

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: The Honorable City Council

FROM: Dave Klotzle, City Engineer/Public Works Director 
Prepared By: Shaun Kroes, Management Analyst 

DATE: May 20, 2011 (CC Meeting of 06/01/11)

SUBJECT: Consider Amendment to Agreement for Transit Operating Services and
Consider Amendment to Agreement for Bus Capital Maintenance
Services

SUMMARY

On July 12, 2007, the City awarded an Agreement for Transit Operating Services and an Agreement for Bus Capital Maintenance Services, to CUSA CC, LLC (CUSA). Both Agreements were for three years, with two one-year extensions. The three-year Agreements expired June 30, 2010 and the City approved the first one-year extensions on June 16, 2010. Staff is recommending that City Council approve the second one-year extensions with CUSA for both Transit Operating Services and Bus Capital Maintenance Services. Maintaining separate agreements for operating and capital maintenance enables the City to claim Federal Transit Administration (FTA) reimbursement for 80% of the capital maintenance costs.

BACKGROUND/DISCUSSION

With the one-year extension, CUSA has an opportunity to request an updated hourly rate for its services. Since the City's three compressed natural gas (CNG) buses began service in October 2010 CUSA charges different hourly rates for operating the diesel and CNG buses. City staff and CUSA staff have agreed that instead of increasing the existing diesel operating hourly rate of \$33.77, the City will pay the difference in fuel costs when diesel is above \$3.65 per gallon. For example, if a diesel bus uses 10 gallons of fuel and CUSA pays \$3.90 for the fuel, the City will pay the regular hourly rate plus an additional \$2.50 (\$0.25 per gallon difference multiplied by 10 gallons). Table 1 describes the proposed rates for the City's diesel fleet.

Table 1: Proposed FY 2011/12 Diesel Rates

Service	FY 2010/11	FY 2011/12 Proposed	Percent Change
Operation (Inc. Fuel)	\$33.77 per hour	\$ 33.77 per hour*	0.00%
Capital Maintenance	\$20.64 per hour	\$ 20.64 per hour	0.00%

* City shall pay the difference in fuel when fuel is in excess of \$3.65 per gallon.

The CNG buses are now the primary vehicles for service except for days when one or more CNG bus is out of service for maintenance. The CNG buses fuel at the Simi Valley Transit Maintenance Facility and the City pays Simi Valley for the fuel directly. Prior to the City beginning service with the CNG buses, CUSA proposed pricing for operating the CNG buses. After CUSA completed a review of its actual costs it has agreed to reduce its hourly rate for CNG operating services by 10.0%. In addition, City and CUSA staff reviewed the time it takes to fuel the CNG buses and agreed that rather than calculate the length of time per day that the drivers fueled, CUSA would only charge a flat rate of \$12.90 per fuel event (based upon the average time of 45 minutes per fueling event). Table 2 describes the proposed rates for the City's CNG fleet.

Table 2: Proposed FY 2011/12 CNG Rates

Service	FY 2010/11 CNG	FY 2011/12 CNG Proposed	Percent Change
Operation	\$31.52 per hour	\$28.37 per hour	(10.00%)
Capital Maintenance	\$20.64 per hour	\$20.64 per hour	0.00%
CNG Fuel Time Rate	\$17.20 per hour	\$12.90 per fuel event	(25.0%)

Per CUSA's Operating Amendment No. 1 with the City for FY 2010/11, CUSA had agreed to re-evaluate its hourly CNG rates within 60 days of beginning CNG operating services. Because CUSA had failed to provide this information within the required time frame, it has agreed to reimburse the City retroactively beginning from January 2011, which is when their hourly rates should have been reduced to meet the 60 day requirement. The reimbursement will be in the amount of \$5,884.20. This reimbursement will be reflected on the City's invoice for May 2011 services. CUSA has also agreed to begin using the reduced CNG operating hourly rate of \$28.37 effective May 1, 2011.

Beginning in FY 2010/11, the City agreed to pay CUSA when it had to provide its own vehicle due to unexpected mechanical failures of the City's fleet. If a backup vehicle is provided, a minimum 2.5 hour charge would apply. So far this fiscal year, the City has not yet had to use a CUSA vehicle. CUSA has proposed a slight increase in its vehicle hourly rates for FY 2011/12 as shown in Table 3.

Table 3: Proposed FY 2011/12 CUSA Vehicle Rates

Service	FY 2010/11 CUSA	FY 2011/12 CUSA Proposed	Percent Change
Operation	\$32.71 per hour	\$33.20 per hour	1.50%
Capital Maintenance	\$21.80 per hour	\$22.13 per hour	1.51%

CUSA has requested that if its backup vehicle is provided, a minimum 2.5 hour charge would apply.

Service Cost Comparisons:

The City of Moorpark receives FTA funding for some of its services, specifically, capital maintenance and vehicle purchasing. One of the requirements of Federal funding is a cost comparison to determine if the City's rates are comparable to other similar services. City staff looked at costs from Thousand Oaks Transit (TOT), Camarillo Area Transit (CAT), and Ventura Intercity Service Transit Authority (VISTA). Cost comparisons for FY 2011/12 are detailed in Tables 4 and 5 below:

Table 4: Cost Comparison of Operating and Capital Services (per-hour)

Service	TOT	Moorpark CNG	Moorpark Diesel	VISTA
Operating	\$38.46	\$28.37	\$33.77	\$39.69
Capital Maintenance	(in-house)	\$20.64	\$20.64	\$59.56

Table 5: Cost Comparison of Combined Operating and Capital Maintenance Services (per-hour)

Service	CAT	Moorpark CNG	Moorpark Diesel	VISTA
Operating/Maintenance	\$43.00	\$49.01	\$54.41	\$99.25

Each transit service has its own features which means that the cost comparisons are not specifically "apples-to-apples". For example, TOT operates 40-foot CNG buses, compared to Moorpark's 32-foot CNG buses and 28-foot diesel buses. VISTA operates 45-foot charter buses and because CUSA owns the vehicles VISTA pays an additional "vehicle-lease" that is incorporated in the capital maintenance costs. Also, TOT performs its maintenance services in-house. CAT does not split its costs between operating and capital maintenance and it operates shorter, "cut-a-way" diesel buses compared to Moorpark's 28-foot diesel buses. In addition, Camarillo pays for its diesel fuel separately while Moorpark's diesel fuel cost is included in the hourly operating rate. CAT's FY 2010/11 projected fuel expenditure is \$145,000. Despite the differences in transit services, it appears that the City of Moorpark's hourly rates for services are reasonable as compared with other transit agencies in Ventura County.

FISCAL IMPACT

The proposed Amendments would establish the following hourly rates:

Service	FY 2011/12 Proposed Rates
Operation - Diesel	\$33.77 per hour plus the City will pay the difference in fuel costs when diesel is above \$3.65 per gallon.
Operation - CNG	\$28.37 per hour
Capital Maintenance (Diesel and CNG)	\$20.64 per hour
CNG Fuel Time Rate	\$12.90 per fuel event
Operation – CUSA Vehicle	\$33.20 per hour
Capital Maintenance – CUSA Vehicle	\$22.13 per hour

The Draft FY 2011/12 Budget includes \$174,000 in Traffic Systems Management (TSM) Fund (2001) for CUSA operating the CNG buses; \$34,000 in TSM Fund (2001) for CNG fueling; \$20,000 in Local Transit Programs 8C Fund (5000) for CUSA operating the diesel buses; and \$125,000 in Local Transit Programs 8C Fund (5000) for CUSA maintaining the City's fleet of buses.

STAFF RECOMMENDATION

1. Authorize the City Manager to sign Amendment No. 2 to the Agreement for Transit Operating Services, subject to final language approval of the City Manager and City Attorney.
2. Authorize the City Manager to sign Amendment No. 2 to the Agreement for Bus Capital Maintenance Services, subject to final language approval of the City Manager and City Attorney

Attachments:

- A. Draft Amendment No. 2 for Transit Operating Services
- B. Draft Amendment No. 2 for Bus Capital Maintenance Services

AMENDMENT NO. 2

AGREEMENT BETWEEN THE CITY OF MOORPARK AND CUSA CC, LLC, FOR
TRANSIT OPERATING SERVICES

THIS AMENDMENT TO AGREEMENT, made and entered into this ____ day of _____, 2011, by and between the City of Moorpark, a municipal corporation located in the County of Ventura, State of California, hereinafter referred to as "City" and CUSA CC, LLC, a limited liability company, hereinafter referred to as "Contractor".

WITNESSETH

Whereas, on July 12, 2007, the City and Contractor entered into an Agreement for providing transit operating services, hereto referred to as Agreement, pertaining to all things necessary to operate and manage fixed-route transit services for the City; and

Whereas, Amendment No. 1, dated June 23, 2010, extended the Agreement from June 30, 2010 to June 30, 2011; and

Whereas, the Agreement can be extended for an additional one-year period; and

Whereas, the City desires to extend the Agreement from June 30, 2011 to June 30, 2012; and

Whereas, Contractor has provided updated costs associated with operating City-owned diesel vehicles; City-owned compressed natural gas (CNG) vehicles; and Contractor-owned vehicles; and

Whereas, both City and Contractor agree to the adjustments to the Agreement and now wish to document said Amendment by jointly approving this Amendment No. 2 to the July 12, 2007 Agreement by amending the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, benefits and premises herein stated, the parties hereto agree to amend the aforesaid Agreement as follows:

I. TERM

The term of the Agreement is extended to June 30, 2012.

II. COMPENSATION

Section 2 of the Agreement is hereby amended to include the following hourly rates:

- A. City-owned CNG vehicles driving time: \$28.37 per hour
- B. City-owned CNG vehicles fuel time: \$12.90 per fuel event
- C. City-owned diesel vehicles driving time: \$33.77 per hour
(Plus difference in diesel fuel cost when diesel fuel is above \$3.65 per gallon)
- D. Contractor-owned vehicles driving time: \$33.20 per hour (minimum 2.5 hour charge)

The hourly rates for the City-owned and Contractor-owned vehicles shall not exceed a combined 22 hours per day.

When the cost of diesel is above \$3.65 per gallon, the City shall pay the difference in cost. Contractor shall track the amount of diesel fuel used and the per-gallon diesel rate that Contractor pays using its Fleet Anywhere software program. The City shall receive a special service invoice for the fuel cost on months when a diesel bus is in service.

Total compensation during the term of this Agreement shall not exceed \$194,000.00.

III. Remaining Provisions

All other provisions of the aforesaid Agreement shall remain in full force and effect.

CITY OF MOORPARK:

CUSA CC, LLC:

Steven Kueny
City Manager

Darlene Cochran
Vice President/General Manager

Date _____

Date _____

ATTEST:

Maureen Benson, City Clerk

AMENDMENT NO. 2

AGREEMENT BETWEEN THE CITY OF MOORPARK AND CUSA CC, LLC, FOR
BUS CAPITAL MAINTENANCE SERVICES

THIS AMENDMENT TO AGREEMENT, made and entered into this ____ day of _____, 2011, by and between the City of Moorpark, a municipal corporation located in the County of Ventura, State of California, hereinafter referred to as "City" and CUSA CC, LLC, a limited liability company, hereinafter referred to as "Contractor".

WITNESSETH

Whereas, on July 12, 2007, the City and Contractor entered into an Agreement for providing bus capital maintenance services, hereto referred to as Agreement, pertaining to all things necessary to maintain the City's fixed-route transit vehicles for the City; and

Whereas, Amendment No. 1, dated June 23, 2010, extended the Agreement from June 30, 2010 to June 30, 2011; and

Whereas, the Agreement can be extended for an additional one-year period; and

Whereas, the City desires to extend the Agreement from June 30, 2011 to June 30, 2012; and

Whereas, Contractor has provided updated costs associated with maintaining City-owned diesel vehicles; City-owned compressed natural gas (CNG) vehicles; and Contractor-owned vehicles; and

Whereas, both City and Contractor agree to the adjustments to the Agreement and now wish to document said Amendment by jointly approving this Amendment No. 2 to the July 12, 2007 Agreement by amending the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, benefits and premises herein stated, the parties hereto agree to amend the aforesaid Agreement as follows:

I. TERM

The term of the Agreement is extended to June 30, 2012.

II. COMPENSATION

Section 2 of the Agreement is hereby amended to include the following hourly rates:

- A. City-owned CNG vehicles: \$20.64 per hour
- B. City-owned diesel vehicles: \$20.64 per hour
- C. Contractor-owned vehicles: \$22.13 per hour (minimum 2.5 hour charge)

The hourly rates for the City-owned and Contractor-owned vehicles shall not exceed a combined 22 hours per day.

Total compensation during the term of this Amendment shall not exceed \$125,000.00.

III. Remaining Provisions

All other provisions of the aforesaid Agreement shall remain in full force and effect.

CITY OF MOORPARK:

CUSA CC, LLC:

Steven Kueny
City Manager

Darlene Cochran
Vice President/General Manager

Date _____

Date _____

ATTEST:

Maureen Benson, City Clerk