2017 to incorporate LAVTA's current operating conditions, agency priorities, and revenue forecasts. During this time, staff also contemplated the status of the paratransit O&M contract (currently held by Medical

Transportation Management, Inc.) and determined that it was in LAVTA’s interests under present business conditions to keep the fixed-route and paratransit contracts separate for the time being. On October 20, 2017, LAVTA issued a Request for Proposals (RFP) for the operation and maintenance of fixed-route bus service.

Five firms attended a pre-proposal conference on November 6, 2017, in which the scope of services was described. The due date for proposals to be submitted was January 5, 2018, and at that time three proposals were received from First Transit, Inc., MV Transportation, Inc., and Ride Right LLC. (Ride Right is the fixed-route counterpart to MTM, Inc.)

Staff convened a panel to evaluate the proposals comprising the following individuals with subject-matter expertise both internal and external to LAVTA, and having direct experience with all three proposing firms:

- Tamara Edwards, Director of Finance, LAVTA
- Steve Ponte, Chief Operating Officer, Tri Delta Transit
- Rob Thompson, Assistant General Manager, WestCAT
- Christy Wegener, Director of Planning and Operations, LAVTA
- Jennifer Yeamans, Senior Grants, Project Management & Contract Specialist, LAVTA

The panel reviewed the written proposals in early January and subsequently conducted in-person interviews on January 25 and 29 with the three proposers, including their proposed management teams.

The evaluation criteria used to rank the proposals and each firm’s average score from the evaluation panel were as follows:

Criterion	First Transit	MV	Ride Right
The experience of the local management team and the company (max 30 points)	20.4	24.8	21.6
Cost of providing the contractual services (max 25 points)	19.0	23.2	22.0
Approach to Scope of Work (max 35 points)	27.4	27.8	31.2
The commitment to the existing workforce (max 10 points; no partial points awarded)	10.0	10.0	10.0
Total (max 100 points)	76.8	85.8	84.8

Because this procurement is an RFP, LAVTA can make its decision based on which proposal is perceived to provide the best value to the agency; it is not a process that mandates an award to the lowest responsible bidder. Staff nevertheless analyzed each firm’s best and final cost proposal carefully and determined MV’s proposal to be lower than the others across several cost factors described further in the Budget section below.

Other key differentiators in the evaluation included:

- Because of its proposed management team’s tenure with the Wheels system and MV’s long-standing presence providing bus service in the Tri-Valley, MV ranked highest in firm and local-management experience. First Transit scored relatively well in terms of the firm’s industry experience but less so in terms of the experience of the proposed local management team. Conversely, Ride Right had a strong proposed local management team but no comparable experience as a firm delivering fixed-route service for a system and fleet of LAVTA’s size and complexity.
- Ride Right scored highest in terms of the proposed approach to LAVTA’s scope of work. Panelists were responsive to several innovative ideas presented and a highly customer-focused approach to delivering service and enhancing employee morale. Both MV and First did not present as many cross-cutting, innovative strategies, and/or demonstrated a lack of knowledge or specificity in interviews of some key aspects of LAVTA’s service goals and/or agency priorities, such as driver recruitment and retention.

After the panel’s evaluation and interviews, and after issuing follow-up questions and receiving clarifying responses, the proposers’ rankings were as follows:

MV Transportation	1st
Ride Right	2nd
First Transit	3rd

Budget

The base-year costs proposed by the three firms and comparison to the agency’s FY 17-18 fixed-route O&M budget of \$9,338,719 at present service and full staffing levels are as follows:

Firm	Proposed	Comparison to FY 17-18	
	FY 18-19 Base Cost	\$	%
MV Transportation	\$10,062,348	+\$723,629	+7.7%
Ride Right	\$10,573,134	+\$1,234,415	+13.2%
First Transit	\$10,667,156	+\$1,328,437	+14.2%

Incorporating the various cost-escalators provided by each firm illustrates the total costs of each firm’s proposed services over the three-year initial contract period as well as the total seven-year term with options.

Firm	Initial 3-Year Term		7-Year Total with Options	
	Average Escalator	Total Obligation	Average Escalator	Total Obligation
MV Transportation	2.77%	\$31,035,975	2.69%	\$76,351,950
Ride Right	3.84%	\$33,039,979	2.76%	\$81,445,247
First Transit	4.95%	\$33,629,781	4.13%	\$85,653,521

Normalizing the cost proposals across minor variations in staffing levels proposed, MV's proposal was nearly \$2,000 less per Full-Time Equivalent (FTE) employee per year over the initial three-year term than the other proposers. All three firms were notified of the Memorandum of Agreement MV executed with its union via an Addendum to the RFP and had the opportunity to incorporate the revised CBA and current employment conditions into their cost proposals.

Finally, both non-incumbent firms proposed transition and startup costs ranging from \$317,585 (First) to \$476,042 (Ride Right) associated with taking over the contract. MV's proposal included no such costs.

Fiscal Impact

Expenses associated with the new Operations and Maintenance contract will be incorporated into the FY18-19 budget development process, which will begin in March and be completed in June with Board approval.

Committee Feedback

Staff presented a recommendation at the February 26, 2018, Projects & Services Committee, where Committee member feedback involved questions about the makeup of the evaluation panel and the subjective nature of the evaluations and rankings of each firm. The Committee also noted the lack of startup and transition costs associated with renewing MV's contract compared to significant expenses associated with transitioning to a different contractor.

At the February 27, 2018, Finance & Administration Committee meeting, members noted that MV evidently presented the best value to the Authority due to their substantially lower cost proposal, and also inquired about the nature of the cost increases of nearly 8% associated with the new contract. Committee members asked whether some of the customer-focused approaches proposed by the second-ranked firm could be negotiated into the final scope of work between LAVTA and MV.

Next Steps

If the Board approves the O&M contract award, LAVTA's Executive Director and Legal Counsel will enter into final negotiations to execute a contract for the three-year term beginning July 1, 2018.

Upon execution of the new contract, LAVTA staff will work to align oversight of the contract with LAVTA's key agency goals and priorities with more comprehensive feedback mechanisms between LAVTA and contractor staff to promote the highest standards of performance in support of LAVTA's strategic priorities.

Staff proposes to return to the Board after the end of the second full year of the new contract period for a comprehensive review of the contractor's performance in delivering the scope of work in a way that supports LAVTA's key agency priorities, in order to inform any potential future exercise of option years.

Recommendation

Based on the recommendations of both the Projects & Services and Finance & Administration Committees, staff recommends the Board of Directors award the Operations and Maintenance (O&M) Contract for fixed-route bus service to MV Transportation for a period of three base years commencing on July 1, 2018, with LAVTA holding four additional one-year options.

Attachments:

1. Resolution 06-2018 Approving a Fixed-Route Operations and Maintenance Contract Award

Submitted: _____

RESOLUTION NO. 06-2018

**A RESOLUTION OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
APPROVING A FIXED ROUTE OPERATIONS AND MAINTENANCE CONTRACT
AWARD TO MV TRANSPORTATION, INC.**

WHEREAS, the Livermore Amador Valley Transit Authority (LAVTA) has a contract for Operations and Maintenance (O&M) for its fixed-route services which is currently expiring on June 30, 2018; and

WHEREAS, in light of the expiring contract, LAVTA staff initiated a procurement process for an O&M contract in September 2017; and

WHEREAS, LAVTA published the RFP for O&M services on October 20, 2017, conducted a pre-proposal meeting with potential contractors on November 6, 2017, and established a due date for proposals of January 5, 2018; and

WHEREAS, on January 5, 2018, LAVTA received three proposals from firms interested in obtaining LAVTA's fixed-route O&M contract; and

WHEREAS, the three proposals were evaluated, and interviews conducted, by a panel comprised of LAVTA and non-LAVTA transit management staff, and following the evaluation, the proposals were ranked; and

WHEREAS, MV Transportation, Inc., emerged as the top-ranked proposer;

NOW, THEREFORE, BE IT RESOLVED: That the Board of Directors of the Livermore Amador Valley Transit Authority, approves the award of a fixed-route O&M contract to MV Transportation and directs the Executive Director and Legal Counsel to negotiate a contract featuring terms and conditions which are consistent with the Request for Proposals and the proposer's original and subsequent submittals; and

BE IT FURTHER RESOLVED: That the Executive Director shall annually estimate the amount of service to be provided in the upcoming fiscal year, negotiate the terms and conditions for that amount of service with MV Transportation, and present the resulting O&M costs for fixed route services in the annual Budget for the Board's review and approval.

PASSED AND ADOPTED by the governing body of the Livermore Amador Valley Transit Authority (LAVTA) this 5th day of March 2018.

BY

Karla Brown, Chair

ATTEST

Michael Tree, Executive Director