



June 8, 2017

To: Transit Committee

From: Darrell Johnson, Chief Executive Officer 

Subject: Award of Agreement for Vanpool Service Providers

Overview

On February 13, 2017, the Board of Directors approved the release of request for proposals to provide commuter vanpool services and Measure M Project V Community Based Transit Circulators Program services. Offers were received in accordance with the Orange County Transportation Authority procurement procedures for professional and technical services. Board of Directors' approval is requested to execute an agreement for these services.

Recommendations

- A. Approve the selection of Enterprise Rent-A-Car Company of Los Angeles LLC, doing business as Enterprise Rideshare, to provide vanpool and Community Based Transit Circulators program services for the Orange County Transportation Authority's vanpool program.
- B. Authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1546 between the Orange County Transportation Authority and Enterprise Rent-A-Car Company of Los Angeles LLC, doing business as Enterprise Rideshare, in the amount of \$8,323,888, for a three-year initial term from July 1, 2017 through June 30, 2020, with two, two-year option terms to provide subsidized commuter vanpool services and Measure M Project V Community Based Transit Circulators program services.

Discussion

Since 2007, the Orange County Transportation Authority's (OCTA) family of transportation services has included a vanpool program which provides commuters with a transportation option that can save time, money, and stress. A vanpool consists of a group of five to 15 people who regularly commute to work in a shared vehicle. The average vanpool trip length is 35 miles, one-way.

Since its inception, the OCTA vanpool program has demonstrated steady growth. By the end of March 2017, there were 531 active vanpools serving 151 worksites in Orange County. In 2016, there were 1.3 million annual vanpool passenger trips.

Program benefits include:

- Offering commuters a viable transportation option
- Providing direct, express service between neighborhood collection points and worksites
- Helping the region achieve air quality goals by offering an alternative to single-occupant vehicle travel
- Lowering operating costs via a public-private partnership that results in an efficient transportation mode
- Increasing federal funding for transit

It is a public-private partnership with three distinct participants, including OCTA, van providers, and vanpool riders. Each partner has a role:

OCTA

OCTA, as Orange County's public transit provider, is responsible for implementing the vanpool program, including contracting with the vanpool providers, and providing a \$400 per month, per vanpool subsidy to offset vehicle lease costs. OCTA receives Federal Transit Administration Section 5307 funds, which cover the vehicle subsidies, by reporting annual passenger and vehicle miles traveled data.

To ensure all vanpool miles claimed by OCTA are credited to Orange County, cooperative agreements were established with the Los Angeles County Metropolitan Transportation Authority (LA Metro), Riverside County Transportation Commission, San Bernardino County Transportation Authority (SBCTA), and San Diego Association of Governments (SANDAG). Thirty-two percent of OCTA's vanpools originate from within Orange County; the remaining 68 percent originate from Los Angeles, Riverside, San Bernardino, or San Diego counties and travel to Orange County.

OCTA works with larger employers (250 or more employees) to provide transportation alternatives that meet air quality mandates. OCTA offers marketing programs and networking opportunities that help employee transportation coordinators market the vanpool program internally. A dedicated OCTA vanpool specialist is available to meet onsite with employers and their employees.

OCTA promotes the program through its employer outreach and ride matching services, and conducts commuter marketing campaigns to increase awareness of and participation in the program. OCTA provides the public with step-by-step

instructions for finding or starting a vanpool through its website and a mobile app that works seamlessly with the website to make the required reporting for vanpool drivers more efficient.

Vanpool Providers

OCTA contracts with the private sector to provide vanpool services. Providers are required to report annual passenger and vehicle miles traveled data to OCTA. Providers also supply and lease vans to riders, maintain vans, purchase vehicle insurance, and collect lease payments from vanpool riders. Vanpool providers use OCTA's \$400 per vehicle per month contribution to reduce lease costs, contingent on the receipt of data from vanpool riders.

Vanpool Riders

Vanpool riders lease vans from OCTA's contracted vanpool providers and share the costs of the vehicle lease, fuel, tolls, and parking. One person volunteers to be the driver/coordinator who records and reports data to OCTA. Most vanpool riders travel less than five miles to a pick-up location near their home (such as a park-and-ride lot) and have a common destination and similar work hours. In support of federal regulations, OCTA requires an initial 70 percent occupancy rate. The vanpool group must maintain a minimum 50 percent occupancy rate on a monthly basis.

Community Based Transit Circulators / Measure M Project V

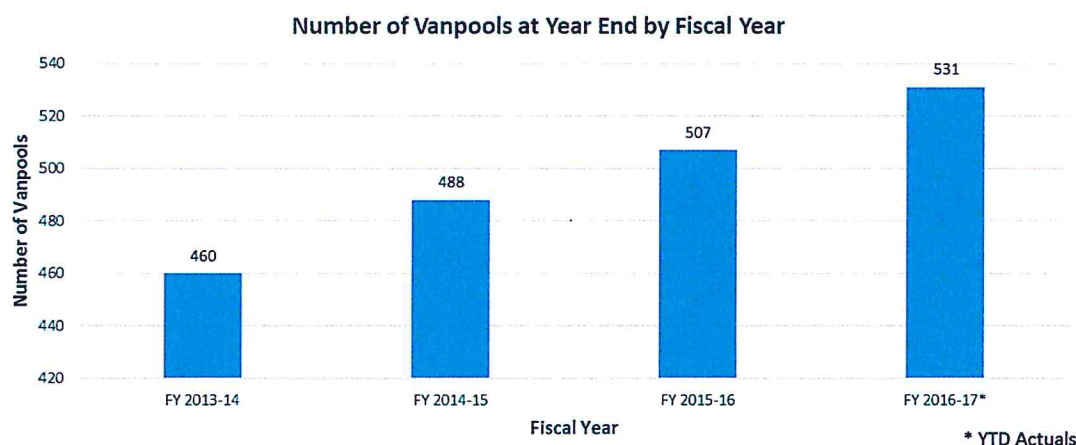
A small portion of the vanpool contract will also be used to support the Community Based Transit Circulators program (Measure M Project V). A total of two community circulators (vans/shuttles) were awarded to the City of Lake Forest during a June 2012 call for projects. The two community circulators will be active until fiscal year 2019-20 and are included in the reporting of active vanpools.

Vanpool Costs versus Other Modes

Vanpool costs are lower than traditional fixed-route public transit and could potentially serve unmet needs as bus service delivery models evolve. Attachment A identifies travel characteristics of various transit modes and provides an order of magnitude comparison. At a total OCTA average subsidy per boarding (trip) of \$1.79, vanpool compares favorably as the transportation option with the lowest cost per boarding.

Growing the Program

The chart below indicates the increase in vanpools since fiscal year 2013-14. As of March 2017, there were 531 active vanpools. Based on historical averages, a four percent growth each year is anticipated for the next five years.



As it grows, the vanpool program is anticipated to continue generating Section 5307 funds that more than cover the cost of the program.

Procurement Approach

This procurement was handled in accordance with OCTA's Board of Directors (Board)-approved procedures for professional and technical services. In addition to cost, many other factors are considered in an award for professional and technical services. Award is recommended to the firm offering the most comprehensive overall proposal considering such factors as staffing and project organization, prior experience with similar projects, work plan, and a fair and reasonable price structure.

On February 13, 2017, the Board authorized the release of Request for Proposals (RFP) 7-1546, which was issued and sent electronically on CAMM NET. The project was advertised in a newspaper of general circulation on February 13 and 20, 2017. A pre-proposal conference was held on February 21, 2017, with three attendees representing two firms. Two addenda were issued to provide a copy of the pre-proposal registration sheet and to respond to questions related to the RFP.

On March 13, 2017, two proposals were received. An evaluation committee consisting of OCTA staff from Contracts Administration and Materials Management, Marketing and Customer Engagement, Risk Management, Capital Programming, as well as an external representative from the LA Metro met to review all proposals received.

The proposals were evaluated based on the following Board-approved evaluation criteria and weights:

•	Qualifications of the Firm	30 percent
•	Staffing and Project Organization	20 percent
•	Work Plan	30 percent
•	Cost and Price	20 percent

Several factors were considered in developing the evaluation criteria weights. Qualifications of the firm and work plan were weighted highest at 30 percent each to emphasize the importance of the proposing firms having relevant experience and adequate resources to comply with the program requirements as specified in the scope of work, as well as demonstrating their understanding and approach to meeting reporting requirements. Staffing and project organization, as well as cost and price, were weighted at 20 percent each to ensure firms proposed a knowledgeable management team and staff that are experienced in providing all aspects of associated services to vanpool participants and to ensure OCTA receives the best value for the services provided.

On March 21, 2017, the evaluation committee reviewed the two proposals received based on the evaluation criteria and conducted interviews with both firms listed below in alphabetical order:

Firm and Location

Enterprise Rent-A-Car Company of Los Angeles LLC, doing business as (dba)
Enterprise Rideshare (Enterprise)
Orange, California

Green Commuter, Inc. (Green Commuter)
Los Angeles, California

The interviews took place on March 28, 2017, and consisted of a presentation to demonstrate the firms' understanding of OCTA's requirements for this project. The firms' project managers and key team members had an opportunity to present qualifications and respond to the evaluation committee's questions. Questions were asked relative to the firms' financial capacity and resources to deliver the scope of work as required, the proposed project team's related experience, and the firms' process for collecting and reporting the required National Transit Database data. Finally, each team was asked specific clarification questions related to their proposal.

Following the interviews, both firms submitted a best and final offer (BAFO). The BAFO was issued to revise the term of the agreement to reduce the Initial Term from five years to three years and include two, two-year option terms instead of one, two-year option term. This change will provide OCTA the flexibility to

introduce future innovations in the transportation industry into the vanpool program.

Although OCTA reimburses vanpool providers a fixed \$400 subsidy per approved vanpool, the firms were also requested to provide more competitive not-to-exceed vehicle leasing fees referred to as use fees. Use fees are the monthly leasing fees paid directly to the vanpool providers by vanpool participants. Competitive use fees contribute to overall growth and retention of vanpools in Orange County.

After considering the responses to the questions asked during the interviews, the information provided in the BAFO, and the discussions, the evaluation committee reviewed the preliminary scores for both firms. As a result, the ranking of the firms remained unchanged.

Based on the evaluation of the written proposals, the firms' qualifications, the proposed not-to-exceed use fees, and information obtained from the interviews, BAFO, and discussions, the evaluation committee recommends Enterprise for consideration of the award. The following is a brief summary of the proposal evaluation results.

Qualification of the Firm

Enterprise's proposal and interview demonstrated a thorough knowledge and understanding of the service requirements. The firm demonstrated the necessary experience in performing all aspects of the required vanpool program provider services. Green Commuter did not demonstrate the same level of experience performing the various services required for this project.

Enterprise has more than 22 years of experience providing vanpool services and programs to individual vanpool groups, employers, and public agencies. Enterprise employs approximately 100,000 individuals across its various lines of business located throughout the United States and internationally. The firm has recently acquired its competitor, vRide and is now the predominant company in this market with more than 12,000 vanpool vehicles on the road. With the acquisition of vRide, Enterprise will provide vanpool services for current vRide customers through new lease agreements. Some of the firm's clients include transportation agencies throughout Southern California such as SANDAG, LA Metro, and OCTA. Enterprise has provided vanpool program provider services to OCTA for the past 10 years and repeatedly meets or exceeds the program's standards.

Green Commuter is an all-electric vanpooling, car share and fleet replacement company that was established in 2014 and began operations in 2016. The firm

offers Tesla Model X vehicles exclusively for vanpooling as this is the only all-electric vehicle currently on the market that has the seating capacity required for vanpools. The firm raised funds in 2016 via a promissory note and is in the process of completing a second round of fundraising. Green Commuter has also been approved for a \$1.5 million line of credit to be used for capital expenditures. Green Commuter employs 11 individuals and is headquartered in Los Angeles. The firm has limited vanpool experience with only one private active vanpool in the Los Angeles area and a few last mile and car sharing pilot projects within California, as well as in Chattanooga, Tennessee. Recently the firm was approved as a vanpool service provider by the Fresno Council of Governments. One vehicle is expected to be operational for this program in June 2017.

Staffing and Project Organization

Enterprise proposed a well-balanced, tenured project team having extensive individual experience in performing all services identified in the scope of work. Enterprise's proposed project manager is well-qualified with approximately 28 years of experience in the field and is currently assigned as the project manager for OCTA's vanpool program provider services. Additionally, the firm will continue to use the same tenured project team currently involved in the program, as well as additional individuals to manage the growth in the program as a result of the vRide acquisition. The proposed project team will provide a variety of services in support of the vanpool program including, ongoing communications with OCTA, marketing, billing, NTD reporting, and vehicle repair and maintenance programs. Enterprise's team members have excellent availability and are readily accessible, which is vital for urgent issues that may arise. During the interview, the project team demonstrated a high level of competence and commitment to the success of this project.

Green Commuter's proposed project team demonstrated less experience in the overall management of vanpool programs. The only person with direct vanpool program experience was originally assigned as the project manager; however, during the evaluation process, OCTA received a letter from Green Commuter stating that this individual had left the company and their Chief Executive Officer (CEO) would take over as project manager. Furthermore, the proposed project team has no NTD reporting experience and with the exception of the CEO, the remainder of the project team has been with the company an average of one year. During the interview, many of the responses to questions asked were general in nature with limited detail. The majority of the representatives present did not participate in responding to the questions, which made it difficult for the evaluation committee to accurately assess the individual's level of experience pertaining to the various aspects of this program.

Work Plan

The work plan proposed by Enterprise included a thorough, streamlined, and comprehensive approach to completing the project requirements. The firm's approach to completing every task included in the scope of work was addressed with a great level of narrative detail and further validated during the interview by explaining the logistics involved in transitioning existing vRide customers, procuring vehicles, providing vehicle maintenance, customer service, and gathering data for technical reporting required by OCTA for NTD reporting. Furthermore, Enterprise provides vanpool participants with more than 200 different types of vehicles from which to select. Lease price is determined partly by the vehicle type, model and features of the vehicle, therefore providing the customer with a vast selection of vehicles, which allows flexibility to make vanpooling affordable for individuals interested in continuing to participate, as well as for new drivers interested in joining the vanpool program.

Green Commuter's work plan was innovative in its approach to providing vanpool services. However, specific details on how the work plan would be implemented, as well as contingency plans were not thoroughly addressed in either the proposal or the interview. Many of the proposed solutions to various issues that may arise with a car-sharing component have yet to be proven as the firm has only one vanpool in operation. Furthermore, accommodations to meet American with Disabilities Act (ADA) requirements were not described in detail in either the proposal or interview. The firm proposes to use an all-electric Zenith van but has no definitive plan in place to acquire the vehicle should there be a need to accommodate passengers with ADA considerations. Finally, Green Commuter proposed to provide only 10 vehicles for OCTA's vanpool program.

Cost and Price

Pricing scores were based on a formula, which assigns the highest score to the lowest average not-to-exceed use fee for a seven-passenger vehicle and scores the other proposal's average not-to-exceed use fee for a seven-passenger vehicle on its relation to the lowest rate. Both firms proposed competitive rates.

Procurement Summary

Based on the evaluation of the written proposals, the firms' qualifications, the information obtained from the interviews, BAFO and discussions, the evaluation committee recommends the selection of Enterprise as the firm to provide subsidized commuter vanpool services and Measure M Project V Community Based Transit Circulators program services. Enterprise best demonstrated strong relevant experience and submitted a thorough and comprehensive proposal that was responsive to all requirements of the RFP.

Fiscal Impact

The vanpool subsidy amount is calculated based on the monthly number of vans which increases gradually during the course of the year. The subsidy also includes a three percent contingency to allow for variances from projected vanpool growth.

Targeted Vanpool Growth and Contract Term			
	Fiscal Year	Estimated Number of Vans at Year End	Subsidy*
Initial Term (3 years)	2017-18	547	\$ 2,665,439
	2018-19	569	\$ 2,773,166
	2019-20	592	\$ 2,885,283
Initial Term Total Amount			\$ 8,323,888

* includes contingency

The vanpool subsidy will be included in OCTA's Fiscal Year 2017-18 Budget. The subsidy is funded with Congestion Mitigation Air Quality grant funds in External Affairs Division Account 1842-7319-D4621-L77 and with Measure M Project V local funds in Capital Programs Division Account 0017-7831-TV193-N57.

Summary

Based on information provided, staff recommends the Board authorize the Chief Executive Officer to negotiate and execute Agreement No. C-7-1546 between OCTA and Enterprise, in the amount of \$8,323,888, to provide subsidized commuter vanpool services and Measure M Project V Community Based Transit Circulators program services for a three-year initial term with two, two-year option terms.

Attachments

- A. Public Transit – Order of Magnitude Comparisons FY 2015-16
- B. Review of Proposals RFP 7-1546 Vanpool Service Providers
- C. Proposal Evaluation Criteria Matrix RFP 7-1546 Vanpool Service Providers
- D. Contract History for the Past Two Years RFP 7-1546 Vanpool Service Providers

Prepared by:

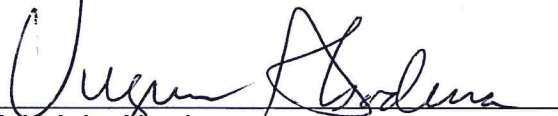
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