

Agenda Report

January 9, 2023

TO: Honorable Mayor and City Council

FROM: Department of Transportation

SUBJECT: **AUTHORIZATION TO AMEND CONTRACT 32054 WITH FIRST TRANSIT, INC. FOR PASADENA FIXED ROUTE AND DIAL-A-RIDE TRANSIT SERVICES**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that this action is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b) (3).
2. Authorize the City Manager to amend contract 32054, without competitive bidding pursuant to City Charter Section 1002 (F), contracts for professional or unique services, with First Transit, Inc. to increase the five-year contract amount by \$4,901,437, thereby increasing the total not to exceed amount from \$41,068,924 to \$45,970,361, which includes the base contract amount of \$45,068,981 and a contingency of \$901,380 (2%); and
3. To the extent this transaction could be considered a separate procurement grant the proposed contract amendment an exemption from the Competitive Selection process pursuant to the Pasadena Municipal Code Section 4.08.049 (B), contracts for which the City's best interests are served.

BACKGROUND:

On June 7, 2021, City Council authorized the City Manager to enter into a contract with First Transit, Inc. to operate and maintain its fixed route (Pasadena Transit) and Dial-A-Ride services for \$41,068,924, which included a 2% contingency of \$805,273. Following a federally compliant selection and procurement process, this five-year transit services contract was awarded to First Transit, effective July 1, 2021 through June 30, 2026.

Subsequent to the onset of the COVID-19 pandemic and the unprecedented changes in the labor market within the transit industry, First Transit, Inc., along with transit companies across the nation, has struggled to retain and recruit personnel. The severe shift in the labor market, coming on the heels of managing continuity of service during

the pandemic, has been extraordinary and beyond the control of both First Transit, Inc. and the City.

After over a year of aggressively implementing a variety of hiring tools, a critical number of positions still need to be filled as well as the need to retain the current employees. In order to fill these positions and for Pasadena's transit services to be more competitive within the market, First Transit's employee wages need to be increased, as has been done by other transit agencies throughout the state as a means of retaining and attracting qualified personnel. After several months of coordination with the Los Angeles County Metropolitan Transportation Authority (Metro), City staff received Metro's concurrence that an amended contract to support an increase in First Transit's direct labor costs would be federally compliant, per the Federal Transit Administration's (FTA) recent guidance that recognizes the need to adjust contracting rates due to the radical shift in the transit labor market.

FIRST TRANSIT'S PASADENA WORKFORCE:

Over 44% of First Transit's employees have been with the First Transit Pasadena team for over 10 years and 15% have been operating the City's transit services for over 20 years. Presently, nearly one-third of their employees are Pasadena residents. All of their employees are full-time. While they currently have about 80 employees, the full roster needed to operate our budgeted service levels would be at least 90 employees.

Since the onset of the pandemic and the extraordinary labor shortages that followed in the transportation sector, First Transit has reached as many as 23 vacant positions at one time. While First Transit's aggressive recruitment campaign filled about 13 of these vacancies, it has yet to fully recover and for many months has had on average about 10 positions left to fill, or 11% of their workforce. As a direct result, Pasadena Transit service was reduced by 10% last July to help ensure consistent, reliable service until such time that these remaining vacant positions are filled. Staff is working with First Transit to be able to seamlessly restore service once they have filled these positions in the coming year.

First Transit's hiring efforts have included signing and referral bonuses, attending job fairs and community events, implementing other job marketing and hiring strategies, and a new collaboration with the Municipal Assistance, Solutions, and Hiring (MASH) program to provide interested MASH trainees with a job opportunity as a bus driver. To date, this new collaboration with MASH has resulted in one candidate so far who was successfully trained, licensed, and is now serving the community as a Pasadena Transit bus driver. Despite these hiring efforts, there remains a significant number of positions that need to be filled. Based on the current challenges in the labor market and extensive outreach to other agencies, staff agrees that First Transit's proposed increases will make transit employment opportunities in Pasadena more competitive.

TRANSIT LABOR MARKET:

One of the most essential key metrics for collective bargaining agreements within the transit industry is the hourly bus operator wage. This contract amendment will enable First Transit to increase their starting wage for a new bus operator from \$18.00 to \$22.39 per hour. This wage increase is expected to stabilize the current Pasadena

Transit and Dial-A-Ride workforce and significantly help with the recruitment of new transit personnel. First Transit is competing to hire employees to operate Pasadena's transit services from the same limited labor pool as other agencies which have increased their starting wages per the change in the labor market, including Foothill Transit, Metro, among others. Attachment A provides a comparison of select California agencies that have recently increased bus operator wages.

The FTA recognized the current unparalleled labor challenges in the transportation sector on May 12, 2022, when they issued an official recognition of the need of transit agencies to "adjust existing contracts to address recent price increases" (Attachment B). Metro, as the direct recipient and administrator of any non-local transit funds, has reviewed and approved this proposed amended amount and concurs that it is necessary, reasonable, and complies with the federal requirements.

The proposed contract change is for direct labor costs only. All other terms of the contract remain the same as outlined in the original contract. The amended rate term for the services provided under this contract will be effective retroactively to July 1, 2022. The retroactive payment will enable First Transit to provide a vital recognition of these frontline workers who have been ensuring consistent quality service and essential trips to the community during these extremely challenging times. Overall, the revised five-year contract amount represents a 11.93% increase from the original contract amount. The average annual increase, year over year, is 3.8% for Years 2 through 5 for the proposed contract amendment.

COUNCIL POLICY CONSIDERATION:

This amended contract for the provision of transit services supports the following goals of the City Council Strategic Plan: Improve, Maintain and Enhance Public Facilities and Infrastructure, Improve Mobility and Accessibility throughout the City, and Support and Promote the Quality of Life and Local Economy. This contract will improve and support transit use by facilitating the continuation of quality transit services to Pasadena.

ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed action pertains to a contract that will allow the continuation of Pasadena's existing fixed route and Dial-A-Ride transit services. This amended contract will not result in any significant change in services or physical changes to the environment.

FISCAL IMPACT:

The total compensation under this amended contract will be an amount not to exceed \$45,970,361 for the base five-year term from July 1, 2021 through June 30, 2026, including the revised 2% contingency of \$901,380 per the adjustment being made to the original base contract amount, as shown in the table below. The contingency amount is in the event of any unanticipated costs that fall outside of the current contract terms.


Project Budget Summary	
First Transit	Budget
Base Contract Year 1 (complete)	\$ 7,433,399
Base Contract Year 2	\$ 8,855,018
Base Contract Year 3	\$ 9,237,118
Base Contract Year 4	\$ 9,639,230
Base Contract Year 5	\$ 9,904,216
Subtotal	\$ 45,068,981
Contingency (2%)	\$ 901,380
TOTAL	\$ 45,970,361

The table below provides a breakdown of the proposed contract amount by service for Fiscal Year 2023.

Fiscal Year 2023 Proposed Contract Amount	
Fund 208 funds Dial-A-Ride	\$ 2,213,755
Fund 209 funds Pasadena Transit	\$ 6,641,264
TOTAL	\$ 8,855,019

Funding for this contract is available in accounts 20824034-811400 (Dial-A-Ride Service) and 20924043-811400 (Fixed Route Bus Service) and is budgeted as part of the operating budget on an annual basis. The proposed changes will be addressed as part of a future budget clean up using available fund balance from Funds 208 and 209. Both programs are funded primarily through the Los Angeles County Metropolitan Transportation Authority Local Return Sales Tax Proposition A and Proposition C, as well as Measure R and Measure M. There will be no impact to the General Fund.

Respectfully submitted,



Laura Rubio-Cornejo
Director
Department of Transportation

Prepared by:



Valerie E. Gibson
Transit Manager

Approved by:



MIGUEL MÁRQUEZ
City Manager

Attachments (2):

Attachment A: Comparison of FY23 Starting Bus Operator Rates
Attachment B: FTA Dear Colleagues Letter