

THIS PRINT COVERS CALENDAR ITEM NO. : 10.5

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Taxi and Accessible Services

BRIEF DESCRIPTION:

Requesting approval of Amendment No. 6 to the Agreement between the City and Transdev Services, the City's Paratransit Broker, increasing the total amount of the contract by \$8,200,000, to a sum not to exceed \$126,799,710, subject to approval by the Board of Supervisors.

SUMMARY:

- For the past 32 years, the Agency has contracted out paratransit services to a Paratransit Broker, who manages the program, including subcontracting with paratransit service providers, monitoring service quality, administering client eligibility, and managing the sale of fare instruments.
- The Paratransit Broker contract began on April 1, 2010, for a five-year and three-month period, through June 30, 2015. The contract has been amended five times under the Director's authority.
- Amendment No. 5, executed on June 12, 2015, extended the contract through June 30, 2016, with the expectation that under-expenditures would cover the contracting authority necessary through the extension. Subsequently, staff determined that the remaining funding authority in the contract would not cover the entire extension period.

ENCLOSURES:

1. SFMTAB Resolution
2. Amendment No. 6

APPROVALS:

DATE

DIRECTOR _____

12/17/15

SECRETARY _____

12/17/15

ASSIGNED SFMTAB CALENDAR DATE: January 5, 2016

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PURPOSE

To request that the Board approve Amendment No. 6 to the Agreement between the City and Transdev Services Inc., the City's Paratransit Broker, increasing the total amount of the contract by \$8,200,000, to a sum not to exceed \$126,799,710, subject to approval by the Board of Supervisors.

GOAL

The SF Paratransit program furthers SFMTA's vision of providing excellent transportation choices in San Francisco by providing independence to a community with limited mobility while meeting our regulatory requirements under the Americans with Disabilities Act (ADA).

The SFMTA will further the following goals of the Strategic Plan through this one time increase in the funding authority.

Goal 3: Improve the environment and quality of life in San Francisco

Objective 3.4: Deliver services efficiently

DESCRIPTION

San Francisco has a mature paratransit program that began in 1979, long before passage of the ADA in 1990. The program has evolved over time to respond to the needs of San Francisco's senior and disabled citizens. Additionally, the program has undergone significant changes to achieve compliance with federal mandates. The SF Paratransit program offers an array of transportation options aimed at providing cost-effective service to meet the trip needs of ADA-eligible customers. Among these is SF Access, which is a prescheduled, door-to-door shared van service; Group Van, which provides van services for groups of riders who are going to or from the same location on designated days; and taxi, which allows eligible customers to use taxi services to meet their trip needs.

For the past 32 years, SFMTA has contracted out paratransit services to a Paratransit Broker, who performs vital functions, such as managing subcontracts with paratransit service providers, monitoring service quality, administering client eligibility, managing the sale of fare instruments, and acting on behalf of the SFMTA as the principal customer service representative for paratransit services.

The current Paratransit Broker contract with Transdev Services Inc. (formerly known as Veolia) (Transdev) began on April 1, 2010, for a five-year and three-month period. The contract has been amended five times under the Director's authority:

- On April 1, 2010, the parties executed Amendment No. 1 in which the Contractor agreed to participate in the SFMTA's deficit reduction program by reducing specified Administrative Expenses under the Agreement by three percent. The Amendment also included various

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federally required clauses that were inadvertently omitted from the Agreement.

- On June 1, 2011, the parties executed Amendment No. 2, which provided for the City to lease to the Contractor one accessible hybrid van for use in the Paratransit Program, to be used to test the hybrid technology in San Francisco's operating environment.
- On May 31, 2012, the parties executed Amendment No. 3, which provided for the City to lease 26 additional accessible vans for use in the SF Access Program, to remove a subcontractor that had gone out of business, and to revise the incentive/disincentive plan.
- On August 29, 2014, the parties executed Amendment No. 4, which expanded transportation service provider responsibilities to the Contractor to allow the City to lease 35 additional accessible vehicles to the Contractor, and to correct administrative errors.
- Executed June 12, 2015, Amendment No. 5 extended the term of the contract for an additional one-year period, through June 30, 2016, in order to allow for proper time to develop a Prevailing Wage Ordinance for SF Access employees, as well as to issue a Request for Proposals (RFP) for Paratransit Broker Services, evaluate the proposals, and negotiate a contract with the selected proposer.
- On November 3, 2015, the SFMTA Board adopted Resolution No. 15-152, which authorized issuance of a new RFP for Paratransit Broker Services.

Under the contract, all the Broker's administrative costs are reimbursed on an at-cost basis, with a fixed monthly management fee. In addition, since September 2014 (Amendment No. 4), Transdev has performed all transportation services previously provided by MV Transportation. The costs associated with providing the transportation services are also paid on an at-cost basis with a fixed management fee. This structure allows SFMTA to pay only the actual costs of operating the transportation services.

When the funding calculations were made for Amendment No. 5, the three months of expenditures from April 1, 2010 through June 30, 2010 were inadvertently left out of the calculation of the total expenditures to date. Also, Transdev recently negotiated a new wage and benefits package with its SF Access employees, resulting in higher labor costs; and there have been modest increases in service demand. As a result, staff expects the projected paratransit program costs for FY16 to exceed the current contract funding authority. Accordingly, it is necessary to increase the contract amount by \$8,200,000 in order to have sufficient funding for the remainder of the contract period.

PUBLIC OUTREACH

Staff has informed the Paratransit Coordinating Council, the consumer advisory committee for the Paratransit program, of the contract extension and resulting need for additional contracting authority. The committee concurred with the need to issue this amendment.

ALTERNATIVES CONSIDERED

SFMTA staff considered truncating the duration of the current contract. However, that option would not leave insufficient time to finalize the RFP selection process now underway and allocate time

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sufficient time for the potential start-up of a new contract.

FUNDING IMPACT

Paratransit operations are funded through local, State and Federal sources: SFMTA operating funds, Proposition K sales taxes, BART, the Department of Aging and Adult Services, the State Transit Assistance program, and the Federal 5307 program.

SFMTA's FY 2016 operating budget includes \$20.7 million for the paratransit program which did not anticipate the increases in labor costs for van drivers which occurred after the budget adoption. The increase in contracting authority requested is \$8.2 million, of which \$2.9 million will require identification of funding from other line items in FY 2016.

ENVIRONMENTAL REVIEW

On December 10, 2015, the SFMTA determined that the proposed Paratransit Broker Contract Amendment is not a “project” for purposes of environmental review under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15060(c), because the actions would not result in a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

The SFMTA’s determination is on file with the Secretary to the SFMTA Board of Directors.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney’s office has reviewed this calendar item. Approval by the Board of Supervisors is required because this Agreement was initially approved by the Board of Supervisors and the amendment exceeds \$500,000.

RECOMMENDATION

Staff recommends that the Board approve Amendment No. 6 to the Agreement between the City and Transdev Services, the City's Paratransit Broker, increasing the total amount of the contract by \$8,200,000, to a sum not to exceed \$126,799,710, subject to approval by the Board of Supervisors.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, On April 1, 2010, the City entered into an agreement with Contractor to provide paratransit broker services to administer the City's Paratransit Program (Agreement), for a term beginning April 1, 2010, and ending June 30, 2015, with an option to extend the Agreement for an additional five years; and,

WHEREAS, On April 1, 2010, the parties executed Amendment No. 1 to Agreement, in which the Contractor agreed to participate in the SFMTA's deficit reduction program by reducing specified Administrative Expenses under the Agreement by three percent; the Amendment also included various federally required clauses that were inadvertently omitted from the Agreement; and,

WHEREAS, On June 1, 2011, the parties executed Amendment No. 2, which amended the Agreement to provide for the City to lease to Contractor one accessible hybrid van for use in the Paratransit Program, to be used to test the hybrid technology in San Francisco's operating environment; and,

WHEREAS, On May 31, 2012, the parties executed Amendment No. 3, which amended the Agreement to provide for the City to lease to Contractor 26 additional accessible vans for use in the SF Access Program, to remove from the contract a subcontractor that had gone out of business, and to revise the incentive/disincentive plan; and,

WHEREAS, On August 29, 2014, the parties executed Amendment No. 4, which amended the Agreement to expand transportation service provider responsibilities to the Contractor through the duration of the Agreement, to allow the City to lease 35 additional accessible vehicles to the Contractor, and to correct administrative errors in the Agreement; and,

WHEREAS, On June 12, 2015, the parties executed Amendment No. 5, which amended the Agreement to extend it for one year, through June 30, 2016; and

WHEREAS, There is insufficient funding in the Agreement to cover all projected costs of the Broker through the end of the term; and

WHEREAS, The proposed Amendment No. 6 to the Agreement would provide an additional \$8,200,000 in contracting authority, which should cover all projected expenses through June 30, 2016; and

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WHEREAS, The SFMTA determined that the proposed Amendment No. 6 does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c), because the actions would not result in a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors approves Amendment No. 6 to Contract No. SFMTA 2008/09-54: Paratransit Broker Agreement with City and County of San Francisco and Transdev Services Inc., to provide paratransit services, increasing the total amount of the contract by \$8,200,000, to a sum not to exceed \$126,799,710, through June 30, 2016, subject to approval by the Board of Supervisors; and be it further

RESOLVED, That the SFMTA Board of Directors directs the Director of Transportation to submit this Amendment No. 6 to the Board of Supervisors for approval.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of January 5, 2016.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

**AMENDMENT NO. 6 TO AGREEMENT BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND TRANSDEV SERVICES, INC.**

THIS AMENDMENT NO. 6 TO AGREEMENT is made and entered into this ____ day of January, 2016, between the City and County of San Francisco, a municipal corporation (City), acting through its San Francisco Municipal Transportation Agency (SFMTA), and Transdev Services, Inc. (Contractor).

RECITALS

- A.** On April 1, 2010, the City entered into an agreement with Contractor to provide paratransit broker services to administer the City's Paratransit Program (Agreement), for a term beginning April 1, 2010, and ending June 30, 2015, with an option to extend the Agreement for an additional five years.
- B.** On April 1, 2010, the parties executed Amendment No. 1 to Agreement, in which the Contractor agreed to participate in the SFMTA's deficit reduction program by reducing specified Administrative Expenses under the Agreement by three percent. The Amendment also included various federally required clauses that were inadvertently omitted from the Agreement.
- C.** On June 1, 2011, the parties executed Amendment No. 2, which amended the Agreement to provide for the City to lease to Contractor one accessible hybrid van ("hybrid van") for use in the Paratransit Program, to be used to test the hybrid technology in San Francisco's operating environment.
- D.** On May 31, 2012, the parties executed Amendment No. 3, which amended the Agreement to provide for the City to lease to Contractor 26 additional accessible vans for use in the SF Access Program, to remove from the contract a subcontractor that had gone out of business, and to revise the incentive/disincentive plan to make it more reasonably attainable, while remaining consistent with SFMTA's expectations and encouraging the delivery of excellent service.
- E.** On August 29, 2014, the parties executed Amendment No. 4, which amended the Agreement to provide for the City to lease 35 additional accessible vans for use in the SF Access Program, corrected an error in the amount of the management fee for the Contractor, and recognized the name

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change of the Contractor from Veolia Transportation Services, Inc. to Transdev Services, Inc. In addition, the Contractor agreed to assume the expanded transportation responsibilities previously performed by the Contractor's former subcontractor, MV Transportation, through the duration of this Agreement.

F. On June 12, 2015, the parties executed Amendment No. 5, which amended the Agreement to extend the Agreement for one year in order for the SFMTA to complete a process for the competitive solicitation and award of a new paratransit brokerage contract without interruption to the paratransit program.

G. The parties now wish to amend the Agreement to increase the amount of the contract by \$8,200,000 to \$126,799,710 in order to cover the Contractor's expenses through the remainder of the term of the contract.

IT IS MUTUALLY AGREED that all other terms and conditions of Agreement shall remain in full force and effect and that Agreement is amended to read as follows:

1. Section 5 of Agreement (Term of the Agreement) is amended to read as follows:

5.1. **Amount of Contract.** Compensation under this Agreement shall be based on a costs plus fixed fee structure, in accordance with the annual approved budgets, as described above. In no event shall the amount of this Agreement exceed One Hundred Twenty-Six Million, Five Hundred Ninety-Nine Thousand, Seven Hundred Ten Dollars (\$126,599,710), including the Management Fee, for the entire term of the Agreement. Further breakdown of Administrative Expenses and Management Fees associated with this Agreement is listed in Appendix B.

2. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

3. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 6 on the day first mentioned above.

<p>CITY</p> <p>San Francisco Municipal Transportation Agency</p> <p>_____</p> <p>Edward D. Reiskin Director of Transportation</p>	<p>CONTRACTOR</p> <p>Transdev Services, Inc.</p> <p>_____</p> <p>Mike Murray President & COO Transdev Services, Inc. 720 E. Butterfield Road, Suite 300 Lombard, IL 60148-5601</p> <p>City vendor number: 81173</p>
<p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By: _____</p> <p>Robin M. Reitzes Deputy City Attorney</p>	
<p>Authorized by: Municipal Transportation Agency Board of Directors</p> <p>Resolution No: _____</p> <p>Adopted: _____</p> <p>Attest: _____</p> <p>Roberta Boomer, Secretary</p> <p>Board of Supervisors</p> <p>Resolution No: _____</p> <p>Adopted: _____</p> <p>Attest: _____</p> <p>Clerk of the Board</p>	