

STAFF REPORT

SUBJECT: Exercise the Second Option Year of the Contract with MV Transportation

FROM: Toan Tran, Director of Operations and Innovation

DATE: May 24, 2022

Action Requested

Exercise the second option year with MV Transportation, Inc (MV) for the fixed route operations and maintenance services contract through FY2023.

Background

In 2018, the Board of Directors awarded a contract to MV to provide fixed route operations and maintenance services for LAVTA. The agreement was awarded for a base term of July 1, 2018 to June 30, 2021 with the right to extend the agreement for four one-year periods, of which the first option year was exercised.

Discussion

MV has continued to provide quality fixed route operations and maintenance services since being awarded a new contract in 2018. During that time MV has partnered with LAVTA staff to improve service and ridership as well as driver retention, especially during the COVID-19 pandemic and service reductions. Most recently MV and LAVTA worked to revise and increase the wages of operations staff to be more locally competitive in the effort to recruit and retain drivers and with the understanding that these changes would be reflected through any future option years exercised under the existing contract.

Recommendation

Staff requests the Finance and Administration Committee recommends to the Board of Directors to approve Modification 3 to contract with MV, authorizing the Interim Executive Director to exercise the second option year and extend the fixed route operations and maintenance services contract from July 1, 2022 through June 30, 2023.

Attachment

1. Modification 3 to Agreement with MV Transportation, Inc.

**MODIFICATION NO. 3
TO AGREEMENT BETWEEN LIVERMORE AMADOR VALLEY TRANSIT
AUTHORITY AND MV TRANSPORTATION, INC.**

THIS MODIFICATION to the Agreement is made and entered into on July 1, 2022 by and between the LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY, a joint exercise of powers agency established pursuant to California law, hereinafter referred to as "LAVTA," and MV Transportation, Inc., a California corporation, hereinafter referred to as "Contractor."

WITNESSETH

WHEREAS, on May 3, 2018, LAVTA and the Contractor entered into that certain Agreement for the management and operation of LAVTA's transit operations;

NOW THEREFORE, the parties hereto do agree as follows:

- Commencing July 1, 2022 through June 30, 2023 (FY 2022-23) LAVTA agrees to pay the Contractor for performance of the service set forth in this Agreement as follows:

Due to the Contractor wage increases authorized by the Board of Directors of the Livermore Amador Valley Transit Authority in Modification No. 2, LAVTA agrees to pay Contractor for total hours (revenue and deadhead) according to the following revised variable cost per hour and monthly fixed cost, based the corresponding service level:

**Budget Proposal
Option Year 2 FY22/23**

	60% service level	70% service level	80% service level	90% service level	Base Year 100% service level	110% service level	120% service level	130% service level	140% service level
A Total Hours	82,097	95,780	109,463	123,146	136,829	150,512	164,195	177,878	191,561
B Cost Per Hour	\$ 60.49	\$ 59.86	\$ 57.99	\$ 56.51	\$ 55.44	\$ 54.44	\$ 53.60	\$ 52.90	\$ 52.38
C Subtotal Annual Hourly cost AXB	\$4,966,478	\$5,733,669	\$6,348,180	\$6,958,848	\$7,585,939	\$8,193,261	\$8,801,471	\$9,410,357	\$10,033,150
D Subtotal Annual Fixed Cost	3,570,006	3,655,399	3,829,719	4,124,631	\$4,282,772	148,386	141,999	132,219	123,696
E Subtotal Monthly Fixed	297,501	304,617	319,143	343,719	356,898	12,365	11,833	11,018	10,308
F Grand Total Costs C plus D	8,536,484	9,389,068	10,177,899	11,083,480	11,868,711	8,341,647	8,943,470	9,542,576	10,156,846

*Annual escalator included

The rates outlined above cover all of Contractor's costs expenses for providing service including at LAVTA's Atlantis Fuel and Wash facility located at 875 Atlantis Court, Livermore CA.

WITNESS WHEREOF, the parties hereto have caused this Modification to the Agreement to be executed by and through their respective officers on the day written below.

BY LAVTA this _____ day of June, 2022.

BY CONTRACTOR this _____ day of June, 2022.

MV TRANSPORTATION, INC.:

LAVTA:

By: _____
Marie Graul, EVP and Chief Financial Officer

By: _____
Tamara Edwards, Interim Executive Director

APPROVED AS TO FORM:

By: _____
LAVTA Legal Counsel