

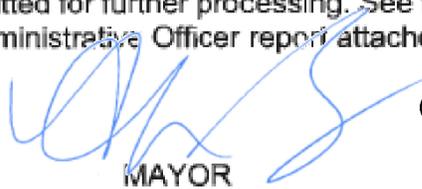
0220-05517-0004

TRANSMITTAL

| | | |
|------------------------|------------------------|------------------|
| TO The City Council | DATE 12/03/19 | COUNCIL FILE NO. |
| FROM The Mayor | COUNCIL DISTRICT 11 | |

Request from the Department of Transportation for authority to execute Fifth Amendment to the Cityride contract (C-127028) with MV Transportation, Inc. to add compensation for the LAnow demand-based shared-use pilot program, authorize off-peak service hours, and extend pilot through April 30, 2020

Transmitted for further processing. See the City Administrative Officer report attached.



(Ana Guerrero for)

MAYOR

FHL:RC:06200056t

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

| | | | | | | | |
|---|----------------|---|-------------------------------|--|-----|----|-----|
| To: The Mayor | Date: 12-03-19 | C.D. No. 11 | CAO File No.: 0220-05517-0004 | | | | |
| Contracting Department/Bureau: Department of Transportation | | Contact: Chun Leung, Head of Transit Planning (213) 928-9780 | | | | | |
| Reference: Department of Transportation report dated November 1, 2019; request for report from Mayor dated November 5, 2019 | | | | | | | |
| Purpose of Contract: Amendment to extend LAnow pilot program from March 12 through April 30, 2020, and increase compensation to cover full cost of 12-month pilot program including off-peak hours and additional costs | | | | | | | |
| Type of Contract: () New contract (X) Amendment, Contract No. C-127028 | | Contract Term Dates: February 2, 2016 to February 1, 2021 | | | | | |
| Contract/Amendment Amount: \$1,510,356 | | | | | | | |
| Proposed amount \$ 1,510,356 + Prior award(s) \$ 29,176,955 = Total \$ 30,687,311 | | | | | | | |
| Source of funds: Proposition A Local Transit Assistance Fund | | | | | | | |
| Name of Contractor: MV Transportation, Inc. | | | | | | | |
| Address: 5910 N. Central Expressway, Suite 1500, Dallas, TX 75208 | | | | | | | |
| | Yes | No | N/A | Contractor has complied with: | Yes | No | N/A |
| 1. Council has approved the purpose | X | | | 8. Business Inclusion Program | X | | |
| 2. Appropriated funds are available | X | | | 9. Equal Benefits & First Source Hiring Ordinances | X | | |
| 3. Charter Section 1022 findings completed | X | | | 10. Contractor Responsibility Ordinance | X | | |
| 4. Proposals have been requested | X | | | 11. Disclosure Ordinances | X | | |
| 5. Risk Management review completed | X | | | 12. Bidder Certification CEC Form 50 | X | | |
| 6. Standard Provisions for City Contracts included | X | | | 13. Prohibited Contributors (Bidders) CEC Form 55 | X | | |
| 7. Workforce that resides in the City: 0% | | | | 14. California Iran Contracting Act of 2010 | X | | |

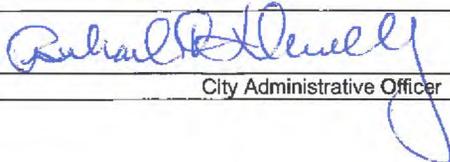
RECOMMENDATIONS

That the Mayor and Council:

- 1) Authorize the General Manager of the Department of Transportation (LADOT) to execute a Fifth Amendment to the Cityride contract (C-127028) to authorize off-peak hours for the LAnow pilot program service, authorize additional marketing and software costs for the pilot program, and extend the pilot program through April 30, 2020, and increase the maximum compensation amount of the contract by \$1,510,356 to \$30,687,311; and
- 2) Direct the LADOT General Manager, or designee, to report back to the Mayor and Council by February 14, 2020 with an evaluation of the LAnow pilot program, including whether or not the program should be made permanent beginning on May 1, 2020.

SUMMARY

The LADOT is requesting authority to execute a Fifth Amendment to the Cityride contract to provide an additional \$1,510,356 in compensation for the LAnow micro-transit shared-use mobility pilot project to fully fund the project for its approved one-year period from March 11, 2019 through March

| | | | |
|---|---------|--|-----------------------------|
|  | |  | |
| RC | Analyst | 06200056 | City Administrative Officer |

10, 2020, and extend the pilot program through April 30, 2020. The LAnow micro-transit demand-based shared-use pilot program is intended to connect riders to and from segments of West Los Angeles (Palms, Mar Vista, Venice, and Del Rey) and the Palms Metro Expo Station. This program utilizes an on-line reservation and payment system, combined with existing Cityride vehicles and resources. The LAnow service, as well as the Cityride service, are currently operated by MV Transportation, Inc. (MVT). The program currently operates from 6:00 AM to 7:00 PM from Monday through Friday, excluding holidays.

The one-year LAnow pilot program was initially authorized in June 2019 through a Second Amendment to the Cityride contract, retroactive to the start of service on March 11, 2019, through March 10, 2020 for a total compensation of \$940,000 (C.F. 11-0581-S3). The \$940,000 budget reflected the estimated annual cost of operating the pilot program during morning peak hours (6:00 AM to 9:00 AM) and evening peak hours (4:00 PM to 7:00 PM), as described in the initial Transit Service Analysis (C.F. 18-0244). The contract approved by the Mayor and Council as part of the Second Amendment authorized service from 6:00 AM to 7:00 PM from Monday through Friday. According to DOT staff, the LAnow service costs totaled \$1,235,699 from program inception in March through the end of October 2019.

LADOT has requested additional compensation of \$1,510,356 for the contract to authorize and fund the remainder of the one-year LAnow pilot program. The Department is requesting \$1.1 million to fully fund the LAnow pilot program to operate from 6:00 AM to 7:00 PM, as the original budget was insufficient to fund the pilot program for both peak and off-peak service for the entire one-year pilot period. An additional \$303,186 is also being requested to extend the pilot program with both peak and off-peak service for about two months through April 30, 2020. The Department is also requesting additional funds to cover program marketing costs (\$36,000) and the cost of upgrading the LAnow software and mobile application (\$89,250). In total, the authorized LAnow pilot program costs (within the Cityride contract) would increase from \$940,000 to \$2,450,356.

In October 2019, the Mayor and Council approved new five-year contracts for MVT to operate DASH Downtown, Mid-City, and Central Region services, as well as the LAnow on-demand shared-ride transit services. As part of this approval, permanent LAnow services under the new contract would begin on May 1, 2020, contingent upon Mayoral and Council approval of the LAnow service beyond the pilot program (C.F. 19-1035). The Department currently plans on reporting back to Council with an evaluation of the LAnow pilot program once the initial one-year period is completed in March 2020. In the first six months of the LAnow pilot (March – September 2019), LADOT staff have reported that 468 unique riders took 5,066 passenger trips. LADOT staff also reported that about 53 percent of passenger trips were during peak operating hours.

There are sufficient funds in the Transit Operations account in the Proposition A Local Transit Assistance Fund (Prop A) to support the proposed Amendment. It should be noted that the aforementioned Transit Service Analysis that projected the long-term financial outlook for Prop A assumed that the LAnow pilot program would cost \$940,000 on an annual basis. Given that the proposed Amendment would increase the cost of the LAnow pilot by \$1.5 million, up to about \$2.5 million per year, there may be a significant impact to the Prop A fund if the program is continued at the current level. The Department should factor this additional cost for the LAnow program into the next Prop A financial outlook when presenting Phase Two recommendations for the Transit Service Analysis for Mayoral and Council approval.

This Office also recommends that the LADOT General Manager, or designee, report back to the Mayor and Council by February 14, 2020 with an evaluation of the LAnow pilot program, including whether or not the program should be made permanent beginning on May 1, 2020, consistent with previously approved Council action (C.F. 19-1035). This should provide enough time for the Department to gather all relevant data for reporting and for the Mayor and Council, including any referred Council Committees, to make a determination about the LAnow pilot program going forward.

BACKGROUND

In December 2015, the Mayor and City Council approved a five-year contract (three-year contract with two optional one-year extensions) for MVT to operate the Cityride program (C.F. 06-1136). The Cityride Program provides fare subsidy for paratransit and taxi programs for eligible older adults and persons with disabilities. LADOT staff reports that there are 32,000 active Cityride clients that depend on the program for transportation. MVT operates the vehicles/buses for this program.

In February 2019, the First Amendment to the Cityride contract was executed to activate the first one-year extension of the contract through February 1, 2020.

In June 2019, the Mayor and Council approved the Second Amendment to the Cityride contract to implement the LAnow one-year demand-based shared-ride mobility demonstration project, retroactive to March 11, 2019, and increase the maximum compensation amount of the base contract by \$940,000 to \$27,440,000. In addition, a Third Amendment was approved in the same Council File to add taxi paratransit overflow service for the Cityride Dial-a-Ride Program, increasing the total compensation of the Cityride contract (including the LAnow pilot) by \$1,736,955 to \$29,176,955 (C.F. 11-0581-S3).

In November 2019, the Fourth Amendment (the second and final one-year extension) to the Cityride contract was executed to authorize MVT to operate the Cityride program through February 1, 2021.

The Department is requesting a Fifth Amendment specific to providing additional compensation to the Cityride contract for the LAnow pilot program, and extending the LAnow pilot program through April 30, 2020. The base Cityride contract will expire on February 1, 2021.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Funding is available for the proposed contract amendment within the Proposition A Local Transit Assistance Fund. Funding for subsequent years of the contract will be provided in those fiscal year budgets. The recommendations comply with City Financial Policies in that sufficient special fund revenues are available and eligible for this purpose. The Department should factor the additional costs of the LAnow program into the Transit Service Analysis prior to presenting Phase Two recommendations.

RHL:RC:06200056

Attachments

CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: November 1, 2019

To: The Honorable Eric Garcetti, Mayor
Office of the Mayor
Attention: Heleen Ramirez, Legislative Coordinator

From: Seleta J. Reynolds, General Manager
Department of Transportation  For S.F.

Subject: **AUTHORIZATION TO AMEND AGREEMENT C-127028 WITH MV TRANSPORTATION, INC.**

SUMMARY

A preliminary analysis of the LAnow microtransit program, after six months of service, shows that the program is increasing mobility and offering an alternative to automobile trips. Based on these results, LADOT recommends extending service through April 30, 2020, to allow for a yearlong pilot period and program evaluation without a break in service.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

AUTHORIZE the LADOT General Manager to execute the Fifth Amendment to Agreement C-127028 with MV Transportation, Inc., to extend the LAnow service through April 30, 2020, and increase the contract amount by \$1,510,356, subject to the approval of the City Attorney as to form and legality.

BACKGROUND

On October 26, 2018, the City Council approved the Transit Service Analysis (TSA) recommendations that included a pilot on-demand microtransit service in West Los Angeles. The TSA identified the Westside as an area that had unmet transit needs but could not support a fixed DASH route. The on-demand microtransit service provides connections to the Palms Expo Line station and intercommunity attractors, providing riders an alternative to single-occupancy vehicle trips, thereby reducing congestion and greenhouse gas emissions.

LAnow microtransit service operates in the Mar Vista, Venice, Del Rey, and Palms areas of the westside of Los Angeles. The service operates Monday through Friday from 6am to 7pm. Six 23' cut-a-way ADA accessible vehicles are deployed during peak hours (6am – 9am, and 4pm – 7pm) and four vehicles are deployed during off-peak hours (9am-4pm). The service is based on a ticket and booking system, in which riders purchase electronic tickets via mobile application, and use those tickets to book a ride up to seven days in advance. Riders are then picked up at virtual pick-up/drop-off locations. There are over 600

virtual pick-up/drop-off locations throughout the service area, ensuring a rider will not have to walk more than a quarter-mile to be picked up.

LADOT began the LANow on-demand pilot project on March 11, 2019, with service hours that mirror a full day DASH service.

DISCUSSION

Performance Evaluation

LADOT conducted a preliminary analysis of the LANow pilot after six months of operation. From March 11, 2019 to September 30, 2019, users downloaded the LANow App 4,053 times and created 2,894 user accounts. In that same time period, 468 unique riders took 5,066 passenger trips. Ridership increased consistently month over month, from 251 passenger trips in March 2019 to 1,042 passenger trips in September 2019.

Riders were surveyed and asked how they would have made their trip if they did not use LANow. The results show that LANow successfully shifted users away from driving alone (22%) and using rideshare services (32%).

LANow is a growing service that has attracted an increasing number of dedicated riders who would otherwise drive alone or use a rideshare service. Based on these positive results for the first six months of service, LADOT recommends extending service through April 30, 2020, to complete the year-long pilot and allow for continued service during the full evaluation.

Budget

The TSA authorized an initial operating budget of \$940,000 for the one-year pilot, calculated using peak service hours. To better meet demand and offer the same all-day service as DASH routes, service was contracted to include off-peak (9 am - 4 pm) hours. The cost to continue off peak service throughout the pilot is \$1,081,920. In addition, LADOT requests an increase in the budget to accommodate the cost of special events (\$36,000), upgraded software and app (\$89,250), and an extension of the pilot demonstration period to ensure uninterrupted service from March 12 through April 30, 2020 (\$303,186). Altogether, the Department is requesting authority for an additional \$1,510,356 to the contract compensation total to accommodate the requests listed above. This request increases the compensation total of the LANow pilot from \$940,000 to \$2,450,356.

Table 1 below outlines the funding authorized by Council, the additional funding requested for the continued operation of the LANow service, and the total cost.

Table 1

| Line Item | Funding Authorized | Additional Funding Authorization Needed |
|-------------------------------|--------------------|---|
| Peak Service | \$940,000 | \$0 |
| Off-peak Service | \$0 | \$1,081,920 |
| Software Implementation (Via) | \$0 | \$89,250 |

| | | |
|---------------------------|-----------|-------------|
| Special Events | \$0 | \$36,000 |
| 2/01/20 - 4/30/20 Service | \$0 | \$303,186 |
| Grand Total | \$940,000 | \$1,510,356 |

Software Application

MV Transportation, Inc., LANow's service provider, contracted with DemandTrans Solutions to provide a trip reservation system and mobile application, allowing passengers to request rides electronically. MV Transportation, Inc., in consultation with LADOT, plans to replace its existing technology provider, DemandTrans Solutions, with Via Transportation, Inc. (Via).

Via is an American transportation network company and real-time ridesharing company founded in 2012, which currently operates across the globe servicing significant numbers of transit agencies of varying sizes. Via licenses its technology platform so transit agencies can deploy and operate their own on-demand transit services. These operational partnerships use Via's technology but allow agencies to use their own vehicle fleets, supply their own drivers, and provide their own service staff.

Via service will improve vehicle utilization, on-time performance, driver safety management, dynamic routing, data reporting, rider satisfaction, customer service, and mobile app user usability. Since LANow is a pilot program, the flexibility to migrate to a new technology provider and to iterate the program is essential to ensure the program's success. Additionally, Via's platform could be used as a model for future on-demand programs without additional significant software programming costs.

Special Events

In addition to improving the app, there is a need for effective and comprehensive marketing and promotional activities. One approach is to use the LANow vehicles at community events and other special events outside of regular service hours. The original \$940,000 authorized by Council did not include funding for marketing the service at special events.

FISCAL IMPACT

Funding for the LANow program is included in the FY 2019-2020 Proposition A local Transit Assistance (PALTA) Transit Operations Fund No. 385 Account W431. This project, therefore, does not create an impact on the City's General Fund budget.

SJR:jf

**FIFTH AMENDMENT TO
AGREEMENT C-127028
BETWEEN
THE CITY OF LOS ANGELES
AND
MV TRANSPORTATION, INC.
FOR THE OPERATION OF
THE CITY OF LOS ANGELES
CITYRIDE PROGRAM
LANOW SHARED USE ON DEMAND SERVICE**

**FIFTH AMENDMENT TO THE AGREEMENT C-127028
BETWEEN
THE CITY OF LOS ANGELES
AND MV TRANSPORTATION, INC. FOR THE OPERATION OF
LANOW SHARED-USE ON DEMAND SERVICE**

THIS FIFTH AMENDMENT to Agreement C-127028 between the City of Los Angeles (hereinafter referred to as the "City"), a municipal corporation, acting by and through the Department of Transportation (hereinafter referred to as "LADOT") and MV Transportation, Inc., a California corporation (hereinafter referred to as "Contractor") is entered into with reference to the following:

WHEREAS, the City is desirous to continue obtaining services for the management and operation of the CITYRIDE Program's Dial-A-Ride services known herein as Cityride Area 1, 2, and 3;

WHEREAS, on July 13, 2015, the DOT issued a Request for Proposals (RFP) in accordance with City Charter §372 seeking qualified contractors to perform said services; and

WHEREAS, the City requested that the Contractor operate the Cityride Program's Dial-a-Ride in the time and manner set forth in the RFP and Proposal; and

WHEREAS, the parties entered into Agreement C-127028 on February 2, 2016 wherein the Contractor agreed to provide management and operation services of the Cityride program for a three year term through February 1, 2019, with two (2) renewal options exercisable in one year increments (C.F. 06-1136); and

WHEREAS, the LADOT desired in the First Amendment to Agreement C-127028, to extend the term of the agreement through February 1, 2020 and to update the City's Standard Provisions for City Contracts (rev. 10/17 v.3); and

WHEREAS, the LADOT desired in the Second Amendment to Agreement C-127028 to implement a twelve-month micro-transit demand-based shared-use mobility demonstration project called LANow in segments of West Los Angeles, (Palms, Mar Vista, Venice, and Del Rey) for a not to exceed cost of \$940,000 as reported in the Transit Service Analysis Phase One recommendations (C.F.18-0244); and

WHEREAS, on October 26, 2018, City Council approved a total annual cost of \$3.5 million to restore quarterly user subsidies amounts and implement the taxi overflow program as reported in the Transit Service Analysis Phase One recommendation: and

WHEREAS, the LADOT desired in the Third Amendment to Agreement C-127028 to implement a Dial-A-Ride (DAR) Taxi Overflow service as part of the Cityride Dial-A-Ride program designed to optimize the DAR program as reported in the Transit Service Analysis Phase One recommendations (C.F.18-0244); and

WHEREAS, the LADOT desired in the Fourth Amendment to Agreement C-127028 to exercise the final renewal option and extend the term of the agreement through February 1, 2021; and

WHEREAS, the LAnow Pilot Program began service on March 11, 2019 for a twelve (12) month term and a total allocation of \$940,000; however the original allocation is insufficient; and

WHEREAS, to continue operations of the LAnow Pilot Program, additional funding and authority is required, resulting to an increase of the total contract compensation; and

WHEREAS, the LADOT desires in this Fifth Amendment to Agreement C-127028 to continue the LAnow pilot program through April 30, 2020 and to increase the total compensation for the pilot program by \$1,510,356 for a total not-to-exceed amount of \$2,450,356; and

NOW, THEREFORE, in consideration of the above premises and the mutual covenants and agreements herein contained, the parties agree to amend the existing agreement as follows:

1. **Section III, CONTRACTOR DUTIES AND SCOPE OF WORK**, Subsection B, Paragraph 7 is hereby amended by adding a new subsection k. – LAnow Term, immediately following subsection j. Reports and Systems Support:

The LAnow on-demand shared ride service began its pilot program March 11, 2019 for a twelve (12) month period. Upon expiration of the term of the LAnow program, the terms of the agreement will be extended through April 30, 2020.

2. **Section IV, COMPENSATION**, Subsection A.1, Paragraph 2 is hereby amended in its entirety to read:

In addition, for the operation of the on-demand shared ride, service expenditures for the pilot program shall not exceed the amount of \$2,450,356 as provided in Exhibit B. The proposed rates include all labor cost, supervision, insurance, taxes, variable and fixed cost, one-time pass thru operating and IT cost, software development, and software upgrades.

3. Exhibit B – Cost Proposal is hereby replaced in its entirety by the Exhibit B attached hereto.
4. The Agreement is hereby amended by adding to **SECTION VIII. DISCLOSURE OF CONTRACTS AND SPONSORSHIP OF THE NATIONAL RIFLE ASSOCIATION ORDINANCE**, immediately following **SECTION VII. MISCELLANEOUS**, to read as follows:

Contractor shall comply with Los Angeles Administrative Code Section 10.52 et seq., 'Disclosure of Contracts and Sponsorship of the National Rifle Association Ordinance.' City [or the Department, etc.] may terminate this Contract at any time if City [or the Department, etc.] determines that Contractor failed to fully and accurately complete the required affidavit and disclose all Contracts and Sponsorships with the National Rifle Association, as defined in LAAC Section 10.52.

Contractor shall complete and upload a Disclosure Ordinance Affidavit, on www.labavn.org.

5. Except as herein amended, all other terms and conditions of this Agreement shall remain unchanged.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

THE CITY OF LOS ANGELES

MV Transportation, Inc., a California Corporation

By: _____
Seleta J. Reynolds
General Manager
Department of Transportation

By*: _____

Title: _____

Date: _____

Date: _____

APPROVED AS TO FORM:
MICHAEL N. FEUER, City Attorney

By**: _____

By: _____
Michael Nagle
Deputy City Attorney

Title: _____

Date: _____

Date: _____

ATTEST:
HOLLY L. WOLCOTT, City Clerk

NOTE: If Contractor is a corporation, two signatures are required.

* The signature of President, Chairman of the Board, or Vice President is required here; and
** an additional signature of Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer is also required for the Corporation.

By: _____

Date: _____

City Agreement Number: C-127028-4

Council File Number: 06-1136, 18-0244

EXHIBIT B

COST PROPOSAL

COST PROPOSAL FOR: City of Los Angeles - LANow

| Cost Items | Year 1 | 2 Month Ext | Total |
|--------------------------------|------------------|----------------|------------------|
| Driver Wages | 531,430 | 92,383 | 623,813 |
| Staff Wages | 55,878 | 9,593 | 65,471 |
| Maintenance Wages | 175,222 | 24,160 | 199,382 |
| Payroll Tax | 83,309 | 11,573 | 94,882 |
| Fringe Benefits (includes W/C) | 392,626 | 58,767 | 451,393 |
| Insurance | 68,672 | 11,521 | 80,193 |
| Operating Expense | 226,881 | 39,568 | 266,449 |
| Technology Support | 43,000 | 15,840 | 58,840 |
| Maintenance Cost | 40,944 | 2,447 | 49,391 |
| Start-Up | 45,292 | 0 | 45,292 |
| Interest | 7,220 | 896 | 8,116 |
| Corporate Support | 100,389 | 13,009 | 113,398 |
| Profit | 76,728 | 11,429 | 88,157 |
| Special Events | 36,000 | 6,000 | 42,000 |
| Total Cost | 1,883,591 | 303,186 | 2,186,777 |

| | | | |
|---|----------------|----------|----------------|
| One Time Pass Thru Operating Capital Cost | 41,329 | 0 | 41,329 |
| One Time Software Upgrade Cost | 46,250 | 0 | 46,250 |
| One Time Pass Thru IT Cost | 176,000 | 0 | 176,000 |
| Total Pass Thru Cost | 263,579 | 0 | 263,579 |

| | | | |
|----------------------------------|------------------|----------------|------------------|
| Grand Total | 2,147,170 | 303,186 | 2,450,356 |
| Funding Authorized | 940,000 | 0 | 940,000 |
| Additional Funding Needed | 1,207,170 | 303,186 | 1,510,356 |