

# Transportation Committee

Meeting date: May 14, 2007

## ADVISORY INFORMATION

<b>Date:</b>	May 7, 2007
<b>Subject:</b>	Authorization to Terminate Contract #06P022 with First Student, Inc., and Award Contracts for BE-Line/I-494 and Roseville Area Circulator Transit Service
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3-3 Expenditures - Procurement of Goods and Services Over \$250,000
<b>Staff Prepared/Presented:</b>	Arlene McCarthy, Director of MTS (651)602-1754 Gerri Sutton, Asst Director of Contracted Transit Services (651)602-1672 John Harper, Supervisor of Contracted Transit Services (651)602-1744 Deborah Ellis, Sr. Project Administrator (651)602-1722 Chris Gran, Director of Purchasing – Metro Transit (612)349-5060
<b>Division/Department:</b>	Metropolitan Transportation Services (MTS)

### Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to:

1. Terminate contract #06P022 with First Student, Inc. to operate Roseville Area Circulator Transit Service and I-494 Transit Service, effective June 30, 2007.
2. Execute a contract with Transit Team, Inc. to provide BE-Line/I-494 Transit Service from July 1, 2007 to June 1, 2012, for an amount not to exceed \$14,179,258.
3. Execute a contract with Lorenz Bus Service, Inc. to provide Roseville Area Circulator Transit Service from July 1, 2007 to June 1, 2012, for an amount not to exceed \$4,635,586.

### Issue(s)

- The Council's current contract for the Bloomington & Edina (BE) Area Transit Service expires June 30, 2007.
- The Council's current contract for I-494 Area Transit Service and Roseville Area Circulator (RAC) service expires on May 31, 2011, but can be terminated earlier at the convenience of the Council.

Some contracted routes were eliminated with the 2005 service cuts and replaced with geographically mismatched routes in an effort to make private contractors whole. First Student, Inc. has notified the Council of its desire to transition out of the general public transit service and focus on student transportation. It is beneficial for the Council to use this opportunity to maximize efficiencies by re-aligning services geographically. Pending approval of this item, the current contract with First Student, Inc. to provide RAC and I-494 Area Transit Service will be terminated and Lorenz Bus Company, Inc. will operate the RAC portion of this service only. The I-494 Area Transit Service will be transferred to the Bloomington Edina (BE) Area Transit Service and operated by Transit Team, Inc.

- The RFP for this service includes three new features which provide the flexibility to make modest service hour and locational adjustments on short notice using predetermined rates and adjustment formulas. These features eliminate the need for recurring Council action, reduce the risks borne by both the Council and the contractor, and reduce administrative costs.
  - Service Level Pricing – Proposers were asked to propose four price levels (95%, 105%, 115% and 125%) in addition to the base 100% proposal. Cost evaluations were based upon the weighted average of the various prices as applied to the annual contract hours. The contract authorization

amount is based on the maximum number of hours and annual rates allowed for in the contract (base hours x125%).

- Deadhead Index – Provision will be made in the contract to allow the Council to add or remove services from the Contract, based upon Council need. If services increase or decrease deadhead hours, there is a pre-established provision to adjust the rate based upon the percentage of deadhead change.
  
- Fuel Adjustment Clause – The contracts include the use of a Fuel Pricing Formula that would be applied to the revenue hour calculation on monthly basis. The formula is based on the monthly fuel average base price of \$2.50/gallon, and adjusts the payment to the proposer based upon the current regional average price for fuel as determined by the US Department of Energy. Funds for this adjustment will be found in a separate budget line item.

### **Overview and Funding**

The Council contracts for operation of the BE-Line transit service which operates weekdays (7 vehicles), Saturdays (4 vehicles) and Sundays (4 vehicles); the operation of I-494 transit service which operates weekdays (6 vehicles), Saturdays (1 vehicle) and Sundays (1 vehicle); and the Roseville Area Circulator service which operates weekdays (5 vehicles) and Saturdays (2 vehicles).

The Council issued a Request for Proposal (RFP) for BE-Line Service and I-494 Service (Package AB) and for the Roseville Area Circulator Service (Package C) and for all services combined (Package ABC). The RFP was advertised in the State Register and directly mailed to 23 transportation firms. The Council received seven proposals. A five member evaluation team, comprised of MTS, Metro Mobility, Regional Administration and Suburban Provider staff, evaluated the proposals based on the following criteria: experience; size and scope of experience related to the required service; driver training and selection; management, administrative, financial, and technical capabilities; vehicle maintenance practices; reporting capabilities; compliance with RFP requirements; and cost.

The Evaluation Panel concluded that the proposal submitted by Transit Team, Inc. for the BE-Line and I-494 Services (Package AB) and the proposal submitted by Lorenz Bus Service, Inc. for the RAC service (Package C) are most advantageous to the Council. Although awarding all service to Transit Team, Inc. would have resulted in a slightly lower overall cost, the panel concluded that because Transit Team lacks regular route transit operations experience, it is most advantageous for the Council to award a portion of the service (RAC) to a more experienced provider.

Funding for these services is budgeted in the annual operating budget.