

Contracted Bus Operations and Maintenance Contract

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with MV Transportation for contracted bus operations and maintenance services for a period of five years plus two three-year options, with a 5% contingency, in an amount not to exceed \$1,405,337,529.

**Capital Metropolitan Transportation Authority
Board of Directors**

MEETING DATE: 7/29/2019

(ID # AI-2019-1016)

Contracted Bus Operations and Maintenance Services

SUBJECT:

Approval of a resolution authorizing the President & CEO, or his designee, to finalize and execute a contract with MV Transportation for contracted bus operations and maintenance services for a period of five years plus two three-year options, with a 5% contingency, in an amount not to exceed \$1,405,337,529.

FISCAL IMPACT:

Funding for this action is included in the proposed FY2020 Operating Budget.

STRATEGIC PLAN:

Strategic Goal Alignment:

1. High Quality Customer Experience,
2. Engaged Workforce,
3. Sustainability,

Strategic Objectives:

1.1 On-Time Performance, 1.2 Ridership, 1.3 Net Promoter Score /Customer Satisfaction, 1.4 Injury Rate, 2.1 Staff Engagement, 2.2 Staff Satisfaction, 3.1 Operating Cost/Revenue Hour, 3.7 Adherence to Safety Management Systems

EXPLANATION OF STRATEGIC ALIGNMENT:

As the contract mechanism responsible for all Capital Metro's bus services, this contracted service provider will play a key role in delivering the mission as defined by the strategic plan.

BUSINESS CASE:

In compliance with state law, Capital Metro has competitively procured the services of a private firm to operate bus services.

COMMITTEE RECOMMENDATION:

This agenda item will be presented to the full board on July 29, 2019.

EXECUTIVE SUMMARY:

Background

The 82nd Texas Legislature passed Senate Bill 650 in 2011, which requires that all transit services provided by Capital Metro either be operated by direct employees of the Authority or operated by private contractors after a competitive procurement. Accordingly, Capital Metro's bus services have been fully operated by contracted service providers since August 2012.



The current contract for bus services at 9315 McNeil Road (North Ops) with MV Transportation is set to expire on January 4, 2020. Option years remain available on that contract through September 30, 2024. The current contract for bus services at 2910 E. Fifth Street (East Fifth Ops) is set to expire on January 4, 2020. No further options are available on that contract.

Overview

Under this contract, the operation of all Capital Metro's bus services will be provided by a single service provider. Capital Metro's stated goal in this procurement was to identify a partner that will be aggressively focused on ensuring the best possible experience for our customers through data-driven continuous improvement processes.

This service provider will also provide maintenance services for all Capital Metro buses and Capital Metro support vehicles. Additionally, they will be responsible for building and equipment maintenance at North Ops, East Fifth Ops, and the Capital Metro Administrative Annex located at 624 N. Pleasant Valley Road.

Designated operations, maintenance and administrative areas at the North Ops and East Fifth garages will be provided to the service provider for use by their staff. Capital Metro will provide all revenue vehicles, fuel, radios, utilities and large shop equipment necessary to support the service. Additionally, Capital Metro will provide designated transit-specific computer software and associated computer hardware.

The key responsibilities of this contract include operation of bus service, vehicle maintenance, radio and run dispatching, street supervision, the ongoing routine and preventive maintenance of the facility buildings, equipment and all management and administration needed to support these efforts. Unless explicitly detailed as a Capital Metro responsibility, the service provider is responsible for providing all other equipment, parts, supplies, computer software and hardware, personnel and management services necessary to operate a high-quality public transportation service. This contract also positions Capital Metro to engage the support of the service provider in implementing future innovative initiatives at Capital Metro, such as battery electric buses.

Process Overview

The process undertaken to select a firm for a contract of this nature is extensive. The process began in January 2018 with development of the scope of services required. In June and July 2018, Capital Metro completed an Expression of Interest process in which interested firms had the opportunity to provide feedback on the draft scope of services document.

The formal procurement process launched with the issuance of the solicitation in December 2018 and a pre-proposal conference in early January 2019. After several rounds of written questions and answers, initial proposals were received in February 2019.



Site visits were conducted for each firm proposing. At these visits, Capital Metro staff met with staff at peer agencies to gain an understanding of how each firm performed on contracts of a similar size and scope.

In April and May 2019, two full days of oral interviews were held with each firm. The first day of oral interviews focused on the technical proposal while the second day focused on the price proposal. Following oral interviews, each firm was sent a detailed set of questions along with a request to submit a final proposal revision.

Final proposals were received in June 2019 and a final technical evaluation was completed, considering information gleaned throughout the entire process. This technical evaluation narrowed the field to two firms, RATP Dev and MV Transportation, both of which received the same technical rating by the evaluation team. Once technical ratings were established, the team selected a recommended firm. The recommended firm was selected based on a combination of technical and price combined and has been determined to provide the best value for Capital Metro.

Recommended Firm

The recommended firm is MV Transportation. The MV proposal includes the following elements:

- Experienced Management Team
 - Ron Barnes, General Manager and Vice President Operations, has more than 30 years of experience leading large public and private urban multi-modal transit operations with successes in building and growing high performance teams and exceeding performance standards.
 - The team of 10 managers slated to lead this effort have a combined total experience of over 160 years.
- Commitment to a smooth transition and collaborative relationship with Labor
- Commitment to an excellent customer experience
 - Creating a strong safety culture, including a data-driven approach to safety and use of an inertia-based camera system as a coaching tool
 - Better service reliability through data analytics, including deployment of a machine learning platform using Power BI and creation of a cross-functional data analysis team

Price Analysis

Linda Cherrington of the Texas A&M Transportation Institute (TTI) supported Capital Metro staff in analyzing the proposed pricing of all firms. This analysis demonstrated that the price provided by MV Transportation offers a fair and reasonable price to Capital Metro and funding adequate to fulfill the terms of the contract.



DBE PARTICIPATION: The DBE goal is 5% that applies only to the non-labor portion of this contract. The total amount of the non-labor portion in MV Transportation Inc's proposal for the base period of this contract is \$78,373,102. The contractor will exceed the goal utilizing the following DBE subcontractors.

DBE Subcontractors	Race/Gender	Services/Products	DBE Responsive % / \$
Bubblez & Sudz Austin, TX	Black American Female	Bus Cleaning / Detailing Services	3.10% / \$2,429,566
BMR Janitorial & Pressure Washing Service, LLC Dallas, TX	Black American Male	Supply Service Island Fueling and Washing	5.20% / \$4,075,401
JCM & Associates, Inc. Commerce, CA	Hispanic American Male	Uniform Supplier	1.10% / \$862,104
SVI, Inc. Henderson, NV	Hispanic American Male	Vehicle Dealer	1.10% / \$862,104
			10.50% / \$8,229,175

PROCUREMENT: On December 13, 2018, a Request for Proposals was issued and formally advertised. By the closing date of February 19, 2019, four proposals were received. The following technical evaluation factors were used to evaluate and score the proposals. Price was evaluated by a pricing team that was separate from the technical evaluation team, and which included price analysis from Texas A&M Transportation Institute to determine price fair and reasonableness. Each firm's proposal was ranked using the following five (5) evaluation factors:

- 1) Management Competence and Staffing Plan
- 2) Quality of Vehicle, Building and Facilities Maintenance Program
- 3) Quality of Service Delivery, Safety and Performance Monitoring
- 4) Quality of Training Approach and Mobilization
- 5) Capability, Experience and Past Performance of the Firm

The proposal from MV Transportation was determined to be the best value to the Authority, price and other factors considered. Linda Cherrington of the Texas A&M Transportation Institute (TTI) supported Capital Metro staff in analyzing the proposed pricing of all firms. This analysis demonstrated that the price provided by MV Transportation offers a fair and reasonable price. The contract is a fixed price contract. The term of the Contract is a five (5) year base with two renewable options periods of



three (3) years each, for pricing offered as follows. Service anticipated to commence on January 5, 2020.

Total Pricing Base Period (Years 1-5)	\$575,107,812
Total Pricing Option Period 1 (Years 6-8)	\$372,530,598
Total Pricing Option Period 2 (Years 9-11)	\$390,778,284
Sub Total	\$1,338,416,694
5% Contingency	\$66,920,835
GRAND TOTAL	\$1,405,337,529

RESPONSIBLE DEPARTMENT: Operations and Maintenance Oversight



**RESOLUTION
OF THE
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS**

STATE OF TEXAS

**COUNTY OF TRAVIS Resolution
(ID # AI-2019-1016)**

Contracted Bus Operations and Maintenance Services

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management endeavor to provide the highest quality bus services to the community;

WHEREAS, Texas statute requires that transit services provided by Capital Metro either be operated by direct employees of the Authority or operated by private contractors after a competitive procurement process which was undertaken over the course of the last eighteen months;

WHEREAS, Capital Metro recognized through this process that there were efficiencies to be gained through combining all of its bus service under a single contract that would be beneficial to customers, transit service provider employees and the Authority;

WHEREAS, through a competitive procurement process and a thorough evaluation of the technical and financial capabilities of the proposers, MV Transportation was determined to be the firm that offers the best value to Capital Metro in providing these services; and

WHEREAS, the Capital Metropolitan Transportation Authority Board of Directors and Capital Metro management are confident that MV Transportation is committed to serving the residents of the Capital Metro service area and to a smooth transition of services in January 2020.

NOW, THEREFORE, BE IT RESOLVED that the Capital Metropolitan Transportation Authority Board of Directors authorizes the President & CEO, or his designee, to finalize and execute a contract with MV Transportation for contracted bus operations and maintenance services for a period of five years plus two three-year options, with a 5% contingency, in an amount not to exceed \$1,405,337,529.

Attachment: Resolution-AI-2019-1016 (4421 : Contracted Bus Operations and Maintenance Contract)



Secretary of the Board
Eric Stratton

Date: _____

Attachment: Resolution-AI-2019-1016 (4421 : Contracted Bus Operations and Maintenance Contract)

Contracted Bus Operations and Maintenance Services



Overview

- Background
- Procurement process overview
- Proposers
- Evaluation Process
- Recommended firm



Background

- Contracted Bus Operations and Maintenance Services
- Key mechanism for delivering our mission
- Process updates presented to board and stakeholders in May and June



Background

- Currently two contracts
 - East Fifth operated by RATP Dev
 - North Ops operated by MV Transportation
- Solicitation allows for opportunity to have one contract for both garages
 - Combination expected to improve customer experience while leveraging economies of scale
 - Combination provides more flexibility and opportunity for employees
 - Proposals demonstrated value of awarding single contract for both garages



Procurement Process Overview

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
Scope development	█	█	█	█	█														
Expression of Interest						█	█												
Scope finalization							█	█	█	█	█								
Request for Proposals												█							
Pre-proposal Conference													█						
Q&A (3 rounds)												█	█						
Proposals Received														█					
Initial Technical Evaluation														█	█				
Initial Price Evaluation														█	█				
Site Visits															█				
Oral Interviews																█	█		
Final Proposal Revisions (FPR)																	█		
FPR Technical Evaluation																		█	
FPR Price Evaluation																		█	
Team Consensus																		█	
Board Award																			█

Evaluation Factors



Technical

- Management Competence and Staffing
- Quality of Vehicle, Building and Facilities Maintenance Program
- Quality of Service Delivery, Safety and Performance Monitoring
- Quality of Training Approach and Mobilization
- Capability, Experience and Past Performance of the Firm



Price

- Evaluated by a separate team

Proposals Received



First Transit

- Parent Company, First Group, is headquartered in Aberdeen, UK
- North American headquarters in Cincinnati, OH



MV

- American-based company, headquartered in Dallas, TX
- Contracts in the US and Canada



RATP Dev

- Headquartered in Paris, France
- North American headquarters in Fort Worth, TX



Transdev

- Headquartered in Paris, France
- North American headquarters in Lombard, IL



Site Visits, Oral Interviews, FPR Requests



Site Visits

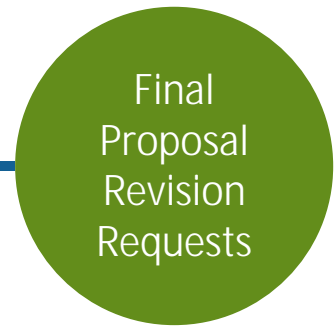
- RATP Dev – Tucson, AZ
- Transdev – Foothill, CA
- MV – Los Angeles DOT
- First Transit – Phoenix, AZ

Site Visits by Rafael Villarreal,
Andrew Murphy and Tracee Metterle



Oral Interviews

- Technical Day
- Senior Execs Discussion
- Pricing Day



Final Proposal Revision Requests

- Final Proposal Revision Requests

Evaluation Results



Following initial proposals, site visits, oral interviews and final proposal revisions, narrowed to two firms:



Recommended Firm – MV Transportation

- Experienced Management Team
 - Ron Barnes, General Manager and Vice President Operations
 - 30+ years of experience leading large public and private urban multi-modal transit operations
 - Currently GM at North County Transit District in Oceanside, CA for MV
 - Deputy Administrator/Chief Operations Officer, Maryland Transit Authority (Baltimore, MD) from 2014 to 2015
 - Deputy Director, Miami-Dade Transit (Miami, FL) from 2004 to 2006
 - President and CEO, Central Ohio Transit Authority (Columbus, OH) from 1998 to 2004
 - Deputy General Manager, Greater Cleveland Regional Transit Authority (Cleveland, OH) from 1989 to 1998
 - Additionally, several consulting and corporate transit management roles
 - Management team of 10 people with over 160 years combined experience

Recommended Firm – MV Transportation

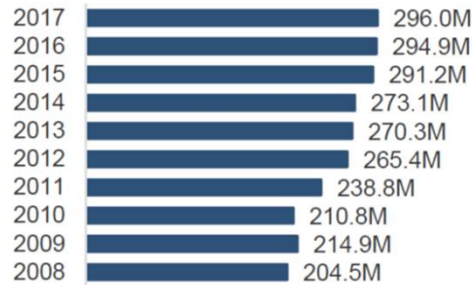
- Commitment to smooth transition and collaborative relationship with ATU
 - Advanced coordination with ATU
 - Defer to ATU to define how seniority is combined
 - Combined workforce under one labor agreement with wage and benefit parity
 - Assumes East Fifth agreement as baseline for wages and benefits
 - Meets requirement of job guarantee at same or higher wage and benefit levels for all bargaining unit employees
 - All subcontractors paid at or above \$15/hr living wage
 - Dedicated Transition Manager (in addition to local team)



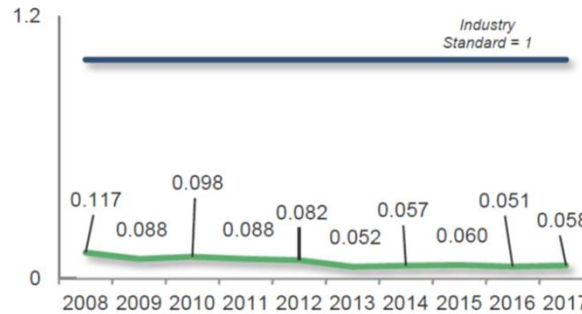
Recommended Firm – MV Transportation

- Commitment to continuous improvement of the customer experience through data-driven decision making
 - Focus on creating a strong safety culture, including a data-driven approach to safety and use of an inertia-based camera system as a coaching tool

MV Miles Driven



MV Preventable Accident Frequency*

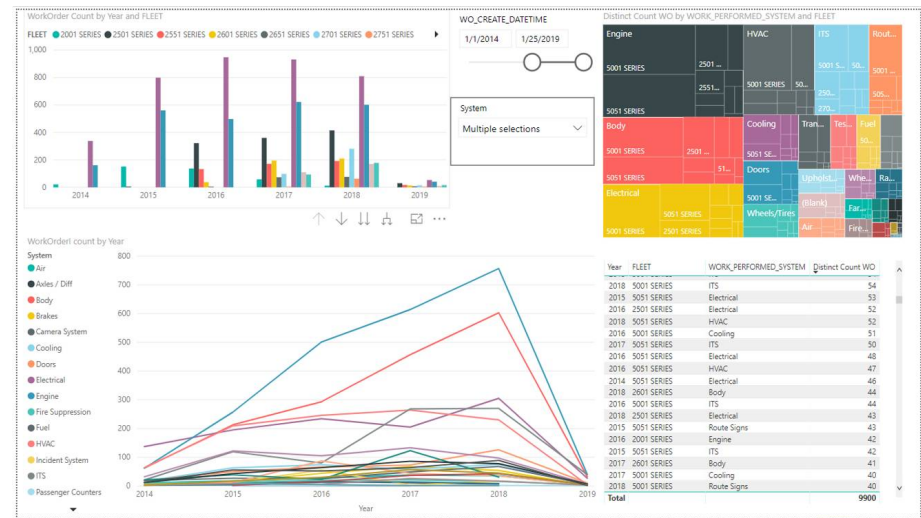


*Based on NTD reportable thresholds

Recommended Firm – MV Transportation

- Commitment to continuous improvement of the customer experience through data-driven decision making (continued)

- Better fleet and service reliability through advanced data analytics
 - Deployment of a machine learning platform using Power BI
 - Cross-functional data analysis team



Recommended Firm – MV Transportation

Robust corporate support



Operations



Vehicle Maintenance



Safety/Risk



Labor Relations



Human Resources



Finance



Corporate drumbeat of performance monitoring

DBE

- DBE applies only to the non-labor portion of this contract
 - MV's proposed non-labor portion of base period: \$78,373,102
- DBE Goal of 5%
 - Minimum utilization: \$3,918,655
- MV Proposal achieves 10.50%
 - Utilization of \$8,229,175

DBE

DBE Subcontractors	Race/Gender	Services/Products	DBE Responsive
Bubbles & Sudz Austin, TX	Black American Female	Bus Cleaning / Detailing Services	3.10% / \$2,429,566
BMR Janitorial & Pressure Washing Service, LLC Dallas, TX	Black American Male	Supply Service Island Fueling and Washing	5.20% / \$4,075,401
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Price Analysis

- Third Party Cost and Price Analysis
 - Linda Cherrington, Texas A&M Transportation Institute
- Supported price evaluation team and provided independent analysis of each price proposal.
- Analyzed and validated our independent cost estimate



Price

- Assumes wage and benefit parity between garages
- Operational Synergies
 - More efficient use of maintenance spaces (e.g. paint/body, parts. Etc.)
 - More efficient deployment of field supervision and dispatchers
- Administrative Synergies
 - Shared HR
 - Shared Finance

Price

	Independent Cost Estimate (in \$ Millions)	MV Final Proposal (in \$ Millions)
Base Period <small>(NTP through 12/31/2024)</small>	579.5	575.1
Option Period 1 <small>(1/1/2025 - 12/30/2027)</small>	379.6	372.5
Option Period 2 <small>(1/1/2028 - 12/30/2030)</small>	410.2	390.8
GRAND TOTAL <small>(Base + Option Periods)</small>	1,369.3	1,338.4
5% Contingency	68.5	66.9
Recommended Board Award	1,437.7	1,405.3

- Less than 1% difference in base period

Next Steps

- Board Award anticipated July 29, 2019
- Communication is key! Capital Metro is committed to keeping all employees informed of this process
 - Internal communications planned for July 15
 - Staff Open Houses targeted for week of August 5 to introduce MV Staff
- Mobilization August through December
- Contract start date: January 5, 2020





METRO

THANK YOU!