

City Council – Action Request Form

Date: April 9, 2024

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Aaron King, Assistant City Manager
Jeff Fansler, Director of Transportation

Council Action Requested:
Resolution Authorizing an Agreement with RATP Dev USA for Transit Operations and Maintenance Services for the Winston-Salem Transit Authority.

Strategic Focus Area: Quality Transportation
Strategic Objective: N/A
Strategic Plan Action Item: No
Key Work Item: Yes



Summary of Information:

In August of 2010, the Winston-Salem Transit Authority (WSTA) of the City of Winston-Salem entered into a five-year term agreement with Veola Transportation Services Inc. for transit management services with the option to extend an additional five successive one-year terms. From 2015 through 2020, per the original agreement, the City of Winston-Salem, exercised the five successive option years to extend the transit management agreement with Transdev Services Inc., formally known as Veola Transportation Services Inc. This agreement was amended in 2020 to extend the contract two additional years. Winston-Salem City Council approved the two-year extension on June 15, 2020. On June 21, 2022, the Winston-Salem City Council again approved an additional one-year extension to allow staff time to explore the possibility of shifting to a full transit operations contract.

In July of 2023, staff met with the Federal Transit Administration (FTA) and was notified of the City’s noncompliance with FTA’s procurement policy. The City was required to issue a request for proposal by November 26, 2023.

Committee Action:

Committee	PW – 04/09/24 F – 4/9/24	Action	Approval
For	Unanimous	Against	

Remarks:

The City sought the support of HDR Inc. of the Carolinas to help guide the City through a robust request for proposal and selection process. This tremendous task took place under a significant time constraint but with the help of various City departments, the Winston-Salem Department of Transportation (WSDOT) met its deadline set by FTA.

To take a wholistic look at the current WSTA contract and determine the best path forward, HDR and the WSDOT staff coordinated a two-day in-person workshop to establish the framework and guide the development of roles and responsibilities regarding transit service in the City of Winston-Salem. The workshop further covered topics related to the benefit and cost comparison of an operations contract, as well as, gather some important feedback on the City's goals and objectives pertaining to a full operations contract. The City Manager's office, City Attorney's office, I.S. department, Property and Facility Management, Finance department, Budget office, Risk Management, and WSDOT all participated in these work sessions.

Next, HDR coordinated listening meetings with three peer municipalities (Phoenix, Raleigh, and Durham) that have previously transitioned from a management contract to an operations contract for their transit service. Targeted questions and discussions led by HDR were aimed at assisting staff in gathering best practices and key takeaways.

Staff reached the conclusion that it was in the best interest of the City and its citizens to change from labor-relations management to a comprehensive "turnkey" contract structure. HDR and City staff immediately began the procurement process which involved:

- Drafting and issuing the RFP
- Publishing extensive operational documentation in a secure reading room available to potential proposers
- Holding a preproposal information day and a WSTA facilities tour
- Issuing two addendums
- Hosting two oral interviews (one-in-person and one-virtual)
- Issued a request for Best and Final Offer

Throughout the procurement process, the City placed emphasis on creating a long-term partnership with the selected contractor to achieve best-in-class transit service for the community. This service procurement processes formalized the City's goal of restoring night service, improving the customer experience, streamlining data collection and reporting, assisting with FTA's triennial review cycle, and providing the capacity to introduce and facilitate a micro transit pilot within the service area.

The City received responsive and responsible proposals on March 1, 2024, from the following transit contractors:

- WeDriveU
- RATP Dev USA

The Evaluation Committee scored the proposals based on the following criteria:

Qualifications
Key Personnel
Approach to Services
Safety
Customer Service
Asset Management
Transition

The Evaluation Committee used the following assessment ratings in its evaluation of each criterion of the Technical Proposal:

- (1) Outstanding – the proposal clearly demonstrates an understanding of the City’s goal(s) for the area of evaluation; demonstrates a well-resourced and thorough technical approach to the area of evaluation; identifies resource or process redundancies to mitigate potential operational, technical, or administrative risks; and/or provides several elements of added value to meet the requirements.
- (2) Exceeds Requirements – the proposal clearly demonstrates an understanding of the City’s goal(s) for the area of evaluation and demonstrates a well-resourced and thorough technical approach in this area of evaluation and presents some specific elements to the technical approach that may add value to meeting the requirements.
- (3) Meets Requirements – the proposal indicates an understanding of all technical requirements and demonstrates sufficient resources and technical approach to meet the City’s goal(s) in this area of evaluation.
- (4) Marginally Acceptable – the proposal meets most of the technical requirements but may have a one or two material weaknesses that could be mitigated or improved through clarification of intent, further explanation, or minor adjustment to the technical approach.
- (5) Unacceptable – the Offeror does not provide sufficient information for evaluation or contains several material weaknesses that cannot be reasonably or reliably mitigated or improved without a significant change of approach by the Offeror.

Based on the process outlined above, the panel selected RATP Dev USA as the highest-ranked offeror. The evaluation of proposals was conducted by a seven-member panel, which included representatives from the City and industry experts from outside organizations such as a regional transit provider and a neighboring municipal government with comparable transit system. Upon initial evaluation, in-person contractor interviews, and final evaluation, the panel recommended RATP Dev USA for total contract award not to exceed \$218,602,832.69 which includes the initial five-year term and two subsequent option years.

Financial Summary

The fiscal year 2023-2024 budget for WSTA operations is just under \$24 million dollars. City staff estimated a total base term budget need of approximately \$130 million. The proposal received from RATP Dev USA exceeds our estimate by approximately 15 percent as shown in the table below. RATP Dev USA submitted a base term fee of \$149.8 million dollars. Operational costs shall be paid on the negotiated rate per hour of service provided. Operational costs shown in the table below assume full transit service, including the full return of night service which is currently restricted due to operator shortages.

Contract Year	Operational Costs	Pension Costs	Annual Allowances	Incentive Payments	Contract Total
FY 2025	\$ 26,428,919.71	\$ 524,052.11	\$ 400,001.00	\$ 396,433.80	\$ 27,749,406.61
FY 2026	\$ 27,792,385.40	\$ 541,258.34	\$ 260,002.00	\$ 416,885.78	\$ 29,010,531.52
FY 2027	\$ 28,767,506.64	\$ 556,065.99	\$ 270,503.00	\$ 431,512.60	\$ 30,025,588.24
FY 2028	\$ 29,702,671.10	\$ 570,367.54	\$ 281,529.00	\$ 445,540.07	\$ 31,000,107.71
FY 2029	\$ 30,672,106.74	\$ 584,767.17	\$ 293,106.25	\$ 460,081.60	\$ 32,010,061.76
Subtotal Base Period (5yr)	\$ 143,363,589.59	\$ 2,776,511.15	\$ 1,505,141.25	\$ 2,150,453.84	\$ 149,795,695.83
FY 2030	\$ 31,423,092.40	\$ 600,177.29	\$ 305,262.31	\$ 471,346.39	\$ 32,799,878.40
FY 2031	\$ 32,548,707.67	\$ 616,493.20	\$ 318,026.13	\$ 488,230.62	\$ 33,971,457.62
Option Year Total (7yr)	\$ 207,335,389.66	\$ 3,993,181.65	\$ 2,128,429.69	\$ 3,110,030.84	\$ 216,567,031.84
Full Term Allowances					
PTO Accrual					1,710,800.85
Vehicle Commissioning					75,000.00
Ops & Maintenance Facility					250,000.00
Total Contract Value					\$ 218,602,832.69

Should the City choose to extend the contract with RATP Dev USA for the additional two option years, the total contract value shall not exceed \$218,602,832.69. Payments may be made within these amounts based on performance as described in the contract. The contract costs will be paid through multiple sources, including the City transit fund and Federal and State formula grant programs. The proposed costs for the first year have been provided to the Budget and Performance Management department for inclusion in the City Manager’s FY25 budget request.

Attachments:

- Attachment A: Price Proposal Fixed Route
- Attachment B: Price Proposal Paratransit