



Board Report

File #: 2023-0118, File Type: Contract

Agenda Number: 31.

OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE MARCH 16, 2023

SUBJECT: MICROTRANSIT PILOT PROJECT - PART B

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE:

- A. the Chief Executive Officer to execute Modification No. 10 to Contract No. PS46292001 with RideCo., Inc., for the MicroTransit Pilot Project, to extend the period of performance from April 1, 2023, through September 30, 2023, in an amount not to exceed \$8,292,453, increasing the Total Contract Value from \$35,131,602 to \$43,424,055; and
- B. an increase in the Contract Modification Authority (CMA) in the amount of \$829,245, or 10% of the total Contract Modification No. 10 value, increasing the total authorized CMA amount from \$100,000 to a new CMA amount of \$929,245 and execute individual Contract Modifications within the Board approved CMA.

ISSUE

The existing MicroTransit Pilot Project (MTP) Part B contract expires on March 31, 2023. Through this report, staff is seeking approval to extend the contract by 6 months to implement enhancements and lessons learned for the program. Additionally, as the project was launched in 2020 during the COVID-19 Pandemic, the additional time will allow for continued service in normal operating conditions as opposed to the limitations imposed by the pandemic.

BACKGROUND

The initial Request for Proposals (RFP) for this project was issued on October 25, 2017, solicited and awarded to be executed in two parts: Part A, the "Planning and Design" phase and Part B, the "Implementation and Evaluation" phase. On February 27, 2020, the Metro Board of Directors approved the MTP Part B with RideCo, Inc. under the Pre-Development Agreement Public Private Partnership (PDA/P3) Contract No. PS46292001.

The services under this executed pilot project contract were deployed on December 13, 2020, for the

implementation of on-demand rideshare, designed to test the delivery of a new on-demand service model, including real world learning pertaining to the following five guiding questions:

- How can a large public agency operate an on-demand transit service that prioritizes customer experience and equity;
- How can new management models (e.g., positive discipline) improve workforce retention, advance career pathways, and establish workplace happiness;
- How an innovative Pre-Development Agreement / Public-Private Partnership (PDA-P3) procurement tool can be leveraged and improved upon to support testing emerging technology, risk sharing, and rapid iteration in service delivery models;
- Whether positive customer experiences on MTP will translate to increased ridership on the fixed-route services for both current riders as well as and non-riders;
- And whether MTP can perform as a cost-effective alternative to underperforming fixed-route service.

These questions require further exploration under the MTP to properly assess the efficacy of the service in meeting the stated objectives.

DISCUSSION

Since launching Revenue Service Operations on December 13, 2020, MTP has serviced over 32,000 unique riders taking over 930,000 rides. Of these rides, 52.1% have been rides shared with another passenger. The program operates a mixed fleet of 82 vehicles, including eight (8) electric vehicles.

Since the service deployment, staff identified opportunities for enhancements requiring finetuning of the algorithm, zone boundary adjustments and delivery method improvements. The Board approval of Modification No. 10 will provide staff the opportunity to make further adjustments toward addressing service availability and the ability to group trips to contain costs, instituting parameter changes to optimize the service, improve the cost per trip and on-time performance, further refining optimization methods to address challenges associated with maximum wait time and percentage of excess demand and adding vehicles to meet the demand reaching its peak in ridership.

With MTP on track to achieve 1 million boardings in the first quarter of calendar year 2023 clearly demonstrating demand, and with the optimization plans, extending the current contract for 6 months will allow for a steady operating state.

The requested CMA will enable quick response to unforeseen issues as well as system enhancements as the service is optimized.

DETERMINATION OF SAFETY IMPACT

Ongoing operations of MTP through the extension is not anticipated to adversely impact safety.

FINANCIAL IMPACT

Funding for Contract No. PS46292001 in the NTE amount of \$4,146,226 for the remainder of FY23 is allocated under Cost Center 3595 - MTP Operations, Project 309001, Department Strategic Initiatives.

Since this is a multi-year contract, the Interim Executive Officer, Transit Operations - Strategic Initiatives will be accountable for budgeting the cost in future years.

Impact to Budget

Continued services will be funded with Operating-eligible funds.

EQUITY PLATFORM

MTP is intended to improve equity by bringing on-demand ride services to locations where private ride-hailing companies are less likely to operate. Today, Metro operates eight zones, of which three (3) zones include a sizeable representation of EFCs: Watts/Compton, El Monte, and LAX/Inglewood. Based on results of the 2022 On-Board rider survey, data indicate that MTP ridership is comprised of a higher percentage of females than fixed route service, and while the program riders are higher income than fixed route riders, on average, they are lower income than the County's population. Based on survey responses, approximately 57% of the ridership identified as Latinx/Hispanic, followed by 15%, 14%, and 11% who identified as White/Caucasian, Asian/Pacific Islander and Black/African American, respectively.

The Diversity and Economic Opportunity Department (DEOD) established a 10% Small Business Enterprise (SBE) goal and a 3% Disadvantage Veteran Business Enterprise (DVBE) goal for this project. To-date, RideCo, Inc. (contractor) is exceeding their 10.23% SBE participation commitment and close to achieving their 3.20% DVBE commitment.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This aligns with Strategic Plan Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. MTP particularly supports item 1.2, Improve LA County's overall transit network by improving connectivity to provide seamless journeys. MTP was envisioned to reduce transfers and to pick up short trips that are lengthy on the fixed-route system.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the recommended action(s). This alternative would cease Revenue Service Operations for the communities and neighborhoods that utilize MTP for essential trips. Extending the current contract allows for the continuation of the service under normal operating conditions.

NEXT STEPS

Upon Board approval, staff will execute Modifications No. 10 to Contract No. PS46292001 with RideCo, Inc.

Staff will continue to provide quarterly updates on MTP Operations.

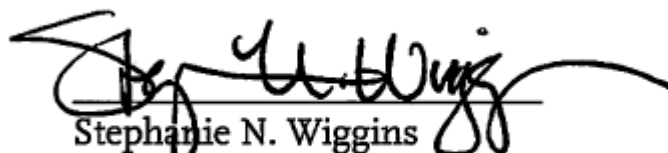
ATTACHMENTS

- Attachment A - Procurement Summary
- Attachment B - Contract Modification/Change Order Log
- Attachment C - DEOD Summary

Prepared by:

Roxane Marquez, Sr. Manager, Transportation Planning (213) 922-4147
Lena Babayan, Executive Officer, Ops Admin (Interim), (213) 922-4147
Shahrzad Amiri, Deputy Chief Operations Officer, Shared Mobility, (213) 922-3061
Debra Avila, Deputy Chief, Vendor Contract Management, (213) 418-3051.

Reviewed by: Conan Cheung, Chief Operations Officer, (213) 418-3034


Stephanie N. Wiggins
Chief Executive Officer

PROCUREMENT SUMMARY

MICROTRANSIT PILOT PROJECT/PS46292001

1.	Contract Number: PS46292001		
2.	Contractor: RideCo, Inc.		
3.	Mod. Work Description: MicroTransit Pilot Project – PART B (Implementation)		
4.	Contract Work Description: Extend the contract for 6 months for the continuation of services for the MicroTransit Pilot Program through 9/30/2023.		
5.	The following data is current as of: March 2, 2023		
6.	Contract Completion Status		Financial Status
	Contract Awarded:	04/26/2018	Contract Award Amount:
			\$219,650
	Notice to Proceed (NTP):	05/22/2018	Total of Modifications Approved:
			\$34,911,952
	Original Complete Date:	09/06/2019 (PART A)	Pending Modifications (including this action):
			Not-to-Exceed \$8,292,453
	Current Est. Complete Date:	09/30/2023 (PART B)	Current Contract Value (with this action):
			\$43,424,055
7.	Contract Administrator: Lily Lopez		Telephone Number: (213) 922-4639
8.	Project Manager: Rani Narula-Woods		Telephone Number: (213) 922-7414

A. Procurement Background

This Board Action is to approve Contract Modification No. 10 to extend the contract for 6 months for the continuation of services from April 1, 2023 through September 30, 2023.

This Contract Modification will be processed in accordance with Metro's Acquisition Policy and the contract type is a firm fixed price.

The initial Request for Proposals (RFP) for this project was issued on October 25, 2017, solicited and awarded to be executed in two parts: Part A, the "Planning and Design" phase and Part B, the "Implementation and Evaluation" phase. This procurement tool served as the agency's first Pre-Development Agreement Public Private Partnership (PDA-P3) procurement model.

On April 26, 2018, the Board awarded three (3) contracts to firms to perform Part A (Planning and Design) of the MicroTransit Pilot Project. The period of performance for Part A was 6 months. Part B was determined to be a future Board action depending on

the feasibility results of Part A. On February 27, 2020, the Board approved RideCo to perform Part B of the MicroTransit Pilot Project.

Nine modifications have been issued to date.

Refer to Attachment B - Contract Modification/Change Order Log.

B. Cost Analysis

The not-to-exceed amount of \$8,292,453 will be determined fair and reasonable based upon an independent cost estimate (ICE), technical analysis, cost analysis (in process), fact finding and negotiations.

Metro ICE	Not-to-Exceed Amount
\$12,093,774.33	\$8,292,453

CONTRACT MODIFICATION/CHANGE ORDER LOG

MICROTRANSIT PILOT PROJECT/PS46292001

Mod. No.	Description	Status (approved or pending)	Date	\$ Amount
1	Extend period of performance	Approved	09/04/18	\$0.00
2	Extend period of performance	Approved	12/19/18	\$0.00
3	Revise Statement of Work to increase work to be performed	Approved	05/23/19	\$66,334
4	Extend period of performance	Approved	10/31/19	\$0.00
5	Part B (Implementation) of MicroTransit Pilot Project	Approved	07/30/20	\$28,874,748
6	Add new subcontractor	Approved	09/22/20	\$0.00
7	Expand MicroTransit Operations to three additional service zones (North Hollywood/Burbank, El Monte and Compton/Artesia) for 24 months	Approved	1/28/21	\$5,970,870
8	Revise the requirements for the excess liability insurance requirement.	Approved	4/23/21	\$0.00
9	No cost time extension for the continuation of services through March 31, 2023.	Approved	12/13/22	\$0.00
10	Extend period of performance for six months for the continuation of the MicroTransit Pilot Program through September 30, 2023.	Pending	Pending	\$8,292,453
	Modification Total:			\$43,204,405
	Original Contract:	Approved	04/26/18	\$219,650
	Total:			\$43,424,055

DEOD SUMMARY

**MICROTRANSIT PILOT PROJECT (MTP) – PART B
(IMPLEMENTATION)/PS46292001**

A. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) established a 10.00% Small Business Enterprise (SBE) and a 3% Disabled Veterans Business Enterprise (DVBE) goal for this solicitation. Rideco, Inc. made a 10.23% SBE and a 3.20% DVBE commitment. Based on payments, the project is 84% complete and the current SBE participation is 14.96% and the DVBE participation is 1.60%, exceeding the SBE commitment by 4.73% and representing a DVBE shortfall of 1.60%.

While Rideco is currently exceeding its overall SBE commitment by 4.73%, Rideco under-utilized, as part of the base contract and as originally listed, SBE/DVBE subcontractors, Arellano Associates, Design Studios, Inc. dba Ready Art Works (RAW), and DVE Global Marketing, Inc. dba Proforma (Proforma). Rideco reported that due to COVID-19, marketing activities were not needed to the level expected when the contract was awarded, impacting the utilization of its listed SBE subcontractors. Rideco further indicated that the reduction in the number of vehicles ordered by Metro affected the utilization of DVBE subcontractor, as Proforma's scope of work was vehicle wrapping.

Rideco was requested to submit a revised shortfall mitigation plan by March 30, 2023, to incorporate the proposed option year extension work. Staff will continue to track Rideco's efforts to address the under-utilization of its listed firms and its efforts to continue to meet or exceed its commitments.

Small Business Commitment	SBE 10.23% DVBE 3.20%	Small Business Participation	SBE 14.96% DVBE 1.60%
----------------------------------	----------------------------------	-------------------------------------	----------------------------------

	SBE Subcontractors	% Committed	% Participation
1.	Arellano Associates	2.19%	1.85%
2.	Disign Studios, Inc. dba Ready Artworks	8.04%	5.03%
3.	Sandbox Production, LLC dba Autoconcierge	Added	8.08%
	Total Commitment	10.23%	14.96%

	DVBE Subcontractors	% Committed	% Participation
1.	DVBE Global Marketing, Inc.	3.20%	1.60%
	Total Commitment	3.20%	1.60%

B. Living Wage and Service Contract Worker Retention Policy Applicability

A review of the current service contract indicates that the Living Wage and Service Contract Worker Retention Policy (LW/SCWRP) was not applicable at the time of award. Therefore, the LW/SCWRP is not applicable to this modification.

C. Prevailing Wage Applicability

Prevailing wage is not applicable to this modification.

D. Project Labor Agreement/Construction Careers Policy

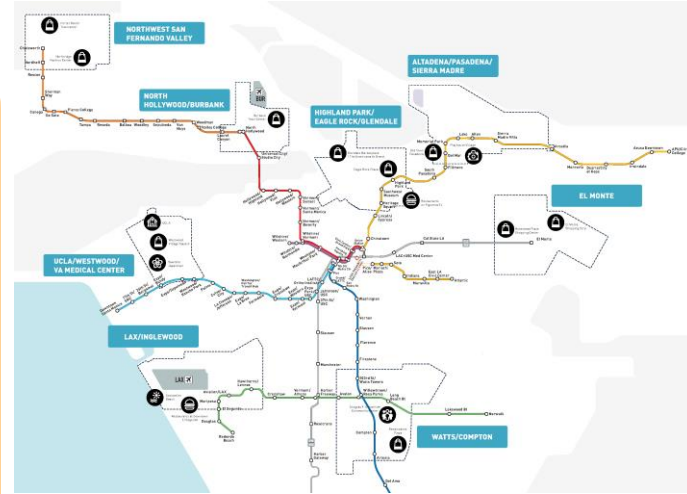
Project Labor Agreement/Construction Careers Policy is not applicable to this Contract. PLA/CCP is applicable only to construction contracts that have a construction related value in excess of \$2.5 million.

Metro Micro™



Implementation Phases

- **2016** - Office of Extraordinary Innovation evaluated unsolicited proposal relative to on-demand services
- **2017** - Began project design and issued a Request for Proposals to procure services for planning, design, testing and evaluation of a technology-based service for traveling short distances
- The solicitation was issued under 2 Parts:
 - Part A – Planning & Design (Feasibility) (PDA contract)
 - Part B – Implementation & Evaluation (P-3 contract)
- **2018** - Three contractors (RideCo, Via and Transdev) were awarded Part A (PDA) contracts to compete for Part B
- **2019** - Contractors completed Part A (Planning & Design Feasibility Study) and Final Reports were evaluated for award of Part B (Implementation & Evaluation)
- **2020** - RideCo, Inc. was awarded Part B (P-3) contract to implement MicroTransit
- Metro launched 1st Zone in Dec. 2020
- **2021 –2022** - Metro Micro launches a total of 8 zones within 2 years in staggered starting dates with ongoing optimization efforts

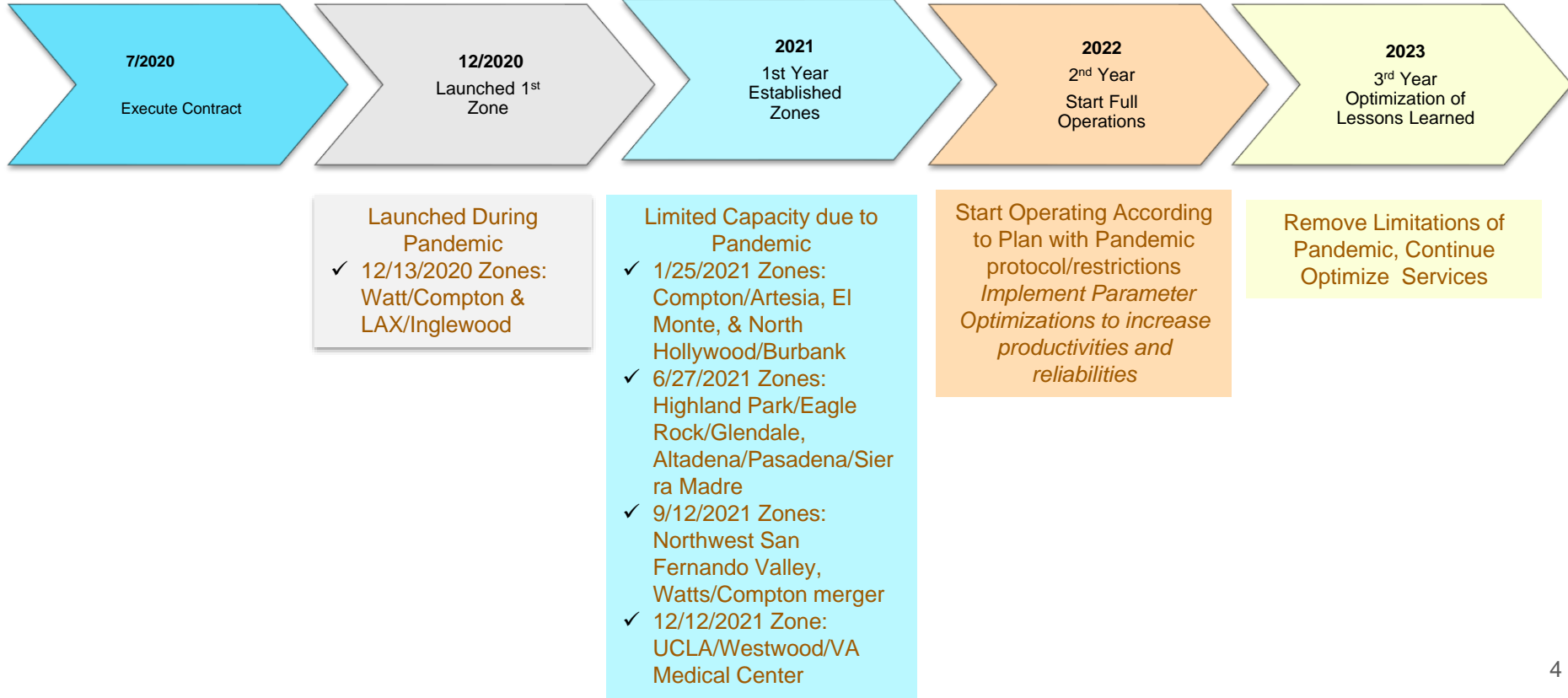


Micro Transit Service and NextGen

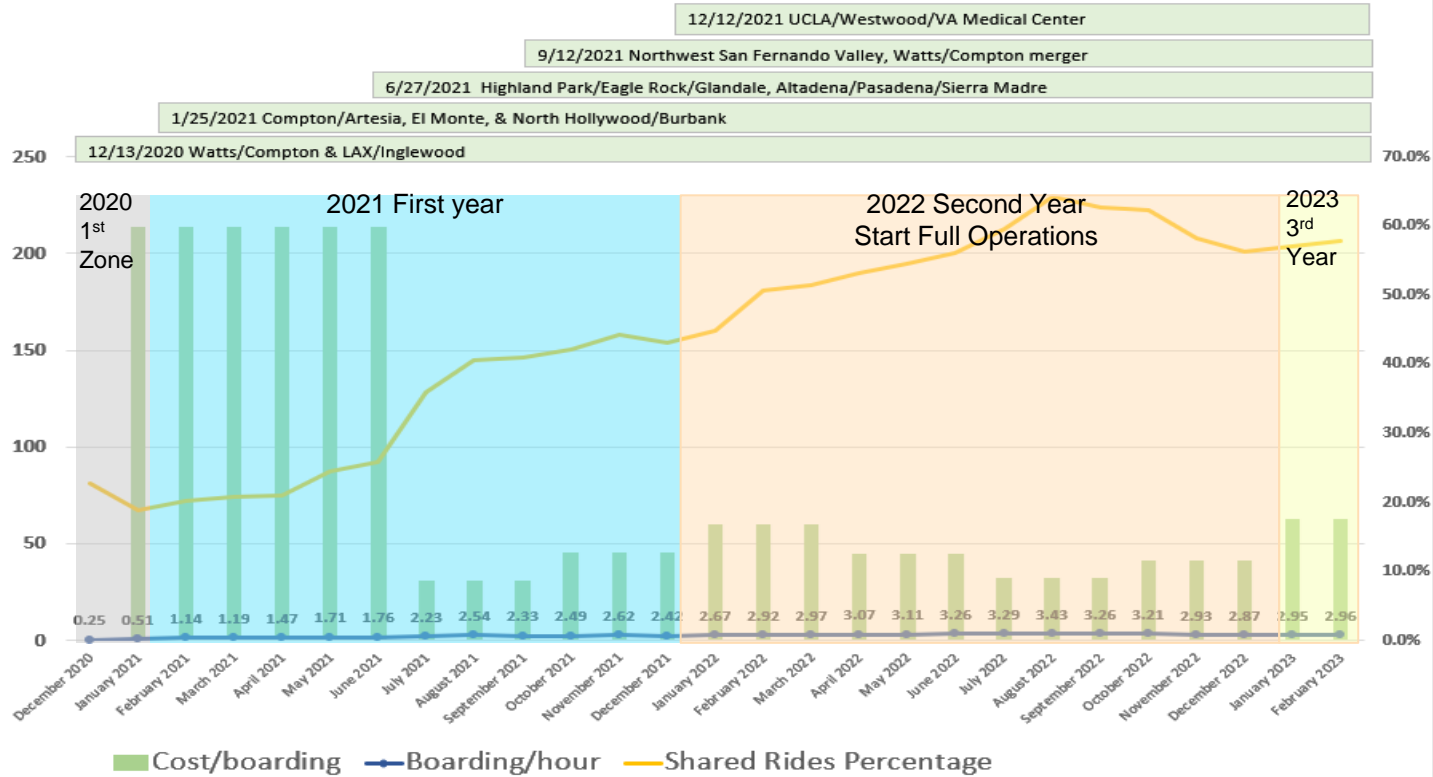


Launch	Zone Name	NextGen Cancellation
Winter 2020	Watts/Compton	Lines: 254 and 612
Winter 2020	LAX/Inglewood	Lines: 115 (part) and 525
Winter 2021	El Monte	N/A
Winter 2021	North Hollywood/Burbank	Lines: 183 (Bel Aire Dr) and 222(Barham Bl)
Summer 2021	Highland Park/Eagle Rock/Glendale	Lines: 83, 183, 201, 256 (part) and 685
Summer 2021	Altadena/Pasadena/Sierra Madre	Lines: 181, 256 (part), 264, 267 (part), 268 (part), 487 (part), and 687
Fall 2021	Northwest San Fernando Valley	Lines: 242/243 (Porter Ranch)
Winter 2021	UCLA/Westwood/VA Medical Center	N/A

Timeline



Performance and Costing



Key Performance Indicators & Measures



Zone-level	Measure	Target	FY 2020-2021		FY 2021-2022				FY 2022-2023		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 (Projected)
Ridership	Average weekday ridership	5,090*	159	348	899	1,403	1,754	2,025	2,152	1,930	2,016
	Passengers per vehicle per hour	7.00	0.99	1.66	2.26	2.51	2.86	3.15	3.33	3.01	2.97
	Average weekday ridership	5,090*	159	348	899	1,403	1,754	2,025	2,152	1,930	2,016
	Percentage of excess demand (no ride available)	<5.00 %	5.5%	4.6%	15.1%	12.6%	28.7%	32.9%	31.4%	35.6%	34.2%
	On-Time Performance (pick-ups and drop-offs)	95.00 %	98.5%	97.2%	91.5%	90.4%	87.0%	85.0%	85.2%	84.8%	86.3%
Cost	Cost per boarding	\$7.86	\$102.8	\$324.7	\$30.9	\$45.5	\$59.9	\$45.1	\$32.5	\$41.5	\$62.97

- The Metro Micro cost per trip is fluctuated from \$30.9 to \$62.97 due to variance in when invoice payments were deducted from the cost center. This compares to:
 - \$8.21 per trip for NextGen affected lines in Micro Zones
 - \$60.78 per trip for Access Services paratransit service

Efforts to Optimize the Service



In June/July 2022, software parameters were changed to attempt to optimize the service, by creating more opportunities for shared rides and less rejected trips:

Parameter	Description	Example
On-Board Time	Maximum onboard time allowed for trip reservations was increased slightly in order to maximize shared rides	<ul style="list-style-type: none">• Original calculation = Direct Drive time + 20 minutes• Maximum onboard time = Direct Drive time + 25 minutes (POI trips) or + 30 minutes (non-POI trips)• Changes were to add 5 minutes and 10 minutes respectively to the above two trip types.• Note: POI = Point of Interest i.e. higher demand location
Time Snapping	For selected POIs (transit centers, schools) scheduled arrival or departure times were established to maximize shared rides	<p>When a passenger requests a ride for 3:05, and rides are “snapped” to every 15 minutes, they will get trips offered at 3:00, 3:15, and 3:30, but not 3:05 or 3:20.</p> <p>1-2 POIs in each zone are being tested with Time Snapping</p>
Frequency Variation	Frequency of rides offered to/from lower demand areas on the edge of zones was limited to every 30 minutes to maximize shared rides to/from these areas and keep most resources in the higher demand core of each zone	<p>When a passenger requests a ride from most locations, they will receive available trip times 10-20 minutes apart.</p> <p>In Frequency Variation areas, they would get available trip times 30 minutes apart.</p>

Parameter Optimizations by Zone



Zone	Time Snapping	Implementation	Frequency Variation	Implementation
Watts/Compton	Willowbrook – Rosa Parks Station	June, 2022	East of 710 (Rancho Los Amigos area)	July, 2022
LAX/Inglewood	Aviation/LAX Station (C Line Schedule)	June, 2022	North of Florence	July, 2022
El Monte	El Monte Station	June, 2022	East of 605	July, 2022
North Hollywood/Burbank	North Hollywood Station	June, 2022	North of Saticoy	July, 2022
Northwest San Fernando Valley	CSUN Transit Center	June, 2022	North of 118 (Porter Ranch)	July, 2022
UCLA/Westwood/VA Medical Center	Hendrick Hall-UCLA dorms	June, 2022	Not applicable	
Highland Park/Eagle Rock/Glendale	Brand/Harvard (15 mins) Highland Park Station	July, 2022	Not applicable	
Altadena/Pasadena/Sierra Madre	Sierra Madre Villa (Old Town Pasadena)	July, 2022	Northwest corner of the zone (JPL)	July, 2022

Planned Service Enhancements

Reduce contract staff hours

Reduce report location from 4 to 3

Realign fuel and insurance cost

Increase vehicles for reliability

Improve maintenance frequency to improve reliability

Implement in zone relief

Enhanced customer survey to gather demographic data and complete a mode-shift analysis

Extend the contract by 6 months to implement enhancements and lessons learned for the program.