

To: Operations & Scheduling Committee

Date: 05/27/2022

From: Rashida Kamara, Director of ADA & Special Services
Amber Johnson, Chief Financial Officer

Reviewed by: *Ref*

SUBJECT: Award Contract for Consolidation of CCCTA/LAVTA Paratransit Services to Transdev

Background:

In December 2021, the Central Contra Costa County Transit Authority's (CCCTA or County Connection) Board of Directors approved a joint Request for Proposals (RFP) to consolidate paratransit services with the Livermore Amador Valley Transit Authority (LAVTA) using one contractor. Under CCCTA's Procurement Policy, and as a recipient of federal funds, CCCTA is required to competitively procure goods and services. This procurement was developed as a "Best Value" procurement, as indicated in the RFP, and allows CCCTA to select the offer deemed most advantageous and of greatest value.

The RFP was released in January 2022, and operators were invited to review the RFP and provide a proposal based on best value. Several prospective bidders participated in the question-and-answer portion of the process. CCCTA ultimately received proposals from RydeTrans and Transdev Services Inc., (the incumbent contractor) by the deadline of April 6, 2022.

Neighboring transit agencies were invited to participate as panel members to interview the proposers. The panel was comprised of Jeanne Krieg (Tri Delta Transit), Rob Thompson (WestCAT), Christian Kent (Consultant), Toan Tran (LAVTA), and Rashida Kamara (CCCTA). Standard questions were presented to proposers beforehand to help them prepare for the panel interview. The following technical and financial factors were identified as evaluation criteria in the RFP:

Criteria	Points
Financial viability, firm experience, and corporate support	250
Qualification/experience of key personnel, thoughtful leadership	250
Creative approach/integration and value added	100
Service improvement/implementation plan	200
Reasonable cost	200
Retention of current employees	Bonus Points 100

Selection:

Using the established scoring criteria, RydeTrans scored 828 and Transdev 1010, on average, across the evaluation team. Both companies had something of value to offer in their proposals. RydeTrans' proposal included the following: locally based company, offered ten vehicles to operate LAVTA service area, and matched existing wages; however, they did not offer a One Seat Regional Ride solution.

Transdev offered the TNC partnership with Big Star, upgrades to technology like the passenger smart app, competitive wages, on-going and review of one seat expansion.

The proposal scoring revealed that Transdev can provide paratransit service that is more advantageous and of best value to the CCCTA, its partners, and its riders. Therefore, staff recommends the Board award the paratransit contract to Transdev Services, Inc.

Financial Implication:

The RFP instructed potential proposers to provide a fixed and variable cost proposal based on tiers of service. The current paratransit contract already incorporates a fixed and variable cost structure, which allows for a baseline fixed fee regardless of the number of hours of service, plus an hourly rate. Due to fluctuating and unpredictable demand due to the COVID-19 pandemic, the additional element of “tiered pricing” has been introduced to allow for greater flexibility and a scaling of the operation based on demand.

It is difficult to compare the current contract to the new proposed contract due to the changing nature of the services provided. The addition of LAVTA as a paratransit partner and formalizing the One Seat pilot program, plus addition of tiered pricing, has created a new service model that is significantly different from the prior model. In addition, the definition of a “billable” hour in the new contract will return to a standard definition, whereas during the height of the COVID pandemic, the definition was broadened to allow for driver retention during periods of slow paratransit demand. Despite this challenge, staff has worked to normalize costs between the two models for comparison purposes.

Transdev’s initial pricing proposal including all service partners (CCCTA, LAVTA, and One Seat partners) was 20% higher than current contract pricing. After several rounds of negotiations, total cost was reduced by 1%. After an additional extensive service review, including reductions to Transdev’s profit margin, total cost was reduced by an additional 4%, resulting in a net increase of 15% as compared to the current contract.

However, because this contract will be shared with our partners, costs are also allocated across these various partners. LAVTA is the primary partner in the new contract and will be responsible for a significant portion of the baseline fixed fee (memorialized in a separate Memorandum of Understanding between LAVTA and CCCTA), plus their share of hourly charges. As a result, the total cost for CCCTA’s portion of the contract under the final proposal is 12% higher than current pricing. Table 1 provides a summary breakdown of the price negotiations and how this affected each partner, using budgeted revenue hour estimates for Year 1.

Table 1: Summary of Year 1 Contract Pricing at Tier 3

	CCCTA - 60,000 hours		LAVTA - 20,000 hours		One Seat - 3,000 hours		TOTAL	
	\$ cost	% +/- current	\$ cost	% +/- current	\$ cost	% +/- current	\$ cost	% +/- current
<i>Current Contract</i>	4,804,707		1,419,263		151,260		6,375,230	
Original Proposal	5,620,452	17%	1,873,484	32%	165,690	10%	7,659,627	20%
Reduction #1	5,557,216	16%	1,837,605	29%	183,240	21%	7,578,062	19%
Reduction #2 (final)	5,368,303	12%	1,770,634	25%	179,670	19%	7,318,608	15%

There are several factors that led to this price increase:

1. Additional staff. Due to growth in the CCCTA paratransit program to include partner agencies, the original staffing model proposed by Transdev in 2019 is no longer adequate. The new proposal adds new staff positions to better address the structure of services provided.
2. Wage increases. Both Transdev and Big Star have incorporated cost of living increases to their operator salary structures of approximately 3-4%. In addition, as an operator gains experience, they have the opportunity to advance to a higher wage bracket, in a structure similar to CCCTA's step system.
3. Employee benefits. In response to the challenging labor market, the proposal includes Transdev taking on an additional 5% of the employee's health benefit costs, to reduce the financial burden of the increasing costs of benefits for employees. This will result in more employees utilizing the health benefits and a greater cost to Transdev for those benefits.
4. Maintenance costs. Tires and lubrication costs have been steadily increasing, which is represented in the proposed price.

The Transdev summary pricing proposal is represented in Tables 2 and 3.

Table 2: Transdev Fixed and Variable Price Summary

	Tier 1	Tier 2	Tier 3	Tier 4
Annual Revenue Hour Range	< 64,000	64,001 - 74,000	74,001 - 84,000	> 84,000
FY 2022/23 Monthly Fixed Fee	\$ 235,550	\$ 238,531	\$ 242,145	\$ 248,141
FY 2022/23 Hourly Rates:				
CCCTA	\$ 52.26	\$ 53.30	\$ 53.15	\$ 52.60
LAVTA	\$ 53.19	\$ 52.71	\$ 52.21	\$ 52.00
One Seat	\$ 63.62	\$ 61.74	\$ 59.89	\$ 58.96

Table 3: Annual Cost Escalation Rate

Year	Escalation Rate
FY 2023/24 - Year 2	3.8%
FY 2024/25 - Year 3	3.7%
FY 2025/26 - Year 4	3.4%
FY 2026/27 - Option Year 5	3.4%

Staff reached out to transit agencies across the country and locally to determine if a 15% increase was consistent with industry trends. The informal survey revealed that agencies with new contracts within the past 6 months have all experienced a 15%-29% increase in cost. These increases are 80% due to staff wages and benefits as the ability to hire and maintain quality employees is a nationwide problem. In addition, COVID has presented a unique problem in which ridership is low, but the need to keep a substantial number of qualified staff to accommodate the traditional ridership in addition to the alternative needs of the community is now necessary for the sustainability of paratransit service.

The contract maximum, or Not to Exceed (NTE) amount, for the life of the base contract is \$35.3 million plus an additional \$12.6 million for the option year (see Table 4). The calculated contract maximum is based on estimated service hours for CCCTA, LAVTA and One Seat over the contract term, combined with the current Transdev pricing schedule. Significant variances in demand for mandated services could also increase (or decrease) contract costs. If service demand were to increase above projections, a

contract amendment would be needed to increase the contract maximum. Board approval will be required to award the option year.

Table 4: Contract Maximums

	Year 1	Year 2	Year 3	Year 4	Year 5 (Option)
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Tier	3	4	4	4	4
Revenue Hour Estimate	83,000	91,300	104,995	125,994	151,193
Fixed	\$ 2,905,738	\$ 3,092,497	\$ 3,204,917	\$ 3,304,616	\$ 3,425,628
Variable	\$ 4,412,870	\$ 5,002,855	\$ 5,975,468	\$ 7,438,321	\$ 9,213,908
Annual Total	\$ 7,318,608	\$ 8,095,352	\$ 9,180,384	\$ 10,742,937	\$ 12,639,535
Contract Maximum	\$35,337,282				\$ 12,639,535

The FY 2022/23 Draft Budget anticipated Year 1 paratransit costs of \$6.3 million for CCCTA, \$1.3 million for LAVTA, and \$0.2 million for One Seat. Based on the current contract and ridership assumptions, CCCTA paratransit costs are anticipated to reach \$5.4 million. Staff proposes revising the CCCTA paratransit budget downwards to \$5.9 million to allow for a 10% contingency over estimated actuals. A revision to the budget in the final version will be made to accommodate increased costs to LAVTA, but since these costs are reimbursed, this will have no impact to CCCTA’s bottom line. Both revisions are reflected in the final budget document being presented for approval by the Board in June. No change to the budget is required for the One Seat program.

Recommendation:

As Transdev has bargained in good faith and worked to reduce costs through a Best and Final Offer (BAFO) process and, has provided a proposal that is reasonably priced as compared to the market and, is the most advantageous, staff recommends awarding the contract to Transdev for the provision of consolidated paratransit operational and maintenance services.

Action Requested:

Staff respectfully requests the O&S Committee forward to the full Board of Directors a resolution authorizing the General Manager to enter into an agreement with Transdev to provide consolidated paratransit services for both LAVTA and County Connection commencing July 1, 2022 for the period of four years and one option year at a cost not to exceed \$35,337,282.

Attachments:

None.