



City Council Agenda Item

City Council Meeting Date: June 7, 2022

TO: Dean Albro, City Manager

FROM: Richard Fernbaugh, Aviation/Transportation Administrator
r_fernbaugh@ci.lompoc.ca.us

SUBJECT: Amendment to Transit System Operation Services Contract with RATP Dev USA, Inc. to Increase the Hourly Rate for Fiscal Year 2022-2023

Recommendation:

Staff recommends the City Council:

- 1) Approve Amendment No. 2 to the City's Contract for Transit System Operation Services (Amendment No. 2) with RATP Dev USA, Inc. to increase the hourly rate from \$58.59 to \$69.55 per vehicle revenue hour, for Fiscal Year 2022-2023 (attached); and
- 2) Authorize the City Manager to execute Amendment No. 2.

Background:

At its meeting on May 17, 2016, the City Council awarded a contract to RoadRunner Management Services, Inc. (RMS) for Transit System Operation Services. Since that time, RATP Dev USA, Inc. (RATP) acquired RMS, and RATP has provided reliable, responsive, and cooperative transit system operation services to the City under the RMS contract since April 29, 2018. The RMS contract was authorized for an initial period of five years, and included language to allow for two additional years at rates included in RMS' 2016 proposal. The initial five-year contract period ended June 30, 2021, the City Council approved extending the Contract to June 30, 2023, at its March 16, 2021, City Council meeting, and the City and RATP formalized that extension by executing Amendment No. 1 to the RMS contract.¹ (The original RMS contract and Amendment 1 are collectively referred to hereafter as "Contract.")

Discussion:

Since the beginning of the COVID pandemic it has become increasingly hard for RATP to attract and retain drivers for the City of Lompoc Transit (COLT) service. As RATP's

¹ Amendment No. 1 also contains language to transfer all contractual terms from RMS to RATP and the acknowledgement that RATP would abide by all the contractual elements previously agreed to by RMS.

staffing declined, it adjusted staff hours and schedules as much as possible to cover COLT services, and coordinated with City Staff regarding the issue. By the fall of 2021 RATP's staffing for COLT was so low, that it regularly could not operate some COLT services. For the past six months COLT's Santa Barbara Shuttle service has been regularly eliminated, and the hours of service on the Black and Green routes have been cut as much as 40 hours each per month.

The biggest challenge RATP is facing is the competitive wages that are being offered by other businesses, schools, and transit agencies in the area. Currently the commercial drivers who serve as COLT operators start at \$15.71 per hour and earn a top rate of \$18.50 per hour. Following are some of the wages being offered by other businesses in the area:

1. Fast Food starting at \$20 per hour;
2. Chumash Casino drivers starting at \$25 per hour;
3. Home Depot delivery drivers starting at \$21 per hour;
4. Student Transportation of America starting at \$22 per hour;
5. Santa Maria Area Transit starting at \$20.00 per hour;
6. Santa Barbara MTD starting at \$20.00 per hour;
7. Santa Ynez Valley Transit starting at \$20.00 per hour;
8. Ventura County Transportation Commission starting at \$20.00 per hour.

RATP is proposing wage adjustments for its 11 full-time and 6 part-time COLT driver positions to start at \$20 per hour, along with similar increases for its 3 full-time COLT dispatcher positions, and 2 full-time COLT administrative positions. Additionally, RATP proposes \$500 bonuses for new employees who complete training, and \$500 quarterly retention bonuses for its hourly COLT staff who meet certain positive performance criteria.

City Staff understands the challenging conditions within the transit industry and the particular difficulty of RATP in recruiting and retaining staff to operate the COLT service. As other nearby public transit agencies and private services have adjusted compensation to achieve and maintain staffing amid prolonged high inflation, RATP's COLT drivers have been left over 27% behind in starting compensation. Given the circumstances, City Staff believes the compensation adjustments RATP proposes for its own staff are reasonable in order to restore and maintain COLT service for the final year of the Contract. Absent such adjustments, City Staff and RATP anticipate further significant loss of COLT service due to lack of RATP staffing.

Fiscal Impact:

The cost to COLT of RATP's proposed compensation adjustments is estimated to total \$262,108 based upon COLT's current annual revenue hours. That cost would be incurred for service provided from July 1, 2022, through June 30, 2023 [Fiscal Year (FY) 2022-23]. That amounts to an increase of approximately 18.7% above the cost based upon RMS' 2016 proposal. RATP's proposed total cost for providing FY 2022-23 COLT service including the cost of the compensation adjustments remains approximately \$130,000 less

than the cost proposed for FY 2022-23 by the second low bidder in response to the 2016 Contract solicitation. Based upon previous contract solicitations, as well as recent inflation, City Staff anticipates receiving substantially higher rates than exist in the Contract in response to the forthcoming contract solicitation for COLT operation services for FY 2023-24 and beyond.

COLT is eligible to receive up to \$3,810,420 in FTA CARES Act funding, which the Federal Transit Administration (FTA) has clarified may be used at a 100% federal share with no local match required for capital, operating, and other expenses generally eligible under FTA programs, including but not limited to use for modifying a third-party contract for expenses to retain readiness for operations and maintenance activities. Additionally, COLT has received, and is programmed to continue receiving, other federal and state transit funding sufficient to meet all of COLT's operational and capital financial needs. COLT therefore has sufficient CARES Act funding to cover the cost of RATP's proposed compensation adjustments, and sufficient funding from other sources to cover all present and future anticipated COLT needs. The General Fund is not used for COLT.

Amendment No. 2 (attached) to the Contract increases the unit cost the City will pay to RATP per actual vehicle revenue hour from \$58.59 to \$69.55 in order to facilitate RATP's proposed compensation adjustments for its staff, to restore and maintain COLT service. Amendment No. 2 also requires RATP use the entire value of that increase exclusively for the proposed compensation adjustments for its staff employed in COLT service during FY 2022-23 and provide to the City complete documentation verifying such use of those funds. Additionally, Amendment No. 2 includes indemnity provisions to protect the City. Pursuant to Section 7 of the Contract, the City has ordered changes in the scope and extent of COLT operations to respond to market demands throughout the term of the Contract without previously amending the estimated annual revenue hours included within the Contract. In order to accurately show the anticipated cost of Amendment No. 2, it includes an update of the current estimated annual revenue hours for FY 2022-23 based upon the current COLT service schedules, which have not changed from FY 2021-22. Because the number of estimated annual revenue hours is currently 23,915, rather than 20,609 as estimated in 2016, the change in COLT Total Cost for FY 22-23 shown in Amendment No. 2 appears greater than just the \$262,108 increase proposed by RATP.

Conclusion:

Approving and executing Amendment No. 2 to the Contract will facilitate compensation adjustments for RATP staff in order to restore and maintain COLT service through FY 2022-23.

Respectfully submitted,

Richard Fernbaugh, Aviation/Transportation Administrator

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Michael W. Luther, P.E., Public Works Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Dean Albro, City Manager

Attachment: Amendment No. 2 to COLT Service Contract with RATP