

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

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



DATE: January 3, 2014 (CC Meeting of 01/15/14)

**SUBJECT: Consider Amendment No. 3 to the Agreement with the City of
Thousand Oaks for Fixed Route Transit Preventive Maintenance and
Resolution Amending the Fiscal Year 2013/2014 Budget**

SUMMARY

On July 26, 2012, the City of Moorpark (Moorpark) entered into a two year Agreement with the City of Thousand Oaks (Thousand Oaks) for preventive maintenance, general maintenance, and fueling of Moorpark City Transit's Fixed Route transit buses (collectively referred to as preventive maintenance). The original revenue hour rate was \$25.18. Since then the rate has increased \$4.43 to \$29.61 per revenue hour (or a 17.59% increase).

The Agreement was the first time that the two cities had entered into such a cooperative effort and actual costs for Thousand Oaks' maintenance and fueling services were not a known amount when Thousand Oaks agreed to provide the services. On December 19, 2012, City Council approved Amendment No. 1 to the Agreement to incorporate Moorpark's extended hours of service which was approved at the same City Council meeting. On March 20, 2013, City Council approved Amendment No. 2 adjusting the hourly rate of \$25.18 per revenue hour to \$29.18 per revenue hour (a 15.89% increase) effective April 1, 2013, intended to cover the actual maintenance costs being incurred by Thousand Oaks. In addition, the Agreement included an automatic hourly rate adjustment effective July 1, 2014, based upon the Consumer Price Index. The revenue hour rate increased from \$29.18 to \$29.61 (a 1.47% increase).

Despite the increases, Thousand Oaks has continued to spend more providing the services than Moorpark has paid. Both Moorpark and Thousand Oaks recognize that Thousand Oaks should be "made whole" by the time the Agreement ends on June 30, 2014, so that Thousand Oaks does not unintentionally subsidize Moorpark's transit services. Staff is presenting City Council with a proposed Amendment No. 3 (Attachment 1) that would reimburse Thousand Oaks for \$26,562.21 for unfunded

expenses and permit Thousand Oaks to invoice for Moorpark for non-routine maintenance expenses that exceed \$2,500.

BACKGROUND/DISCUSSION

When the original Agreement was approved, the Year 1 rate for preventive maintenance had been established at \$25.18 per revenue hour (each hour a bus is in service on a Moorpark route). The hourly rate was intended to cover all maintenance costs plus fueling the buses. The Agreement included a clause stating that if at any time after the first three months of the Agreement, but no later than the 10th month of the Agreement, Thousand Oaks staff projected that the cumulative cost of maintenance, parts, and fuel for the term of the Agreement would exceed the established revenue hour rate by more than five percent, Moorpark would agree to enter into negotiations for a one-time recalculation of the rate for the remainder of the Agreement term.

On March 20, 2013, City Council approved raising the revenue hour rate for preventive maintenance from \$25.18 to \$29.18 (a \$4.00 or 15.89% increase), effective April 1, 2013. The rate increase was intended to fully fund future transit maintenance costs as well as previous monthly deficits due to a lower than necessary revenue hour rate. Unfortunately, after the rate increase, one of Moorpark's compressed natural gas buses suffered significant transmission damage that exceeded \$26,000.00 for repairs. The damage was not covered by any of Moorpark's warranties. Consequently, Thousand Oaks is faced with a much larger than anticipated maintenance deficit, which will likely not be recovered by the current rate of \$29.61 per revenue hour.

The current revenue hour rate of \$29.61 is intended to cover maintenance and fuel. Staff is proposing an amendment to the current Agreement that separates billing for routine maintenance services and fuel from non-routine maintenance repairs that exceed \$2,500. Essentially, the current hourly rate of \$29.61 per revenue hour would not change but would only cover routine preventive maintenance expenditures and fueling of the buses. Moorpark would be required to reimburse Thousand Oaks for non-routine maintenance repairs that exceed \$2,500. Thousand Oaks would be required to notify Moorpark staff whenever a repair was necessary so that Moorpark staff could determine if it wanted to get price quotes from different vendors for performance of repairs. Staff is proposing to make the amendment retroactive effective as of July 1, 2013. The proposed amendment also includes a clause that states if at the end of FY 2013/14, Thousand Oaks' revenue from Moorpark's payments exceeds Thousand Oaks' expenses then Thousand Oaks must reimburse Moorpark the full difference.

As City Council recalls, in June 2012, Moorpark submitted a request for proposal (RFP) for transit services after Moorpark's then contractor, CUSA, provided a 30-day notice of termination due to its bankruptcy. Moorpark received one proposal from Roadrunner Shuttle. Moorpark had also been in discussions with Thousand Oaks to assume

responsibility for providing transit services for Moorpark. Moorpark decided to establish Agreements with Thousand Oaks for transit services. A summary of the proposed first-year expenditures is provided below in Table 1. The table shows that Thousand Oaks was projected to be 16.19% more than CUSA and 10.45% less than Roadrunner Shuttle.

Table 1: Transit Service Cost Comparisons – Projected for FY 2012/13

Firm Name	Fixed Route Operations	Fixed Route Maintenance	Dial-A-Ride Paratransit Services	Total
CUSA - Current	\$174,774	\$119,736	\$93,532	\$388,042
Roadrunner - Proposed With call center*	\$276,410	\$136,576	\$90,478	\$503,464
Roadrunner – Proposed Without call center	\$210,230	\$136,576	\$90,477	\$437,283
Thousand Oaks - Proposed	\$248,190	\$143,814	\$58,863	\$450,866

* Call center only refers to Fixed Route services

Table 2 below provides a cost comparison between Thousand Oaks' actual costs for July 26, 2012 through June 30, 2013 and what was originally estimated. Please note that the estimated numbers have been adjusted to reflect 11 months of service instead of 12 months, because Thousand Oaks began service at the end of July 2012.

Table 2: Estimated Costs Compared to Actual Costs - July 26, 2012 to June 30, 2013.

Thousand Oaks Costs	Fixed Route Operations	Fixed Route Maintenance	Dial-A-Ride Paratransit Services	Total
Estimated	\$227,507	\$131,829	\$53,958	\$413,294
Actual	\$231,913	\$146,923*	\$68,093**	\$446,929
Difference	\$4,406	\$15,094	\$14,135	\$33,635
Percent Difference	1.94%	11.45%	26.20%	8.14%***

* Includes \$48,910 in fuel costs and \$7,958 for additional repairs needed as a result of CUSA's inadequate maintenance.

** Increase is due to more than projected trips/passenger demand, not an increase in the per-trip fee.

*** The 8.14% increase includes the April 1, 2013 maintenance hourly rate increase from \$25.18 to \$29.18 (a 15.89% increase).

FISCAL IMPACT

The overall expected increase in preventive maintenance costs, based upon the proposed amendment, is approximately 17.69% more than originally projected in July 2013, or \$44,446 as shown in Table 3 on the following page.

Table 3: Transit Maintenance Agreement Cost Increase

Account	Description	FY 13/14 Current Expected Cost	Expected Cost Increase	FY 13/14 Total Expected Cost
5000.8510.0000.9254	Maintenance	\$136,371	\$33,629	\$170,000
2001.8510.8071.9416	CNG Fuel	\$40,183	\$10,817	\$51,000
5000.8510.8071.9255	Diesel Fuel	\$6,943	-	\$6,943
2604.8510.0000.9254	Demo-Maintenance	\$60,000	-	\$60,000
2001.8510.0000.9254	Demo-Maintenance (local match)	\$7,800.00	-	\$7,800
	Total	\$251,297	\$44,446	\$295,743

Table 3 above includes maintenance and fuel costs for both the standard service and the current extended hour demonstration project. Fuel costs for the demonstration project are included in the "Demo-Maintenance" expense accounts.

The expected cost increase will require an amendment to the expenditure appropriations in the FY 2013/14 budget as shown in Table 4 below. It should be noted that the proposed budget increase of \$9,000 (or 3.03% increase) is lower than the expected cost increase of \$44,446 because the FY 2013/14 budget already had additional funding in the respective expense accounts compared to the initial anticipated expenditures.

Table 4: Expenditure Appropriations Amendment

Account	Description	FY 13/14 Budget Current	Proposed Adjustment	FY 13/14 Budget Proposed
5000.8510.0000.9254	Maintenance	\$161,371	\$9,000	\$170,371
2001.8510.8071.9416	CNG Fuel	\$60,883	-	\$60,883
5000.8510.8071.9255	Diesel Fuel	\$6,943	-	\$6,943
2604.8510.0000.9254	Demo-Maintenance	\$60,000	-	\$60,000
2001.8510.0000.9254	Demo-Maintenance (local match)	\$7,800	-	\$7,800
	Total	\$296,997	\$9,000	\$305,997

Although the costs for maintenance of Moorpark's buses have been higher than originally anticipated, the overall costs to Moorpark are still within range of what Moorpark would have been paying Roadrunner had Roadrunner received the Agreements. Roadrunner's original proposal provided pricing for FY 2013/14. Using that information, staff can project what FY 2013/14 costs would be if Roadrunner was the contractor.

Table 5: FY 2013/14 Cost Comparison – Roadrunner & Thousand Oaks

Firm Name	Fixed Route Operations	Fixed Route Maintenance	Dial-A-Ride Paratransit Services	Total
Roadrunner With call center*	\$375,692	\$191,825	\$133,919	\$701,436
Thousand Oaks	\$394,054	\$238,171	\$91,315	\$723,540
Difference	\$18,362	\$46,346	(\$42,604)	\$22,104

As Table 5 demonstrates above, Thousand Oaks' cost for service is 3.15% higher than what Roadrunner's is projected to be for the same amount of service. The costs above factor in the current extended hours transit demonstration project and additional fueling costs that Moorpark would pay if Roadrunner was the service provider. It should be noted that the Thousand Oaks agreement also provides administrative cost savings for the City in reduced City staff time devoted to overseeing the transit program through a reduction in customer complaint follow up (Thousand Oaks staff act as the City's advocate when a complaint is received), less time correcting passenger ridership information/invoice tracking, and less time devoted to responding to malfunctioning buses. City staff estimates a 34% reduction of hours devoted to transit administration services, with savings of approximately \$12,729.60 in staff time since Thousand Oaks began providing transit services.

As previously mentioned, the majority of the additional funding needed for Thousand Oaks service was already appropriated in the FY 2013/14 budget. An amendment to the revenue allocations in the FY 2013/14 budget is required to provide the remaining \$9,000 in required funding as shown in Table 6 below.

Table 6: Revenue Allocation Amendment

Account	Description	FY 13/14 Budget Current	Adjustment	FY 13/14 Budget Proposed
5000.3612	FTA 5307*	\$476,900	\$9,000	\$485,900

*FTA 5307 is Federal Transit Administration grant funding.

The \$9,000 in FTA 5307 funding requires a 50% match; however, no additional adjustment to the budget is required since the 50% match is currently provided by Moorpark's existing transit operation expenses that use all local revenue and therefore can count as the local match.

STAFF RECOMMENDATIONS (ROLL CALL VOTE)

1. Approve Amendment No. 3 amending the Agreement with the City of Thousand Oaks for Fixed Route Transit Preventive Maintenance, and Authorize the City

Manager to sign the Amendment subject to final language approval of the City Manager and City Attorney.

2. Adopt Resolution No. 2014 - _____ amending the FY 2013/14 Budget in the aggregate increase of \$9,000 in revenue and the aggregate increase of \$9,000 in expenditure.

Attachments

1. Draft Amendment No. 3
2. Resolution

AMENDMENT NO. 3

AGREEMENT FOR SERVICES BETWEEN THE CITY OF THOUSAND OAKS AND
THE CITY OF MOORPARK
FOR FIXED ROUTE TRANSIT PREVENTIVE MAINTENANCE

(Agreement No. 9913-2012)

THIS THIRD AMENDMENT TO AGREEMENT, made and entered into this ____ day of _____, 2014, by and between the CITY OF MOORPARK, a municipal corporation (herein referred to as "MOORPARK"), and the CITY OF THOUSAND OAKS, a municipal corporation, (hereinafter referred to as "THOUSAND OAKS").

WITNESSETH

Whereas, on July 26, 2012, MOORPARK and THOUSAND OAKS entered into an Agreement for preventive maintenance, general maintenance, and fueling of MOORPARK's Fixed Route transit buses in conjunction with MOORPARK's public transportation program; and

Whereas, on May 1, 2013, Amendment No. 1 to the Agreement was executed, extending the Fixed Route transit service hours from 6:00 am to 6:00 pm Monday through Friday to 5:00 am to 8:00 pm Monday through Friday and adding Saturday service from 8:00 am to 5:00 pm; and

Whereas, on May 3, 2013, Amendment No. 2 to the Agreement was executed, increasing the revenue hour rate \$4.00 (from \$25.18 per revenue hour to \$29.18 per revenue hour); and

Whereas, effective July 1, 2013, in accordance with the Agreement, the YEAR 2 rate was adjusted from \$29.18 per revenue hour to \$29.61 per revenue hour; and

Whereas, THOUSAND OAKS has requested an additional adjustment to the compensation for Agreement services as detailed in MOORPARK's agenda report and approved by MOORPARK City Council on January 15, 2014.

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. SCHEDULE OF FEES

Exhibit "B" (Schedule of Fees) is hereby amended and replaced in its entirety as shown in the attached revised Exhibit B.

II. REMAINING PROVISIONS

Except as provided in Section I above all other provisions of the Agreement shall remain in full force and effect.

CITY OF MOORPARK:

CITY OF THOUSAND OAKS:

Steven Kueny
City Manager

Scott Mitnick
City Manager

ATTEST:

ATTEST:

Maureen Benson, City Clerk

Linda D. Lawrence, City Clerk

APPROVED AS TO FORM:
Office of the City Attorney

Christopher G. Norman, Assistant City
Attorney

EXHIBIT B

SCHEDULE OF FEES

AS AMENDED IN AMENDMENT NO. 3

Billing shall be on a revenue hour basis. Revenue hour is defined as the hour traveled when the vehicle is in revenue service (i.e., the time when a vehicle is available to the general public and there is an expectation of carrying passengers).

YEAR 1 (August 1, 2012 – June 30, 2013):

\$25.18 per revenue hour; plus, a one-time mobilization expense not to exceed \$2,000.00.

EXCLUSIONS:

All five (5) MOORPARK buses are to be made available to THOUSAND OAKS Fleet Staff for one full day, one bus at a time, prior to July 27, 2012 for inspection. All safety and mechanical deficiencies to be corrected by MOORPARK's current service provider prior to start of the Agreement. A deficiency is any item that would result in a finding on a CHP inspection, any wear part with less than 20% useable life remaining, and any fluid leaks. All CHP inspections due on or before August 3, 2012 to be completed prior to Agreement start date. Any repairs or CHP inspections not completed as of July 30, 2012 will be completed by THOUSAND OAKS and billed as an additional expense.

If at any time after the first three months of the Agreement, but no later than the 10th month of the Agreement, THOUSAND OAKS projects the cumulative cost of maintenance, parts, and fuel for the term of the Agreement will exceed the projected revenue hour rate by more than five percent (5%), MOORPARK shall agree to enter into negotiations for a one-time recalculation of the rate for the remainder of the Agreement term. If the cities are unable to determine a mutually agreeable rate for service, THOUSAND OAKS may elect to give thirty (30) day notice to terminate the maintenance portion of the Agreement.

Effective April 1, 2013, in accordance with the above paragraph, the YEAR 1 rate shall be increased from \$25.18 per revenue hour to \$29.18 per revenue hour.

YEAR 2 (July 1, 2013 – June 30, 2014):

Year 1 price plus CPI increase not to exceed 4.0% (Rate will be calculated based on the July 2012 – June 2013 CPI, Los Angeles Area, all items, not seasonally adjusted, non alternative method). In the event CPI is 0 or negative, Year 1 price will be in effect.

EXCLUSIONS:

If the per hour rate for maintenance was adjusted in the first year of the Agreement, the rate per revenue hour in effect on the last day of Year 1 of the Agreement will be the basis rate for any CPI adjustment.

YEAR 2 (July 1, 2013 – June 30, 2014) – Revised:

Upon execution of Amendment No. 3 MOORPARK shall reimburse THOUSAND OAKS \$26,562.21 in maintenance services provided during the months of July 1, 2012 – June 30, 2013. In addition, the following Schedule of Fees detailed below shall become effective for services provided as of July 1, 2013.

Billing for routine maintenance services regardless of cost shall be on a revenue hour basis. Revenue hour is defined as the hour traveled when the vehicle is in revenue service (i.e, the time when a vehicle is available to the general public and there is an expectation of carrying passengers). The revenue hour rate shall be \$29.61.

The revenue hour rate shall cover routine preventive maintenance expenses and fueling costs. Any non-routine maintenance repairs that exceed \$2,500.00 shall be invoiced as an additional expense. THOUSAND OAKS shall notify MOORPARK prior to performing the repair so that MOORPARK staff can determine if repairs should be completed by a third-party contractor.

At completion of the Agreement, THOUSAND OAKS shall reimburse MOORPARK for all payments received that exceed THOUSAND OAKS' costs for providing services for this Agreement. The reimbursement shall be made within thirty (30) days of THOUSAND OAKS' final invoice to MOORPARK.

RESOLUTION NO. 2014 - ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE FISCAL YEAR 2013/14 BUDGET TO APPROPRIATE \$9,000 OF FEDERAL TRANSIT ADMINISTRATION SECTION 5307 GRANT FROM THE LOCAL TRANSIT PROGRAMS 8C FUND (5000) FOR THE MOORPARK CITY TRANSIT PREVENTIVE MAINTENANCE AND FUEL AGREEMENT WITH CITY OF THOUSAND OAKS; AND INCREASE REVENUE BY \$9,000 TO REFLECT ADDITIONAL GRANT FUNDING FROM FEDERAL TRANSIT ADMINISTRATION SECTION 5307

WHEREAS, on June 19, 2013, the City Council adopted the Operating and Capital Improvement budget for Fiscal Year 2013/14; and

WHEREAS, the adopted budget does not include adequate funding for preventive maintenance and fueling of Moorpark's fixed-route bus fleet; and

WHEREAS, a staff report has been presented to the City Council summarizing the proposed increased costs to Moorpark's fixed-route preventive maintenance and fuel agreement with the City of Thousand Oaks; and

WHEREAS, a budget appropriation of \$9,000 is needed from Local Transit Programs 8c Fund (5000) to finance the increased costs through June 30, 2014; and

WHEREAS, a budget revenue amendment of \$9,000 for Local Transit Programs 8c Fund (5000) is needed to reflect additional grant funding from Federal Transit Administration Grant Section 5307; and

WHEREAS, Exhibit "A" attached hereto and made a part hereof, describes said budget amendments and their resultant impact to the budget line items.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. That a budget revenue amendment in the aggregate of \$9,000 as described in Exhibit "A" attached hereto, is hereby approved.

SECTION 2. That a budget expenditure amendment in the aggregate increase of \$9,000 as described in Exhibit "A" attached hereto, is hereby approved.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 15th day of January, 2014.

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Attachment: Exhibit 'A': Budget Amendment

EXHIBIT A

**BUDGET AMENDMENT FOR
LOCAL TRANSIT PROGRAMS 8C FUND (5000) FOR
FIXED ROUTE TRANSIT SERVICE PREVENTIVE MAINTENANCE
FY 2013/14**

FUND BALANCE ALLOCATION:

Fund Title	Fund-Account Number	Amount
LOCAL TRANSIT PROGRAMS 8C	5000-5500	\$ (9,000.00)
LOCAL TRANSIT PROGRAMS 8C	5000-5500	\$ 9,000.00
		\$ -
Total		\$ -

REVENUE BUDGET ALLOCATION:

Account Number	Current Budget	Revision	Amended Budget
5000.3612	\$ 476,900.00	\$ 9,000.00	\$ 485,900.00
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Total	\$ 476,900.00	\$ 9,000.00	\$ 485,900.00

EXPENDITURE APPROPRIATION:

Account Number	Current Budget	Revision	Amended Budget
5000.8510.0000.9254	\$ 161,370.54	\$ 9,000.00	\$ 170,370.54
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Total	\$ 161,370.54	\$ 9,000.00	\$ 170,370.54

Finance Approval: 