

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: YURI KOSLEN, TRANSIT PLANNER
TRANSPORTATION AND PUBLIC WORKS DEPARTMENT
SUBJECT: CONTRACT EXTENSION WITH MV TRANSPORTATION FOR
ADA PARATRANSIT SERVICES AND OAKMONT DEVIATED
FIXED-ROUTE SERVICE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Transportation and Public Works Department that the Council, by resolution, approve the Second Amendment to Professional Services Agreement with MV Transportation, Inc. to 1) extend the contract for delivery of ADA paratransit services and a deviated fixed-route service through June 30, 2020 using two one-year options to extend (Year Four and Year Five), 2) increase the compensation payable to the contractor under the Agreement by \$2,718,051 to an amount not to exceed \$6,606,151, 3) suspend a specific liquidated damages provision during Year Four, 4) provide for sharing the cost of MV Transportation's increased contribution to employee healthcare premiums over a specific threshold of employee participation; and 5) authorize the Director of Public Works to execute the amendment.

EXECUTIVE SUMMARY

In 2015, the City Council awarded a three-year contract with two one-year extension options to MV Transportation, Inc., for delivery of citywide ADA paratransit services and a deviated fixed-route service in Oakmont, in an amount not to exceed \$3,728,046. MV Transportation's performance has met the City's performance expectations. Staff seeks Council approval to extend the contract through June 30, 2020 with renegotiated costs to reflect an increase in employee wages and benefits intended to address ongoing challenges with paratransit operator recruitment and retention.

BACKGROUND

The Transit Division ("Transit") within the Transportation and Public Works (TPW) Department contracts for both paratransit services and a deviated fixed route service that serves the Oakmont community. Paratransit service is required by the Americans with Disabilities Act (ADA) to complement the City's fixed route transit system. The

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City's paratransit service provides curb-to-curb transportation for individuals living with a disability who meet eligibility requirements. The Route 16 - Oakmont Circulator operates with a shared cost agreement approved by City Council and the Oakmont Village Association. The service operates Monday through Friday and deviates up to 3/4 of a mile from its standard route to provide service upon request within the Oakmont community as well a daily trip to nearby grocery stores and pharmacies.

An RFP for ADA paratransit service and deviated fixed route service in Oakmont was released by the City on February 17, 2015. The RFP was competitively bid, resulting in two proposals. These proposals were evaluated by a panel consisting of one Council Member, the Deputy Director of Transit, the Acting ADA Transit Planner, a representative from the Solano Transit Authority, and a program manager from Marin Transit. The financial portion of the proposals was evaluated by a Sonoma County Administrative Services Officer, Transit's Administrative Services Officer, and a City of Santa Rosa Accountant. The areas of evaluation included: demonstrated ability to perform the service; history of providing similar services; demonstrated understanding of the Scope of Work with clear operations plan, staffing and training plan; ability to abide by California Labor Code sections 1072-1074, which protect the rights of incumbent transit workers if a new contractor is engaged; and the cost proposal. Council awarded the contract MV Transportation, Inc. as they offered the best value to the City.

Throughout the life of the existing contract, MV Transportation has successfully operated the CityBus paratransit service meeting the productivity, efficiency, and on-time performance targets established for the service. The Transit Division has found MV Transportation's staff to be responsive in delivering quality services, and members of the City's Paratransit Users Group regularly commend MV Transportation staff for the quality of service that is provided.

The current contract terms provide that MV Transportation continue paratransit services at pricing detailed in the current agreement during the two one-year option years. In Spring 2018 MV Transportation requested an increase in pricing for the two option years in order to provide an increase in wages and benefits for employees assigned to the Santa Rosa contract due to ongoing employee recruitment and retention challenges. Currently, starting wages for these positions are set at \$15.50 per hour, with annual step increases culminating in a wage of \$20.83 per hour after 11 years of service.

In June 2018 Council approved a 90-day extension to the current contract to enable Transit staff to conduct more research into the need for a cost increase and negotiate with MV Transportation regarding the cost increase proposal.

PRIOR CITY COUNCIL REVIEW

On June 2, 2015, City Council passed a resolution awarding a three-year contract with two one-year options to extend to MV Transportation Inc. of Fairfield, California.

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On July 26, 2016, City Council passed a resolution approving a three-year agreement with the Oakmont Village Association to share equally in the annual cost of operating the deviated fixed route service to the Oakmont Community.

On June 26, 2018, City Council passed a resolution to extend the contract for 90 days to allow staff additional time to conduct market research and negotiate a full year extension of the contract and increased the total contract obligation by \$160,000 to a total of \$3,888,100.

ANALYSIS

MV Transportation approached the City in the Spring of 2018 with a revised cost proposal for Year Four of the current contract (the first of two one-year extension options) that would increase the wage scale for paratransit operators, dispatchers, and mechanics by resetting the starting wage at \$18.50 per hour and increase MV Transportation's share of employee healthcare premiums from 40% to 75%. The Transit Division requested a 90-day extension of the contract to conduct additional research and negotiations with MV Transportation in response to this request. The Transit Division's findings include the following:

- The current starting wage and/or average wage for MV Transportation employees working on Santa Rosa's contract are significantly less than those in several similar service areas around the Bay Area.
- Average wages for MV Transportation paratransit operators assigned to the Santa Rosa contract have declined steadily during the first three years of the contract, from \$17.91 in FY 15-16 to \$17.25 in FY 17-18, reflecting a loss of more experienced drivers.
- Staff recruitment and retention is an ongoing issue for Santa Rosa's contract, with these challenges potentially threatening service quality if compensation is not increased. Currently four of the bus operator positions assigned to the Santa Rosa contract are vacant.
- MV Transportation has lost several operators to the Santa Rosa CityBus fixed-route system over the past few years, as well as other area agencies and organizations with higher wage scales for individuals holding Commercial Class B licenses. During this period, CityBus bus operators have received three cost of living adjustments that have increased the starting wage to \$22.98 per hour, compared with \$15.50 per hour for MV Transportation paratransit operators.

MV Transportation's original cost proposal for the two one-year extension options assumed that compensation would be based on operating 21,000 revenue hours annually. However, growth in paratransit demand has been contained over the original contract period, resulting in a significantly lower number of hours operated, and a savings to the City of approximately \$180,000 compared with the contract obligation. In

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FY 17-18 16,500 hours were operated. Transit staff do not anticipate a significant increase in paratransit ridership during Year Four or Year Five of the contract. Given these findings, the Transit Division agreed to negotiate with MV Transportation and bring a recommendation for revised Year 4 and Year 5 pricing to the City Council. An agreement was reached that contains the following provisions, reflected in the attached proposed contract amendment:

- An increase in the variable rate for the contract to provide a starting wage of \$18.50 per hour to be phased in over the two one-year extension options (Year 4 and Year 5), with approximately 65% of the wage increase to occur in Year 4 in order to help address current employee recruitment and retention challenges.
- An increase in the variable rate for the contract to increase MV Transportation's share of employees' healthcare premiums from 40% to 75%. Pricing is based on an estimate that this change will increase employee participation in the healthcare plan from 27% to 50%. For any increase in employee participation over 50%, it is proposed that MV Transportation and the City split the costs of the additional share of the employees' healthcare premium 50/50.
- A one-year suspension of a liquidated damages provision within the current contract related to driver availability (for Year Four only), recognizing that MV Transportation has challenges related to driver recruitment and retention that may not be fully addressed by Year Four wage increases. No liquidated damages have been assessed during the first three years of the contract.

There are no changes to management salaries or benefits in the proposed contract amendment. The only cost increases that are being proposed go directly to wages and benefits for dispatch, operator and maintenance personnel.

FISCAL IMPACT

This action has no impact on the General Fund. Funding for the ADA paratransit services and the Oakmont deviated-fixed route service is provided by State Transportation Development Act Article IV funds and Federal Transit Administration (FTA) 5307 funds and is included in the FY 2018-19 Transit Division budget. Pricing in Exhibit C-1 is based on the estimates in the original contract that 21,000 hours would be operated in Year Four and 21,500 hours in Year Five. The actual hours operated have been far less over the life of the contract. Based on an estimated 16,500 service hours operated annually, this contract amendment is anticipated to increase expenditures by approximately \$116,000 in Year Four and \$143,000 in Year Five. Over the last three years, contract expenses have been approximately \$180,000 less than the obligation of the contract. With these savings, the proposed contract extension will increase the total contract amount by \$2,718,051 to a total contract obligation over five years of \$6,606,151. The Year Four increase can be accommodated within the existing Transit Division budget for FY 18-19.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Cost Proposal (Exhibit C-1)
- Resolution/Exhibit A: Second Amendment to Professional Services Agreement

CONTACT

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