Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Metro

Board Report

File #: 2017-0322, **File Type:** Contract **Agenda Number:** 30.

SYSTEM SAFETY, SECURITY AND OPERATIONS COMMITTEE
JUNE 15, 2017

SUBJECT: CONTRACTED BUS SERVICE - SOUTH 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. OP38384000 to MV Transportation, Inc. (MV) for contracted bus services in the South Region in an amount not-to-exceed $127,280,617, effective July 1, 2017, subject to resolution of protest(s), if any.

ISSUE

The current contract with MV for operating bus services in the South 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 South Region contractor currently operates seven of these lines as follows: 125, 128, 130, 205, 232, 607, and 625.

Line	Description	Annual RSH*	Annual Passengers
125	El Segundo - Downey via Rosecrans Ave.	44,595	1,612,779
128	Compton - La Mirada via Alondra Blvd.	11,466	320,248
130	Redondo Beach - Cerritos via Artesia Blvd.	33,235	942,404
205	Imperial/Wilmington Sta. - San Pedro via Wilmington Ave., Vermont Ave. & Western Ave.	45,300	1,193,736
232	Long Beach - LAX via Sepulveda Blvd.	60,198	1,893,401
607	Inglewood - Windsor Hills - Inglewood	2,310	18,263
625	Green Line Shuttle World Way West via Imperial Hwy.	4,860	91,367

*RSH = Revenue
Service Hours

Metro began contracting a portion of our bus services in 1996. The first 13 contracted lines were

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existing directly operated services. These lines were transferred due to their high subsidy per passenger rate ratio. The remaining five (5) contract lines include some of the new local shuttle and Consent Decree services that have been added since 1996. Contracting a portion of our bus service 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's Service Planning Department still includes all South Region routes in all performance and planning analyses. Changes are effected semiannually or when needed, to ensure optimal and efficient service performance.

In June 2010, the Board approved an award of a five-year contract with MV Public Transportation, Inc. which expires June 30, 2017. The new proposed Contract requires the contractor to pay for CNG fuel costs, but will continue to provide for reimbursement for actual fuel costs for diesel buses. The maximum cost Metro will pay for diesel fuel is based on an index price published by the Oil Price Information Service (OPIS). Reimbursement of diesel fuel used in revenue vehicles is a practice that Metro has used to minimize the risk of potentially volatile diesel fuel prices affecting costs over the five-year contract period and the potential need for price adjustments based on changes in fuel prices or varying diesel fuel consumption resulting from the replacement of diesel buses with new CNG buses. Metro requires contractors to pay for CNG fuel for revenue vehicles and develop a plan for the installation of a CNG station within their facility for continuity and 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 the contractor to further increase service versatility. Metro has initiated the process of acquiring new CNG buses which will replace the current diesel fleet during this Contract period. Metro's Vehicle Acquisition group expects that the buses will be replaced during FY18-FY19; pending a decision by Bus Fleet Management. 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 for training that will ensure the safest possible operation of our equipment and service.

FINANCIAL IMPACT

The funding of $24,029,963 for this contracted service is included in the FY18 budget in Cost Center ~~3593~~ 3592; Project 306001, Operations Transportation, and Account 50801, Purchased 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

Staff considered bringing these services in-house. Based on our 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 $97.36 per RSH for diesel and $122.13 per RSH for CNG.

NEXT STEPS

Upon Board approval, staff will execute Contract No. OP38384000 to MV Transportation, 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 - Metro South Region Contract Service Bus Lines
Attachment C - DEOD Summary

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Phillip A. Washington
Chief Executive Officer

PROCUREMENT SUMMARY

CONTRACT BUS SERVICES – SOUTH REGION/OP38384000

1.	**Contract Number**: OP38384000	
2.	**Recommended Vendor**: MV Transportation, Inc.	
3.	**Type of Procurement (check one):** ☐ **IFB** ☒ **RFP** ☐ **RFP–A&E** ☐ **Non-Competitive** ☐ **Modification** ☐ **Task Order**	
4.	**Procurement Dates**:	
	A. Issued: February 22, 2017	
	B. Advertised/Publicized: February 24, 2017	
	C. Pre-Proposal Conference: March 7, 2017	
	D. Proposals Due: April 5, 2017	
	E. Pre-Qualification Completed: Pending (Due to Proposal clarifications and revisions Pre-Qualification will be delayed)	
	F. Conflict of Interest Form Submitted to Ethics: May 1, 2017	
	G. Protest Period End Date: June 15, 2017	
5.	**Solicitations Picked up/Downloaded**: 27	**Bids/Proposals Received**: 2
6.	**Contract Administrator**: Antwaun Boykin	**Telephone Number**: 213-922-1056
7.	**Project Manager**: Cathy Rosas	**Telephone Number**: 213-922-2875

A. Procurement Background

This Board Action is to approve the award of Contract No. OP38384000 issued in support of contracted operation of local transit lines in the south region of Los Angeles County. The South Region includes seven transit lines which are predominantly operated within the Metro Gateway Cities and the South Bay service areas. Board approval of contract awards are subject to resolution of any properly submitted protest.

Request for Proposals (RFP) No. OP38384 was issued in accordance with Metro's Acquisition Policy and the contract type is a firm fixed unit price. In an effort to limit the potential risk of loss of service due to failed CHP inspections, labor stoppage, and poor performance, RFP No. OP38382 stated that the contract award for RFP No. OP38382, Contracted Transportation Services – East Region will not be made to the same awardee of RFP No. OP38384, Contracted Transportation Services – South Region. Firms were allowed to propose on RFP No. OP38382, RFP No. OP38384, or both. However, one firm could not be awarded both contracts.

Three amendments were issued during the solicitation phase of this RFP:

- Amendment No. 1, issued on March 13, 2017, clarified Pre-Proposal Documents;
- Amendment No. 2, issued on March 21, 2017, extended the proposal due date;

- Amendment No. 3, issued on March 27, 2017, clarified the Exhibit II Statement of Work, Attachment W Engine information, Additional information requested, Volume II Compliance Forms, and added the Variable Unit Rate Pricing Schedule.

Two proposals were received on April 5, 2017. Both firms were found to be responsive and responsible after initial review.

B. Evaluation of Proposals

A Proposal Evaluation Team (PET) consisting of staff from Transportation Contract Services, Safety, Revenue Collection, Transportation Operations, and Service Planning and Scheduling was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- Qualifications of the Firm 10 percent
- Qualifications Of Proposed Staff 15 percent
- Proposed Facility 15 percent
- Operating Methodology/Work Plan 25 percent
- Past Performance 15 percent
- Price 20 percent

The evaluation criteria are appropriate and consistent with criteria developed for other, similar contracted services. Several factors were considered when developing these weights, giving the greatest importance to the operating methodology/work plan.

Of the two proposals received, both were determined to be within the competitive range. The firms are listed below in alphabetical order:

1. First Transit, Inc.
2. MV Transportation, Inc.

During the week(s) of April 14 through April 28, the PET conducted proposed facility site visits and proposer interviews. The firms' project managers and key team members had an opportunity to present their team's qualifications and respond to questions from the evaluation committee. In general, each team's presentation addressed the requirements of the RFP, experience with all aspects of the required tasks, and stressed each firm's commitment to the success of the project. Also highlighted were staffing plans, facility plans, and work plans. Each team was asked questions relative to their firm's proposed alternatives and previous experience with similar projects.

Qualifications Summary of Firms within the Competitive Range:

MV Transportation, Inc.

Established more than 40 years ago, MV Transportation (MV) has 16 years of experience operating transit services in the Los Angeles area. MV is extremely familiar with the unique characteristics of the County. MV has also worked with the Los Angeles Department of Transportation (LADOT), the City of Santa Clarita Transit, and the Regional Transportation Commission of Southern Nevada. MV offers Metro the ongoing leadership of its existing Metro South Region management team. MV has operated Metro's South Region services since 2010. MV proposed a team of locally-based transit professionals who offer experienced and highly specialized leadership in the areas of operations, contract management, safety, finance, maintenance, training, labor relations, human resources, recruiting, and numerous other areas.

First Transit, Inc.

First Transit, Inc. has 60 years of transportation operations and management experience with over 320 current contracts. With over 70 locations across the State of California, FirstGroup America (including First Transit, First Vehicle Services, First Student and Greyhound) is the largest private supplier of transportation services in the state. First Transit, Inc. and First Vehicle Services have nearly 40 contracts in California. First Transit, Inc. has region and corporate management professionals who have extensive transit expertise, providing location support in areas of safety, training, administration, accounting, insurance claims management, and human resources.

1	Firm	Average Score	Factor Weight	Weighted Average Score	Rank
2	**MV Transportation, Inc.**				
3	Qualifications Of The Firm	92.00	10.00%	9.20	
4	Qualifications Of Proposed Staff	86.53	15.00%	12.98	
5	Contractor Facility	97.46	15.00%	14.62	
6	Operating Methodology/Work Plan	91.52	25.00%	22.88	
7	Past Performance	88.53	15.00%	13.28	
8	Price For Services	95.5	20.00%	19.10	
9	**Total**		**100.00%**	**92.06**	**1**
10	**First Transit, Inc.**				
11	Qualifications Of The Firm	90.00	10.00%	9.00	

12	Qualifications Of Proposed Staff	91.60	15.00%	13.74	
13	Contractor Facility	80.00	15.00%	12.00	
14	Operating Methodology/Work Plan	90.00	25.00%	22.50	
15	Past Performance	84.26	15.00%	12.63	
16	Price For Services	100.00	20.00%	20.00	
17	**Total**		**100.00%**	**89.87**	**2**

C. Price Analysis

The recommended price has been determined to be fair and reasonable based upon adequate competition.

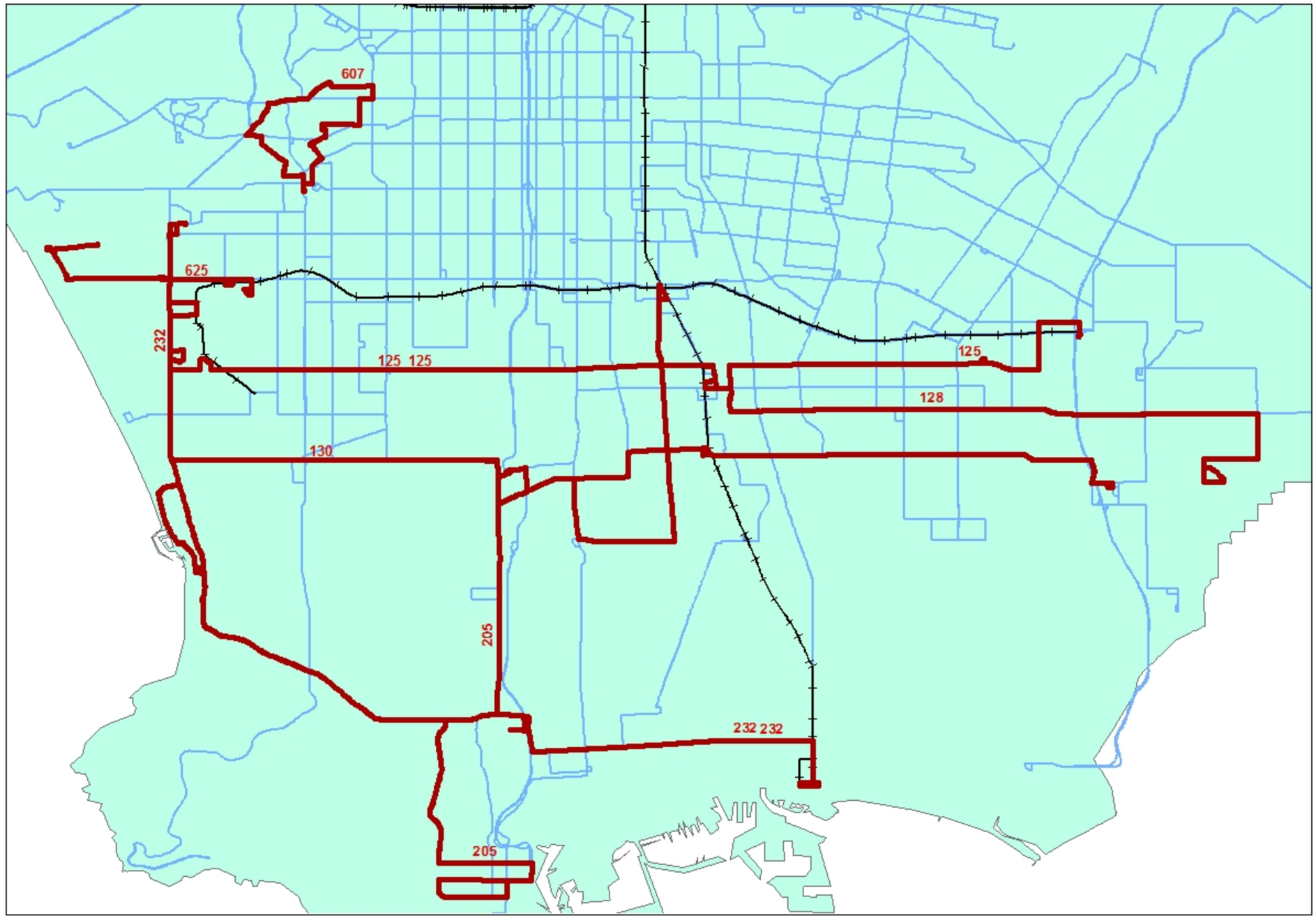
	Proposer Name	Proposal Amount	Metro ICE	Negotiated or NTE amount
1.	MV Transportation, Inc.	$127,280,617.00	$156,048,655.00	$127,280,617.00
2.	First Transit, Inc.	$125,419,496.00		

D. Background on Recommended Contractor

The recommended firm, MV Transportation, Inc. (MV), located in Dallas, TX has been in business for 40 years and is a leader in the field of transportation services. In Southern California, MV operates more fixed route and shuttle services than any other contractor. In addition to its current work in Metro's South Region, MV operates fixed route and commuter services for LADOT, the City of Santa Clarita, and numerous cities within the greater Los Angeles metropolitan area. MV's proposed General Manager has nearly 40 years of general transportation experience, including more than 20 years of management experience. In his current role as general manager of MV's North Region Commuter Express and DASH operation for LADOT, he oversees the daily operation of a fleet of 80 vehicles.

MV Transportation, Inc. is the incumbent for the current contract with Metro and has performed satisfactory.

Metro South Region Contract Service Bus Lines



Legend

- Metro South Region Contract Lines
- Metro Rail Lines
- Metro Bus Lines
- Major Streets
- Metro Service Area

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Prepared by Metro Service Planning

May, 2017

DEOD SUMMARY

CONTRACT BUS SERVICES – SOUTH REGION/OP38384000

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 5% Disadvantaged Business Enterprise (DBE) goal for this solicitation. MV Transportation exceeded the goal by making a 5.39% DBE commitment.

Small Business Goal	5% DBE	Small Business Commitment	5.39% DBE

	DBE Subcontractors	Ethnicity	% Committed
1.	JCM & Associates, Inc.	Hispanic American	0.06%
2.	J.D. Evans, Inc.	Caucasian Female	0.03%
3.	First Fuel, Inc.	Caucasian Female	5.30%
		Total DBE Commitment	**5.39%**

B. Contracting Outreach and Mentoring Plan

To be responsive, Proposers were required to submit a Contracting Outreach and Mentoring Plan (COMP), which included its plan to mentor one DBE firm for protégé development. The selected DBE protégé is J.D. Evans, Inc.

C. Living Wage and Service Contract Worker Retention Policy Applicability

The Living Wage and Service Contract Worker Retention Policy is not applicable to this Contract.

D. Prevailing Wage Applicability

Prevailing wage is not applicable to this Contract.

E. Project Labor Agreement/Construction Careers Policy

Project Labor Agreement/Construction Careers Policy is not applicable to this Contract.