

STAFF REPORT

SUBJECT: Fixed-Route Operations and Maintenance Contract Award

FROM: Mike Tobin, Director of Operations & Planning
Jennifer Yeamans, Senior Grants & Management Specialist

DATE: March 3, 2025

Action Requested

The Projects & Services Committee and the Finance & Administration Committee requests that the Board of Directors approve Resolution 08-2025 awarding a contract for the Operations and Maintenance (O&M) of LAVTA’s fixed-route bus service to MV Transportation, Inc., for a period of three base years commencing on July 1, 2025, with four additional one-year options exercisable by LAVTA.

Background

Since 1987, LAVTA has contracted out the operation and maintenance of all its fixed-route bus services to a single contractor, a common transit industry practice as an alternative to operating service directly. As of 2023, data from the Federal Transit Administration’s National Transit Database (NTD) reports that 31 percent of fixed-route bus operators nationwide contract out service, with independent research analyzing multiple years of NTD data finding the practice increasingly common over time, and being especially more common among smaller, suburban, and/or more specialized public transportation providers.

Independent studies from both the U.S. Government Accountability Office (2013) and the Transit Cooperative Research Program (2023) cite common benefits of contracting out transit service including improved cost-efficiency, greater flexibility, and lower overall costs. Commonly recognized trade-offs for agencies considering contracting out services include the ability to directly impact service quality and customer satisfaction.

LAVTA most recently put its fixed-route O&M service contract out to bid in 2017, awarding the resulting contract to MV Transportation (MV) in March 2018. MV has provided fixed-route O&M services for LAVTA continuously since 2003 over three successive seven-year contract terms. The current contract with MV began on July 1, 2018, for a three-year base term, and since then the Board of Directors has extended the contract by exercising each of the four available one-year options in sequence, with a final expiration of the last option year scheduled for June 30, 2025.

Since 2018, LAVTA’s contract with MV has undergone several modifications to enhance employee retention during operator shortages and address challenges resulting from the

COVID-19 pandemic. Among other changes with or in addition to the one-year extensions, these modifications:

- introduced a one-time appreciation bonus of up to \$1,500 per employee to acknowledge their efforts during the public health emergency;
- formalized various letter agreements to boost driver retention and satisfaction, including a driver sign-on bonus, referral bonus program, retention bonuses, a biweekly raffle for drivers with split shifts, additional standby-hour payments for operators with 35 hours or less, and incentives for drivers who work on their day off to drive trippers; and
- introduced split-shift differential pay for operators with splits of three hours or more, further supporting those with more demanding schedules.

As the O&M contract is the largest single contract held by LAVTA, staff carefully monitors performance of the contract through a variety of performance metrics and incentives and provides regular updates to the Board of Directors about the contractor's work and performance.

Discussion

Procurement Preparation

In anticipation of a new contract, staff began developing the components of a new solicitation for services for the Operation and Maintenance of Fixed Route Bus Service in July 2024, as previously reported to the Board in September 2024. Efforts included updates to the scope of work, refinements to the proposal evaluation criteria, contractor performance criteria, reporting requirements, technology requirements, and cost estimates considering current market conditions, including recent economic and inflationary trends. During this time, staff also contemplated the status of the paratransit O&M contract (currently held by Transdev Services Inc. in a MOU with Central Contra Costa Transit Authority) and determined that it was in LAVTA's best interest under present business conditions to keep the fixed-route and paratransit contracts separate and proceed with procuring only fixed-route services at this time.

Due to the nature of the services required and LAVTA's current needs and priorities, staff determined that LAVTA's interests would be best served with a "Best Value" procurement approach. In September 2024, staff brought the Board a comprehensive review of the Request for Proposals (RFP) terms and scope of work, as well as a prospective timeline to award the new contract in March 2025.

LAVTA's Procurement Policy incorporates applicable Federal contracting laws, regulations, and guidance requiring local agencies to be reasonable in establishing and extending base contract terms, so as not to unduly restrict full and open competition for federally funded contracts. LAVTA's longstanding practice of awarding a three-year base term with four one-year options remains consistent with the agency's needs and objectives while supporting federal requirements for sufficiently full and open competition for third-party contracting.

Solicitation Process

On September 3, 2024, LAVTA issued RFP #2024-07 for the operation and maintenance of fixed-route bus service on its online Bonfire Procurement Portal. The opportunity was also

advertised locally in *The Valley Times/VT Legals* on September 7 and 12, 2024, and posted nationally to Transit Talent, an industrywide online procurement newsletter.

Seven firms attended a pre-proposal conference held on October 15, 2024, in which LAVTA staff described the scope of services and conducted a facilities tour. One addendum was issued November 7, including answers to questions and requests for clarifications received by October 29. The due date for proposals to be submitted online via Bonfire was November 20. Five firms ultimately submitted proposals in response to the RFP.

Technical Evaluation of Proposals

Staff convened a Selection Committee to evaluate the proposals comprising the following individuals with subject-matter expertise both internal and external to LAVTA, and having direct experience with some of the proposing firms:

- Kristina Botsford, Deputy Director, Solano County Transit (Soltrans)
- Rob Thompson, General Manager, Western Contra Costa Transit Authority (WestCAT)
- Mike Tobin, Director of Operations & Planning, LAVTA
- Tamara Edwards, Director of Finance, LAVTA
- Martha Nguyen, Senior Operations Analyst, LAVTA

Following initial screening for responsiveness to RFP's requirements, the Selection Committee reviewed the written proposals in early December and subsequently conducted in-person interviews on December 18 with the top three ranked proposers then deemed in the competitive range, including their proposed management teams. Based on the interviews conducted, the Selection Committee re-scored and re-ranked the short-listed firms.

The evaluation criteria used to rank the proposals and each firm's final average score from the Selection Committee are shown in the following table (highest-ranked scores for each criterion are shown in **bold**):

| Evaluation Criterion | Max Pts | <u>Firm/Ranking</u> | | | | | Avg Pts - All Firms |
|---|---------|---------------------|-----------------|---------------|--------------------|-------------|---------------------|
| | | 1st MV | 2nd Transdev | 3rd Keolis | 4th RATP Dev | 5th PCAM | |
| 1. Project Approach | 25 | 21.2 | 19.2 | 20.4 | 17.4 | 9.4 | 17.5 |
| 2. Firm Capability/ Experience | 20 | 18 | 18 | 17.6 | 13.4 | 6.6 | 14.7 |
| 3. Local Team | 15 | 12.4 | 12.8 | 10.2 | 11.2 | 2 | 9.7 |
| 4. Price Proposal Reasonableness | 25 | 21.4 | 22.8 | 18.8 | 17.6 | 10 | 18.1 |
| 5. Retains Existing Workforce (0 or 10 only) | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| 6. Service Innovation | 5 | 3.8 | 3.6 | 3.1 | 2.7 | 0.4 | 2.7 |
| Total Points | 100 | 86.8 | 86.4 | 80.1 | 72.3 | 38.4 | 72.8 |

Following the interviews, LAVTA staff entered into negotiations with the top two firms then deemed in the competitive range to solicit Best and Final Offers and clarify various specific aspects of each firm's Price Proposal.

Final Selection

Upon carefully analyzing the top two firms' Best and Final Offers and other negotiated terms, staff determined MV's proposal to be most advantageous to LAVTA based on the criteria set forth in the RFP. Staff also determined MV to be responsible and responsive to all requirements of the RFP.

While the final scores of the top two firms were close, MV set itself apart through its strong commitment to leveraging advanced technology to enhance service delivery and operational efficiency, a demonstrated approach to change management, extensive experience providing similar services nationwide, a proven commitment to safety, and the best overall approach to serving the Tri-Valley's communities given their deep local knowledge.

Budget and Price Analysis

This contract uses a two-tier pricing structure featuring both fixed monthly management fees as well as variable costs that correspond to budgeted service levels as may be determined by the Board of Directors on an annual basis during the contract period. Via an Addendum to the RFP, all proposers were made aware of the new Collective Bargaining Agreement (CBA) finalized between MV Transportation and the Teamsters Local Union No. 70 in October

2024, which will be in effect July 1, 2025, through June 30, 2030. The new CBA raises operator wages 17 percent and increases wages for maintenance staff by an average of 12 percent over the previous CBA established in 2021.

The following table compares the five cost proposals received alongside LAVTA’s own pre-solicitation estimate at present service levels in terms of both fixed and variable costs:

| Firm (Listed by Final Rank) | Fixed Monthly Management Fee | Variable Cost per Hour |
|------------------------------------|-------------------------------------|-------------------------------|
| MV Transportation, Inc. | \$505,985 | \$70.82 |
| Transdev Services, Inc. | \$555,519 | \$69.65 |
| Keolis LLC | \$594,817 | \$70.15 |
| RATP Dev USA, Inc. | \$650,463 | \$69.14 |
| PCAM LLC | \$463,268 | \$62.24 |
| LAVTA Estimate (Aug. 2024) | \$547,855 | \$68.69 |

The base-year costs proposed by the five firms and comparison to the agency’s FY 24-25 fixed-route O&M budget of \$11,986,359 at present service and full staffing levels are as follows, alongside LAVTA’s own pre-solicitation estimate of costs based on the most recent market conditions:

| Firm (Listed by Final Rank) | Proposed FY 25-26 Base Cost | Increase Over FY 24-25 | |
|------------------------------------|------------------------------------|-------------------------------|----------|
| | | \$ | % |
| MV Transportation, Inc. | \$14,866,713 | \$2,880,354 | 24.0% |
| Transdev Services, Inc. | \$15,315,961 | \$3,329,602 | 27.8% |
| Keolis LLC | \$15,850,220 | \$3,863,861 | 32.2% |
| RATP Dev USA, Inc. | \$16,392,623 | \$4,406,264 | 36.8% |
| PCAM LLC | \$13,289,534 | \$1,303,175 | 10.9% |
| LAVTA Estimate (Aug. 2024) | \$15,057,861 | \$3,071,502 | 25.6% |

Incorporating the various cost-escalators provided by each firm illustrates the total costs of each firm’s proposed services over the three-year initial contract period as well as the total seven-year term with options, both of which were considered in evaluating the proposals.

| Firm (Listed by Final Rank) | <u>INITIAL 3-YEAR TERM</u> | | | <u>7-YEAR TOTAL W/ OPTIONS</u> | | |
|------------------------------------|-----------------------------------|----------------------|-------------------------|---------------------------------------|----------------------|-------------------------|
| | <u>Escalation Factors</u> | | Total Obligation | <u>Escalation Factors</u> | | Total Obligation |
| | Avg % | Cumu-lative % | | Avg % | Cumu-lative % | |
| MV | 4.3 | 8.6 | \$46,349,633 | 4.6 | 27.3 | \$118,877,299 |
| Transdev | 3.3 | 6.7 | \$47,459,583 | 3.4 | 20.5 | \$118,277,853 |
| Keolis | 3.2 | 6.4 | \$49,094,634 | 4.4 | 26.6 | \$124,946,405 |
| RATP Dev | 2.7 | 5.3 | \$50,474,654 | 4.6 | 27.3 | \$125,797,704 |
| PCAM | 3.0 | 6.0 | \$41,076,621 | 3.0 | 18.0 | \$101,830,552 |

Finally, separate from the figures presented in the above tables, the four non-incumbent firms proposed one-time transition and startup costs associated with taking over the contract ranging from \$940,633 (RATP Dev) to \$0 (PCAM), with an average of \$529,988 for the non-incumbent firms. MV's proposal included no such costs.

Fiscal Impact

The anticipated Year 1 cost of the contract at currently forecasted service levels is \$14,866,713, with a corresponding three-year base obligation of \$46,349,633. Actual expenses associated with the new contract will be incorporated into the FY25-26 budget development process in consideration of available revenues, which began in January and will conclude with Board approval prior to the July 1 start of the new Fiscal Year.

As demonstrated by the comparison of bid amounts to estimates from LAVTA staff, the year-over-year cost increases under a new contract were anticipated, based on recent inflationary trends, a new Collective Bargaining Agreement having been established with the represented workforce, and additional efforts needed to address ongoing staffing challenges. Staff prepared for these increases by increasing the amount of agency reserves during the current contract period.

Next Steps

Upon approval of the award, LAVTA's Executive Director and Legal Counsel will enter into final negotiations to execute a contract for the initial three-year term beginning July 1, 2025.

Upon execution of the new contract, LAVTA staff will work to align oversight of the contract with LAVTA's key agency goals and priorities with more comprehensive feedback mechanisms between LAVTA and contractor staff to promote the highest standards of performance in support of LAVTA's strategic priorities.

Staff proposes to return to the Board after the end of the second full year of the new contract period for a comprehensive review of the contractor's performance in delivering the scope of work in a way that supports LAVTA's key agency priorities, in order to inform any potential future exercise of option years well in advance of such a decision.

Recommendation

The Projects & Services Committee and the Finance & Administration Committee recommend that the Board of Directors approve Resolution 08-2025, awarding LAVTA's fixed-route operations and maintenance service contract #2024-07 to MV Transportation, Inc. MV's proposal was ranked highest, its cost was deemed both reasonable and the best value in relation to LAVTA's needs and priorities, and the local management team has direct experience successfully delivering LAVTA's services.

Additional contextual information will be provided at your March 3 meeting based on specific comments and questions raised by members of the Projects & Services Committee at their February 24 meeting and the Finance & Administration Committee at their February 25 meeting.

Attachments:

1. Resolution 08-2025

RESOLUTION NO. 08-2025

**A RESOLUTION OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY
AWARDING A FIXED ROUTE OPERATIONS AND MAINTENANCE CONTRACT
#2024-07 TO MV TRANSPORTATION, INC.**

WHEREAS the Livermore Amador Valley Transit Authority (LAVTA) has an existing contract for Operations and Maintenance (O&M) for its fixed-route services that is scheduled to expire on June 30, 2025; and

WHEREAS in light of the scheduled expiration of the contract, LAVTA staff initiated a procurement process for a fixed-route O&M contract in July 2024 in accordance with LAVTA's Procurement Policy; and

WHEREAS on September 3, 2024, LAVTA publicly released a Request for Proposals (RFP) #2024-07 for fixed-route O&M services, conducted a pre-proposal meeting and facilities tour with potential proposers on October 15, 2024, and established a due date for proposals of November 20, 2024; and

WHEREAS on November 20, 2024, LAVTA received proposals from five firms interested in servicing LAVTA's fixed-route O&M contract; and

WHEREAS in accordance with the Selection Process set forth in the RFP, LAVTA staff reviewed proposals received for responsiveness to all RFP requirements and formed a Selection Committee comprised of professional LAVTA and non-LAVTA transit management staff to evaluate and rank the proposals, and the Selection Committee initially deemed three of the proposals to be within the initial competitive range; and

WHEREAS in accordance with the Selection Process set forth in the RFP, the Selection Committee conducted interviews with three firms initially determined to be within the competitive range, after which the proposals were again re-scored and re-ranked, at which point LAVTA staff entered into final negotiations with two firms then deemed to be in the competitive range; and

WHEREAS at the conclusion of the Evaluation of Proposals and Selection Process, Interviews, and Negotiations outlined in the RFP, MV Transportation, Inc., emerged as the top-ranked proposer, and was determined to be both responsible and responsive to all solicitation requirements;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Livermore Amador Valley Transit Authority approves the award of a fixed-route operations and maintenance contract #2024-07 to MV Transportation, Inc., for an initial three-year base term with four one-year options exercisable at LAVTA's sole discretion; and directs the Executive Director and Legal Counsel to negotiate a contract featuring terms and conditions which are consistent with the Request for Proposals and the proposer's original and subsequent submittals; and

BE IT FURTHER RESOLVED that the Executive Director shall annually estimate the amount of service to be provided in the upcoming fiscal year, negotiate the terms and conditions for that amount of service with MV Transportation, and present the resulting O&M costs for fixed-route services in the annual budget for the Board’s review and approval;

PASSED AND ADOPTED by the governing body of the Livermore Amador Valley Transit Authority (LAVTA) this 3rd day of March 2025.

BY _____
Evan Branning, Chair

ATTEST _____
Christy Wegener, Executive Director