



**November 12, 2020**

**To:** Transit Committee

**From:** Darrell E. Johnson, Chief Executive Officer

**Subject:** Amendment to Agreement with MV Transportation, Inc., for the Provision of the OC Flex Service Microtransit Pilot Program

### **Overview**

The Orange County Transportation Authority is underway with a two-year microtransit pilot program known as OC Flex. The OC Flex pilot program which began in October 2018 as a one-year pilot, was subsequently extended by the Board of Directors for an additional year through October 14, 2020. Operations and maintenance of the OC Flex service is currently provided by MV Transportation, Inc., through an assigned contract that is set to expire on May 31, 2021. MV Transportation, Inc., also provides OC ACCESS service under a separate agreement and operates OC Flex from the same operating base. The term of the OC ACCESS agreement expires December 31, 2021. In order to align the terms of the agreements for both services, Board of Directors' approval is requested to extend the contract term for the OC Flex pilot to December 31, 2021 and to extend the pilot program for an additional 14 months to align with the recommended contract term.

### **Recommendations**

- A. Approve staff recommendation to extend the OC Flex microtransit pilot program for 14 months, from October 2020 to December 31, 2021, and direct staff to incorporate the scope of work for management and operation of the OC Flex into the OC ACCESS scope of work request for proposals.
- B. Authorize the Chief Executive Officer to negotiate and execute Amendment No. 5 to Agreement No. C-7-2052 with MV Transportation, Inc., in the amount of \$330,856, to extend the term of the agreement to operate the OC Flex microtransit pilot program for an additional seven months through December 31, 2021. This will increase

the maximum obligation amount of the agreement to a total contract value of \$2,693,699.

***Discussion***

On March 26, 2018, the Orange County Transportation Authority (OCTA) Board of Directors (Board) approved an agreement with Keolis Transit Services, LLC, (Keolis) for the operation and maintenance of the OC Flex microtransit pilot program for a one-year initial term and two, one-year option terms. On September 23, 2019, the Board approved the first one-year option term effective October 15, 2019 through October 14, 2020.

Under the terms of the agreement, the contractor provides:

- Day-to-day management of the operation of the OC Flex microtransit service, including the provision of operators and back-up vehicles to dispatch all ambulatory and wheelchair trips as requested in compliance with applicable local, state, and federal regulations; and
- All maintenance for vehicles, including the original equipment manufacturer's recommendations for preventive maintenance.

The OC Flex microtransit pilot program began in October 2018 as a one-year pilot program operating in two zones. In January 2020, the Board approved a 12-month extension of the one-year pilot through October 2020 to allow staff to implement strategies to improve performance and allow for greater service establishment and awareness. In March 2020, OC Flex service demand was seriously impacted by the coronavirus (COVID-19) pandemic in both zones, but more significantly in the blue zone serving portions of the cities of Huntington Beach and Westminster. As a result of the significantly diminished demand for service, a determination was made to temporarily suspend OC Flex service in the blue zone, effective March 23, 2020. The orange zone, encompassing portions of the cities of Aliso Viejo, Laguna Niguel, and Mission Viejo continued to operate as service requests to and from key destinations, such as the Laguna Niguel/Mission Viejo Metrolink Station, continued.

As previously shared with the Board in May 2020, Keolis notified OCTA that as a result of the impacts of the COVID-19 pandemic, it could no longer continue to provide service in Orange County, including the OC Flex service, effective June 1, 2020. At that time, Keolis made a formal request to OCTA to utilize the assignment provision included in their agreement to assign all rights title, interest, obligations, and liability under the agreement to MV Transportation, Inc.

(MV), OCTA's current provider of OC ACCESS service, operating out of an OCTA-owned facility in Irvine, which has sufficient capacity to also accommodate OC Flex. Through mutual agreement and to ensure no disruption to the OC Flex microtransit pilot program, the agreement for the operation and maintenance of the OC Flex microtransit pilot program was assigned from Keolis to MV for a one-year term effective June 1, 2020 through May 31, 2021.

The impacts of the COVID-19 pandemic on the OC Flex service have made it challenging to evaluate the performance of the microtransit pilot project. Performance in February 2020, immediately following Board direction to extend the pilot for one year, reflected continued improvement in key metrics such as subsidy per boarding, and ridership in the south county zone had been steadily increasing. In order to fairly and adequately evaluate the OC Flex microtransit pilot, staff is recommending an extension of the pilot period for an additional 14 months beyond October 2020. The proposed 14-month extension will provide staff with the opportunity to make necessary service adjustments and to evaluate the performance of the OC Flex service through and beyond the COVID-19 pandemic, as well as incorporate future recommended health and safety adjustments as part of the OC Flex service. In addition, this extension will support planning efforts underway to examine the OC Bus service in a post-COVID-19 environment. As the fixed-route system begins to recover from the impacts of the COVID-19 pandemic, staff can continue to gain experience with the use of microtransit and consider the role this type of service may have going forward to support mobility throughout the county.

To accommodate the extension of the OC Flex microtransit pilot program, staff recommends an extension of the agreement with MV for an additional seven months until December 31, 2021, which aligns with the current OC ACCESS agreement. During this time staff will continue to evaluate the future contracting options for OC Flex and OC Access services both separately and combined. Aligning the terms of the agreement will ensure continuity of operations for the OC Flex microtransit pilot program until such time as staff can evaluate the applicability of microtransit in Orange County and develop a more comprehensive service plan that complements the OC Bus service now and in the future.

### ***Procurement Approach***

The original procurement was handled in accordance with OCTA Board-approved policies and procedures for professional services. The original agreement was awarded on a competitive basis, and it was issued in the amount of \$1,150,000. The Board approved an agreement with Keolis for the operation and maintenance of the OC Flex microtransit pilot program for a one-year initial

term and two, one-year option terms. On September 23, 2019, the Board approved the first one-year option term effective through October 14, 2020, as described in Attachment A.

MV assumed operation of the OC Flex service beginning on June 1, 2020 through May 31, 2021. The proposed Amendment No. 5 will extend the term of the agreement for an additional seven months through December 31, 2021. Amending this agreement will increase the maximum obligation by \$330,856, bringing the total contract value to \$2,693,699. The rate escalation will remain as originally negotiated. Exercising the amendment will allow MV to continue providing OC Flex services through the term of the existing agreement for the provision of OC ACCESS services.

#### **Fiscal Impact**

The project was approved in the OCTA Fiscal Year 2020-21 Budget, Operations Division, Contract Transportation Services, accounts 2149-7317-D2160-N96 and 2149-7317-D2161-N97.

#### **Summary**

Authorize the Chief Executive Officer to execute Amendment No. 5 to Agreement No. C-7-2052 with MV, in the amount of \$330,856, to extend the term of the agreement for an additional seven months to operate the OC Flex microtransit pilot program through December 31, 2021. This will increase the maximum obligation amount of the agreement to a total contract value of \$2,693,699.

***Attachment***

A. MV Transportation, Inc., Agreement No. C-7-2052 Fact Sheet

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