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**Title:** CONSIDER APPROVING A SERVICE AGREEMENT WITH LONG BEACH TRANSIT TO PROVIDE FIXED-ROUTE BUS SERVICE (CITY COUNCIL)

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**Attachments:** 1. Exhibit No. 1 - Draft Long Beach Transit Service Agreement, 2. Exhibit No. 2 - LBT Service Map and Schedule, 3. Exhibit No. 3 - Resolution No. 21-113

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, September 07, 2021

Consent

**SUBJECT:**

**CONSIDER APPROVING A SERVICE AGREEMENT WITH LONG BEACH TRANSIT TO PROVIDE FIXED-ROUTE BUS SERVICE (CITY COUNCIL)**

**I. SUMMARY**

In response to the outbreak of the COVID-19 pandemic, the Disaster Council suspended the City’s local fixed-route bus service, the Carson Circuit, effective March 28, 2020. As COVID-19 cases continued to climb, the City ended its fixed-route bus service agreement with MV Transportation, Inc. effective November 8, 2020.

The City’s Dial-A-Ride program remained in operation, but was expanded to include all Carson residents, regardless of the program’s standard requirements for eligibility. Additionally, the City entered into an agreement with Lyft, Inc. to provide residents with on-demand subsidized Lyft rides.

Prior to the declared pandemic, with the aim of improving regional travel to and from the city, staff had engaged Long Beach Transit (LBT) in discussions to provide fixed-route bus service in Carson. LBT is a California public benefit nonprofit corporation, founded and solely owned by the City of Long Beach.

LBT’s service model is to have its buses run down major surface streets in both directions,

providing much faster service with direct connections to major destinations and neighboring bus lines. This shift in bus travel would provide longer distance regional service, connecting several communities along the line.

Through a series of meetings and planning efforts, LBT presented a service proposal at the July 20, 2021 City Council meeting, during which staff was authorized to return with an agreement. In this effort, the City Attorney's Office and the City Manager have negotiated the proposed service agreement with LBT.

Tonight, the City Council is asked to authorize a service agreement with LBT at a total not-to-exceed contract sum of \$5,310,000 total over an initial three-year contract sum (\$1,770,000 per year), with two subsequent one-year options to extend upon mutual agreement and execution of a contract amendment between the parties. Should the City Council approve the recommendation, LBT will target commencement by September 30, 2021.

Additionally, to help connect riders to new LBT routes and existing Torrance Transit and Metro routes, the Transportation Services Division is preparing a plan to reestablish the Carson Circuit as a staff-operated supplemental bus service utilizing existing minibuses. Staff will propose this reestablishment at a future City Council meeting.

## **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE the proposed Contract Service Agreement with Long Beach Public Transportation Company at a not-to-exceed total contract sum of \$5,310,000 total for the initial three-year term of the agreement (\$1,770,000 annually), with specified further service increases authorized subject to City Manager approval and execution of a contract amendment if the service increase within the limits specified is deemed to be needed (Exhibit No. 1) ("Agreement"); and
2. AUTHORIZE the Mayor to execute the Agreement, following approval as to form by the City Attorney; and
3. WAIVE further reading and ADOPT Resolution No. 21-113, "A RESOLUTION OF THE CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2021-22 BUDGET IN THE TRANSPORTATION SERVICES DIVISION, PROPOSITION A AND PROPOSITION C FUNDS."

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

### Long Beach Transit

The City's fixed-route bus service, the Carson Circuit, was suspended effective March 28, 2020, out of safety concerns related to the COVID-19 pandemic and the possibility of spreading the virus to passengers and bus operators. Dial-A-Ride remained in operation

and was expanded to include all Carson residents, as an exception to the program's standard requirements for eligibility. Additionally, the City entered into an agreement with Lyft, Inc. (Lyft) to provide residents with subsidized on-demand Lyft rides.

Prior to the suspension of the Carson Circuit, staff had engaged Long Beach Transit (LBT) in discussions to succeed MV Transportation, Inc. as the contracted bus operator in Carson. With the aim of improving regional travel to and from the City, LBT buses will run exclusively down main surface streets in both directions, providing much faster and direct connections to major destinations and neighboring bus lines.

Through a series of meetings and service planning efforts, LBT presented a proposal at the July 20, 2021 City Council meeting, during which staff was authorized to return with an agreement. In this effort, the City Attorney's Office and the City Manager negotiated the proposed service agreement with LBT (Exhibit 1; the "Agreement"). Under the Agreement, at a cost of \$1,770,000.00 per year, LBT will provide bus service every 40 minutes across three (3) new routes - Route 2, Route 4, and Route 8.

Service for the three routes on weekdays (Monday through Friday) will commence at 5:05 a.m., 5:15 a.m., and 5:10 a.m., respectively, and will continue until 7:30 p.m., 7:45 p.m., and 7:50 p.m., respectively. On Saturdays, services will commence at 10:15 a.m., 10:35 a.m., and 10:30 a.m., respectively, and will continue until 6:00 p.m., 5:45 p.m., and 5:50 p.m., respectively (Exhibit No. 2; Long Beach Transit Service Map and Schedule).

The Agreement also added the flexibility for the City of expanding or contracting service coverage on an as-needed basis via City Manager and LBT approval and execution of a contract amendment to take advantage of any or all of the following services enhancements: (1) add one additional hour of service on weekdays (cost of \$122,400 annually, adjusted for inflation depending on timing of approval); (2) add one additional hour of service on Saturdays (cost of \$25,200 annually, adjusted for inflation); (3) add Sunday service (Saturday hours) (cost of \$164,500 annually, adjusted for inflation).

By approving the Agreement, the City Council would be authorizing these additional expenditures for services increases subject to City Manager approval and execution of the necessary amendment to the Agreement if the service increases are determined to be necessary. Other, more expensive services increases and enhancements are also available, such as increasing service frequency from every 40 minutes to every 30 minutes and expanding the available routes as discussed below, but such increases would require City Council approval (and LBT approval) of the necessary written amendment to the Agreement.

The new routes under the initial Agreement would help connect riders to major destinations in and around the City to include: Harbor-UCLA Medical Center, Carson High, Rancho Dominguez Preparatory, California State University Dominguez Hills (CSUDH), Metrolink Del Amo and Wardlow Blue Line stations, Carson Community Center, City Hall, South Bay Pavilion stores, and more. Additionally, LBT Route 1, which is already being provided, and which is not within the scope of the proposed Agreement, will continue to connect riders from Metrolink Del Amo station to CSUDH campus.

It is important to note the possibility of expanding service coverage in the near future,

dependent upon LBT's readiness. Expanding the routes of travel of Routes 2, 4, and 8 beyond those that would be authorized in the initial Agreement could connect riders to additional points of interest, such as LA Harbor College, Harbor Gateway Transit Center, and Artesia Blue Line station. However, this expanded coverage would exceed the City's annual Proposition (Prop) A and C local returns, as LBT has estimated the cost of providing such expanded routes would rise to \$2,644,700.00 per year (an estimated increase of \$874,700 per year).

Prop A and C returns are distributed on a "per capita" basis, resulting in marginal increases year-over-year. Additionally, appropriations of existing and unused Prop A and C funds from prior years may allow the City to consider expanding service in the near future.

Per LA Metro, Prop A and C returns must be expended within three years of disbursement, in a "use it or lose it" fashion. Therefore, the City can choose to utilize unused funds from prior years to cover annual overruns. Although Prop A and C funds are traditionally used for new bus acquisitions and future Transportation CIP items, LA Metro guidelines allow for expenditures for service expansion.

In the case Prop A and C funds are insufficient in covering expanded service costs through future years, the City Council may need to consider supplementing the difference through the City's General Fund. Staff will continually assess Prop A and C funding levels to ensure sufficient funding for LBT service.

### *Legal Issues*

At the insistence of LBT and due to the unique nature of the agreement for public bus services, numerous changes were made to the City's standard form in preparing the Agreement, and the changes are made directly to the body of the agreement rather than being shown in Exhibit B per the City Attorney's standard procedure. The most notable changes are as follows:

- In the event of a required service stoppage due to the COVID-19 pandemic, such as in the event of a state or county-mandated lockdown that precludes public bus services from operating in the City, the force majeure provision (Section 3.3) would be invoked by notice of either party within 30 days of the commencement of the delay. The parties would work together to ascertain the facts and the extent of delay and would extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Parties such delay is justified. The ultimate effect would be to extend the term of the Agreement to make up for the period of delay, and a contract amendment would likely need to be entered into to reflect the extended term. The force majeure provision expressly states that LBT shall not render services to the City during the delay period, and that LBT shall not invoice City for or be entitled to any compensation or fixed costs from City for the duration of the delay period.
- The City's contract with MV Transportation contained a provision imposing liquidated damages on MV Transportation in the event it failed to meet certain standards for timely or reliable services including operating within the specified arrival and departure times.

The contract also required MV Transportation to post a performance bond conditioned upon its faithful performance of services under the Agreement. The proposed agreement with LBT does not contain such provisions, as LBT has asked that we rely on its being a public transportation agency in lieu of relying on such protections.

- LBT has declined to agree to the City's standard version of Retention of Funds. The provision generally allows City to withhold and/or deduct from payments for services any amounts which are in dispute under the contract, or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and any amount for which City may be liable to third parties by virtue of, for example, a consultant not having complied with its obligations to indemnify or defend the City against a third-party claim as required by the Contract. The parties' staff have agreed to a replacement provision entitled "Resolution of Disputed Invoices/Claims" that is included in the Agreement whereby the parties' contract representatives would agree to a dispute resolution process applicable to such situations within 90 days of effectiveness of the Agreement.

The proposed procurement of services from LBT is exempt from the competitive bidding requirements of the City's Purchasing Ordinance per CMC 2611(i)(7).

#### Carson Circuit

Additionally, to help connect riders to new LBT routes and existing Torrance Transit and Metro routes, the Transportation Services Division is preparing a plan to establish a revised Carson Circuit as a staff-operated supplemental bus service utilizing existing minibuses. Staff will propose this service at a future City Council meeting.

Staff is also looking into future purchases of low-emission and/or zero-emission buses in preparation for Electric Vehicle (EV) charging opportunities on City properties. GPS tracking technology for City buses is being explored as well to allow for more accurate pick-up and drop-off performance monitoring.

#### Community Outreach

Should the City Council approve proposed LBT service, City staff will launch a joint outreach effort with LBT to include the following stakeholders: CSUDH, middle and high schools, Metrolink stations, Harbor-UCLA, Torrance Transit, G-Trans, Carson Chamber of Commerce, Boys and Girls Club, YMCA, and more.

The City's Public Information Office will also advertise LBT service through the City's social media pages, marquees, City home page, and quarterly Parks & Recreation guides. Printed flyers will be distributed to all Carson schools, City parks, and Task Force Grab & Go meal bags.

## **V. FISCAL IMPACT**

As contract costs were unknown at the time of budgeting, \$1,600,000.00 was approved for the Fiscal Year 2021-22 budget based on data from prior years. Should the City Council approve the initial contract cost of \$1,770,000 per year, the budget appropriation for Proposition A and C account numbers 218-90-940-180-6010 and 219-90-940-180-6010 would be \$68,000.00 and \$102,000.00 respectively (Exhibit No. 3; Resolution No. 21-113).

Additionally, dependent upon whether increased or extended service coverage is added to Routes 2, 4, and 8 by means of increasing the contract cost, the additional cost can be appropriated from unused Proposition A and C returns, and/or alternative funding sources.

## **VI. EXHIBITS**

1. Draft Long Beach Transit Service Agreement (pgs. 7-28).
2. Long Beach Transit Service Map and Schedule (pg. 29).
3. Resolution No. 21-113 (pgs. 30-31).

Prepared by: Jason Jo, Transportation Supervisor; Robert Lennox, Director of Community Services.