

STAFF REPORT

SUBJECT: Approve Contract Modification #6 with MV Transportation Inc.

FROM: Mike Tobin, Director of Operations

DATE: October 24, 2023

Action Requested

Staff requests that the Finance & Administration Committee recommend that the Board of Directors approve Contract Modification #6 with MV Transportation to add a split shift pay differential for bus operators, and to exercise of the fourth option year of the fixed route operations and maintenance services contract through the end of FY2025.

Background

In 2018, the Board of Directors awarded a contract to MV Transportation, Inc (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 LAVTA holding the right to extend the agreement for four one-year periods. The contract is recommended for extension of the fourth and final option year through June 30, 2025. Furthermore, with the goal of improving operator retention, staff is recommending that the Board approve a modification of the current agreement to include a split shift differential.

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 related service reductions.

In 2021 and 2022, respectively, LAVTA exercised the first two, one-year contract extensions with MV. In mid-2022 MV and LAVTA exercised Modification #3 which revised and increased the wages of operations staff to be more locally competitive. In January 2023, LAVTA and MV executed Modification #4 which provided additional financial incentives and service hour guarantees in the effort to recruit and retain drivers. In April 2023, LAVTA and MV executed modification #5, which exercised the third option year of the fixed route operations and maintenance services contract with MV through the end of FY2024.

Modification #6 preserves and carries forward the financial terms agreed to in all previous modifications as well as the original terms and conditions of the contract, while adding split shift differential pay, while also exercising the fourth one-year extension option that would extend the contract through June of 2025.

The split shift pay differential will provide an additional \$2 per hour worked during any day that an operator has a split shift of 3 hours or more. A split shift is a work shift that is interrupted by non-paid, non-working period. Due to peak oriented transit service, split shifts are often a necessary part of operating a transit system.

Fiscal Impact

The addition of split shift pay differential is estimated to cost approximately \$80,000 annually, half of which MV has agreed to pay. The net impact to LAVTA's FY24 budget is approximately \$53,336, which can be covered within the existing budget.

Recommendation

Staff requests that the Finance and Administration recommends that the Board of Directors approve Contract Modification #6 to the operations and maintenance services contract with MV Transportation, Inc.

Attachment

1. Modification #6 to Agreement with MV Transportation, Inc.

**MODIFICATION NO. 6
TO AGREEMENT BETWEEN LIVERMORE AMADOR VALLEY TRANSIT
AUTHORITY AND MV TRANSPORTATION, INC.**

THIS MODIFICATION to the Agreement is made and entered into as of the [REDACTED] day of [REDACTED], 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 for the management and operation of LAVTA's transit operations ("Agreement") for a three-year period, with four one-year contract options; and

WHEREAS, on July 1, 2021, LAVTA and the Contractor entered into Contract Modification # 1, revising the hourly rate, monthly fixed rate, and Cutaway maintenance fee for Fiscal Year 2021-2022 and exercising the first one-year contract option (for the period from July 1, 2021 through June 30, 2022); and

WHEREAS, on April 4, 2022, LAVTA and the Contractor entered into Contract Modification # 2, revising the hourly rate, monthly fixed rate, and Cutaway maintenance fee for Fiscal Year 2021-2022 (April 2, 2022 through June 30, 2022); and

WHEREAS, on July 1, 2022, LAVTA and the Contractor entered into Contract Modification # 3, revising the hourly rate, monthly fixed rate, and Cutaway maintenance fee for Fiscal Year 2022-2023 and exercising the second one-year contract option (July 1, 2022 through June 30, 2023); and

WHEREAS, on January 4, 2023, LAVTA and the Contractor entered into Contract Modification # 4, formalizing several financial incentives put in place to address driver recruitment and retention for the remainder for Fiscal Year 2022-2023 (July 1, 2022 through June 30, 2023); and

WHEREAS, on May 5, 2023, LAVTA and the Contractor entered into Contract Modification #5, exercising the third one-year option to cover Fiscal Year 2023 – 2024 (July 1, 2023 through June 30, 2024); and

WHEREAS, staff wishes to enter into Contract Modification #6, amending the agreement by adding a split shift pay differential for operators and to exercise the fourth one-year option term to cover Fiscal Year 2024 - 2025 (July 1, 2024 through June 30, 2025).

NOW THEREFORE, the parties hereto do agree as follows:

1. Commencing November 1, 2023 through June 30, 2025 LAVTA agrees to pay the Contractor for performance of the service set forth in this Agreement as follows:

- a) Commencing November 15, 2023 through June 30, 2025, LAVTA agrees to pay Contractor 50% of costs for a split shift differential of \$2 per hour for every hour worked for a shift with a “split” of three (3) hours or greater.
- 2. Commencing July 1, 2024 through June 30, 2025 (FY 2024-25) 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 on the corresponding service level:

Budget Proposal Option Year 4 FY24/25									
	60% service level	70% service level	80% service level	90% service level	Year 7 FY(24/25)	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	\$ 64.14	\$ 63.47	\$ 61.48	\$ 59.90	\$ 58.77	\$ 57.71	\$ 56.83	\$ 56.08	\$ 55.53
C Subtotal Annual Hourly cost AXB	\$5,265,571	\$6,079,042	\$ 6,729,874	\$ 7,377,042	\$ 8,041,687	\$ 8,686,177	\$ 9,330,386	\$ 9,976,004	\$10,636,843
D Subtotal Annual Fixed Cost	\$3,793,496	\$3,884,234	\$ 4,069,467	\$ 4,382,841	\$ 4,550,882	\$ 4,755,586	\$ 5,107,344	\$ 5,459,244	\$ 5,848,105
E Subtotal Monthly Fixed	316,125	323,686	339,122	365,237	379,240	396,299	425,612	454,937	487,342
F Grand Total Costs C plus D	\$9,059,067	\$9,963,276	\$10,799,341	\$11,759,884	\$12,592,569	\$13,441,764	\$14,437,730	\$15,435,248	\$16,484,948

*Annual escalator included

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.

IN 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 November, 2023.

BY CONTRACTOR this _____ day of November, 2023.

MV TRANSPORTATION, INC.:

By: _____
Marie Graul, EVP and Chief Financial Officer

LAVTA:

By: _____
Christy Wegener, Executive Director

APPROVED AS TO FORM:

By: _____
LAVTA Legal Counsel