


RIVERSIDE TRANSIT AGENCY  
1825 Third Street  
Riverside, CA 92507

February 1, 2006

TO: BOARD OF DIRECTORS

THRU:  Larry Rubio, Chief Executive Officer

FROM:  Vince Rouzaud, Director of Purchasing and Materials Management

SUBJECT: Authorization to Award Agreement #5-018 to Southland Transit Inc. (Southland) for ADA/Dial-a-Ride Transportation and Call Center Services

Summary: As a result of the Board's directive from its October 27, 2005, Board of Directors meeting, staff amended the current provider's contract (MV Transportation) for a continuation of service through March 31, 2006. This three-month extension would allow staff sufficient time to issue a Request for Proposals (RFP) and re-procure these services.

On November 2, 2005, staff issued RFP #5-018 for ADA/Dial-A-Ride Transportation and Call Center Services. The revised Scope of Work included fine tuning of the Agency's existing requirements; the addition of well-defined and measurable performance standards; specific performance incentives and penalties for not meeting the minimal performance standards; a provision of "free trips" paid for by the Contractor in the event of excessively late (trips outside the 30-minute pick-up window); and, additional reporting requirements that would improve management oversight.

The services will continue to be operated using Agency provided vehicles with the successful Contractor responsible for all expenses in connection with operating the transportation and call center services. Given the volatility of fuel costs over this past year, a fuel escalation clause has been incorporated into the Agreement. The intent of this clause is to both mitigate the successful Contractor's expenses in the event of a greater than 10 percent increase in fuel costs during any six-month period and to provide a savings to the Agency should fuel costs decrease by more than 10 percent during any six-month period.

On December 13, 2005, six proposals were received in response to the Agency's RFP. The proposals were evaluated by staff representing the purchasing, operations, contracted operations, marketing and maintenance departments. Based upon the initial technical evaluation, the

committee short-listed the top three firms (First Transit, Laidlaw Transit, and Southland Transit) and invited them in for interviews. The proposals submitted by Diversified Paratransit Inc., Transportation Concepts, and McDonald Transit Associates received lower technical scores and were excluded from further consideration.

The technical rankings are summarized below:

<b>Vendor Name</b>	<b>Technical Ranking</b>
<b>Laidlaw Transit Services</b>	<b>81.3</b>
<b>Southland Transit</b>	<b>80.5</b>
<b>First Transit</b>	<b>80.1</b>
Transportation Concepts	68.9
McDonald Transit	62.6
Diversified Paratransit Inc.	36.5

In addition to the technical scoring above, staff conducted a price analysis of each proposing firm's submittal. Price comparisons between all Offerors were based on both the initial two-year base period and the overall five-year contract term; all costs associated with the operation of the services were reviewed for reasonableness.

As part of the interview process, each firm was asked to provide specific answers to questions the committee felt were critical to the success of this project. In addition, staff had an opportunity to interview key personnel that would be assigned to the Agency's project such as the proposed project manager and assistant project manager.

At the conclusion of the three interviews, Best and Final Offers were solicited from all three firms; the results are summarized below.

<b>Vendor</b>	<b>Base Period (First 2 Yrs)</b>	<b>Opt 1</b>	<b>Opt 2</b>	<b>Opt 3</b>	<b>Grand Total</b>	<b>% Difference</b>
Southland Transit	\$13,240,266	\$7,167,400	\$7,676,755	\$8,226,911	\$36,311,332	--
First Transit	\$13,464,576	\$7,609,624	\$8,120,028	\$8,811,364	\$38,005,592	4.6%
Laidlaw Transit	\$14,828,979	\$8,096,538	\$8,749,859	\$9,409,290	\$41,084,666	13.2%

After careful consideration of proposals, reference checks, pricing and other relevant information, and, after committee members toured the El Monte call center operated by Southland, it was the committee's decision that Southland offers the Agency the highest quality service for the lowest possible cost.

Southland's technical proposal includes several innovative ideas that will help to improve the systems on-time performance, increase passenger productivity, and, assist the Agency in controlling costs. Key highlights from the Southland proposal are as follows:

- Operating out of the current provider's facility in Perris which is central to the Agency's service area
- Organizing the call center to maximize teamwork and dispatch control by focusing personnel into three regional teams (Jurupa, Riverside, Moreno Valley, etc.), (Hemet, San Jacinto, etc.), (Temecula, Murrieta, Lake Elsinore, etc) which will enable dispatch personnel to become intimately familiar with their assigned region
- Scheduling trips for maximum productivity with available back-up by strategically deploying four rescue vans that will be available throughout the day to assist in maintaining schedules
- A Mobile Data System (supplied by Southland) that enables "live dispatching" to improve productivity by handling late cancellations and no show trips in real time. An Automatic Vehicle Locator (AVL) component allows dispatch to track vehicles at all times.

The committee felt that Southland's proposed project manager and assistant project manager both demonstrated a superior understanding of paratransit operations and the problems associated with service delivery.

In summary, staff recommends award of a two-year contract with three 1-year options to Southland Transit Inc. as the best value provider for the ADA/Dial-a-Ride and Call Center services.

#### Fiscal Impact:

Southland has proposed \$13,240,266 for the base term of the Agreement and a total of \$36,311,332 for the entire five-year period. These amounts do not include contingency costs for the fluctuation in fuel costs or costs for performance incentive payments.

Staff recommends adding an additional contingency amount of 2.0 percent of \$13,240,266 to address the anticipated fluctuations in fuel costs over the first two years of the Agreement. Per the fuel escalation clause, this contingency amount can only be utilized in the event of a greater than 10 percent increase in fuel costs during any six-month period. Staff has based their recommendation for a contingency amount on worst case scenario of fuel costs averaging \$2.80/gallon during the first two years of the Agreement. Actual fuel costs will be based upon the Oil Price Information Service (OPIS) rack pricing for Colton, CA.

Example:

**Fuel Escalation Methodology**

	Threshold of Increase in Rate Per Gallon				11.00%						
	Initial Billing Rate Per RSH	\$			48.05						
	Fuel as a % of Billing Rate				4.2664%						
FUEL INCREASE	<b>Rate Per Gallon</b>										
	\$	2.05	\$	2.28	\$	2.53	\$	2.80	\$	3.11	
	Fuel as a % of Billing Rate		4.27%		4.74%		5.26%		5.83%		6.48%
	Change in Fuel %				0.47%		0.99%		1.57%		2.21%
	Adjusted Billing Rate Per RSH	\$	48.28	\$	48.53	\$	48.80	\$	49.11		
FUEL DECREASE	<b>Rate Per Gallon</b>										
	\$	3.11	\$	2.77	\$	2.46	\$	2.19	\$	1.95	
	Fuel as a % of Billing Rate		6.47%		5.76%		5.13%		4.56%		4.06%
	Change in Fuel %				1.49%		0.86%		0.30%		-0.21%
	Adjusted Billing Rate Per RSH	\$	48.77	\$	48.46	\$	48.19	\$	47.95		

If necessary, at the completion of the base term, staff will come back to the Board with a forecast of funds needed for fuel cost increases during the option years.

As mentioned previously, the Scope of Work was revised to include incentive payments should maintenance and performance standards be achieved. These monthly incentive payments could amount to as much as \$56,000 per year if the Contractor is able to achieve the following:

- On Time Performance > 95% \$2,500/mo.
- Valid Complaints per Month < 3 \$500/mo.
- Call Abandonment Rate per Month < 3% \$500/mo.
- Average Fleet Miles Between Road Calls > 17,500 \$500/mo.
- Average Fleet Miles Between Preventable Accidents in two or More Consecutive Quarters > 150,000 \$2,000/qtr.

Therefore, by including these additional costs for fluctuating fuel expenses and for incentive payments, the base term not-to-exceed amount will be \$13,608,680 and the total 5-year not-to-exceed amount of \$36,915,846 should the Agency exercise the three 1-year options.

Funding for these services through the end of the current fiscal year is covered by the Agency's FY 2006 Budget. Funding for the next fiscal year will be incorporated in next year's budget request.

Recommendation:

Authorize staff to execute an agreement with Southland Transit Inc. for ADA/Dial-a-Ride Transportation and Call Center Services for a two-year base period with three, one-year options in an amount that will not exceed \$36,915,846.