



# Administrative Report

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N.1., File # 20-0635

Meeting Date: 5/5/2020

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**To: MAYOR AND CITY COUNCIL**

**From: JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR**

## **TITLE**

DISCUSSION AND POSSIBLE ACTION REGARDING MANAGEMENT AGREEMENT WITH PARKING CONCEPTS, INC, DBA TRANSPORTATION CONCEPTS TO PROVIDE BEACH CITIES TRANSIT FIXED ROUTE AND WAVE DIAL-A-RIDE SERVICES FOR THE AMOUNT NOT TO EXCEED \$8,894,680.48 FOR THE TERM JULY 1, 2020 - JUNE 30, 2023

## **EXECUTIVE SUMMARY**

The City's current agreement with Parking Concepts, Inc. d/b/a Transportation Concepts (Transportation Concepts) will expire on June 30, 2020. In accordance with City policy, a Request for Proposals (RFP) was issued soliciting proposals from transit system operators for the ongoing operation and maintenance of the Beach Cities Transit (BCT) system upon expiration of the current contract.

On November 5, 2019 the City Council approved the BCT System RFP, the proposal evaluation criteria and the form of the City agreement, and authorized staff to issue the RFP on November 7, 2019. The City received three proposals on December 18, 2019, which were reviewed by the Transit Proposal Review Committee (Review Committee), and interviews were held with two competitive proposers on January 15, 2020.

Staff recommends approval of contract award to Transportation Concepts as the BCT system contract operator based on the results of the Review Committee's final rankings of the written proposals, interviews with key operating and corporate personnel, and the cost analysis of the proposed services.

The agreement term would be July 1, 2020 through June 30, 2023 for the not to exceed amount of \$8,894,680.48. The agreement also includes Out-of-Contract services to allow for the flexibility to perform pandemic or other declared emergency related expenses. BCT services are funded by dedicated transportation funding in the Transit fund and receive no support from the General Fund.

## **BACKGROUND**

### **Current Transportation Services**

The BCT system includes the WAVE senior/disabled dial-a-ride service; and fixed route Lines 102

and 109. The BCT fixed-route system provides services to partnering cities including Hermosa Beach, Manhattan Beach and El Segundo. The BCT WAVE service offers convenient, inexpensive, curb-to-curb paratransit for senior (62+)/disabled residents of the cities of Redondo Beach and Hermosa Beach.

BCT's Fixed Route system provides north/south service connecting the South Bay beach cities - Redondo Beach, Hermosa Beach, Manhattan Beach and El Segundo. Additionally, the service provides east/west connections to Torrance Transit, Lawndale Beat, GTrans, LADOT Commuter Express and Metro Bus & Rail. Connections to Metro rail stations can be made at Redondo Beach Green Line station on Marine Avenue, Douglas Green Line station in El Segundo and Aviation/LAX Green Line station in the Los Angeles area. Future route connectivity includes the new Redondo Beach Transit Center and the LAX Terminals People Mover.

The BCT WAVE service, if requested by riders, connects with Metro, Torrance Transit, GTrans, and the Lawndale Beat at the Redondo Beach Transit Center and at the Redondo Beach Green Line Station.

Since FY 2009-10, the City has contracted with Transportation Concepts for the operation and maintenance of BCT services, which consist of:

- Fixed route Lines 102 and 109;
- The WAVE senior/disabled dial-a-ride service;
- Dispatch and scheduling functions;
- Maintenance of the BCT fleet: 15 fixed route vehicles and 5 WAVE dial-a-ride vehicles
- Management, oversight, and reporting of BCT operations and vehicle maintenance.

#### BCT and WAVE Statistics

Ridership has been trending downward over the last few years, consistent with data from regional and national transit agencies. BCT ridership is promoted via the City's website, and on a Twitter page @RedondoBeachBCT encouraging riders to use the service for the various special events and business districts in the beach cities communities. In addition, staff participates in regional studies, and coordinates marketing and outreach efforts with other Los Angeles County transit operators to improve ridership trends.

<b>BCT Line 102</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>Service Hours</b>	13,821	13,730	13,696
<b>Passenger Trips</b>	179,210	182,324	179,435

<b>BCT Line 109</b>			
<b>Service Hours</b>	20,290	20,265	20,252
<b>Passenger Trips</b>	190,068	179,020	173,983

#### **WAVE**

<b>Service Hours</b>	6,432	6,730	6,864
<b>Passenger Trips</b>	13,834	14,201	13,669

Transportation Concepts operates the administrative and dispatch functions and performs vehicle maintenance at the City's maintenance facility located at 1521 Kingsdale Avenue, south of the new Transit Center project. They perform driver training and related duties at the City Hall transit offices.

The last available term of the Transportation Concepts agreement expires June 30, 2020. The City's adopted Fiscal Year 2019-20 Budget includes \$2,268,050 for BCT contract operations for an estimated 42,000 service hours.

#### BCT RFP Process

On November 5, 2019, the City Council approved the BCT System RFP for the operation and maintenance of the BCT transit services, approved the proposal evaluation criteria and the form of the City agreement for the selected proposer, and authorized staff to issue the RFP. The RFP was issued on November 7, 2019 and proposals were accepted through December 18, 2019. Fifteen (15) private sector transit system operators were notified via email that the RFP was posted on the Transit Division website, and public notices were posted in the Easy Reader and on the California Association for Coordinated Transportation (CalACT) and CTA webpage bid boards.

The RFP defined transit services operations that included service improvement responsibilities related to improved technology for real-time information systems, improved driver retention and living wage standards, and established minimum pay ranges consistent with state law and competitive wages. In addition, several issues were identified that may impact transit services during the term of the agreement such as the new transit center construction and operations, California Air Resources Board Zero Emission Requirements, Metro Crenshaw Line extension, and Los Angeles Airport Landside Access Modernization Program (LAMP), otherwise known as the new LAX People Mover.

The RFP included an initial term of contract, the base term through June 30, 2023. Additionally, the City may extend the contract for one (1) additional two-year period through June 30, 2025. Compensation for the two-year extension period shall increase no more than the annual increase in the Consumer Price Index for the State of California (Los Angeles-Riverside-Orange County statistical area) for the most recently reported calendar year.

#### RFP Evaluation Process

Three (3) proposals were received from First Transit, MTM and Transportation Concepts by the due date of December 18, 2019. The experience level of the bidding companies made the review process extremely competitive. The RFP Review Committee was comprised of City Transit staff, a transit consultant, and two transit professionals from outside agencies who evaluated the three proposals in accordance with the evaluation criteria included in the RFP.

After an initial review of the proposals, additional questions from City staff were forwarded to the two finalist firms for proposal clarification. The clarification responses and proposals were further assessed as to the depth of transit operations experience, staffing levels and pay ranges, State and Federal regulatory knowledge, corporate staff and training support, and operational approach. These factors were thoroughly evaluated, as they related to the proposed costs, including the potential

impact and costs related to transitioning from the current contractor to a new contractor.

Interviews were held on January 15, 2020, with the representatives from the top two proposers, who were First Transit and Transportation Concepts. Staff required that the contractor's proposed Project Manager and Maintenance Manager be present at the interview; up to two additional contractor representatives were allowed to be present for the interview.

Consistent with Federal Transportation Administration best practices, the City is not obligated to accept the lowest priced proposal and, therefore, considered a range of factors in recommending the operator for BCT: Contractor Experience, Qualifications, Personnel Management and Vehicle Maintenance Programs, Cost Effectiveness, and Financial Viability. The current contractor, Transportation Concepts, ranked first among the candidates after the evaluation process was completed. First Transit was the second ranked proposer and MTM was the third ranked proposer. Ultimately, the Review Committee recommended Transportation Concepts for the contract award.

City staff has a positive and proactive working relationship with the Transportation Concepts Project Management team. Their management team is responsive to City staff and addresses customer related issues, operational and driver issues in a timely manner. Most recently, our crisis management collaboration and coordination related to the COVID-19 pandemic to work towards ensuring public and driver safety, as well as provide modified transit service levels, has been valuable to meet the needs of essential workers and those making essential trips. Their successful management of the vehicle maintenance program and Drug & Alcohol Program resulted in zero findings in the recent Federal Transit Administration's reviews evaluating compliance with Federal Regulations.

Since 2009/10 Transportation Concepts has partnered with staff by providing professional assistance with transit bus purchases, the implementation of the BCT Comprehensive Operational Analysis service changes, the installation of the bus stop annunciators, on-board security cameras, bus fare counter equipment and the current installation of the real-time information system. They have participated in regional meetings and conferences for the LAWA LAMP project, Metro, Zero Emission Buses , as well as the Federal Transit Administration for new regulations, such as the Public Transit Agency Safety Plan and Transit Asset Management Plans. In addition, Transportation Concepts staff has participated in BCT promotional events, and several older adult outreach events for both the fixed route and dial-a-ride services.

Transportation Concepts included improvements in the proposal, and incorporated costs related to operations and personnel that were implemented but not funded under the current agreement period. These include the addition of five additional full-time positions to ensure daily coverage for maintenance mechanics, field supervision, training, dispatch and support staff. An administrative staff member was employed to support the increased workload related to increased TAP reporting data management, and a full-time trainer was added to ensure an ongoing driver recruitment and training program addressing driver hiring and retention challenges, which is an ongoing issue for transit operations nationwide.

Transportation Concepts is also addressing the increasing challenge of retaining drivers, primarily due to the competitive wages in the Los Angeles region, and the California minimum wage requirements. For example, the average starting wage is \$20 per hour for LAX, Metro and nearby

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## Municipal Operators.

At the beginning of the BCT agreement term in 2015, the starting driver pay was \$12 per hour, the current starting pay is \$17 per hour. While wage increases based on the Consumer Price Index were built into the current agreement's annual rates, competitive wages have increased significantly and Transportation Concepts increased driver wages three separate times above the contract pricing factors that are included in the current vehicle revenue hour rate.

## BCT and WAVE Operations and Maintenance Costs

The Base Period, Year 1 of the agreement beginning July 1, 2020 through June 30, 2021, will operate approximately 34,000 fixed route service hours, and 7,000 dial-a-ride service hours for a total of 41,000 service hours. The Base Periods Year 2 and 3 will operate the same number of service hours for each period.

As detailed in Table 1 (attachment), the contract payment structure is based on a fee structure that separates costs between the contractor's fixed overhead costs and the costs that are directly related to operations. Separating the fixed overhead costs from the direct variable revenue vehicle service hour costs provides a better picture of the actual direct costs of the transit operations, as well as improves our ability to evaluate costs with comparative transit agencies.

The fixed overhead costs include, but are not limited to, the following cost elements: all salaries and wages and associated fringe benefits other than those related to vehicle operators; overhead costs; uniforms; physicals and drug/alcohol tests; office furnishings, equipment and supplies; maintenance equipment and shop tools; vehicle insurance; oil and lubricants; mobile and base radios and radio licenses; vehicle maintenance and repairs; radio maintenance; report reproduction; and management.

The Revenue Vehicle Service Hourly rate includes direct costs related to the wages and benefits of vehicle operators, maintenance parts and supplies, outside repairs, overhead and related profit or fee. An hourly rate for special services will pay for activities that are not related to Revenue Vehicle service hours, such as the COVID-19 pandemic.

Table 1 (attachment) shows the Base Period estimated total costs of the fixed fee and variable revenue vehicle service hourly costs, and the total projected costs for the services for the term of the agreement.

The total operations cost for the three-year agreement is \$8,894,680.48. The agreement also provides for the performance of special transit services, and Out-of-Contract services to allow the flexibility to perform pandemic or declared emergency related activities.

## Management Agreement

The documents listed below and attached to this report collectively comprise the Management Agreement (attachments Parts 1a, 1b, 2, 3 and 4).

- Parking Concepts, Inc. dba Transportation Concepts, Management Agreement
- City's Request for Proposals dated November 7, 2019

- Addendum No. 1 - Revised RFP language and responses to Contractor questions
- Contractor's Proposal dated December 18, 2019
- Contractor's Clarifying Questions Response

### Staff Recommendation

Transportation Concepts' team was ranked first at the conclusion of the selection process. Based on the City's best interests and, after all factors have been evaluated in the final analysis, staff recommends that City Council award the contract for the BCT operation and maintenance to Transportation Concepts.

In their current five-year contract period, they have consistently met the needs of the City, the City's partner cities of Hermosa Beach, Manhattan Beach and El Segundo, and have achieved the City's standards, particularly the customer service standards. The management, maintenance, and operation of BCT fixed route and WAVE dial-a-ride services function smoothly and any operational issues that arise are typical to transit systems and are efficiently managed.

### COORDINATION

The Community Services Department work with Transportation Planning and Policy Consultant Roy Glauthier to complete the proposal review process for the BCT System Request for Proposals for operation and maintenance of fixed route and dial-a-ride services. The Management Agreement has been approved as to form by the City Attorney's office.

### FISCAL IMPACT

The City transportation services are funded by dedicated transportation funding under the Municipal Transit Operator Formula Allocation Procedure (FAP), Local Return Proposition A funds, BCT fares and bus pass sales revenues. The total estimated cost for the operations and maintenance of the Beach Cities Transit system for the three-year term is \$8,894,680.48.

Expenses for services as per contract and effective July 1, 2020 will be included in the FY 2020-21 Transit Budget. Expenses for the remaining 2 years of the initial term of the agreement will be included in the FY 2021-22 and FY 2022-23 Transit Budgets. BCT services receive no support from the General Fund.

#### FY 2020-21 Funding

Transit Fund	\$2,845,896.24
Total	\$2,845,896.24

#### FY 2020-21 Expenditures

BCT & WAVE Operations	\$2,845,896.24
Total	\$2,845,896.24

#### FY 2021-22 Funding

Transit Fund	\$2,966,478.08
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#### FY 2021-22 Expenditures

BCT & WAVE Operations	\$2,966,478.08
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Total	\$2,966,478.08	Total	\$2,966,478.08
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**FY 2022-23 Funding**

Transit Fund	\$3,082,306.16
Total	\$3,082,306.16

**FY 2022-23 Expenditures**

BCT & WAVE Operations	\$3,082,306.16
Total	\$3,082,306.16

jrooney

**APPROVED BY:***Joe Hoefgen, City Manager***ATTACHMENTS**

1. Parking Concepts, Inc. dba Transportation Concepts, Management Agreement
2. City's Request for Proposals dated November 7, 2019
3. Addendum No. 1 - Revised RFP language and responses to Contractor questions
4. Contractor's Proposal dated December 18, 2019
5. Contractor's Clarifying Questions Response
6. Insurance Certificates 1 and 2
7. Table 1 - Total Costs for BCT and WAVE Services
8. BCT Presentation