

STAFF REPORT

SUBJECT: Approval of Modification #4 to MV Transportation Contract

FROM: Christy Wegener, Executive Director

DATE: January 9, 2023

Action Requested

It is requested that the Board of Directors approve Modification #4 to the contract with MV Transportation, Inc. implementing various financial incentives to help address driver recruitment and retention challenges brought on by the COVID-19 pandemic.

Background

In mid-2020, in response to declining workforce levels as a result of the COVID pandemic, LAVTA staff worked with MV Transportation, Inc (MV) on a series of financial incentives designed to improve workforce levels, driver recruitment and retention, and to maintain reliable peak-oriented (school) service. These incentives are codified in proposed contract Modification #4.

Discussion

MV has continued to provide quality fixed route operations and maintenance services since being awarded a new contract in 2018. After the onset of the COVID-19 pandemic in early 2020, MV has remained a committed partner amidst uncertainty with service levels and ridership. As driver recruitment and retention continued to prove challenging, 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.

Recognizing that wages alone cannot address the recruitment and retention challenges the industry and LAVTA is facing, MV and LAVTA worked to develop a series of incentives designed to maintain reliable service by incentivizing operators who work split shifts and who take on additional work on their days off, using raffle prizes to encourage attendance, as well as providing higher one-time sign-on bonuses for new operators and new operator referrals from existing bus operators. This amendment will codify the payment of these incentives.

The total fiscal impact for this Modification through the end of FY23 is anticipated to be approximately \$200,000.

Recommendation

Staff recommends that the Board of Directors approve Modification # 4 to the contract with MV Transportation, Inc., implementing various financial incentives to help address driver recruitment and retention challenges brought on by the COVID-19 pandemic.

Attachments:

1. Modification 4 to Agreement with MV Transportation, Inc.

Submitted: _____

MODIFICATION NO. 4

**TO THE AGREEMENT BETWEEN LIVERMORE AMADOR VALLEY TRANSIT
AUTHORITY AND MV TRANSPORTATION, INC.**

THIS MODIFICATION to the Agreement is made and entered into on January 9, 2023, 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 (the "Agreement") for the management and operation of LAVTA's transit operations for the period commencing July 1, 2018;

WHEREAS, on August 17, 2020, LAVTA and the Contractor entered into a letter agreement to compensate MV for retaining personnel who were temporarily idled due to the COVID pandemic through December 31, 2020;

WHEREAS, on July 1, 2020, LAVTA and the Contractor entered into Modification No. 1 to the Agreement to establish the fixed costs and hourly rates for service during FY 2020-2021;

WHEREAS, on April 4, 2022, the LAVTA Board of Directors authorized Modification No. 2 to the Agreement, to increase the hourly wages of MV employees for the period beginning on April 2, 2022 and ending June 30, 2022;

WHEREAS, on July 1, 2020, LAVTA and the Contractor entered into Modification No. 3 to the Agreement, to establish the fixed and hourly rates for FY 2022-23; and

WHEREAS, beginning in 2021, LAVTA staff authorized Contractor to provide certain incentives to MV employees to maintain service reliability, which the parties wish to document pursuant to this Modification No. 4.

NOW THEREFORE, the parties hereto do agree as follows:

1. Commencing March 1, 2021 through August 9, 2021, LAVTA agrees to pay 50% of a \$1,000 Sign-on Bonus (\$500) to new drivers completing the driver training program, entering into revenue service, and staying for 12 months; as well as 50% (\$500) of a \$1,000 referral bonus to existing employees who refer a new driver applicant who then completes training, enters into revenue service, and stays for 12 months. For the Sign-on Bonus, half of the \$1,000 bonus will be paid at the employees' six-month anniversary and half at their one-year anniversary. For the referral bonus, the payments will be made at the same intervals as the payments to the new employee.
2. Commencing August 10, 2021 through June 30, 2023, LAVTA agrees to pay 50% of a \$3,000 Sign-on Bonus (\$1,500) to new drivers completing the training program, entering into revenue service, and staying for 12 months; as well as 50% of a \$3,000 referral bonus (\$1,500) to existing employees who refer a new driver applicant who then completes training, enters into revenue service, and stays for 12 months. For the Sign-on Bonus, a third of the \$3,000 bonus will be paid at the employees' three-month anniversary, a third at their six-month anniversary, and a third at

their 12-month anniversary. For the referral bonus, the payments will be made at the same intervals as the payments to the new employee.

3. Commencing August 1, 2021 through February 28, 2022, LAVTA agrees to pay a “retention bonus” of \$250 per quarter for each driver with no more than one (1) unexcused absence, zero (0) preventable accidents or safety points, and zero (0) valid complaints.
4. Commencing October 1, 2021 through December 31, 2021, LAVTA agrees to pay for \$75 gift cards to be raffled in a bi-weekly drawing. One (1) entry to the raffle will be given to drivers for each day they worked with a “split” of more than one (1) hour, and one (1) for each volunteer shift of “extra work,” and one (1) entry per driver without any call-offs for the period.
5. Commencing October 1, 2022 through June 30, 2023, LAVTA agrees to pay a “split guarantee” for drivers working less than an eight-hour day with a “split” of more than five (5) hours with a work day spread of more than twelve (12) hours, a guarantee of eight (8) hours of pay for the day.
6. Commencing November 1, 2021 through June 30, 2023, LAVTA agrees to pay additional standby hours. This payment will be made to “standby” drivers with less than 35 hours of work to compensate them for providing additional services and assistance. This compensation will be capped at ten (10) hours per week per driver and will align with the driver’s current hourly wage.
7. Commencing March 1, 2021 through June 30, 2023, LAVTA agrees to pay a “tripper incentive” for drivers who come in on their day off to drive a supplemental route an additional three (3) hours of pay, and for drivers who come in on their day off and drive two (2) supplemental routes an additional four (4) hours of pay. Additionally, for drivers that come in early or stay late to drive a supplemental route, LAVTA will pay for two (2) additional hours of work. These hours will be paid at the average base driver wage (currently \$26.19 per hour).

Other than what is specifically listed above, no other sections, terms, or conditions of the agreement between LAVTA and MV Transportation, Inc., and previously approved modifications and amendments are being altered at this time. All other sections, conditions, and language in the Agreement not specifically cited as altered in this document are still in full and original effect.

WITNESS WEREOF, the parties hereto have caused this Modification No. 4 to the Agreement to be executed by and through their respective officers on the day written below.

By LAVTA this _____ day of January, 2023

By CONTRACTOR this _____ day of January, 2023

MV TRANSPORTATION, INC.:

LAVTA:

By: _____
Jamie Pierson, EVP and Chief Financial Officer

By: _____
Christy Wegener, Executive Director