



Board Report

File #: 2023-0362, File Type: Contract

Agenda Number: 32.

**OPERATIONS, SAFETY, AND CUSTOMER EXPERIENCE COMMITTEE
JULY 20, 2023****SUBJECT: PASADENA TRANSIT SERVICE OPERATION AGREEMENT AND BUS CAPITAL
FUNDING FOR PASADENA TRANSIT****ACTION: APPROVE AGREEMENTS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer, or their designee, to negotiate and execute:

- A. the Transit Service Operation Agreement between Metro and the City of Pasadena for Contracted Service Lines 177 & 256, for a period of five years from July 1, 2024 (when new buses are expected to begin service) through June 30, 2029 (FY25 through FY29), with a two-year extension option for FY30 and FY31, for an amount up to \$25,590,137.82; and
- B. the allocation of a 70 percent funding contribution towards the purchase of the nine (9) new buses by the City of Pasadena to operate Lines 177 & 256, for an amount up to \$4,123,823.

ISSUE

As part of the NextGen Bus Plan adopted by the Metro Board in October 2020, the opportunity was noted for the City of Pasadena to operate currently Contracted Service Metro bus Lines 177 and 256 as part of their Pasadena Transit system. The City of Pasadena is not an "Included Operator" so there is no mechanism through the Formula Allocation Procedure for the City to receive funding to support continued operation of these services by the City instead of Metro. Staff is therefore presenting this item to seek approval to establish an operating agreement between the City of Pasadena and Metro to allow the City of Pasadena to be funded by Metro for the operation of Metro Lines 177 & 256 (hereinafter collectively referred to as "the Service") at a lower cost than what Metro's current expenditures for the service through contracted services. Therefore, in addition to the operating agreement, a second agreement would provide for the purchase of nine (9) buses by the City of Pasadena to operate the Service including a one-time funding contribution from Metro, avoiding Metro the need to replace the existing buses used on the Service which have reached the end of their useful life.

BACKGROUND

The NextGen Bus Plan's goal was to implement a new competitive bus system in Los Angeles County that is fast, frequent, and accessible to residents. The NextGen plan was separated into different Tiers of implementation. Each Tier represents the level of bus service a specific line operates; Tier 1 has the highest bus service that Metro offers. The Service was classified as NextGen

Bus Plan Tier 4, which are local lines that may be more appropriately operated and planned by the local communities they serve, due to the low service levels and direct ability to enhance the local transit system's existing network. Therefore, the Metro Board approved NextGen Bus Plan including the recommendation to transfer two Metro Tier 4 Lines 177 and 256, currently operated by Contract Services Divisions 95 - Line 256 and Division 98 - Line 177, to the City of Pasadena.

DISCUSSION

Operations of the Service

The Pasadena Transit system of the City of Pasadena currently consists of eight bus lines, which are operated under contract by First Transit.

In the NextGen Bus Plan, the opportunity was recognized to transfer Metro Contract Service Lines 256 (Highland Park to Sierra Madre Station) and 177 (CalTech Pasadena - Jet Propulsion Laboratory) to the City of Pasadena as part of the Pasadena Transit network as desired by the city given the local nature of these lines. The City of Pasadena would become a contractor for Metro as part of this agreement in order to receive Metro operating funding for the Service.

There are several other factors that make the transfer of these two lines to the City of Pasadena a good outcome:

- 1) Pasadena Transit's proposed Revenue Service Hour rates are lower than Metro's Contracted Bus divisions, resulting in cost savings of approximately \$900,000 per year compared to continued operation of these lines by Metro.
- 2) The nine smaller 32' buses Metro contractors currently use on these two lines have reached the end of their useful life. Metro needs to replace these buses but does not wish to create a separate procurement for this smaller 32' bus since Metro is currently only purchasing larger, 40' zero emission buses. Under the proposed agreement, Metro will cover 70 percent of the cost of nine new 35' CNG buses that the City of Pasadena would purchase, own, and operate (with a 30 percent contribution from the City of Pasadena). The City of Pasadena would also cover the additional cost of purchasing nine zero emission buses (rather than CNG) as part of this purchase, achieving a zero- emission fleet for these services.

Upon approval, Metro would enter into an Agreement with the City of Pasadena to incorporate the Service into their network and will brand the two lines and the buses utilized in a manner consistent with their transit network bus route numbering. Metro has similar operating agreements with three other jurisdictions for funding of services that operate as part of a local transit system rather than Metro.

Pasadena Transit would be required to operate the Service according to the alignments, spans, trip counts, and frequencies operated by Metro so as to maintain service at the levels provided by Metro. Pasadena Transit will also incorporate peak hour supplemental "tripper" service for Line 256, if necessary (currently there is no need), as agreed between Metro and Pasadena Transit, as determined by average weekday ridership per trip exceeding peak load standards.

Pasadena Transit will charge cash fares based on Pasadena Transit's fare structure. Metro regional TAP cards can also be utilized on the service as Pasadena Transit is a participant in the TAP program. The fare costs must be equal to or less than Metro's local bus fares. Currently, the base fare for Pasadena Transit is \$0.75, well below the Metro base fare of \$1.75.

During the agreement period, Metro will retain the right to audit Pasadena Transit's records of the Service. Metro may periodically monitor the service to review compliance with Agreement requirements and evaluate the performance of the lines, findings, and recommendations to ensure that the service provided aligns with Metro's transit service policies, efficiency standards, and meet the needs of our diverse customers and stakeholders.

Bus Purchases

Metro and the City of Pasadena have negotiated funding for the purchase of the nine (9) buses needed for the Service. This purchase would be addressed in a separate Bus Purchase Agreement. The Service requires five (5) buses for Line 256 service, two (2) buses for Line 177 service, and two (2) spare buses. Metro has agreed to a one-time funding contribution of 70 percent of the cost of nine new 35' buses, based on the cost of new CNG buses. The City of Pasadena will cover the remaining 30 percent of that cost as well as all additional costs to purchase zero emission buses for the Service, including all associated infrastructure costs. The City of Pasadena would arrange the purchase and would be the owner and operator of the vehicles. The City of Pasadena would also be required to provide an existing fleet or purchase a new fleet to service peak supplementary trips beyond the nine (9) buses mentioned above, should that be needed, at no capital cost to Metro (note: there is currently no supplementary peak service on Line 256). The fleet of nine (9) buses will be branded with the City of Pasadena branding and the Service will operate as part of the Pasadena Transit network.

The City of Pasadena will therefore own, operate, and maintain all the buses as part of this agreement and in accordance with all applicable Federal Transit Administration (FTA) requirements including, but not limited to, FTA Circular 5010.1D including the applicable lifespan (e.g., 12-year, 500,000 mile minimum or other applicable requirement based on fleet selected).

Metro's obligation to fund the City of Pasadena's operation of the Service is contingent upon the City of Pasadena's acquisition of the bus fleet. Metro will have no obligation to make the payments if the City of Pasadena does not acquire the said fleet.

DETERMINATION OF SAFETY IMPACT

Approval of this item which includes the purchase of modern, reliable new buses will have a positive impact on the safe, reliable operation of services for Metro customers. The City of Pasadena would have responsibility for safety oversight of their contractor (currently First Transit). The Service will be part of the Pasadena Transit system.

FINANCIAL IMPACT

The present contract with Transdev Services, Inc., for the operation of Line 177 is for a rate of \$137.79 per revenue service hour. The direct contracting cost for this line is approximately \$552,386 per year. The present contract with Southland Transit, Inc., for the operation of Line 256 is for a rate

of \$147.10 per revenue service hour. The direct contracting cost for this line is approximately \$3,473,958 per year. The combined cost for the operation of Lines 177 and 256 is \$4,026,344.

The City of Pasadena would operate the service through their private contractor for a rate of \$113.96 per revenue service hour. The proposed change would reduce the cost of operating Lines 177 and 256 to approximately \$3,148,168 per year, as shown in Table 1 below. This would result in cost savings, to Metro, of approximately \$878,176 over the course of a year. Although exact figures for FY25 are unavailable, due to a pending solicitation of Metro northern region contracted bus services, Metro can expect to see similar savings for future years operated under this proposed agreement.

The age of the current Metro bus fleet used for the Service (13 years old), would require their replacement as soon as possible. Metro would therefore be required to undertake the expense of fleet replacement regardless of who operates the service. The \$4,123,823 used to purchase the new fleet, as proposed in the Bus Purchase Agreement and shown in Table 1 below, would replace the \$9,000,000 Metro would need to spend to replace the current fleet, thereby saving Metro \$4,876,177.

Table 1: Proposed Agreements with City of Pasadena: Costs and Savings						
	Metro Contractors				Pasadena Contractor	Savings by Metro
	Transdev	Southland Transit	Total of Metro Contractors		First Transit	
RSH Rate	\$137.79	\$147.10			\$113.96	
FY24 RSH	4,009	23,616	27,625		27,625	
FY24 Cost	\$552,386.33	\$3,473,957.7	\$4,026,344.0		\$3,148,167.7	\$878,176.27
Service Operated	Line 177	Line 256	Lines 177 & 256		Lines 177 & 256	
No. of Buses	3	6	9		9	
Price per Bus	\$1,000,000.0	\$1,000,000.0			\$458,202.56	
Total Cost	\$3,000,000.0	\$6,000,000.0	\$9,000,000.0		\$4,123,823.0	\$4,876,177.0

Impact to Budget

There will be no impact to the FY24 operating or capital budget. FY25 will be the first year this project will be included in Metro's operating and capital budgets, based on the expected delivery of the new buses to the City of Pasadena for the project. The sources of funding for this action are Federal, State, and Local including sales tax and fares. These sources are eligible for Bus Operating or Capital projects. Using these funding sources maximizes the project funding allocations allowed by approved provisions and guidelines.

EQUITY PLATFORM

Community members that live throughout the area will continue to benefit from the bus services provided. Metro Line 177 is a line that mainly transports Jet Propulsion Laboratory "JPL" employees from Caltech Pasadena to JPL and 15% of the line travels through equity focused communities. The

revised Metro Line 256 would operate from Highland Park to Pasadena - Sierra Madre Villa Station with 35% of the line traveling through equity focused communities. Riders will enjoy a low base fare (\$0.75) and continue to receive the same service levels as planned and operated by Metro.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this recommendation supports the following Metro Strategic Plan Goal: 3) Enhance communities and lives through mobility and access to opportunity. Metro will continue to work towards making Los Angeles County's transportation system more accessible, inclusive, and responsive to the needs of the diverse communities it serves.

NEXT STEPS

Metro will enter into a Transit Service Agreement with the City of Pasadena for the operation of the Service, subject to the City Council of Pasadena also approving these two agreements. The goal is to have the service in operation as soon as possible in FY25 following delivery of the new buses. Metro and City of Pasadena staff will coordinate closely on all steps required to successfully transition the service to Pasadena Transit.

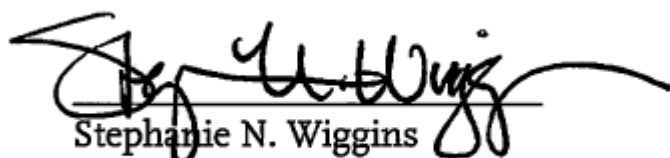
ATTACHMENTS

Attachment A - Contracted Service Lines 177 & 256 Map

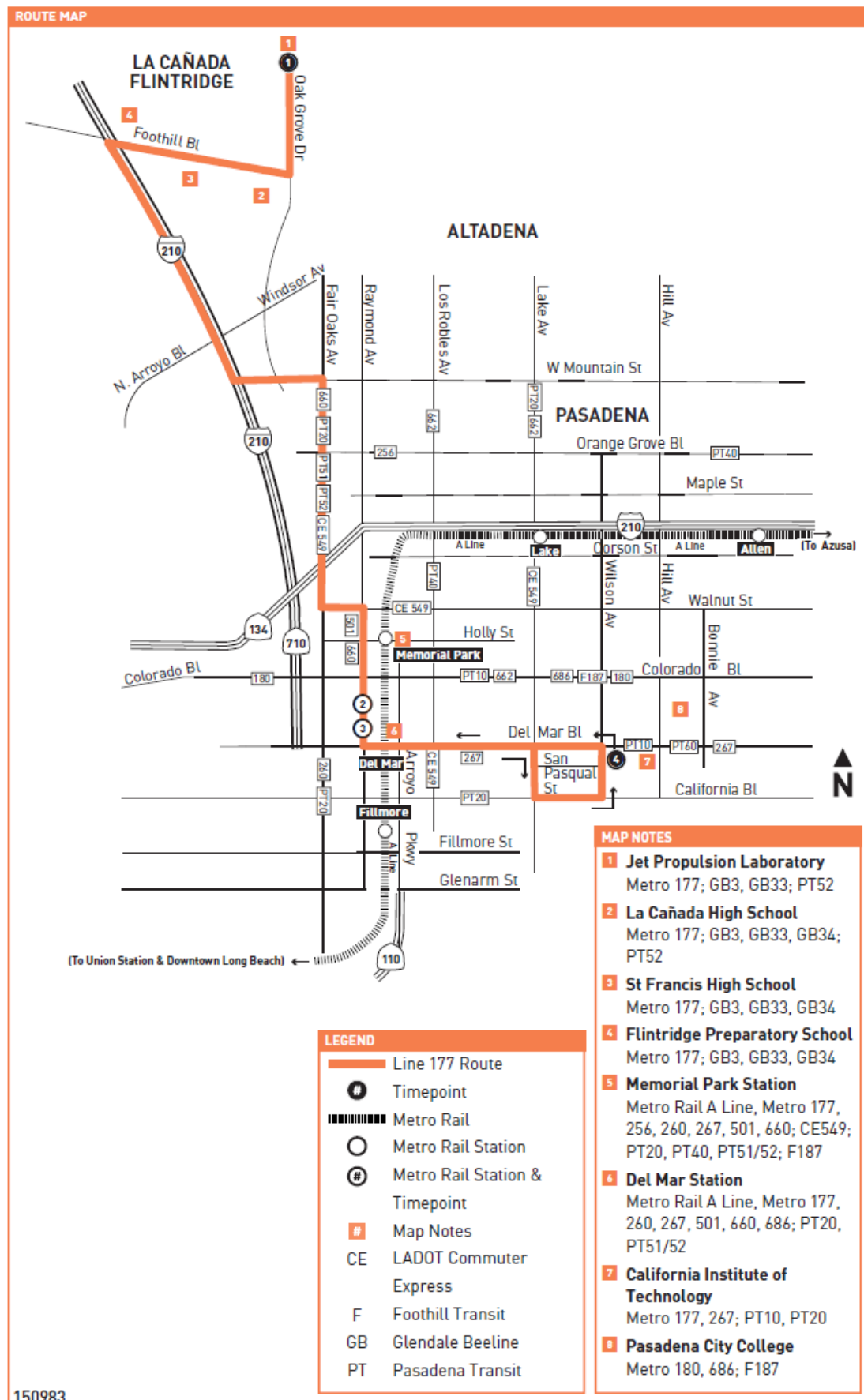
Attachment B - Transit Service Agreement Value

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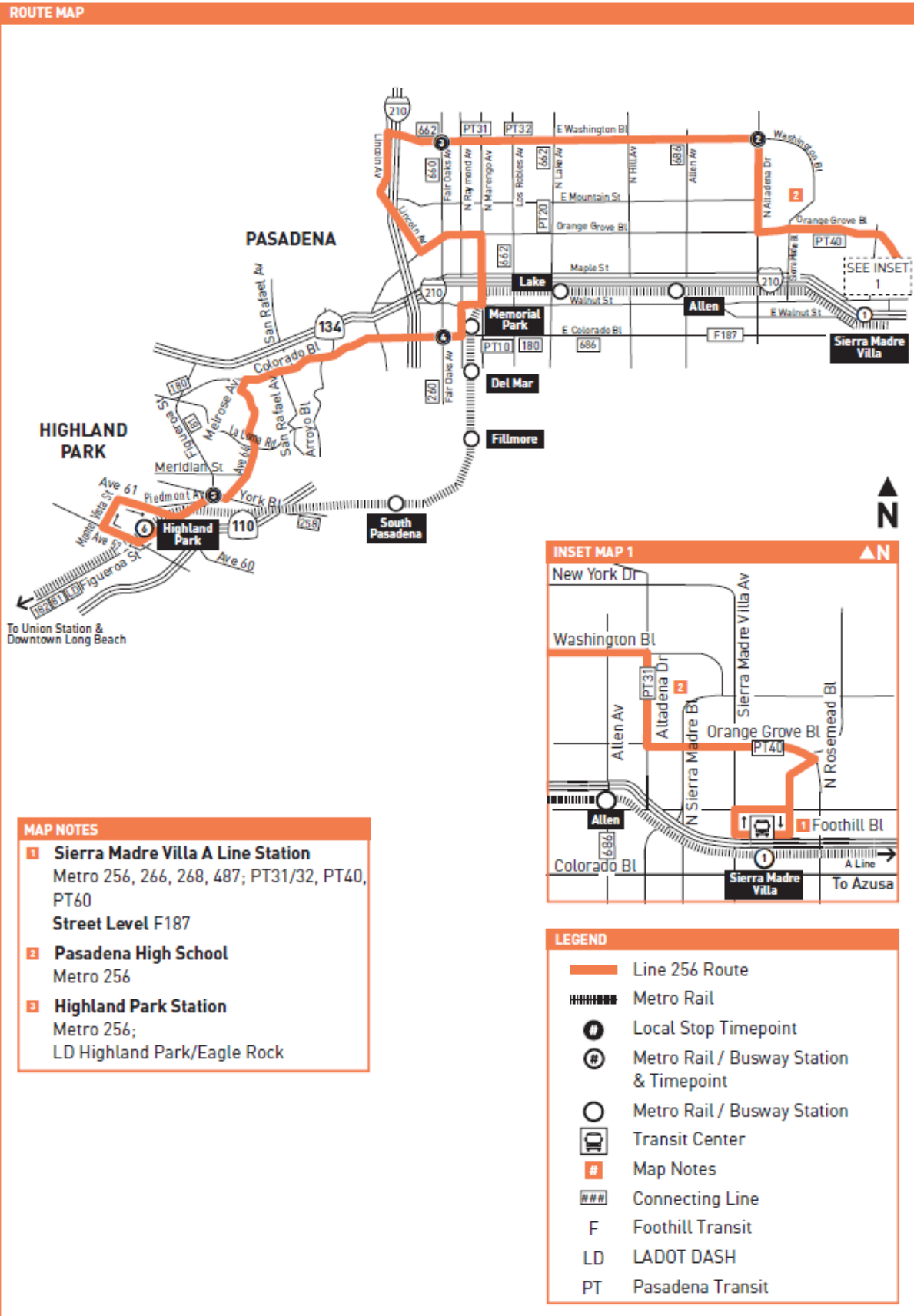
Reviewed by: Conan Cheung, Chief Operations Officer (213) 418-3034


Stephanie N. Wiggins
Chief Executive Officer

LINE 177 Updated Timetable Map



LINE 256 Updated Timetable Map



Pasadena Transit Service Agreement Value

Agreement Year (Fiscal Year)	Annual Amount
Agreement Year 1 - FY25	\$3,284,426.88
Agreement Year 2 - FY26	\$3,416,002.56
Agreement Year 3 - FY27	\$3,555,853.44
Agreement Year 4 - FY28	\$3,673,491.48
Agreement Year 5 - FY29	\$3,772,481.63
Option Year 1 – FY30	\$3,885,656.07
Option Year 2 – FY31	\$4,002,225.76
TOTAL AGREEMENT COST	\$25,590,137.82



Pasadena Transit Service Operation Agreement and Bus Capital Funding For Pasadena Transit

Operations, Safety, and
Customer Experience Committee
July 20, 2023



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Background: NextGen Bus Plan

The Metro Board adopted the NextGen Bus Plan in October 2020 and had a goal to implement a new competitive bus system in Los Angeles County:

- > Metro Lines 177 (Pasadena – Jet Propulsion Lab) & 256 (Pasadena – Highland Park) are lower frequency local lines as planned under NextGen that may be more appropriately planned and operated by the local communities they serve.
- > As part of the NextGen Bus Plan, Metro Bus Lines 177 and 256 were considered for operation by the City of Pasadena (Pasadena Transit).

Issue

The City of Pasadena is not an “Included Operator,” so there is no mechanism through the Formula Allocation Procedure (FAP) for the City to receive funding to support the operation of these services:

- Metro proposes to enter into a Transit Service Operation Agreement with the City of Pasadena (Pasadena Transit) to fund their operation of the two bus lines
- These lines would be branded as Pasadena Transit service and operate as part of their local bus service network

The existing Metro fleet utilized on these two lines have reached the end of their useful life.

- Metro will fund 70% of the one-off purchase cost of 9 new CNG buses by the City of Pasadena, which will fund the remaining 30% costs of new CNG buses
- The City of Pasadena has also gained grant funding to instead purchase 9 new zero emission buses and associated infrastructure (at no additional cost to Metro)

Cost Savings

	Proposed Agreements with the City of Pasadena			Comparison of Costs and Savings	
	Metro Contractors			Pasadena Contractor	Savings to Metro
	Transdev	Southland Transit	Contractors Total	First Transit	
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- The City of Pasadena can operate Metro Lines 177 and 256 at a lower cost than what Metro's current expenditures are for these services, even through Metro's own contracted services. Annual savings are estimated at just under \$900,000 (FY24).
- This potential one-off cost saving of almost \$4.9M is based on Metro funding 70% of the replacement cost for CNG buses by the City of Pasadena compared to Metro purchasing new zero emission buses.



Metro

Recommendation

FOR METRO BOARD TO CONSIDER:

- A. AUTHORIZING the Chief Executive Officer, or their designee, to negotiate and execute the Transit Service Operation Agreement between Metro and the City of Pasadena for Contracted Service Lines 177 & 256, for a period of five years from July 1, 2024 through June 30, 2029 (FY25 through FY29), with a two-year extension option for FY30 and FY31, for an amount up to \$25,590,137.82.
- B. AUTHORIZING the Chief Executive Officer, or their designee, to negotiate and execute the allocation of a 70 percent funding contribution towards the purchase of the nine (9) new buses by the City of Pasadena to operate Lines 177 & 256, for an amount up to \$4,123,823.



Questions?

Thank You