

STAFF REPORT

SUBJECT: MV Transportation, Inc. (MV) Payment Agreement

FROM: Toan Tran, Director of Operations and Innovation

DATE: April 27, 2020

Action Requested

Informational item only

Background

In 2018, the Board of Directors awarded the fixed-route operations and maintenance contract to MV Transportation, Inc. The contract includes a three-year base term and four additional one-year terms. The pricing structure is based on a 2-tier formula. Tier 1 consists of the variable cost, which will fluctuate commensurate to the service level. Variable cost includes wages and benefits for operators and maintenance parts. Tier 2 consists of the monthly fixed cost, which mainly comprises of: wages and benefits for mechanics, utility workers, facility services maintenance workers, and administrative staff, insurance expenses, uniform expenses, and training expenses.

Discussion

Similar to most public transit systems across the country, LAVTA has experienced a drastic decline in ridership due to the COVID-19 pandemic. Fixed-route service level has been reduced by approximately 60 percent as a result. In an effort to retain readiness for operations and maintenance activities, LAVTA and MV reached a short-term agreement to allow operators that are available but not driving to receive financial assistance during the pandemic. LAVTA will cover the salaries of these operators while MV will assist with the benefits. Please note all operators work their normal bid schedule, pre-COVID. Operators without driving assignments are attending the multiple training sessions being offered on site. These session focus on customer service, wheelchair securements, and electronic components (i.e. mobile data terminal (MDT), farebox, etc.). In addition to training, these operators are inspecting and cleaning bus shelters, stocking face coverings for drivers and riders, and starting/stopping buses to keep the fleet in readiness position. The current agreement is from March 16, 2020 to May 3, 2020.

Although the Bay Area shelter in place order has not been extended beyond May 3, it does not appear we are nearing the road to recovery. In order to keep operators employed and available on a continuing basis, staff will work with MV to extend the agreement to June 30, 2020. The cumulative financial impact is projected to be under \$100,000, which is within the Executive Director's authority. In the event there is a need to extend the agreement past June 30, staff will bring the item back for approval.

Recommendation

Informational item only