

## Transportation Committee

For the Metropolitan Council meetings of: April 9 and 23, 2018

**Subject:** Agency Contract 2018-2023

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute a contract with Transit Team to provide the Metro Mobility Agency Service from October 1, 2018 to June 30, 2023 with an option for one additional year in an amount not to exceed \$31,819,812.8.

### Summary of 4/9/18 Committee Discussion/Questions

Metropolitan Transportation Services Metro Mobility Senior Manager Christine Kuennen presented this item. Metropolitan Transportation Services Director Nick Thompson stated that when contracts are issued they are competitively bid and follow state and federal laws, as well as Metropolitan Council procurement policies. Thompson said the business item being presented is the result of this process, and that the process includes expert panels including both Met Council staff and partner agencies. Teamsters Local 120 Director of Politics and Organizing Paul Slattery spoke and stated they estimate nearly 100 teamster jobs will be lost by the agency contract being awarded to Transit Team. Slattery said driver retention/driver continuity is an issue when interacting with vulnerable adults. Slattery wants to know if Transit Team will retain current drivers, and if driver pay and benefits will be impacted. Slattery's closing statement was that, "We view any move forward with this agenda item as a layoff of our drivers because there is no guarantee what's going to happen to these drivers who currently have a relationship with the vulnerable adults." Teamster 120 Secretary-Treasurer Bill Wedebrand said Teamster Local 120 has around 850 First Transit employees. Wedebrand asked if Transit Team will acknowledge the contract that has been negotiated with the First Transit members. First Transit General Manager for Agency Contract Tim Ogren said First Transit on-time performance rate is 99.6% and that First Transit has a record of a highly effective management and care for Metropolitan Council vehicles, and a positive vehicle safety record. Ogren stated that First Transit is questioning how another provider can do the work for 4 million dollars less than the bid First Transit submitted. Ogren wondered if the driver deadhead costs were not accurately attributed in the analysis. Ogren also stated that he thinks the ridership information the Metropolitan Council provided was not specific as it only had zip codes to use to determine deadhead costs.

Transit Team President & CFO Michael Richter responded to comments expressed, noting that Transit Team operated the agency contract prior to First Transit's current contract. Richter said he found that there was ample information provided by the Council and that Transit Team had done a significant amount of cost analysis to understand the true cost of the service. Richter also stated that this is a new contract, not the existing agency contract, but modified and adjusted to the scope of the ADA service area. Richter said Transit Team's performance rate is also excellent, at 99% on-time for pick up and 93% on-time for appointment times. Richter said it was and is their intention to retain as many of the current qualified drivers as possible – interviewing the drivers, discussing hours, shifts, and roles as part of the new contract. Richter said drivers would be transitioned in at their current rate and with their year of seniority, and will then receive pay increases which he says are well above the Teamster rates. Richter said Transit Team's compensation increase is \$1 per hour for every year of service. Richter said the highest compensated driver is currently receiving over \$31 an hour and they feel confident in their ability to retain qualified drivers.

Barber asked if the demand providers would remain both First Transit and Transit Team. Kuennen answered that yes, that would remain the same since this changes the agency contract, not the demand contract. Barber asked what concerns were expressed from different agencies. Kuennen responded that the main concern was the transition that would happen, and Kuennen stated that Council staff will be

meeting with agencies one by one to go over the transition. Rodriguez asked if the minimum wage was \$16, Kuennen affirmed this is correct. Rodriguez asked if there is a formal protest process. Metropolitan Council Contracts and Procurement Manager Jody Jacoby stated that the formal protest process is outlined in the Request for Bids, bidders have 5 days after Council action to submit their protest. Jacoby added that after bids are awarded, the Council works with bidders to review their bids and strengthen their future bids. Rodriguez commented that she appreciates the desire for driver continuity and at the same time, the competitive process procurement is the best practice to follow. Kuennen added that three agencies are being added to this agency contract that are currently being served by Transit Team on the demand contract, so had First Transit been awarded the agency contract, some customers would still have had a transition of drivers.

### **Summary of 4/23/18 Committee Discussion/Questions**

Metropolitan Transportation Services Metro Mobility Senior Manager Christine Kuennen and Contracts and Procurement Manager Jody Jacoby presented this item. Trista MatasCastillo shared her experience as a mother of an individual who relies on Metro Mobility for transportation. MatasCastillo stressed the importance of continuity for many individuals with disabilities since change/transition is often a trigger. MatasCastillo asked that the drivers remain employed and consistency is valued as the utmost importance. First Transit Senior Vice President John Matthews and First Transit General Manager for Agency Contract Tim Ogren expressed their concerns with the RFP released and the resulting recommendation. Matthews stated First Transit takes issue with the cost factors and some of the procurement process evaluations. Matthews said that First Transit maintains that zip codes was insufficient to create a proposal and he requested that the First Transit and the competitors be allowed to route the work on controlled computers at the Metropolitan Council for a more accurate proposal. Matthews said the rates given are accurate but old numbers. Matthews also mentioned that deadhead is done twice a day for agency and usually for the most part only once a day for demand. Matthews said that the numbers make it appear that First Transit has too high of costs, or that there is an inaccuracy with the numbers, he requested that this be examined more closely. Transit Team President & CFO Michael Richter reiterated his statements from the April 9, 2018 Transportation Committee that Transit Team was confident in the information they were given and with their knowledge of deadheads, and that deadhead miles were taken into account. Richter said that Transit Team currently operates split-shift routes and understands the labor costs. Richter reminded the Transportation Committee that this is a new contract, it is not the existing agency contract as it has been the last fifteen years because it has been reduced to reflect the ADA service area and that nearly 20% of the service is currently being provided by Transit Team in the Demand contract. Richter said that because of this, no matter who the contract went to there would be transition for some riders. Richter shared that Transit Team has two locations, one being outside downtown Minneapolis, which is a central location to a lot of the agencies. Richter said that the Maple Grove location helps to minimize deadhead to the Western and Northwestern clients. Richter said that fifteen years ago, Transit Team was providing the agency service before it went to First Transit so Transit Team understands the nature of the service. Richter repeated that Transit Team incorporated into its bid the goal to retain as many First Transit drivers as possible to maintain as much consistency as possible with the transition. Richter shared aspects of the positive Transit Team culture, as well as the \$1.00 an hour raise every year with no cap (with the current highest paid drivers at \$31.00 an hour) as well as providing benefits that exceed the market to illustrate that employees are valued in monetary ways. Richter shared that he and his wife as owners are the stakeholders in their company's business and they are directly affected by the service provided. Richter also stated that Transit Team is committed to the Twin Cities, working with local vendors when possible and keeping tax payer dollars local. Teamsters Local 120 Director of Politics and Organizing Paul Slattery stated that the number one issue in the disabled community is driver continuity and that the contract change will devastate it. Slattery shared that thirteen of the First Transit drivers have ten or more years of service with the company and five have worked for First Transit for over fifteen years. Slattery said that these drivers will be devastated by the proposed contract and the facing of layoffs. Slattery stated that Transit Team is a non-union company and their employees are at-will with no guarantee, Slattery said that this is the only way they could have under-bid First Transit. Slattery stated

that the only way to have a fair and transparent process is for Transit Team to accept the First Transit drivers and their collective bargaining agreement so that the clients can keep their drivers and the drivers can keep their pay and benefits packages. Slattery asked where Transit Team's efficiencies are coming from if not from labor costs. Teamster 120 Secretary-Treasurer Bill Wedebrand shared that the members do the job for their clients, not for the money. Wedebrand said that Transit Team's promise of \$1.00 an hour increase every year needs to be in writing, and that the collective bargaining agreement includes benefits more than just life insurance. Wedebrand shared that the driver who has been with First Transit the longest has been with them for nineteen years and thirty people have five or more years of service, he reiterated that they do this job because they love the work. Wedebrand said that the union contract should follow along with this new agency contract. Wedebrand stated that 100% of the First Transit drivers should be hired with Transit Team because they have already had background checks and gained experience. St. Paul Regional Labor Federation President Bobby Casper asked why the Council is allowing non-union contractors to come in and underbid union contractors. Casper said that if a non-union contractor wins a bid they should still have union drivers work for them. Casper asked why drivers should lose their contracts and securities, he said the union contract should go along with the bid. Casper questioned again Transit Team's ability to guarantee drivers will be paid more money, as well as driver security without a union. Chair Rodriguez stated that while she personally believes in unions, the Metropolitan Council does not have a policy for union preference with procurement processes, therefore it cannot be a criteria in Council procurements and is not relevant to the decision about business item 2018-86 SW. Metropolitan Transportation Services Director Nick Thompson shared that Metropolitan Transportation Services knows how important the drivers are to the customers, and at the same time since the service model is being changed after twenty years, no matter who wins the bid there will be a change in drivers because the geography and agencies are changing. Chair Rodriguez clarified that Transit Team also received the highest technical rating, so the recommendation was not just based on the proposal's price. Letofsky asked what the legal obligation is for approving staff proposals. Metropolitan Council Ann Bloodhart said a sound business reason is necessary for situations where the Council rejects all bids and rebids for procurement, so today's options are to vote in favor of staff's recommendation, or vote against the recommendation and send this business item to Council without a recommendation. Munt asked that Transit Team accept all of the First Transit drivers and their contract, as well as agree to not interfere if the majority of Transit Team's workforce chooses to join a union. Chair Rodriguez said that request is outside of the decision being made regarding business item 2018-86 SW, since the decision before the Transportation Committee is to go with the staff recommendation or not, but if not, a business case has to be made. McCarthy shared that she's heard from constituents how much they appreciate their drivers. McCarthy asked why all First Transit drivers can't be accepted and given a probationary period. Barber stated that since 50% of the agency service is moving to demand service so a large percent of the riders will move to that. Barber said the fewer sites may impact the need for fewer drivers so that should be significantly less deadhead as well. Munt asked if Richter could answer her earlier questions. Chair Rodriguez reiterated that the decision before the Transportation Committee is to either approve the staff recommendation or not, but not to make recommendations to the contracted companies on how to conduct their business. Dorfman asked if there was a glut of drivers, a shortage, or a consistent amount to meet the need. Kuennen answered that there is always a shortage of drivers and the motion to increase driver wage has helped alleviate the shortage. Kuennen added that when the proposals were being evaluated, it was taken into account the provider's ability to attract and retain drivers. McCarthy stated that changing a contract will impact the lives of customers and operators and she asked what a reasonable proposal meant. Jacoby shared that a reasonable proposal is a compilation of quality, qualifications, experience, and price. Chair Rodriguez added that regardless if the contracted company changes or not, 57% of the riders will be impacted because of the geographical change that is happening in order to be compliant with federal regulations. Dorfman asked for clarification why the RFP was issued. Kuennen answered that the current contract expired and by federal mandate, ADA service must be prioritized over non-ADA service so the current contract construct is not compliant. Munt asked if supporting this business item means the layoff of 50 drivers. Kuennen answered that the 50% figure was not a minimum or maximum, but it was the provider's estimate based on their past experience with transitioning drivers from other contracts and on their stated plans to hire as many qualified drivers as possible from the

incumbent provider. Thompson added that the contracts are growing and have driver turnover so it is hard for a provider to know if a driver will choose to stay on with a provider through a different contract or switch providers. Thompson said the current drivers would be qualified to stay on with First Transit through a different contract. Munt asked if 100 drivers could be hired if they chose, Kuennen answered in the affirmative. Munt asked if benefits would transfer, Kuennen said that the current rate of pay and seniority was discussed in their plan but could not speak for the provider as to how benefits would transfer and does not recall if that was discussed. Rodriguez clarified that because of the demand that Metro Mobility is experiencing, there may or may not be a loss of drivers – drivers may have the option to stay with First Transit through a different contract. Munt reiterated her belief in the importance of driver wages and benefits being retained. Reynoso asked if procurement number of 100 drivers was based off of the current contract. Kuennen said it was estimated that 98 drivers would be needed to perform the new contract. McCarthy asked for clarification on the process if there is a change. Jacoby stated that if significant changes come up the project manager works with the vendor. Kuennen shared that past experience informs the information in an RFP so that providers can submit accurate proposals. Thompson shared past changes to Metro Mobility that the Metropolitan Council has worked through with contractors, including: wage increases, service area changes, funding source changes. Reynoso stated that he viewed this as a definite negative for workers and he believes that workers matter and the difference in final procurements coming on the backs of workers is not right. Dorfman said that the procurement process seems to have integrity and with this disruption the transition will need to be planned out. Dorfman stated that it doesn't sound like fifty people will be fired, and that at the end of this there may not be anyone who loses their job since the system needs more drivers. Munt commented that Metro Transit's treatment of drivers is with respect and encourages a career and she would like proposals accepted to meet that same standard. McCarthy repeated her issue ensuring that changes have the least impact, and asked again for a probationary period. Rodriguez voiced her confidence in the staff's recommendation.

Motion by Barber, seconded by Elkins. **Motion carried**, on the following roll call vote:

Aye: 6, Barber, Dorfman, Elkins, Letofsky, Rodriguez, Schreiber

Nay: 2, McCarthy, Munt

Abstaining: 1, Reynoso

Absent: 1, Commers

## Transportation Committee

Meeting date: April 23, 2018

For the Metropolitan Council meeting of April 25, 2018

**Subject:** Agency Contract 2018-2023

**District(s), Member(s):** All

**Policy/Legal Reference:** Council Policy 3-3 Expenditures – Procurement of Goods and Services over \$500,000.

**Staff Prepared/Presented:** Christine Kuennen, Senior Manager Metro Mobility, 651-602-1689

Micky Gutzmann, Director of Purchasing Metropolitan Council, 651-602-1741

Gerri Sutton, Assistant Director MTS, 651-602-1672

Nick Thompson, Director of MTS, 651-602-1754

**Division/Department:** Metropolitan Transportation Services

### Proposed Action

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### Background

Metro Mobility Agency service provides rides to a defined set of Day Training and Habilitation (DT & H) centers and Adult Day programs on weekdays during typical business hours. The service model has been in place with minimal changes for over 20 years. The current contract expires September 30, 2018. With the next contract, Metro Mobility has restructured the scope of services to more efficiently meet an increasing demand for trips that begin and end within the ADA service area and for trips that serve the largest of these agencies. The new scope of services will change which DT & H and Adult Day programs that are being served under the Agency service. The ADA service area is the area within  $\frac{3}{4}$  mile of all local regular fixed routes. Metro Mobility Service Area with ADA service area footprint.

### Rationale

A Request for Proposals (RFP) for the Agency contract was advertised and posted on the Council website. Three proposals were received and evaluated by a five-member panel consisting of staff from Metro Mobility, Metro Transit, Dakota County, Minnesota Department of Transportation, and Minnesota Council on Disabilities.

The panel evaluated and ranked all technical proposals based on the following criteria: size and scope of providing similar transportation services; the qualifications of the proposers including general qualifications, specialized qualifications and professional competence in areas directly related to the RFP, and the quality of the proposal including, its completeness in addressing the requirements of the RFP and Scope of Work, the work plan submitted as a part of the proposal, and demonstrated grasp of the work required for this project.

The panel then evaluated the financial submittals and cost proposals.

Transit Team had the highest rated financial submittals, the highest rated technical proposal, and the lowest proposed cost. The proposed pricing is within the budget and appears to be fair and reasonable for the five-year contract term.



Additionally, Transit Team's proposal demonstrated a strong approach to customer service in a paratransit environment, as well as a continual driver wage progression plan that will help retain a qualified workforce through the term of the contract.

### **Thrive Lens Analysis**

The Agency service supports the outcomes and principals of Thrive MSP 2040 by increasing efficiency, promoting equity in public transportation and by improving customer service.

### **Funding**

Funding for this service is included in the 2018 operating budget.

### **Known Support / Opposition**

During the public comment period at the April 9<sup>th</sup>, 2018 Transportation Committee, comments from Members of Teamsters Local 120 and staff from First Transit expressed issues with the recommendation.