

**OPERATIONS COMMITTEE
APRIL 17, 2002**

SUBJECT: LOCAL TRANSIT AND SHUTTLE SERVICES

**ACTION: AWARD LOCAL TRANSIT AND SHUTTLE SERVICE
CONTRACTS**

RECOMMENDATION

- A. Award a five-year firm fixed price and unit rate contract with First Transit, Inc. to provide local transit services for Packages A (Lines 177 & 256) in an amount not to exceed \$9,198,467 effective June 3, 2002 inclusive of two one-year options.
- B. Award a five-year firm fixed price and unit rate contract with Transportation Concepts, Inc. to provide local transit services for Package B (Lines 218, 603, & 605) in an amount not to exceed \$22,353,743 effective June 3, 2002 inclusive of two one-year options.
- C. Award a five-year firm fixed price and unit rate contract with Transportation Concepts, Inc. to provide shuttle services for Package C (Lines 625, 626, 631, & 646) in an amount not to exceed \$7,637,646 effective June 30, 2002 inclusive of two one-year options.

The cumulative total for Packages A, B, and C is not to exceed \$39,189,856.

- D. Approve cancellation of the solicitation for Package D (Lines 530 & 577) for business reasons.

RATIONALE

The MTA currently contracts with several companies to provide bus services that are typically high subsidy lines. High subsidy lines are defined as lines operated at a subsidy per boarding that is 50% higher than the MTA average subsidy per boarding. Contracting these lines is more cost-effective because contracted bus service providers' overhead and operating expenses are lower than MTA's overhead and operating expenses. This procurement is primarily for the normal re-procurement of expiring contracts and to contract for additional bus lines that meet the high subsidy line criteria. Each contract will have a three-year period of performance with two one-year options.

Originally, this procurement included Pilot Lines 530 and 577 (Package D). While proposals were received for this service and award was originally recommended, staff subsequently determined that the additional revenue hours were better allocated for Metro Rapid service. For this reason, cancellation of this portion of the procurement is recommended. If approved, service for the other packages will begin on June 3, 2002 for Packages A and B and on June 30, 2002 for Package C.

All contracts have provisions that allow for a 25% increase or decrease in service hours. This provision will allow for adjustments in service to better accommodate additional Consent Decree service or needed changes that may result from a service analysis. Such revisions will not affect the fixed unit cost per revenue service hour.

These award recommendations comply with both labor union agreements. In 1994, the MTA negotiated a clause in the labor union agreements that allows the MTA to contract or transfer high subsidy lines as previously defined. Additionally, the award amount does not include the passenger revenue offset. Each contract contains a provision reflecting that the billable contracted service shall be offset by the farebox revenues collected by the contractor.

The proposed Packages contain a fixed unit hourly rate with a fixed unit escalation by package over the three-year contracts and the two option years. Package A year one hourly rate is \$47.02/hour and escalates to \$51.35/hour in year five. Package B year one hourly rate is \$43.46/hour and escalates to \$50.74/hour in year five. Package C year one hourly rate is \$36.02 and escalates to \$41.81/hour in year five.

BACKGROUND

The original RFP contained a base period of five years with two one-year options. FTA recently rejected the proposed option periods. As a result, the MTA re-evaluated the procurement and determined that additional flexibility was required to better meet service demands. Based on the analysis, the cancellation of Package D is being recommended to the Board of Directors. Proposers were asked to submit revised proposals for the other three packages for a three-year base period with two one-year options.

Package A

MTA currently contracts with Coach USA to operate Lines 177 and 256 (Package A) under a contract that was extended by the Board on November 14, 2001 to June 2002. The extension was granted to allow sufficient time to complete the procurement process for contracted operation of these two lines.

Package B

MTA currently contracts with Transportation Concepts, Inc. to operate Lines 218, 603 and 605 (Package B). The current option year expired on February 5, 2002. This contract has been extended on a month-to-month basis until the procurement process can be completed.

Package C

Green Line Shuttle Lines 625, 626, 631, and 646 Nightline Shuttle (Package C) are currently operated under four separate contracts. These contracts were negotiated separately five years ago with First Transit, Inc., Laidlaw Inc., Operation Shuttle, and Transportation Concepts, Inc. Over the last two years, these contracts have been renewed on a year-to-year basis. These lines were combined into Package C and included in the Request for Proposal (RFP) issued on October 9, 2001. The current contract extension will expire on June 30, 2002.

Package	Proposed Contractor	Lines	Annual Revenue Service Hours	Line Operation Details	No.	Replacement Buses
A	First Transit	177	10,608	Pasadena to City of Hope in Duarte	-	(11 New buses procured last year)
		256	25,222	City of Commerce to Altadena		
B	Trans. Concepts	218	18,495	Studio City to Beverly Hills	7	28 ft. El Dorado Aerotechs
B	Trans. Concepts	603	40,327	Glendale to Downtown Los Angeles	7	30 ft. El Dorado EZ-Riders
B	Trans. Concepts	605	13,239	LA County Medical Center to East Los Angeles	7	30 ft. El Dorado EZ-Riders
C (Green Line Shuttles & Nightline Shuttle)	Trans. Concepts	625	19,189	Metro Green Line Aviation Station to West Los Angeles	12	28 ft. El Dorado Aerotechs
		626		Metro Green Line Aviation Station, looping around the area and back		
		631		Metro Green Line Lakewood Station to Downey		
		646		San Pedro to Carson		
Totals			141,230			33

The contracts for Packages B, and C include the provision for a combination of new 30 ft. low-floor and 28 ft. shuttle-type alternate-fuel buses. (The buses that will be used on Package A were procured under the current contract for those bus lines. These buses that are one year old will continue to be used to provide the service for those bus lines.) The cost of the new buses is included in each contract amount and is amortized over a five-year period following receipt of the buses. At the end of the contract period or the five-year amortization period, the buses will become the property of MTA and will continue to be used by successor contractors. These buses have been specified to accept the new Universal Fare System and the ATMS Radios once the system is ready for implementation. The buses will also feature bike racks and the new style LED head signs.

FINANCIAL IMPACT

Funding of \$27,886,918 for these services (Packages A and B) is included in the FY02 budget in cost center 3590, Contract Services, under project number 300011, Purchase Transportation. Since this is a multi-year contract, the cost center manager and Deputy Chief Executive Officer will be accountable for budgeting the cost in future years. In FY01 \$22,655,886 was expended on this line item.

Funding of \$835,000 for these services (Package C) is included in the FY02 budget in cost center 0441, Countywide Planning, under project number 300011, Purchase Transportation. Since this is a multi-year contract, the cost center manager and Deputy Chief Executive Officer will be accountable for budgeting the cost in future years. In FY01 \$835,000 was expended on this line item.

ALTERNATIVES CONSIDERED

Two alternatives were considered:

The first alternative considered was to transfer some or all of the proposed lines to municipal operators or cities. However, while municipal or zone operator cost per service hour rates are below the fully loaded cost of the MTA, they are all higher than the cost per service hour of the proposers for this solicitation.

The second alternative is to operate the local transit lines using MTA staff. The alternate is not recommended. These lines are high subsidy lines requiring a higher ratio of funding. The total five-year operating cost for the proposed contracted services with First Transit, Inc. and Transportation Concepts Inc. is \$31,552,210 compared to MTA's Bus Project operating five-year marginal cost of \$60,347,579 which is based upon the same amount of revenue service hours. This cost difference results in a savings of \$28,795,369 over the life of these contracts. Therefore, bringing the work in house is not recommended because the contractors' proposals provide the highest potential cost savings to the MTA.

ATTACHMENT

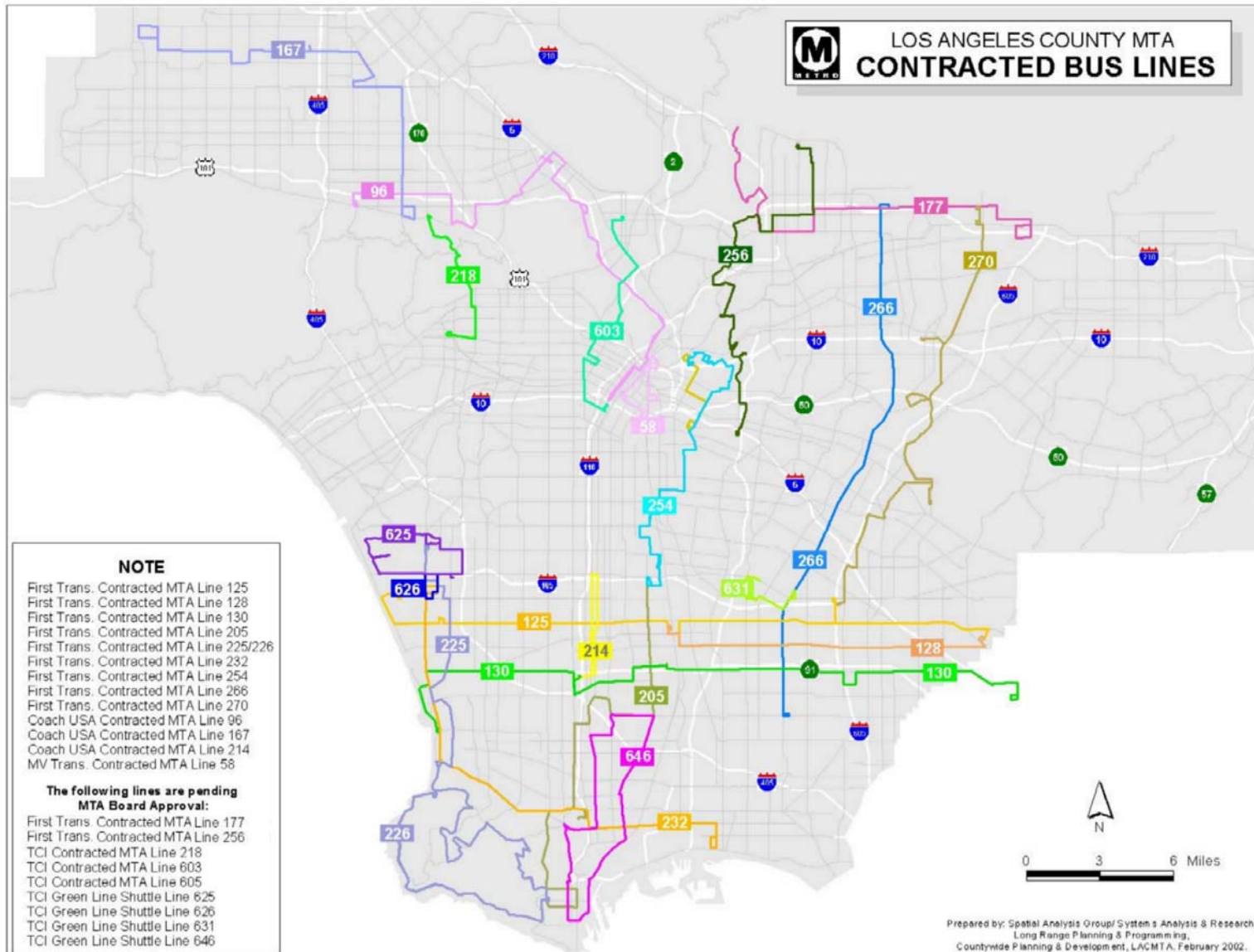
- AA Map of Contract Bus Lines
- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors
- A-3 Detailed Proposed Pricing

Prepared by: Joe Jones, Transportation Contract Services Manager
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John B. Catoe, Jr.
Deputy Chief Executive Officer

Roger Snoble
Chief Executive Officer

Attachment AA



**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

LOCAL TRANSIT AND SHUTTLE SERVICES

1.	Contract Number: OP31501094		
2.	Recommended Vendors First Transit (Package A) Transportation Concepts, Inc. (Package B) Transportation Concepts, Inc. (Package C)		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$39,189,856.	Recommended Price: \$39,189,856	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm Fixed Price		
5.	Procurement Dates:		
	A. Issued: October 9, 2001		
	B. Advertised: October 9, 2001		
	C. Pre-proposal Conference: October 23, 2001		
	D. Proposals Due: December 7, 2001		
	E. Pre-Qualification Completed: February 6, 2002		
	F. Conflict of Interest Form Submitted to Ethics: February 11, 2002		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 14% DBE goal per package	Date Small Business Evaluation Completed: April 2, 2002	
	B. Small Business Commitment: Package A – 17.40% DBE Package B – 15.55% DBE Package C – 14.12% DBE Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 100	Bids/Proposals Picked up: 26	Bids/Proposals Received: 5
8.	Evaluation Information:		
	A. Bidders/Proposers Names: See Attachment A-3 for list of bidders/proposers.	<u>Bid/Proposal Amount:</u> \$ See Attachment A-3 for detailed pricing information.	<u>Best and Final Offer Amount:</u> \$
	B. Evaluation Methodology: Explicit Factors. Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: April 30, 2002		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Susan M. Dove	Telephone Number: 922-7451	
11.	Project Managers: Joe Jones/Scott Page	Telephone Number: 922-4807/922-6946	

BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

LOCAL TRANSIT AND SHUTTLE SERVICES

A. Background on Contractor

First Group is a United Kingdom (UK) based international passenger transport group with bus and rail operations spanning two continents. First Transit, Inc., a subsidiary of First Group operates school buses, transit services and vehicle maintenance facilities. As the nation's leading provider of public transit contracting and management services, First Transit serves more than 100 transit authorities, federal agencies, municipal organizations and private companies. First Transit, Inc. is also the largest private sector provider of vehicle maintenance services in the United States. Currently the firm has contracts with the MTA, Los Angeles Department of Transportation, and the City of El Monte, CA.

Transportation Concepts, the public transportation division of Parking Concepts, Inc. provides regional charter and transit services. Transportation Concepts, Inc. was founded in 1974. Transportation Concepts, Inc. has had contracts with the MTA, and has a good performance record. Transportation Concepts, Inc. also has had contracts with Riverside Transit Agency, Omnitrans, and the City of Carson.

B. Procurement Background

Originally, under this procurement, the MTA solicited proposals for 11 bus lines. As a result of the elimination of Package D, the MTA solicited revised proposals for nine bus lines.

- Package A - Lines 177 and 256
- Package B - Lines 218, 603 and 605
- Package C - Lines 625, 626, 631 and 646

The contract period of performance will be a three-year period with options to extend the period of performance for two additional one-year periods.

On December 7, 2001, proposals were received from Coach USA, First Transit, Laidlaw, MV Transit, and Transportation Concepts, Inc. All five proposer-teams were deemed technically capable of performing the work. Following the initial proposed award recommendation, staff determined that additional flexibility was required to perform the work. For this reason, the proposers were asked to provide revised submittals. Revised proposals were received on April 1, 2002. Using the evaluation criteria contained in the RFP, the Source Selection Committee (SSC) again reviewed the proposal documents and recommended that Package A be awarded to First Transit, Inc. and Packages B and C be awarded to Transportation Concepts, Inc.

As previously noted, Packages B and C include the procurement of new low floor alternate fuel buses that must be provided by the awardee. These buses will be received at the beginning of the contract period. The proposed new buses will be amortized over years one through five of

the contract period. If the MTA elects not to exercise the option periods, the award recommendation includes funding to continue the equipment payments for these buses for the entire amortization period. The continuation of payments for the buses will not extend the period of contract performance. If a new service provider is selected through the follow-on procurement process, the buses will be transferred to that provider.

C. Evaluation of Proposals

The proposals were evaluated using explicit factors. The evaluation factors were:

- Qualifications of the firm
- Qualifications of the proposed staff and the proposer's organization
- Proposed operating methodology/work plan
- Proposer's past performance
- Proposed price

As stated in the RFP, the award will be made to the proposer(s) whose proposal meets the requirements of the RFP and is most advantageous to the MTA based upon the proposal evaluation criteria. Because of the change in the procurement requirements each proposer was asked to submit revised proposal documents that were received on April 1, 2002. The Source Selection Committee reviewed these documents and re-scored the proposals based on the RFP evaluation criteria. First Transit, Inc. and Transportation Concepts, Inc. received the highest technical score. The revised submitted pricing was determined to be reasonable and resulted in further cost reductions to the MTA. Therefore, award was recommended without discussions.

The Diversity & Economic Opportunity (DEO) Department established a 14% goal for each package. The Contractor's DBE commitment is expressed as a percentage of the total pricing for the three year base contract and the two one-year options.

Goal compliance – The proposals submitted by Coach USA, First Transit, MV Transportation, Inc. and Transportation Concepts, Inc. were compliant with the DBE goal.

The proposal submitted by the Laidlaw Transit, Inc. did not meet the DBE goal for any proposed package.

D. Cost/Price Analysis Explanation of Variances

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

**BOARD REPORT ATTACHMENT A-2
LIST OF SUBCONTRACTORS**

LOCAL TRANSIT AND SHUTTLE SERVICES

Small Business Commitment

PACKAGE A

Prime Contractor:
First Transit

DBE Subcontractor(s):
Operation Shuttle
Schwartz Oil
Non-DBE Subcontractors (s): None

PACKAGE B

Prime Contractor:
Transportation Concepts

DBE Subcontractor(s):
Operation Shuttle
Merrimac Energy
Non-DBE Subcontractor(s): None

PACKAGE C

Prime Contractor:
Transportation Concepts

DBE Subcontractor(s):
Operation Shuttle
Merrimac Energy
Non-DBE Subcontractor(s): None

**ATTACHMENT A-3
DETAILED PROPOSED PRICING**

PACKAGE A

PROPOSER NAME	BASE PERIOD	OPTION 1	OPTION 2	TOTAL COST
FIRST TRANSIT				
OP. COSTS	\$5,283,760	\$1,914,048	\$2,000,659	\$9,198,467
EQUIPMENT	\$0	\$0	\$0	
				\$9,198,467
COACH USA				
OP. COSTS	\$5,336,162	\$1,947,719	\$2,029,770	\$9,313,650
EQUIPMENT	\$0	\$0	\$0	
				\$9,313,650
LAIDLAW				
OP. COSTS	\$5,330,662	\$1,930,236	\$2,003,805	\$9,264,703
EQUIPMENT	\$7,128	\$2,376	\$2,376	\$19,008
				\$9,283,711
MV TRANSIT				
OP. COSTS	\$5,766,839	\$2,099,638	\$2,176,673	\$10,043,150
EQUIPMENT	\$0	\$0	\$0	\$0
				\$10,043,150
TCI				
OP. COSTS	\$5,456,712	\$1,958,008	\$2,030,177	\$9,444,897
EQUIPMENT	\$0	\$0	\$0	\$0
				\$9,444,897

Analysis: First Transit offered the lowest price for Package A. The revised proposal submitted by First Transit was the highest rated and found to be the most advantageous to the MTA based upon the proposal evaluation criteria. Thus, award is being recommended to First Transit.

PACKAGE B

PROPOSER NAME	BASE PERIOD	OPTION 1	OPTION 2	TOTAL COST
FIRST TRANSIT				
OP. COSTS	\$10,993,687	\$4,141,966	\$4,198,774	\$19,334,427
EQUIPMENT	\$5,670,666	\$1,890,222	\$1,890,222	\$9,451,110
				\$28,785,537
LAIDLAW				
OP. COSTS	\$13,197,840	\$4,721,415	\$4,950,322	\$22,869,577
EQUIPMENT	\$4,227,408	\$1,409,136	\$1,409,136	\$7,045,680
				\$29,915,257
TCI				
OP. COSTS	\$9,819,032	\$3,527,386	\$3,656,375	\$17,002,793
EQUIPMENT	\$3,210,570	\$1,070,190	\$1,070,190	\$5,350,950
				\$22,353,743

Analysis: For Package B, TCI offered the lowest price, was the highest rated firm and is recommended for contract award.

PACKAGE C

PROPOSER NAME	BASE PERIOD	OPTION 1	OPTION 2	TOTAL COST
FIRST TRANSIT				
OP. COSTS	\$4,955,619	\$1,824,989	\$1,912,072	\$8,692,680
EQUIPMENT	\$733,833	\$244,611	\$244,611	\$1,223,055
				\$9,915,735
LIDLAW				
OP. COSTS	\$5,018,842	\$1,829,477	\$1,925,674	\$8,773,993
EQUIPMENT	\$1,272,414	\$424,138	\$424,138	\$2,120,690
				\$10,894,683
MV TRANSIT				
OP. COSTS	\$3,904,330	\$1,402,238	\$1,445,579	\$6,752,147
EQUIPMENT	\$769,185	\$256,395	\$256,395	\$1,281,975
				\$8,034,122
TCI				
OP. COSTS	\$3,755,638	\$1,346,229	\$1,393,904	\$6,495,771
EQUIPMENT	\$685,125	\$228,375	\$228,375	\$1,141,875
				\$7,637,646

Analysis: TCI offered the lowest price and was the highest rated firm and is recommended for award.

COMBINED OFFERS –

Packages A and C

PROPOSER NAME	BASE PERIOD	OPTION 1	OPTION 2	TOTAL
MV TRANSIT				
OP. COSTS	\$9,611,966	\$3,458,450	\$3,576,729	\$16,647,145
EQUIPMENT	\$769,185	\$256,395	\$256,395	\$1,281,975
				\$17,929,120

Analysis: The combined offer proposed by MV Transit does not represent a cost savings to the MTA when compared to the prices proposed by the firms being recommended for award. For this reason, this offer is not recommended.