



**OPERATIONS COMMITTEE  
APRIL 21, 2005**

**SUBJECT: CONTRACT NUMBER OP31501624  
CONTRACTED BUS SERVICES- NORTH REGION  
TRANSPORTATION CONCEPTS, INC.**

**ACTION: AWARD CONTRACT NO. OP31501624**

**RECOMMENDATION**

Authorize the Chief Executive Officer to:

- A. Award a five-year fixed-unit rate contract, Contract No. OP31501624, to Transportation Concepts, Inc. for contracted bus services in an amount of \$36,315,168, provide for reimbursement of fuel costs for the five-year period in an amount not to exceed \$6,939,020 for a total contract amount not to exceed \$43,254,188, effective July 3, 2005; and
- B. Establish a not to exceed contingency amount of \$3,631,516 for unanticipated fuel costs or the potential need for additional Revenue Service Hours.

**RATIONALE**

Metro operates 21 bus lines that are contracted to private transportation companies. These companies provide maintenance and operations services comparable to those provided at Metro operating divisions. Three separate RFPs were released in December 2004 to reprocur these lines into three regional contracts. This award is a five-year contract to provide service for the lines in the North Region (see Figure 1).

**Figure 1: Contracted Metro Bus Lines- North Region**

Line	Name	Current Contract	Currently Operated By
96	Los Angeles - Burbank - Sherman Oaks via Riverside Dr	PS 3150 0575 B	First Transit
167	Plummer St - Coldwater Canyon Ave	PS 3150 0575 B	First Transit
218	Cedars-Sinai Medical Center - Laurel Canyon Blvd	OP 3150 1095	Transportation Concepts
603	Rampart Blvd - Hoover St - Colorado St	OP 3150 1095	Transportation Concepts

Metro began contracting a portion of its bus service in 1996. The first 13 contracted lines were existing Metro-operated services which were transferred because of their high subsidy. The remaining contracted lines include some of the new local shuttle and consent decree

services that have been added since 1996. Contracting a portion of the bus service has had both cost and operational benefits:

- Annual cost savings are realized through the lower operating cost of the contractors.
- Modifications or expansion to existing Metro Bus Divisions are not necessary when new services are added.
- Contracts allow for greater flexibility in operation. Lines can be quickly added, cancelled, or modified.

Staff provided the Board an outline of the procurement process and evaluation criteria for this contract in a December 2004 Board Box report. The most recent procurement is different than the previous process in the following areas:

- Fuel costs will be paid to contractors on a reimbursement basis. The current highly volatile fuel market would have necessitated contractors to hedge their fuel costs if required to include it in their proposal. The reimbursement method will also allow Metro to move the contracts to clean-fuel vehicles when the existing vehicles need to be retired.
- Additional monetary penalties have been included to ensure that the contractors will meet or exceed Metro Bus performance indicators.
- The contractors will provide a dedicated facility and management staff for each contract.
- These contracts allow for additional services to be added to each region, if necessary, during the term of the contract.

Staff is also recommending a contingency for unanticipated fuel costs or the potential need for additional Revenue Service Hours. The fuel projections included in the contract award amount are based on the current market conditions. The actual cost may be higher or lower depending on future fuel prices and the future contract vehicle fleet makeup. The additional Revenue Service Hours may be necessary due to Consent Degree service requirements or additional contracted services as part of the Metro Connections program.

### **FINANCIAL IMPACT**

The funding of \$8,398,888 for this service is included in the proposed FY06 budget in cost center 3590, Contract Services under project 300011, task 11.1.01.3.03. 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 FY05, approximately \$6,424,748.11 was budgeted for this line item.

### **ALTERNATIVES CONSIDERED**

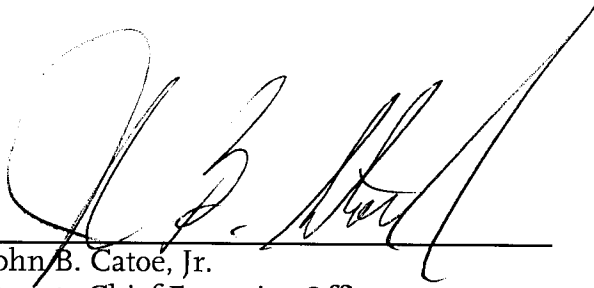
Contracting all or some of the Lines to local or municipal operators was considered. At this time, there are no viable transfer options under consideration. Staff will continue to look for additional transfer opportunities during the term of this contract.

Staff has also considered bringing the services in-house to be operated at Metro Bus Divisions. Based on the marginal Metro Bus Operating Cost (\$83.11/RSH), it would cost approximately \$3.16 million more to operate these services in-house during FY06. There are also some one-time costs that would be associated with bringing these services in-house. Physical modifications may be needed at existing Metro Divisions to accommodate the additional buses and division staff would need to be trained to operate and maintain the types of buses currently providing contracted bus services.

## ATTACHMENTS

- A. Procurement Summary
- A-1. Procurement History
- A-2. List of Subcontractors
- B. Map of North Region Lines
- C. North Region Contract Costs

Prepared by: Mark P. Maloney, Deputy Executive Officer  
Transportation Contract Services



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John B. Catoe, Jr.  
Deputy Chief Executive Officer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**CONTRACTED BUS SERVICES - NORTH REGION**

1.	Contract Number: OP31501624		
2.	Recommended Vendor: Transportation Concepts.		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$35,883,797 excluding fuel reimbursement	Recommended Price: \$36,315,168 excluding fuel reimbursement \$43,254,188 including fuel reimbursement	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Fixed Unit Price		
5.	Procurement Dates:		
	A. Issued: December 17, 2004		
	B. Publicized: December 17, 2004		
	C. Pre-proposal Conference: December 22, 2004		
	D. Proposals Due: January 14, 2005		
	E. Pre-Qualification Completed: March 9, 2005		
	F. Conflict of Interest Form Submitted to Ethics: March 25, 2005		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 10% DBE goal	Date Small Business Evaluation Completed: March 18, 2005	
	B. Small Business Commitment: 10.06% DBE Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 35	Bids/Proposals Picked up: 22	Bids/Proposals Received: 4
8.	Evaluation Information:		
	A. Bidders/Proposers Names:  Transportation Concepts Connex Laidlaw, Inc. First Transit, Inc.  Proposed amounts do not include fuel reimbursement costs.	<u>Bid/Proposal Amount:</u> \$35,883,797 \$38,823,403 \$49,121,568 \$40,761,039	<u>Best and Final Offer Amount:</u> \$36,315,168 \$38,487,100 \$37,576,746 \$40,761,039
	B. Evaluation Methodology: Explicit Factors. Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: April 25, 2005		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Susan M. Dove	Telephone Number: 922-7451	
11.	Project Manager: Mark Maloney	Telephone Number: 922-2806	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**CONTRACTED BUS SERVICES - NORTH REGION**

**A. Background on Contractor**

Transportation Concepts, Inc., (TCI) a subsidiary of Parking Concepts, Inc. is a customer-focused provider of passenger transportation services. TCI was founded in 1982. TCI operates service from twelve different locations in Los Angeles, Orange, Riverside and San Bernardino counties. Transportation Concepts. TCI currently has approximately 600 employees and operates 300 vehicles.

TCI Transit Contracting Services provides a wide variety of approaches for transit system operations. Their experience encompasses the operation of fixed route, paratransit, Dial-a-ride and airport shuttle. TCI has currently provided contract services for the LACMTA under contracts for the past eight years and the firm has performed satisfactorily. Locally, TCI has contracts with several clients, including OMNITRANS, Riverside Transit Agency, the County of Los Angeles, and the Santa Monica Municipal Bus Lines.

**B. Procurement Background**

This is a negotiated procurement for contract services for the North Region using the explicit factors evaluation methodology. The service includes the provision for four lines operating thirty-nine vehicles.

The Request for Proposal required vendors to propose a fixed rate for each revenue service hour (RSH rate) that would be needed to provide the proposed bus service. The revenue service hour costs are to include all operation and maintenance costs with the exception of fuel. Because of the volatility of fuel, fuel costs will be directly reimbursed to the contractor based on actual costs.

The RSH rate also includes all administrative costs including insurance expenses based upon provision of the following coverage:

- Commercial General Liability (CGL) - \$ 1 million per occurrence; \$2 million General Aggregate
- Commercial Automobile Policy - \$ 1 million Combined Single Limit (CSL)
- Excess/Umbrella Insurance Policy - \$24 million above underlying CGL and Auto policies. Total Insurance coverage \$25 million
- Property/Collision/Comprehensive Insurance - Contracted service must place policy (various options) that provides for total insurance coverage of \$10 million. This assures that the contractor will be able to cover any and all repairs to damaged buses.

The Diversity and Economic Opportunity Department recommended a DBE goal of ten percent (10%) for the solicitation.

**C. Evaluation of Proposals**

Four proposals were received and evaluated according to the procurement policies and procedures, using the explicit factors approved for this Request for Proposal (RFP). The evaluation criteria recognized the importance of the technical approach (proposed operation & maintenance program, key personnel experience & qualifications, corporate experience, employee retention and past performance) by weighing these collective criteria significantly more than the proposed cost. An Evaluation Committee was formed using staff from the proposed service area, Contract Services and an outside transit agency that uses contract service to operate a similar size service.

Transportation Concepts received the highest technical ranking and the overall highest weighted score.

Connex, First Transit, Inc., Laidlaw Transit and Transportation Concepts, Inc. submitted proposals in response to the solicitation. All firms were initially found responsive to the DBE goal. Clarification interviews and negotiations were conducted with all firms. Each of the firms was found to be technically responsive to the solicitation requirements. After negotiations each firm was asked to submit a Best and Final Offer (BAFO). Following receipt of the BAFO, First Transit was found to not be compliant with the DBE goal. In the BAFO, TCI proposed a price increase as a result of increased proposed facility costs and driver wages. However, TCI's BAFO cost was lower than the other proposers. TCI's proposed price per Revenue Service Hour (RSH) ranged from \$51.25 per RSH for the first year to \$54.85 for the final year. The details are shown on Attachment C. The firm is well qualified to perform the service and award is recommended.

**D. Cost/Price Analysis Explanation of Variances**

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

BOARD REPORT ATTACHMENT A-2  
LIST OF SUBCONTRACTORS

CONTRACTED BUS SERVICES - NORTH REGION

PRIME CONTRACTOR – Transportation Concepts, Inc.

Small Business Commitment

Other Subcontractors

Merrimac Energy Group	9.63%
California Job Connection	0.43%

None Listed

Total DBE Commitment	10.06%
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**ATTACHMENT C**  
**North Region Contract Costs**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue Service Hour Rate	\$51.25	\$50.09	\$51.70	\$53.27	\$54.85	
Annual Revenue Service Hours	139,052	139,052	139,052	139,052	139,052	695,260
Operating Cost	\$7,125,777	\$6,964,923	\$7,189,592	\$7,407,447	\$7,627,429	\$36,315,168
Fuel	\$1,273,111	\$1,327,661	\$1,384,939	\$1,445,080	\$1,508,229	\$6,939,020
<b>Total Contract</b>	<b>\$8,398,888</b>	<b>\$8,292,584</b>	<b>\$8,574,531</b>	<b>\$8,852,527</b>	<b>\$9,135,658</b>	<b>\$43,254,188</b>