



Department: Public Works
Cost Center: 5201
For Agenda of: 4/21/2026
Placement: Consent
Estimated Time: N/A

FROM: Aaron Floyd, Public Works & Utilities Director
Prepared By: Alex Fuchs, Mobility Services Business Manager

SUBJECT: AUTHORIZATION TO AWARD TRANSIT OPERATION AND MAINTENANCE SERVICES CONTRACT

RECOMMENDATION

1. Authorize the City Manager to award a contract to MV Transportation, Inc. for Transit Operation and Maintenance Services in a form approved by the City Attorney's Office; and
2. Authorize the City Manager to approve contract amendments, provided that the cumulative value of all such amendments does not exceed 10 percent of the total contract amount, inclusive of all base term years.

REPORT-IN-BRIEF

This report recommends awarding a new contract (Attachment A) for the operation and maintenance of San Luis Obispo (SLO) Transit services, as the City's current agreement will expire on June 30, 2026, with no remaining extension options. Following a competitive [Request for Proposals \(RFP\)](#) process beginning in December 2025, proposals were evaluated based on technical qualifications and cost, with the highest-ranked firms participating in interviews and submitting Best and Final Offers (BAFOs).

The recommended contractor, MV Transportation, Inc. (MV Transportation) was selected among six responsive bidders based on overall proposal quality, experience, responsiveness, and cost. See Attachment B for a copy of MV Transportation proposal. The proposed contract incorporates updated operating costs, including recently adopted wage increases under a new collective bargaining agreement with the Teamsters Local Union No. 986, and supports implementation of select Short-Range Transit Plan (SRTP) service change recommendations. Funding for the contract will be provided through a combination of local and federal sources and, if approved, will be included in the City's FY 2026-27 Supplemental Budget.

POLICY CONTEXT

On May 17, 2022, Council approved a Purchasing Policy Update to the Financial Management Manual, requiring Council authorization for professional services contracts of \$150,000 or more. As the Transit Fund budgets for and expends more than \$5 million

dollars annually on contracted operation and maintenance services and all proposals submitted in response to the Request for Proposals (RFP) far exceed \$150,000 for the life of the proposed contract term, Council approval is required to award a new contract for these services.

DISCUSSION

The City’s public transit service, San Luis Obispo (SLO) Transit, is operated and maintained through a contract with a private vendor. The current agreement was awarded on June 14, 2016, and has been extended through subsequent amendments. The current contract is set to expire on June 30, 2026, and no additional Council-approved term extension options remain¹. To ensure continuity of service and avoid any disruptions, the City issued a Request for Proposals (RFP) to secure a new contract beginning July 1, 2026. [On November 18, 2025](#), Council authorized the advertisement of the RFP for qualified vendors to provide SLO Transit’s operation and maintenance services. On November 20, 2025, the RFP was published and the current contractor was notified. Table 1 is the schedule and key milestones for this procurement.

Table 1 - Procurement Schedule

Date	Milestone
November 18, 2025	Council approves issuance of RFP
November 20, 2025	RFP is published
December 15, 2025	Pre-proposal meeting
January 9, 2026	Questions from prospective Proposers due
February 6, 2026	City responses to questions published
February 20, 2026	Proposals due (3:00 p.m. PT)
February 22 to March 3, 2026	Proposal review and initial screening
March 9 to March 12, 2026	Interviews
March 20, 2026	Best and Final Offers due
April 21, 2026	Council Hearing to approve contract award
April 28, 2026	Agreement executed (projected)
July 1, 2026	Start of service

Responsive Proposers

Proposals were due to the City by Friday, February 20, 2026, at 3:00 p.m. PT. The City received a total of seven proposals, one of which was deemed non-responsive due to lack of required cost proposal forms. The other six proposals were deemed responsive and provided to the Evaluation Committee for evaluation and scoring. The Evaluation Committee consisted of four internal staff members and one external staff member from the San Luis Obispo Council of Governments. Table 2 lists the Proposers and the status of their respective proposals.

¹ Council could authorize an extension of the existing agreement on a month-to-month or limited-term basis; however, the Federal Transit Administration (FTA) procurement guidelines emphasize full and open competition for these types of services and extended or repeated non-competitive procurements may not be compliant with federal procurement procedures without sufficient justification.

Table 2 - List of Proposers

Proposer	Status
Coach Bus Leasing (Coach USA)	Responsive
Keolis Transit Services	Responsive
LAZ Parking California	Responsive
MV Transportation	Responsive
RATP Dev USA	Responsive
RTW Management	Non-responsive
Transdev (First Transit)	Responsive

Evaluation and Selection Process

This procurement process used a “Best Value” approach as defined by the Federal Transit Administration (FTA). Best Value is a competitive, negotiated procurement process in which the award is based on a combination of price and qualitative considerations, allowing the City to select a proposal that provides the greatest overall value and is the most advantageous even if it is not the lowest priced.

To achieve Best Value, proposals were evaluated using factors that reflect the service requirements most important to the City including, but not limited to, operational approach, maintenance management, experience and qualifications of proposed personnel, past performance, safety record, and price. Table 3 lists all evaluation criteria and their respective weights.

Table 3 - Proposal Evaluation Criteria

Evaluation Criteria	Weight
Technical Factors	
Experience and Qualifications	10%
Operational Approach	20%
Maintenance	20%
Safety and Training	10%
Personnel	20%
Reporting	5%
Cost/Price Factor	
Cost Proposal Form	15%
Total	100%

Proposals were evaluated in accordance with the RFP requirements, with scores assigned to each Technical Factor based on the quality and completeness of the proposal content. The four highest-ranked firms, Transdev, Keolis Transit, MV Transportation, and RATP Dev, were subsequently invited to participate in virtual interviews with the Evaluation Committee. Interviews were conducted between March 9 and March 12, 2026. Each Proposer was allotted 30 minutes to respond to clarifying questions related to corporate support, experience with the operation and maintenance of electric vehicles, bus stop maintenance, and specific cost proposal items. The interviews were qualitative in nature, and because some questions were tailored to individual Proposers, responses

were not formally scored.

Best and Final Offer

The RFP required Proposers to submit a base cost proposal for delivery of existing service levels and an alternate cost proposal that included the full implementation of the Short-Range Transit Plan (SRTP) service expansion recommendations. Requiring Proposers to submit both a base cost proposal and an alternate cost proposal provides the City with a greater understanding of the cost requirements to fully implement the SRTP recommendations so that the final contract can align with available funding and desired service outcomes.

Following the interviews, staff requested Best and Final Offers (BAFO)s from the Proposers. These updated proposals incorporated certain SRTP service recommendations including increased Route 4A/4B frequency during the Academic year and operation of “B” Routes² on the weekends. The inclusion of these service recommendations increased the projected vehicle service hours by 13% annually which is reflected in the updated pricing. Table 4 is a summary of the total annual costs based on the Best and Final Offers.

Table 4 – Summary of Best and Final Offers

	Year One ³ (7/1/2026- 6/30/2027)	Year Two (7/1/2027- 6/30/2028)	Year Three (7/1/2028- 6/30/2029)	Year Four (7/1/2029- 6/30/2030)
Keolis Transit	\$ 6,379,009	\$ 6,638,164	\$ 7,050,287	\$ 7,566,088
MV Transportation	\$ 5,973,074	\$ 5,869,883	\$ 6,219,832	\$ 6,631,484
RATP Dev⁴	\$ 6,149,077	\$ 6,177,143	\$ 6,492,335	\$ 6,892,393
Transdev	\$ 5,423,312	\$ 5,779,727	\$ 6,165,653	\$ 6,580,502

The alternate cost proposal also included revisions to Route 2A/B (45-minute headways) and addition of a new, direct service to Avila Ranch. However, as noted in the SRTP, full implementation of all recommended service changes would require additional bus bay capacity. The Downtown Transit Center currently has five bus bays which are fully utilized at several times throughout the day⁵. There is a project underway to consider design alternatives for the Downtown Transit Center that, among other improvements, will add one to two additional bus bays to support future service expansion. Design for the project is anticipated to be completed by July 2027 with construction occurring from February through June 2028.

² “A” Routes travel clockwise and operate daily while “B” Routes travel counter-clockwise and currently only run on weekdays.

³ Year One includes one-time Start-up and Transition costs provided by the Proposers

⁴ RATP Dev’s Best and Final Offer letter stated that maintenance costs, estimated to be \$398,485 in Year One, is not included in the proposal and instead will be billed separately as a pass-through expense. Table 4 does not include these costs in the annual totals.

⁵ Santa Maria Regional Transit (SMRT) requires limited use of the Downtown Transit Center throughout the week which is governed by a Memorandum of Understanding that prioritizes City transit vehicles for bus bay access. When bus bays are fully occupied, SMRT vehicles utilize other on-street locations in between trips, ensuring no impact to City operations.

Staff anticipates that additional SRTP service recommendations will be implemented later in the upcoming contract term, subject to the availability of funding, vehicles, and staffing. Any future service changes will be coordinated with the selected contractor and implemented through contract amendments as approved by the appropriate delegated authority.

Selected Vendor - MV Transportation

While there were multiple qualified proposals to consider with various pros and cons for each, staff recommends awarding the contract to MV Transportation for transit operation and maintenance services. This recommendation is based on the totality of the thorough review and selection process: evaluation and scoring of proposals for overall quality and completeness, responses to interview questions, cost comparison, and reference checks.

MV Transportation demonstrated the strongest overall alignment with the City's operational and service priorities, particularly in its approach to maintaining service reliability, safety performance, and operational continuity. In addition, their proposal reflected a strong understanding of key operational challenges and provided strategies for workforce management, maintenance oversight, and service delivery performance. Reference checks were consistent with these findings, indicating solid past performance with comparable transit systems. Attachment B is a copy of MV Transportation's technical proposal⁶.

MV Transportation is the largest privately owned provider of contracted transit operations and maintenance services in the United States delivering services for more than 100 public agencies including 20 in the State of California alone. The company manages comprehensive turnkey transit services including scheduling, dispatch, workforce management, and preventative and predictive maintenance. A significant portion of their portfolio consists of small to mid-sized municipal systems similar to SLO Transit's service profile.

MV Transportation has extensive experience operating diverse fleets and is a leader in zero-emission transit by supporting battery electric bus deployments, charging strategies, and full fleet transitions. MV Transportation has demonstrated expertise in electric bus operations, infrastructure readiness, and performance optimization as agencies transition from fossil-fuel fleets to battery electric technology.

MV Transportation operates unionized transit services throughout California, including with Teamsters-represented workforces. The company has experience managing contract transitions involving organized labor and maintaining service continuity by engaging early with union representatives including retaining existing employees where possible. MV Transportation's Best and Final Cost Proposal includes a letter from Teamsters Local Union No. 986 (Attachment C) stating that they have successfully worked with MV on labor matters and fully support MV Transportation in this procurement

⁶ Portions of the technical proposal have been redacted at MV Transportation's request based on their assertion that the information is exempt from disclosure as trade secret or proprietary information under applicable law.

process should they be recommended for contract award.

The Evaluation Committee is confident that MV Transportation can provide all the requirements of the contract in a manner consistent with the City's expectations for high-quality transit services.

Next Steps

MV Transportation has requested minor modifications to the draft contract published in the RFP. The requested modifications mainly concern price adjustments for factors beyond MV Transportation's control, vehicle acceptance standards to be used during the transition period, and facility conditions for hazardous materials. Staff is working with the City Attorney's office to determine whether and how the requested modifications can be incorporated into the contract. Once the contract is executed and current provider notified, the City will begin working with MV Transportation to implement their start-up and transition plan.

MV Transportation's Start-up and Transition Plan (document pages 10-15 and 31 of Attachment B) outlines a structured, low-risk approach designed to ensure a seamless, disruption-free transition of transit operations through detailed planning, strong leadership, and continuous coordination with the City. The plan includes a task-driven startup schedule, regular progress meetings, and corporate oversight to track accountability and address risks. MV Transportation will engage early with the Teamsters to retain and retrain the existing Transdev union-represented workforce, preserving institutional knowledge. The plan also details fleet and facility transition processes, including inspections, parts procurement, and system readiness, supported by corporate maintenance leadership.

The current agreement with Transdev requires that for a minimum of thirty days following the expiration of the agreement, Transdev cooperates fully with the City and the new operator in the transition to the successor operator. This cooperation includes consultation regarding labor and management issues, access to non-confidential personnel files, and access to maintenance records.

Previous Council or Advisory Body Action

1. [On April 15, 2025](#), Council adopted SLO Transit's FY 2026-30 Short-Range Transit Plan which includes service, fare and program change recommendations.
2. [On November 18, 2025](#), Council authorized the advertisement of the RFP for qualified vendors to provide SLO Transit's operation and maintenance services.

Public Engagement

This is an administrative item, so no outside public engagement was conducted. Public comment can be provided to the City Council meeting through written correspondence prior to the meeting and through public testimony at the meeting. The current vendor, Transdev, and the Teamsters Local Union No. 986, which represents the drivers and other transit worker positions, were notified of the RFP advertisement.

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Significant outreach and engagement efforts occurred during the development of the SRTP update. That process resulted in the inclusion of service, fare, and program changes designed to meet the community's current and future transportation needs. These recommended changes were incorporated into the RFP Scope of Services. Certain service recommendations identified in years one and two of the SRTP have been incorporated into the agreement.

Based on the Start-up and Transition Plan included in MV Transportation's proposal, staff does not anticipate any service disruptions during or immediately following the transition period. Transit operation and maintenance service providers, like MV Transportation, regularly transition services between contracted providers and are prepared to address issues as they arise that may affect service delivery. If, however, service disruptions do occur, then the public will be notified as soon as possible through the City's website, Social Media (Facebook, Instagram, X), on-bus notices, notices at any affected bus stops, and trips planning services like Google Maps and the Transit app.

CONCURRENCE

The Evaluation Committee concurs with the recommended action to award the transit operation and maintenance services contract to MV Transportation. The City Attorney's Office was involved in the development of the RFP including the draft agreement and approves the form of the agreement. The City's Risk Manager concurs with the insurance requirements incorporated into the agreement by reference as Exhibit B.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2026-27

Funding Identified: Yes

Fiscal Analysis:

Funding Sources	Total Budget Available (FY 2026-27)	Current Funding Request	Revised Budget (FY 2026-27)	Annual Ongoing Cost (FY 2027-28)
General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Transit Fund	\$ 5,890,244	\$ 82,830	\$ 5,973,074	\$ 5,869,883
State	\$ 0	\$ 0	\$ 0	\$ 0
Federal	\$ 0	\$ 0	\$ 0	\$ 0
Fees	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 5,890,244	\$ 82,830	\$ 5,973,074	\$ 5,869,883

Item 6f

In FY 2026-27, the Transit Fund projected \$5,890,244 for contracted operation and maintenance services. This amount reflects anticipated implementation of Short-Range Transit Plan (SRTP) service recommendations, based on projected operating costs calculated during the plan's development.

Since the adoption of the SRTP in April 2025, the City's current contractor, Transdev, negotiated and executed a new Collective Bargaining Agreement (CBA) with the Teamsters Local Union No. 986. The union represents full-time, regular part-time, casual Drivers, Road Supervisors, and Dispatchers employed by Transdev. The new CBA includes significant increases to hourly wage rates that were not known at the time the SRTP was developed or when the Request for Proposals (RFP) was published. The CBA was provided to Proposers in February 2026 through an addendum to the RFP, along with other requested information. All Proposers incorporated the updated wage rates in their cost proposals and committed to retaining existing represented employees and entering into a new agreement with the Teamsters union if selected.

Staff recommends awarding the contract to MV Transportation for transit operation and maintenance services based on the overall quality and completeness of their proposal, responses to interview questions, and cost. The current funding request of \$5,973,074 in the above table is based on MV Transportation's Best and Final Offer for FY 2026-27 which includes one-time start-up and transition costs of \$336,274.06. The year-over-year contractual cost increase, excluding the one-time start-up and transition costs, averages approximately 5.6% over the four-year base term, which is generally consistent with the increases proposed by the other firms in their Best and Final Offers.

Additional funding in the amount of \$82,830 in FY 2026-27 will be needed to fulfill the City's obligations under the agreement. Funding will be provided through a combination of Federal Transit Administration (FTA) Section 5307 program funds and Transportation Development Act (TDA) program funds consistent with prior use of funds for operating assistance.

The City Attorney's Office has reviewed the current FTA Certifications and Assurances, which recipients must approve prior to applying for federal funding, and confirmed that the agreement does not contain any concerning language that would prevent the City from applying for FTA Section 5307 funds this fiscal year. Because the FTA updates these Certifications and Assurances annually, the City Attorney's Office will review future versions each year to ensure no impermissibly restrictive language is introduced before submitting grant applications.

FTA Section 5307 operating assistance grants are awarded on an annual basis, which presents some risk that these funds may not be available in a given year. In that event, the City would rely on Transportation Development Act (TDA) reserves to support transit operations. As noted in the City's FY 2024-25 TDA single audit, the City currently has slightly more than \$10 million in TDA reserves available to fund both transit operating expenses and capital projects. Reserves could fund the equivalent of slightly less than two years of transit operating expenses.

If approved, these costs will be incorporated into the FY 2026-27 Supplemental Budget, which is scheduled to go before Council on June 2, 2026, for consideration.

ALTERNATIVES

1. ***Council could decide not to approve the contract with MV Transportation and, instead, continue to contract with the current service provider, Transdev.*** Should Council pursue this option, either the current agreement with Transdev will need to be amended further to extend the term for an additional one-year period, otherwise the agreement will expire on June 30, 2026, or the City can enter into a new agreement with Transdev using the form of agreement attached to the RFP. This action is not consistent with the FTA's procurement guidelines which emphasize full and open competition for these types of services.
2. ***Council could direct staff to negotiate further changes to the agreement terms.*** Should Council pursue this option, staff will make the necessary changes and return to Council at a later date for authorization. However, this action will shorten the start-up and transition period needed by both the selected vendor and staff to changeover between operators which may cause disruption to services.

ATTACHMENTS

- A - Draft Agreement for Transit Operation and Maintenance Services
- B - MV Transportation Technical Proposal
- C - Teamsters Union Local No. 986 Letter of Support