

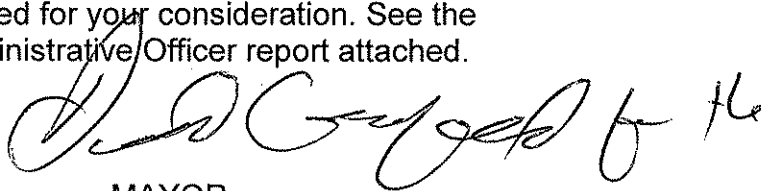
0220-04456-0000

**TRANSMITTAL**

TO The City Council	DATE <b>OCT 29 2008</b>	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT	

**Proposed Contract between the Department of Transportation and Veolia Transportation  
for Operation of the City's DASH Downtown Services**

Transmitted for your consideration. See the  
City Administrative Officer report attached.



MAYOR

RPC:ALB:06090103f



contractor working on the current DASH service, in compliance with the City's Service Contractor Worker Retention Ordinance. The RFP also encouraged experienced prime contractors to partner with smaller, community-based firms to allow the smaller firms to better compete for the contract.

DOT advertised the RFP in local and national publications. A pre-proposal conference was held on June 12, 2008. Four firms, including Veolia Transportation, MV Transportation, First Transit and Southland Transit, provided proposals in response to the RFP. All four proposals were scored by the selection panel, consisting of representatives from MTA, the City of Glendale and DOT. As part of the evaluation process, the selection panel also interviewed representatives from the four firms. All proposals were evaluated based on the following criteria:

- Qualifications of the proposer (20 percent),
- Qualifications of the proposed staff (20 percent),
- Operating methodology (20 percent) and
- Cost effectiveness (40 percent).

Veolia Transportation received the highest scoring evaluation and, thus, is recommended for contract award.

It should be noted that Veolia Transportation's proposed cost for the first three years of the proposed contract was not the lowest total cost proposed. Southland Transit provided the lowest cost estimate, about \$2.6 million less over a three-year period (and about \$4.3 million less over a five year period) than Veolia Transportation's proposal, the second lowest cost estimate. However, Veolia Transportation's proposal included almost \$1 million in facility security costs, as required by the RFP. Southland Transit did not provide the required facility security costs as part of their proposal. Veolia Transportation's cost estimate also included higher costs for employee wages and benefits and additional staffing hours. Veolia Transportation's additional staff costs were, however, competitive with the wages and benefits proposed by the other firms. Thus, it is believed that Veolia Transportation will be able to maintain competitive wages and quality and experienced staff.

Veolia Transportation is an experienced transit service provider, operating the City's Commuter Express program, the DASH Package 3 routes in the San Fernando Valley and the DASH Package 5A routes in South Los Angeles, and multiple service routes for MTA, and other agencies. This experience, Veolia Transportation's proposed route management systems and methodology, and overall cost-effectiveness were the primary factors leading to the recommendation for their selection.

Currently, First Transit provides the operation of DASH Downtown services. First Transit's proposed cost estimate was the third lowest, about \$1 million more over a three-year period (and about \$1.7 million over a five-year period) than Veolia Transportation. In addition to the higher cost estimate, other factors, including their proposed route management systems, the proximity of the proposed operating facility resulted in an overall score lower than Veolia Transportation.

This five-year contract with First Transit expires on December 31, 2008. Therefore, if approved, the DASH Downtown service contract with Veolia Transportation will begin January 1, 2009.

## **RECOMMENDATION**

That the Council authorize the General Manager of the Department of Transportation to execute a contract with Veolia Transportation to provide for the operation of DASH Downtown services for a term of three years, with two additional one-year options to renew the contract, for a maximum compensation of \$38,619,830 for the first three years, and a maximum of \$12.9 million in the two subsequent one-year options to renew, subject to review by the City Attorney as to form.

## **FISCAL IMPACT STATEMENT**

Funding is available for the proposed contract between the City and Veolia Transportation for operation of DASH Downtown services on an annual basis in the Proposition A Local Transit Assistance Fund (Proposition A). Funding is available in the 2008-09 Proposition A Adopted Budget for costs incurred this fiscal year. Funding for subsequent years of the contract will be provided in those fiscal year budgets. This request is consistent with the City Financial Policies in that budgeted funds are available for this purpose.


*RPC:ALB:06090103*

Attachment

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

Date: September 4, 2008

To: Honorable Antonio Villaraigosa, Mayor  
Attention: June Lagmay, Legislative Coordinator

From:   
Rita L. Robinson, General Manager  
Department of Transportation

2008 SEP 15 AM 7:49  
CITY ADMINISTRATIVE OFFICER

**SUBJECT: RECOMMENDATION TO AWARD CONTRACT FOR DASH DOWNTOWN SERVICES**

**SUMMARY**

The Department of Transportation previously issued a Request for Proposals (RFP) to select a contractor for the continued operation of the existing DASH Downtown service, which consists of seven weekday routes and three weekend routes. This report contains the evaluation panel's recommendation that the City select a contractor for the operation of the DASH Downtown services, based on the evaluation criteria established in the RFP. The following four firms submitted proposals in response to the Department's RFP: First Transit, Veolia Transportation, MV Transportation and Southland Transit.

The proposal submitted by Veolia Transportation was rated the highest by the evaluation panel based on the overall quality of their proposal relative to the other submitted proposals. Veolia Transportation is an experienced transit provider with solid roots in the Southern California region as well as nationally and internationally. Veolia Transportation is the current provider for LADOT's Commuter Express, DASH Package 3 and DASH Package 5A services. The DASH Downtown proposal submitted by Veolia Transportation is the second lowest overall cost proposal submitted, and is \$2.57 million higher than the lowest cost proposal submitted by Southland Transit over the three-year contract term (approximately \$857,000 higher per year).

The incumbent operator for the Downtown DASH service is First Transit. Like Veolia Transportation, First Transit is an experienced provider of contracted transit services, both nationally and internationally. Although First Transit submitted a strong proposal, it was not rated as highly as Veolia based on a number of factors including higher cost and concerns about the size and location of the proposed operating and maintenance facility. First Transit's proposed cost was approximately \$1 million higher than the proposed cost submitted by Veolia, and approximately \$3.6 million more expensive than the lowest cost proposal.

Both MV Transportation and Southland Transit submitted competitive proposals but were scored lower than Veolia by the evaluation panel. MV Transportation's proposed costs were the highest of all proposers, coming in approximately \$3.7 million more expensive than the cost submitted by Veolia, and approximately \$6.3 million more expensive than the lowest proposed cost. While Southland Transit submitted the lowest proposed cost, the panel had concerns that Southland proposed the lowest level of total staff hours, wages and benefits. The panel also had concerns about Southland's proposed operating methodology and experience operating services of similar size and complexity.

## **RECOMMENDATION**

That the Council:

AUTHORIZE the General Manager, Department of Transportation, to execute a three-year contract with two option years (Attachment 1) with Veolia Transportation for the DASH Downtown services, subject to the approval of the City Attorney as to form and legality.

## **BACKGROUND**

Since 1984, the City of Los Angeles Department of Transportation (LADOT) has provided Downtown and community-based DASH shuttle bus services to enhance mobility for residents of the City. LADOT currently operates seven (7) DASH routes (including the new DASH Central City East service) in Downtown Los Angeles and twenty-seven (27) Community DASH services throughout Los Angeles connecting residents to commercial, medical, public and social facilities, and serving as a feeder service to regional transit services provided by the Los Angeles County Metropolitan Transportation Authority (MTA), Metrolink and other transit agencies.

An important feature of LADOT's DASH program is the use of smaller 30-foot transit vehicles to enhance access in local neighborhoods and foster acceptance by residents. In addition, the Department has utilized alternative-fueled vehicles for its DASH services since 1990. Currently, the Department's entire DASH fleet is alternatively fueled, which is consistent with the City's longstanding commitment to the operation of clean fuel vehicles. Further, all new DASH bus purchases since 1998 have been for low-floor vehicles that ease ingress and egress for all passengers including persons with disabilities.

The Department implemented a new DASH Downtown, referred to as the DASH Central City East, effective September 4, 2008. This route was made possible by the cancellation of the City Hall Shuttle route, transfer of those resources to the new DASH Central City East route, and an expanded DASH Route A. Although there has been some ridership deflection as a result of the termination of the acceptance of the MTA passes in January of 2008, it is anticipated that ridership on the DASH Downtown services will continue to grow steadily. In FY 2007-08, Downtown DASH carried approximately 7.6 million riders.

As previously discussed, the DASH Downtown service consists of seven (7) weekday routes referred to as DASH routes A, B, C, D, E, F and Central City East. There are also three weekend routes, DASH Routes DD, E, and F. The service will operate with 58 peak service vehicles and five spare vehicles.

The existing five year contract with First Transit for the operation of the DASH Downtown services expires on December 31, 2008.

## **DISCUSSION**

On May 28, 2008, an RFP was released by the Department to solicit proposals for the continued operation of DASH Downtown services. In keeping with the Department's goal of quality service, the RFP required stricter operating and vehicle maintenance standards for these services along with enhanced reporting requirements. The RFP also introduced further quality assurance measures such as performance measures, improved vehicle maintenance, and customer service standards. The RFP requested proposers to include a minimum of three optional GPS based, automated route management systems in their proposals to address the issue of vehicle bunching on DASH Downtown routes. All of these requirements serve the goal of improving service quality on the City's DASH services.

The RFP also required that the selected contractor offer employment to affected employees of the incumbent contractor working on the current DASH service in compliance with the City's Service Contractor Worker Retention Ordinance. In addition, the RFP encouraged experienced prime contractors to partner with smaller, community-based firms in order to allow the latter an opportunity to better compete for contracts and that typically result in economy-of-scale cost savings to the City.

The RFP also included a fuel escalator clause to address the issue of fuel cost volatility. The RFP requested all respondents to assume a baseline cost per gallon for fuel as part of their proposals. If the cost of fuel increases above this baseline cost during the contract term, then the Department will reimburse the contractor for the marginal additional cost. If the cost of fuel drops below the baseline cost, the Department will deduct the difference from the contractor's invoices. Therefore, the actual overall contract amounts may vary depending upon how fuel prices rise or fall over the term of the contract. The fuel escalator clause is intended to eliminate the risks of fuel price fluctuation to both the contractor and the City. The City will pay for the actual cost of fuel.

The Department anticipates replacing a portion of the existing DASH Downtown fleet with new vehicles during the term of the contract. These new vehicles could be powered by propane and/or compressed natural gas (CNG). Therefore, the RFP required proposers to submit costs for three separate vehicle scenarios: 1) the existing vehicle fleet 2) a new propane fleet, and 3) a new CNG fleet. The appropriate cost rates will be used depending upon the type of vehicles operated. Proposers were instructed that the evaluation process would be based entirely on the existing vehicle scenario, but costs for the other two scenarios would also be reviewed.

### Contractor Selection

Prior to releasing the RFP, the Department sent out a letter of solicitation to approximately 120 firms to determine those potential proposers interested in receiving a copy of the RFP. The Department also advertised the RFP in several newspapers including the Daily News, LA Opinion, Los Angeles Sentinel and a national public transit trade publication. In addition, the RFP was placed on the City's Business Assistance Virtual Network (BAVN) website. The Department's RFP for the DASH Downtown service was ultimately sent to 26 potential proposers who expressed interest in receiving a copy of the RFP.

A pre-proposal conference was held by the Department on June 12, 2008 to discuss major issues concerning the RFP and to answer questions from potential proposers. Representatives from the Department were in attendance to answer questions pertaining to the City's various contract requirements including MBE/WBE/OBE Outreach Effort, the Contractor Responsibility Ordinance, the Equal Benefits Ordinance, Service Contractor Worker Retention Ordinance, and Living Wage Ordinance.

The Department received a total of four (4) responses to the RFP by the proposal due date of July 14, 2008. The four firms submitting responses include: MV Transportation, Veolia Transportation, First Transit and Southland Transit. All of the respondents received passing scores for the City's MBE/WBE/OBE Good Faith Outreach Effort requirement and were deemed responsive to the RFP.

The selection panel, consisting of representatives from the MTA, the City of Glendale, and LADOT evaluated all written proposals and interviewed representatives from each of the four

qualified firms. The panel determined that Veolia Transportation submitted the best proposal based on the evaluation criteria established for this RFP.

All proposals were evaluated based on the following categories:

<u>Rating categories</u>	<u>Points</u>
1. Qualifications of Proposer	20
2. Qualification of Proposed Staff	20
3. Operating Methodology	20
4. Cost Effectiveness	<u>40</u>
Total	100 (per rater)

The panel evaluated proposals and determined that the recommended award of the DASH Downtown contract to Veolia Transportation represented the best and most cost-effective option for the City. The evaluation scores are presented below for each of the proposals.

**Evaluation Scores  
DASH Downtown**

<u>Proposers</u>	<u>Raters</u>				<u>Total</u>
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	
Veolia Transportation	89	86	91	90	356
First Transit	83	78	88	87	336
MV Transportation	76	72	77	81	306
Southland Transit	71	67	74	76	288

Qualifications of Proposer and Staff

Veolia Transportation is an experienced transit service provider that possesses years of experience providing fixed route transit service locally, nationally, and internationally. Veolia Transportation is the incumbent contractor for the City's Commuter Express program, the DASH Package 3 (San Fernando Valley) and DASH Package 5A service (South Los Angeles). Veolia also operates multiple service contracts locally on behalf of MTA, Antelope Valley Transit Authority (AVTA) and Orange County Transportation Authority (OCTA).

Veolia Transportation has performed well as a community DASH operator on behalf of the City. Since Veolia assumed operation of the DASH Package 3 and Package 5A services, performance has improved in all the key areas of service, including a significant increase in ridership and a marked reduction in road calls, missed service and complaints.

Veolia Transportation has proposed a management team drawn primarily from the existing DASH Package 3 and Package 5A services. Therefore, the Department has had first hand experience with the quality of the proposed personnel. In addition, Veolia has exceeded the required level of management staffing to support the project, including a new community outreach position whose function would be to build community partnerships that would help



recruit and retain employees from the communities served by DASH Downtown, in particular, DASH Routes E (Exposition Park/USC) and F (City West/Fashion District).

First Transit is also an experienced transit provider with extensive experience providing contracted fixed route transit services locally, nationally and internationally. First Transit currently operates the DASH Downtown services on behalf of the City. In addition, First Transit also provides service locally for MTA and the cities of Monterey Park, Camarillo, Carson, Paramount and Rosemead. First Transit has proposed most of the project management team that currently operates the DASH Downtown service.

It should also be noted that First Transit was recently (2006) unable to complete the term of the Community DASH Package 1-3 contract due to financial concerns, and the City and First Transit agreed to terminate the contract early for the purposes of mutual convenience. First Transit continued to operate the DASH Package 1-3 services with no increase in reimbursement until the City was able to circulate an RFP and award new contracts. Service to the public was not impacted by this mutual decision to terminate the agreement early.

MV Transportation is a California based, MBE and WBE firm that possess years of experience, both locally and nationally, providing community-based, fixed shuttle bus services of similar size and scope. MV Transportation is the incumbent contractor for the DASH Package 1 (Mid-City area) and Package 2 (NE Los Angeles/Near Westside area), DASH Package 4 (NE Los Angeles area), DASH Package 5B (San Pedro/Wilmington area) and the Cityride dial-a-ride service. In addition, MV Transportation also has a significant presence in the Southern California region, including multiple service contracts with the County of Los Angeles, Foothill Transit, City of Glendale, Pasadena, Bell Gardens, Beverly Hills and Cerritos.

Southland Transit is a locally based firm with regional experience providing contracted fixed route transit service. Southland Transit currently operates service for a number of local agencies including MTA, the County of Los Angeles and the cities of West Covina, El Monte and Lawndale. However, the evaluation panel had concerns about the depth of experience of the firm in providing fixed route transit similar in terms of size and complexity of the DASH Downtown service. The panel noted that most of the firm's transit experience was in senior and dial-a-ride type services, and that the firm's limited fixed route experience was for service that had far fewer vehicles (most of the current contracts have less than 10 vehicles) and less frequent service than the DASH Downtown service. However, the panel did note that Southland Transit has proposed a solid management team with significant experience providing fixed route operations. Additionally, the panel had some concerns about the uncertainty associated with the planned purchase of Southland Transit by Tectrans, Inc., a management company with diverse assets including transportation, taxi and technology support.

### Operating Methodology

While all of the respondents generally submitted a responsive and comprehensive proposed operating methodology, the panel rated Veolia Transportation's proposal higher based on the thorough and thoughtful responses to the questions and information required by the RFP. Veolia responded fully to the issue of vehicle bunching (a critical issue in the Downtown environment), the safety and security of the vehicles, the automated vehicle route management system, and the transition plan for an expedited start-up. Not only did they respond more fully, but they have also assigned more financial resources to these issues. For instance, in terms of addressing the issue of vehicle bunching, Veolia has included additional field supervision and dispatch hours in their proposed cost model and has detailed how these key positions would function with the route management system to proactively address this on-going issue.

Veolia's proposed wages and benefits were competitive, and Veolia had more dedicated (non-driver) staff hours and wages relative to the other proposers. Veolia has also committed to honor the new driver labor agreement recently signed by the Teamsters Union and the incumbent contractor, First Transit. Additionally, Veolia has offered a \$250 sign-on bonus for all driver and maintenance staff of the incumbent contractor who are employed by Veolia for 90 continuous days and an additional \$250 if they have been with the incumbent contractor for at least six months prior to the turn-over of the contract. This will enable Veolia to attract and maintain adequate staffing, a key challenge in recent times, and ensure a smoother transition between contracts.

Veolia has also identified and leased a facility at 1251 Spring Street for the DASH Downtown service that is within the service area and will thus minimize deadhead miles, response time, wear and tear on the vehicles and fuel costs. Further, because 43% of the existing fleet of buses are already 9-10 years old, minimizing deadhead miles and vehicle wear and tear could help extend the life of the vehicles. Because of the limited time frame before the start-up of the new contract (January 1, 2009), Veolia has opted to begin the permitting process to ensure that there would be no delays in the readiness of the facility if they are selected.

Veolia has proposed a comprehensive vehicle maintenance program, an incentive program for drivers and mechanics, a quality assurance program (mystery rider with appropriate staffing) and strong regional and corporate support. In addition, Veolia has also proposed 10 new, alternatively fueled (including one hybrid vehicle) support vehicles and six, brand new, lift-equipped, supervisor vans. Veolia proposed to include the DriveCam system (driver safety/accident reduction) with wireless downloads, and the Ron Turley fleet maintenance software in a windows environment at no additional cost to the City.

First Transit has also submitted a responsive and comprehensive operating methodology. First Transit has proposed a competitive wage and benefit package and has allocated a significant level of labor hours to this project. First Transit has included a detailed driver-training program as well as a supervisor development training program featuring the First Transit University. Similar to Veolia's proposal, First Transit also proposed the Drive Cam system, and Firstbase, a web-based Vehicle Maintenance Information System (VMIS), as part of its proposed operating plan.

While the operating methodology proposed by First Transit had significant strengths as itemized above, the evaluation panel had a number of concerns. First, the panel was concerned that the proposed facility (although it is the current operating yard) did not have sufficient space to adequately house all of the vehicles for the DASH Downtown service. This particular location at 5357 Valley Boulevard (adjacent to the City of Alhambra), had been selected as a back-up location after First Transit lost their proposed facility prior to the last contract award. However, the panel did note that First Transit was looking into procuring additional parking space at adjacent properties. Secondly, the location of the facility is over 9.6 miles from the furthest DASH Downtown route, compared to 5.2 miles for Veolia's proposed facility, thus incurring more deadhead miles and more wear and tear on the vehicles.

Additionally, First Transit did not adequately address the costing options for the three route management systems required by the RFP. Although there was a general discussion of the pros and cons of the various systems, First Transit did not identify specific costs relating to the options identified in the RFP. This is in sharp contrast to Veolia's detailed cost summary of the various systems with each option of each system priced separately.

MV Transportation also submitted a competitive cost proposal that included competitive wages and benefits similar to First Transit and Veolia Transportation. MV also has proposed a strong training program featuring the MV University and an excellent incentive package for all staffing categories, including drivers. However, the panel had some concerns about the location of the proposed facility in the City of Commerce. The proposed yard is approximately 8 miles from the furthest DASH Downtown route and, like First Transit's proposed yard, this would add deadhead miles, wear and tear on the vehicles, longer response time and additional fuel costs relative to the yard proposed by Veolia.

The panel had the greatest concerns regarding Southland Transit's proposed methodology. The panel felt that a number of the responses to the questions contained in the RFP were either missing, incomplete, or otherwise not responded to in a thorough manner. For instance, Southland did not respond adequately to several key questions concerning important operational issues including: attracting and maintaining a quality work force; the proposed fueling plan for the project vehicles; operating and maintenance reporting requirements, specifically, security reporting; and procedures to collect, account and secure farebox monies. Further, there was no discussion of, or proposed costs associated with, the security requirements contained in the RFP. Finally, Southland Transit did not specifically identify a proposed facility for the operation of the service. Instead, Southland Transit discussed the pros and cons of several potential locations. According to the proposal, a final facility selection would be negotiated when the report containing the Department's recommendation was scheduled for the City Council. Southland Transit's proposal did include MyTransitPlus, a quality assurance tool designed to provide systematic checks for key operational components including on time-performance sampling.

Southland Transit also proposed the lowest overall levels in terms of wages and benefits, and staff hours, relative to the other three proposers (Veolia, First Transit and MV Transportation). The total staff wages and benefits proposed by Southland Transit is approximately \$1.7 million less (-7.4%) than the recommended firm, Veolia, over the three year term of the contract. The proposed wages and benefits of the three higher ranked proposers were all similar in dollar value and reflective of the recent agreement reached between First Transit and the Teamsters Union. Southland Transit's proposed wages and benefits were significantly lower than what the other proposers were offering to both their driver and non-driver staff. This raised concern that Southland Transit may not be competitive as an employer in attracting and maintaining quality staff.

### Cost Effectiveness

The cost-effectiveness criterion is defined as the relationship between the proposed cost and the quality of the overall proposal, including the experience of the firm and proposed staff, and the proposed operating methodology. Proposers that submit the lowest cost are not necessarily rated the highest in terms of cost-effectiveness if concerns about the overall quality of the proposal, and by extension the anticipated quality of the service provision, are deemed by the panel to outweigh cost. Those proposals rated as the most cost-effective by the panel are considered to be of the highest value to the City in terms of cost and service quality.

The evaluation panel evaluated the cost proposals (existing fleet) of the four proposers and rated Veolia Transportation the highest in terms of overall cost-effectiveness. The panel considered the proposed cost for the two other scenarios spelled out in the RFP (new propane vehicles and new CNG vehicles) and determined that those costs were similar in rank to the

existing vehicles. The following table details the costs from each of the three proposers submitted in response to the RFP.

**Proposed Costs – Existing Vehicles  
 DASH Downtown**

<u>Proposers</u>	<u>3-Year Total Cost*</u>	<u>3-Year Cost Difference Compared to Low Cost</u>
Southland Transit	\$36,047,343	Low Cost
Veolia Transportation	\$38,619,830	\$2,572,487 (+ 7.1%)
First Transit	\$39,648,214	\$3,600,871 (+10.0%)
MV Transportation	\$42,300,368	\$6,253,025 (+17.3%)

Note:

\* Total proposed cost includes \$1,150,000 for fuel cost contingency and \$500,000 for the purchase of a route management system.

The panel rated the proposal for Veolia Transportation to be the highest in terms of overall cost effectiveness. Veolia's score was based on their proposed cost relative to the overall strength of the proposal. Veolia's proposed costs were deemed to be very competitive by the panel (second lowest overall) even though they were approximately \$2.5 million more expensive than the lowest cost proposer, Southland Transit. However, this difference in proposed costs can largely be explained by the additional monies Veolia has proposed for wages and benefits and additional staffing hours when compared to Southland Transit, approximately \$1.7 million more over the three year term of the contract. Additionally, Veolia proposed security enhancements for its operating facility, including the addition of a guard house with security guard, a security fence and gate, and security cameras, as required by the RFP. These security enhancements amount to approximately \$850,000 in additional facility costs. Southland Transit was the only proposer not to include facility security costs in its cost proposal.

The panel did not rate First Transit as highly as Veolia in the cost effectiveness category because of some of the concerns mentioned earlier relating to the quality of their operating methodology and, to a lesser extent, the previous experience operating the DASH Package 1-3 contract for the City. Overall, First Transit was approximately \$1 million (+2.7%) higher in cost than Veolia over the three year term of the contract. However, the panel did take into consideration the fact that First Transit was the incumbent contractor with ten plus years of experience operating the DASH Downtown service, plus the experience of the firm and the management team and the competitive wages and benefits package proposed. First Transit's higher proposed cost, the location and size of First Transit's proposed facility, and the additional \$1.5 million in profit proposed by First Transit relative to Veolia, were among the primary reasons that First Transit received a lower score.

MV Transportation's proposal was not rated as highly in the cost-effective category primarily due the fact that their proposed cost for the DASH Downtown service was the highest of all four bidders, approximately \$3.7 million (9.5%) higher than the cost proposal submitted by Veolia. A significant portion of the difference can be accounted for by the fact that MV had the highest proposed administrative (overhead) costs, approximately \$3.2 million annually compared to an average annual amount of \$860,000 for the remaining firms over the term of the contact. MV also proposed the highest level of operator hours. The panel did not believe that these

additional features enhanced the proposal in a manner that made MV the most cost effective proposer.

Southland Transit was not ranked highly in this category, even though they were the lowest in cost, for all of the reasons discussed above. The firm's lack of relative experience operating fixed route service of this size and complexity, the lowest proposed staffing hours combined with the lowest wages and benefits, the exclusion of certain key items and costs (for instance, RFP required security provisions), and the lack of a proposed facility all contributed to the lower score that Southland Transit received in this category. The panel believed that the lower wages proposed by Southland Transit may hinder their ability to attract and retain qualified and experienced staff.

#### City Contract Requirements

All of the proposals complied with the City's various contract requirements including the MBE/WBE/OBE Outreach Effort, the Living Wage Ordinance, the Service Contractor Worker Retention Ordinance, the Equal Benefits Ordinance, the Contractor Responsibility Ordinance, and the Child Support Obligations Ordinance.

The proposed contract between the City and Veolia Transportation for operation of the DASH Downtown services is attached.

#### **FINANCIAL IMPACT**

Adequate funding for the DASH Downtown services has been included in the City's approved Proposition A Local Transit Assistance (PALTA) FY 2008-09. Therefore, there is no financial impact on the budget.

Attachment

**AGREEMENT  
BETWEEN  
CITY OF LOS ANGELES  
AND VEOLIA TRANSPORTATION, INC., FOR  
THE OPERATION OF DASH DOWNTOWN SERVICE**

**THIS AGREEMENT** is made and entered into on January 1, 2009 by and between the City of Los Angeles, a municipal corporation (hereinafter referred to as the "City"), and Veolia Transportation, Inc., (hereinafter referred to as the "Contractor").

**WITNESSETH**

WHEREAS, the City is desirous of obtaining services for the management and operation of the DASH Downtown transit services known herein as the DASH transit services;

WHEREAS, the City issued a Request for Proposal (RFP) dated May 28, 2008, locally and nationally for companies interested in providing such services, which RFP is on file in the office of the City and is incorporated herein by reference;

WHEREAS, the Contractor has the management and technical expertise and other assets necessary for the operation of a fixed route transit system;

WHEREAS, the Contractor submitted a proposal in response to the RFP, which proposal is dated July 14, 2008, and is incorporated herein by this reference (collectively hereinafter referred to as the "Proposal");

WHEREAS, the said Proposal was selected as the most responsive received by the City Council and Mayor on ..... for said DASH transit services; and

WHEREAS, the City has requested that the Contractor operate the DASH transit services, and the Contractor has agreed to operate the services requested in the time and manner set forth in the RFP and Proposal incorporated into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereto agree as follows:

**SECTION I. INTRODUCTION AND CONDITIONS PRECEDENT**

A. Parties to this Agreement

The Parties to this Agreement are:

1. The City of Los Angeles, a municipal corporation, having its

principal offices at 200 North Main Street, Los Angeles, CA 90012.

2. The Contractor, known as Veolia Transportation Inc., located at 2015 Spring Road, Suite 750, Oak Brook, IL 60523.

B. Representatives of the Parties and Service of Notices

1. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

- a. The representative of the City shall be, unless otherwise stated in the Agreement:

Rita L. Robinson, General Manager  
City of Los Angeles  
Department of Transportation  
100 S. Main Street, 10<sup>th</sup> Floor.  
Los Angeles, CA 90012

- b. The representative of the Contractor shall be:

Richard Alexander, Senior Vice President  
Veolia Transportation Services, Inc.  
2015 Spring Road, Suite 750  
Oak Brook, IL 60523

2. *Notices.* Formal notices, demands and communications to be given by either party shall be made in writing and may be affected by personal delivery or by mail. The notice of breach of Agreement, liquidated damages, or performance penalties will be sent via certified mail.
3. *Changes.* If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accordance with this section, within five (5) working days of said change.

C. Contract Modifications

This Agreement fully expresses all understanding of the parties concerning all matters covered and shall, with the RFP (and the addenda to the RFP) and contractor's proposal, constitute the total Agreement. In case of conflict, the RFP (and the addenda) shall have precedence over

the contractor's proposal. The City will not re-negotiate the existing terms, including costs, of the Agreement. It is the contractor's responsibility to ensure that proposals and related costs are plausible and realistic for the entire contract term. Except as may otherwise be provided herein, no addition to, or alteration of, the parties, their officers, agents or employees, shall be valid unless made in the form of a contract amendment, which must be approved by the Mayor and/or Council and executed by the parties.

D. Conditions Precedent

1. *Required Facilities.* The Contractor shall, prior to the commencement of service, have all facilities required for all necessary functions in place for the operation, administration and maintenance of service.
2. *Position and Task Report.* The Contractor shall, prior to the commencement of service, and thereafter as per the RFP and addendum revisions, provide the required Position and Task Report each month (see Exhibit 20 of the RFP) to the City. The report shall include the following current information:
  - a. Name and position/title of all employees under this Agreement
  - b. Percentage of involvement of all the employees under this Agreement
  - c. The starting salary to be paid to the employee
3. *Insurance Requirements.* The Contractor shall comply with all of the insurance requirements under this Agreement. Appendix B of the RFP describe in detail the insurance coverage and amounts required by this Agreement.
4. *Changes to Documentation.* Changes to the foregoing documents affecting the performance of the Contractor under this Agreement shall receive City approval in writing before the Contractor may effect the change.
5. *Contract Assignment.* This Agreement is not to be assigned to a substitute contractor, a successor in interest, or a purchaser of the current Contractor without the permission of the City. This Agreement will be terminated if the City does not approve or grant permission to a subsequent contractor to assume the services.



## **SECTION II. TERMS OF CONTRACT**

### **A. Contract Period**

1. This Agreement shall be in effect for three years from January 1, 2009 to December 31, 2011. The City reserves the right to extend the contract for two additional years with the same terms and conditions. Such extension will be done with a contract amendment, subject to Mayor and/or Council approval.
2. City obligations under this Agreement are contingent upon the City's ability to obtain the funds from the funding agencies and the availability of City funds in this and subsequent fiscal year budgets to finance operating costs of this contract. Either party may terminate this Agreement if the City is unable after using its bonafide best efforts, to obtain funding for this Agreement.
3. The Contractor shall perform service hereinafter indicated in accordance with the terms and conditions of this Agreement.
4. Upon Termination or completion of the contract term the Contractor shall be responsible for returning all vehicles to the City in the condition in which they were received (with the exception of normal wear and tear). To insure the condition of each vehicle the City will require a turn-over inspection of all vehicles to evaluate their condition at the end of the current contract period.

## **SECTION III. CONTRACTOR DUTIES AND SCOPE OF WORK**

### **A. Independent Contractor/Status of the Contractor**

1. In rendering service hereunder, the Contractor shall be and remain an independent Contractor. It is expressly understood and acknowledged by the parties hereto that any amounts payable hereunder shall be paid in gross amount, without reduction for any federal or state withholding or other payroll taxes, or any other governmental taxes or charges. The Contractor is responsible for assuming and remitting any applicable federal or state withholding taxes, estimated tax payments, social security payments, unemployment compensation payments, or any other fees or expenses whatsoever.
2. The Contractor shall refrain from any action that would create or tend to create obligations, express or implied, on behalf of the City, it being

understood that the Contractor is not and shall not be the legal representative or agent of the City and that the Contractor shall not be authorized to make any promise, warranty or representation except as specifically provided for in this Agreement or as otherwise agreed to in writing between the parties.

3. The City shall have no liability to any subcontractor(s) for payment for service under this Agreement or other work performed for the Contractor and any subcontract entered into by the Contractor pursuant to the conduct of service under this Agreement. It shall be duly noted that the responsibility for payment for technical services or any other work performed shall be the sole responsibility of the Contractor.
4. All vehicles, computer hardware and software and communication equipment purchased directly by the City or through the Contractor for this Agreement shall be owned by the City and are not to be used by the Contractor for any purpose other than for this service. Said equipment shall be returned to the City at the end of the contract term.

B. Service Delivery

1. It is the intention of the City to begin DASH Downtown on January 1, 2009 or as soon after this date as administratively possible.
2. The Contractor shall operate bus services and related tasks in accordance with the City's operating policies, standards and procedures and the terms and conditions specified and indicated in this Agreement and the RFP. The Contractor shall also be responsible for operating in compliance with the governmental codes, regulations, ordinances, and directives applicable to such operations and as defined in this Agreement.
3. The Contractor shall be responsible to ensure that all services to be operated as part of this Agreement shall be in compliance with the Americans with Disabilities Act (ADA) of 1990. The City is responsible for the establishment of policy concerning ADA and the Contractor is responsible for the implementation of said policy.
4. The City shall monitor the service in order to assess the performance of the Contractor in delivering the service. The City shall maintain the right to assess Performance Penalties against the Contractor, as set forth in the RFP, based on the Contractor's failure to meet the established standards. The standards and performance penalties described in this RFP are applicable and thereto shall be charged as

described in the RFP.

5. The routes and schedules for services are specified by the City and are subject to change and modification within the scope of service.
6. The Contractor shall ensure that all City-owned vehicles and any non City-owned vehicles dedicated to this program are used as specified by the City for the purpose of this Agreement at all times. Any changes to the fleet shall be approved by the City and the Contractor in writing. Use of City-owned vehicles for any other purposes shall be approved in advance by the City.
7. The City reserves the right to order a decrease in the fleet size or service hours with a 30-day notice to the Contractor, if the ridership does not meet City goals and does not warrant the vehicle service hours. The City reserves the right to decrease service hours by up to 15% relative to the hours contained in the RFP with no increase in the hourly rate. Any additional service hours requested by the City over and above the requirement of this Agreement will be compensated at the Additional Service Adjustment Hourly Rate indicated in the Proposal.

#### **SECTION IV. COMPENSATION**

- A. The City shall pay the Contractor for the satisfactory performance of the terms and conditions of this Agreement.
  1. The Contractor shall submit monthly claims for payment for scheduled vehicle service hours in the form and number required by the City within the time specified by the City (Section 8. E.2 of the RFP). Monthly payments will be calculated as follows: the number of scheduled revenue service hours of operation (less any missed revenue service hours as defined in the RFP) multiplied by the rate per scheduled revenue service hour of operation as indicated in Exhibit A of this document.
  2. The Contractor shall also be reimbursed for the marginal additional cost of fuel if the average cost of fuel (actual gallons x price per gallon) increases above the proposed cost of fuel (proposed gallons x baseline price established in the RFP). If the average cost per gallon drops below the baseline costs (proposed gallons x baseline rate per gallon), the Department shall reduce the rate of compensation to the Contractor by the appropriate amount (See Section 4, Cost - Effectiveness, subsection (e) of the RFP). Adjustments will be made only to the amount of fuel utilized by the Contractor and under no

circumstances will a contractor be reimbursed for fuel utilized in excess of what had been originally proposed.

3. In an emergency, the City may ask the Contractor to provide bus service according to routes and schedules developed by the City. The hourly rate for the services shall be the Additional Service Adjustment Hourly Rate as indicated in Exhibit A of this document.
4. Payments to the Contractor may be withheld by the City, if the Contractor fails to comply with the provisions of this Agreement.
5. The contractor shall be reimbursed for maintenance work performed on behalf of and approved by the City that had not been completed by the previous contractor prior to the termination of the previous DASH transit service contract. The Contractor shall be reimbursed for all approved repairs upon submission and approval of invoice(s), together with back-up documentation to the City. The City authorizes the Contractor to repair vehicles formerly operated by First Transit, in accordance with the findings of the final vehicle inspection. The Contractor will be reimbursed directly from funds allocated to the contract between First Transit, Inc. (C-106106) and the City.
6. Contractor must submit supporting documentation (receipts, work orders, and billing statements) with any invoice that is submitted to the City for processing. The City has the right to deny payment of any expenses that might be deemed unwarranted.

B. Fare Revenue Collection

The following is a supplement to the Fare Collection and Accountability provisions in the RFP and the Proposal.

1. The Contractor's bus operators or other authorized personnel shall collect from all passengers on each vehicle the amount of fare (including collection of cash, tickets, coupons and transfers and notation of the use of any and all passes by type of pass) determined in accordance with the RFP specifications and the bus service schedules.

The Contractor shall maintain the security of fareboxes and associated revenue collection systems. The Contractor shall not accept from passengers any tickets, transfers, tokens, passes or non-cash fare substitutes other than those specified by the City.

The Contractor shall be responsible for providing security over

collected funds, equipment in service, and all inventoried fareboxes and associated equipment. The Contractor shall provide a revenue counting room equipped with a vault, security cameras and other security devices that will prevent theft or expose pilferage.

2. The Contractor shall ensure that all collected revenue are accurately counted. The Contractor shall provide LADOT's Accounting Division with a daily receipt and the Contractor's own revenue collection statements as a verification of the revenue collected (see Section 6.C.3) and all ridership figures shall be reported in accordance with the RFP (see Section 6.C.3)

The proposer shall develop and provide a detailed security plan as part of the proposal that outlines procedures to protect farebox revenues against theft or fraudulent reporting and outline methodologies to reconcile revenues with appropriate boardings to evaluate ridership counts (see Section 6.C.3)

## **SECTION V. DOCUMENTS, RECORDS AND AUDITS**

### **A. Audits and Inspections**

1. The Los Angeles County Metropolitan Transportation Authority (LACMTA) may deem necessary, the Contractor shall make available to the City or possibly the LACMTA for examination, all of its records with respect to all matters covered by this Agreement. The City and LACMTA shall have the authority to audit, examine and make excerpts or transcripts from records, including all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other statistical data relating to all matters covered by this Agreement.
2. The City reserves the right to dispatch auditors of its choosing to any site where any phase of the project is being conducted. The City auditors shall be provided adequate and appropriate work space in order to conduct audits and shall be allowed to interview any employees of the Contractor.
3. It is agreed that examination of books, records, trip logs, driver time sheets and payroll records, reports, and accounts of the Contractor will be made in accordance with generally accepted auditing standards applicable in the circumstances and that as such, said examination does not require a detailed audit of all transactions.

Testing and sampling methods may be used in verifying invoices and related reports submitted by the Contractor. Deficiencies ascertained by the use of such testing and sampling methods by applying the percentage of error obtained from such testing and sampling to the entire period of reporting under examination will be binding on the Contractor and to that end shall be admissible in court to prove any amounts due to the City from records and figures in court to rebut the sampling method. In the event any deficiency in the amount of five percent (5%) or greater of the compensation payable to the City hereunder is ascertained, the Contractor agrees to pay the City for the entire cost of the audit as well as any other deficiencies, payments and liquidated damages due under this or any other provision of this contract within 60 days of receipt of the City's billing (see Section 11.A)

4. The City shall have the authority to make physical inspections and to require such physical safeguarding devices as locks, alarms, safes, etc., to safeguard property and/or equipment authorized by this Agreement. In the event the City requires equipment to be purchased beyond what was originally proposed, the Contractor has the right to renegotiate the hourly rate to reflect the cost of the equipment.
5. If a fiscal or special audit determines that the Contractor has billed the City for inaccurate or unsubstantiated revenue service hours or has reported inaccurate farebox or other revenues in its billings to the City, the Contractor shall be notified and given the opportunity to justify the inaccurate billings. The City shall determine the amount to be paid to the Contractor during the period of audit. If the Contractor fails to respond within fifteen (15) days from the notice date, the City shall make the final determination of disallowed billed revenue service hours and/or unreported farebox revenues and the findings will be incorporated in the final audit report. Reimbursed over billings shall be deducted from the Contractor's current or future invoices.

## **SECTION VI. STANDARD CONTRACT PROVISIONS**

Hereby incorporated by reference into this Contract are the following Standard Provisions for City Personal Services Contracts, revised October 2003, which are attached hereto as Attachment 1 and hereby included herein by reference.

### **A. Termination of Contract**

1. The City may terminate this Agreement without cause, in whole or in part, at any time by written notice to the Contractor. The Contractor

shall be paid its reasonable costs, including contract closeout costs, and profit on work performed up to the time of termination. The Contractor shall promptly submit its termination claim for payment to the City. If the Contractor has any property in its possession belonging to the City, the Contractor shall account for the same, and dispose of it in the manner the City directs.

2. Upon receiving notice of Agreement termination the Contractor will begin transition of service and equipment back to the City and the City's designated replacement contractor in an amount of time to be determined by the City.
3. If the City determines that the Contractor has not materially complied with the terms of the contract, the City shall notify the Contractor of such noncompliance and reserves the right to terminate this Agreement. Reasons for such termination may include, but shall not be limited to the failure to provide service within agreed performance standards as evidence by City inspection, through surveys, or by communications from users of a service. Termination shall be effected by giving a notice of termination to the Contractor setting forth the manner in which the Contractor is in default. In the event of termination for default of Contract, the Contractor shall only be paid the contract price for supplies delivered and accepted, and for services performed in accordance with the manner of performance set forth in this Agreement.
4. In the event of contract termination due to noncompliance, the Contractor may request a delay in such termination in order to present an appeal to City Council.
5. In case of default by Contractor, the City reserves the right to procure the articles or services from other sources and to hold the Contractor responsible for any excess costs incurred by the City.

#### B. Contractor Evaluation Program

1. At the end of this contract, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, the Contractor's compliance with budget requirements, and the expertise of personnel that the Contractor assigns to the contract. The Contractor will be provided with a copy of the final City

evaluation and allowed 14 calendar days to respond. The City will use the final City evaluation, and any response from the Contractor, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

## **SECTION VII. MISCELLANEOUS**

- A. Neither party assumes any liability for failure to fulfill the terms and conditions of this Agreement caused by events beyond the reasonable control of such party. Such events may include, but are not limited to the following: natural disaster, acts of the government in either its sovereign or contracted capacity, a failure or shortage of fuel, water, fuel oil or other utility or services, strikes, riots, fires, floods, epidemics, war, insurrection or other national or local emergency, freight embargo, impasse of routes due to construction, and unusually severe weather but in every case the failure to perform must be beyond the control and without the fault or negligence of either party or the Contractor's subcontractor(s).
- B. In the event that circumstances arise beyond the Contractor's control that significantly affect the cost of operation, the City would be willing to discuss, without obligation, the possibility of adjusting the hourly rate pertinent to the changed circumstances, without any commitment on the part of the City to make any such adjustment.
- C. This Agreement, the RFP, and all Addenda to the RFP, and this Proposal and all exhibits contain the entire understanding between the Contractor and City. No modification or addition to this Agreement shall have any affect whatsoever unless set forth in writing and signed by both parties hereto.
- D. Any item of work contained in either the RFP or the Proposal shall be performed by the Contractor as though it appeared in this Agreement. In the event of any conflict, the terms of this Agreement and the RFP govern over the Proposal unless specifically stated otherwise.
- E. Disputes regarding the interpretation or application of any provisions shall, to the extent reasonably feasible, be resolved through good faith negotiations between the parties. The City shall make every effort to limit the negotiating period for a time not to exceed 30 days. Failure to come to a negotiated settlement will allow the aggrieved party to seek recourse in the courts of law (Refer to the Standard Provisions for City Personal Services Contract, Appendix B, Section PSC-8 of the RFP).



- F. The failure of the City to insist upon strict performance by Contractor of any provision hereunder in every one or more instances shall not constitute a waiver of such provision by City, nor shall, as a result, City relinquish any rights that it may have under this Agreement.
  
- G. This Agreement shall be binding on and insures to the benefit of the heirs, executors, administrators and assigns of the parties hereto.

DASH Downtown

Revenue Service Hourly Rates & Line Item Expenses

	Year 1	Year 2	Year 3
Services			
Hourly Rate	\$67.65	\$71.13	\$75.06
Line Item: Additional Service Cost	\$15,000	\$15,000	\$15,000
Line Item: Fuel Contingency	\$200,000	\$450,000	\$500,000
Line Item: GPS Vehicle Tracking System	\$500,000	0	0

Additional Revenue Service Hourly Rate

	Year 1	Year 2	Year 3
Services			
Hourly Rate	\$50.74	\$53.35	\$56.29

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

Executed for:

Executed for:

The City of Los Angeles

Veolia Transportation, Inc.

\_\_\_\_\_  
Rita Robinson  
General Manager  
Department of Transportation

\_\_\_\_\_  
Richard Alexander  
Senior Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approved as to Form and Legality:

ATTEST:

Rockard J. Delgadillo, City Attorney

Frank T. Martinez, City Clerk

\_\_\_\_\_  
Shelley I. Smith  
Assistant City Attorney  
City of Los Angeles

\_\_\_\_\_  
City Clerk  
City of Los Angeles

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Council File Number: \_\_\_\_\_

Contract Number: \_\_\_\_\_