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DATE: August 5, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jared Hall – Transit Manager, Public Works and Utilities Department (PW&U)  
Gina Benedetti-Petnic, PE – Interim Director of PW&U

SUBJECT: Resolution Authorizing the Renewal and Amendment to the Professional Services Agreement for Petaluma Transit Operations & Maintenance

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### **RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution authorizing the renewal and amendment to the Professional Services Agreement for Petaluma Transit Operations & Maintenance.

### **BACKGROUND**

The City of Petaluma has contracted its transit operations since the inception of Petaluma Transit and Paratransit in 1976. Currently, the City contracts with MV Transportation which provides operations and maintenance services for the Petaluma Transit and Paratransit programs via providing services including operations (driving), dispatching, maintenance, bus stop cleaning, and other transit-related functions.

Upon expiration of the prior transit operations agreement, a request for proposal (RFP) was issued in 2018, resulting in the awarding of the current Operations and Maintenance agreement to MV Transportation starting July 1, 2018. The term of the contract is four base years (FY 19-22) with three additional option years included (FY 23, FY 24, and FY 25). The first of the option years was approved by the Council and executed in October 2022 with a revised contract that adjusted wages for MV staff in order to make the wages more competitive to nearby peer transit agencies and help address notable staff shortages that were impacting the ability to operate service at the scheduled/needed levels.

Amendment #1 extended the term of this agreement for one additional year of FY 23 (July 1, 2022 – June 30, 2023) and included an adjustment to compensation to account for wage adjustments negotiated with the contractor. Amendment #2 was subsequently executed, extending the contract for FY 24 (July 1, 2023 – June 30, 2024).

## **DISCUSSION**

The City of Petaluma has completed six of the seven years included in the Transit Operations PSA with MV Transportation. The City is eligible to execute the third and final option year of the agreement for FY 25 (the seventh total year of the agreement).

Over the past year, MV's performance of the contract has increased with notable improvements in the areas of employee recruitment/retention, training, maintenance, and safety. Improvements are attributed to several factors, including an increase in employee wages starting in FY 23 that brought wages for the majority of MV positions to parity with other transit agencies in the region and improved stronger staffing levels with MV and City positions over that period. Employee morale has also improved significantly as the amount of needed overtime has receded and employee work loads are properly balanced amongst staff.

Due to the improved hiring situation and performance of the MV Transportation contractor during that time, and higher confidence of the City in their performance of the agreement, staff recommends the execution of the third option year for the agreement for FY 25 (July 1, 2024-June 30, 2025). Changes to the contract are minimal and include converting one of the MV Dispatcher positions to a Dispatch Supervisor position and a wage increase for the MV General Manager position to bring the position to parity with nearby transit agencies. These adjustments will result in an increased cost of \$39,682 for the year.

The total estimated cost for service provided by MV through the Transit Operations PSA is \$2,400,000 for FY 25 (compared to 2,152,500 for FY 24). Increases in this cost are the result of inflationary adjustments, positional changes to the GM and Dispatch Supervisor positions, as previously noted, and an increase in the number of service hours provided through the agreement (micro-transit service, improved service frequency on route 11 and additional school tripper service).

Staff will issue a new Transit Operations RFP in Q1 FY25, which is intended for implementation starting in FY 26. The item will be brought to the Transit Advisory Committee (TAC) for consideration at a later date (Q2 2025).

All wages paid to MV employees under the revised agreement are compliant with the City of Petaluma Living Wage Ordinance.

## **PUBLIC OUTREACH**

The initial MV Operations agreement was presented to TAC and Council for approval in FY18.

Amendment #1 to the agreement was approved and executed in October 2022. Amendment #2 was approved and executed in September 2023.

This agenda item appeared on the City's tentative agenda document on July 15, 2024, a publicly noticed meeting.

## **COUNCIL GOAL ALIGNMENT**

This action supports the following City Council Goals:

- Workplan item #8 – “Recruit, hire, retain, and advance a workforce that is diverse, skilled, talented, and prepared to meet the demands of a full-service City.”
- Workplan item #23 – “Expand transit service on primary corridors.”

## **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

This proposed action is necessary to help meet existing and future service levels of public transit throughout Petaluma. It will ensure that the City can do its part to reduce single-occupancy vehicle trips, vehicle miles traveled, and greenhouse gas emissions and help the City fulfill its goal of becoming climate-neutral by 2030.

## **ENVIRONMENTAL REVIEW**

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in that approving the Transit Operations PSA does not meet CEQA's definition of a “project,” because the action does not have the potential for resulting either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment. Relatedly, the proposed action is exempt under the common-sense exemption, CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the proposed action could have a significant impact on the environment as this action just extends the term on already existing service.

## **FINANCIAL IMPACTS**

The estimated cost of the FY 25 agreement is \$2,400,000, which is included in the approved FY 25 City budget. This expenditure fits within Transit's existing revenue projections per its 10-year financial forecasts.

Increases in costs under the amendment will be paid for with TDA funding (TDA funding reserves are currently estimated to be in excess of \$3.5 million dollars as of January 2024).

## **ALTERNATIVES**

The recommended action to approve Amendment #3 will renew the operations contract with MV for FY25 and amend the existing agreement, as previously discussed in this report.

Staff has identified one alternative to the recommended action:

1. Not award the FY 25 extension to MV Transportation –
  - a. This is not recommended as it would potentially leave the City without an operator for the Petaluma Transit/Paratransit system in FY 25 and would cause significant service interruptions until different solutions for operating the system could be implemented.

For these reasons, staff recommend that the Council approve awarding MV Transportation the FY 25 option and enacting Amendment #3.

### **ATTACHMENTS**

1. Resolution with Exhibit A (Amendment #3 to the MV Transportation Agreement with Exhibit A)
2. FY 19-25 Amended Petaluma Transit Operations and Maintenance Agreement including Amendments #1 and #2