



DATE: September 18, 2023

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

FROM: Jared Hall, Transit Manager, Public Works & Utilities (PW&U)
Christopher J. Bolt, MPA, PE, CPM, ICMA-CM, Director, PW&U

SUBJECT: Resolution Amending the Petaluma Transit Operations Contract with MV Transportation and Authorizing the Execution of the Amended Second- and Third-Year Options of the Agreement

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution amending the Petaluma Transit Operations Contract with MV Transportation and authorizing the execution of the Amended Second- and Third-Year Options of the Agreement.

BACKGROUND

The City of Petaluma has contracted for 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, and related functions.

Upon expiration of the prior transit operations agreement, an RFP was issued in 2018 resulting in 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, FY 25). The first of the options was approved by the Council and executed on October 24, 2023, 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.

DISCUSSION

In recent years, several external factors (COVID-19, wage increases, inflation) have increased difficulties in maintaining an adequate staff for Petaluma Transit and its current contractor, MV Transportation.

As a result of this, and Petaluma Transit experiencing a then-45% vacancy rate in its workforce, the operations agreement was amended as it reached the base years of its contract (FY 19-FY 22) and entered the first of its three option years for FY 23. This amendment adjusted the wages for MV staff to help address the large staffing shortfall as part of executing the first-year option of the agreement for FY23. Since that time, the hourly wage for MV drivers increased from \$19.25 per hour to \$25.25 per hour. As a result of this and similar changes for other MV positions along with an expanded recruiting/expansion effort, the large staffing shortfall has been almost completely addressed with only one MV position remaining vacant as of August 2023 (Road Supervisor). Positions hired since that time include eight drivers, one utility worker, two dispatchers, and a General Manager. Employee morale has also improved significantly as the amount of needed overtime has receded and employee workloads are properly balanced amongst staff. Service that had been regularly running behind schedule or missing trips due to driver shortage hasn't missed a trip of service in over three months.

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 second one-year option for the agreement for FY24 (July 1, 2023-June 30, 2024). The agreement includes 5% annual increases in wages and expenses for each year in order to ensure that the wages for the contracted staff remain competitive and allow for Petaluma Transit via its MV Transportation contractor to retain its current staffing levels to ensure the ability to operate existing service and expand service over this time period. Per this extension, drivers starting wages in FY 24 would increase to \$26.51.

All wages paid to MV employees within 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 by the Council on August 8, 2022, and executed on October 24, 2022. Amendment #2 was discussed at the July 2023 meeting of the Transit Advisory Committee.

Since the discussion with TAC, the agreement was modified in three ways:

1. The recommendation adopted by the TAC to award the contract for a period of two years FY 24 and FY 25 has been revised to one year per feedback/preference received from committee members at the meeting.
2. Replacing the Maintenance Tech C position with a Maintenance Tech B position.
 - a. In order to increase the likelihood of retention in the position and in recognition that requirements for the position and the work that it has been providing is more appropriate as a Maintenance Tech B vs. Maintenance Tech C position).
 - b. The annual cost increase resulting from this change is \$9,452 per year.
3. Adding a new Utility/Bus Stop Maintenance position. The main focus for this position would be on cleaning, servicing, and maintaining the Petaluma Transit bus stops. This includes functions such as cleaning bus stops, sign installation, bus stop fixture installation (benches, trash cans), signage and poster installation/removal graffiti removal, and trash removal. Previously, these functions have been done by a variety of contracted and City resources with inconsistent results, slow response times and a backlog of bus stop-related maintenance at bus stops throughout the City.
 - a. Given the increased need for regular cleaning of the Petaluma Transit bus stops, increases in vandalism and graffiti, and desire for faster response time.
 - b. The City anticipates part of this saving of approximately \$54,000 per year in savings through ending the existing bus stop maintenance work currently being performed by Old Adobe Developmental Services (OADS).
 - c. The cost for the position is \$83,000 annually. After accounting for the \$54,000 annual cost savings from the contract with OADS, the annual net increase for the contract is \$29,000 per year.

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 provide future service levels of public transit throughout Petaluma and ensure that it is able to do its part to reduce single occupancy vehicle trips and subsequently 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 the awarding of the Transit Operations Agreement does not meet CEQA's definition of a “project,” 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.

FINANCIAL IMPACTS

The estimated cost for the FY 24 agreement is \$2,190,952. This is an increase of \$38,452 beyond what was originally included in the approved FY24 City budget. A budget adjustment for Q2 FY 24 will be included in this amount at a future Council meeting. This cost falls within existing revenue projections for Transit 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 more than 3.5 million dollars as of January 2023).

ALTERNATIVES

The recommended action to approve Amendment #2 will renew the operations contract with MV for FY 24 and make amendments to the existing agreement as previously discussed in this report.

Staff has identified two alternatives to the recommended action:

1. Not award the FY 24 and 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 24 and would cause significant service interruptions until different solutions for operating the system could be enacted.
2. Award the contract extensions without making the adjustments to the Maintenance Tech position and Utility Worker positions.
 - a. Not adjusting the Maintenance Tech position will make it difficult to keep the position filled and would result in increased downtime and potential missed trips for the Petaluma Transit bus fleet as a result. Bus stop cleanliness and maintenance would likely continue to degrade with an increasing backlog of required maintenance if the Utility Worker position is not added.

For these reasons, staff recommends that the Council adopt the attached resolution.

ATTACHMENTS

1. Resolution
2. Exhibit A (Amendment #2 to the MV Transportation Agreement)
3. FY 19-25 Amended Petaluma Transit Operations and Maintenance Agreement (executed on 10/24/2022)