



# Examination of Regional Transit Service under Contracting: A Case Study in the Greater New Orleans Region

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***An innovative transit contract shows early signs of improving transit service in New Orleans, but hopes that two neighboring agencies' use of the same contractor would improve regional transit coordination have not yet been realized.***

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In late 2008, New Orleans Regional Transit Authority (RTA) began to execute a “delegated management” contract with a multinational private firm, in order to not only increase efficiency and effectiveness in operation and maintenance of public transit, but also bring in the private sector expertise in long term planning and financing in the unprecedented level in the U.S. This new contract also created a unique situation in which regional coordination between two adjacent jurisdictions could be improved through the contractor serving both.

This study examined two main research questions: (1) the effect of a “delegated management” contract on the transit service provision within a single system, and (2) the effects of having a single private firm contracted by two different agencies on regional coordination.

## Study Method

The study combined three methodological approaches: (1) an analysis of operation and financial data obtained from the two transit agencies and the National Transit Database, (2) a survey to ask transit users about their perceptions of service quality, and (3) a questionnaire and interviews focusing on regional coordination that are compared to the results of a nationwide survey of transit agencies.

## Findings

1. The analysis showed RTA's delegated management contract has had significant improvements on the several areas, including revenue miles and hours, trips per capita, cost per vehicle hour, and cost per passenger trip especially for the bus service by the end of 2009, compared to its counterpart.
2. Despite the improvement on the operating efficiency as well as some amenities, the service quality perceived by RTA transit users has not improved yet and marked the lower scores overall than its counterpart, because of a lack of basic services characterized by infrequent services, low reliability of the service, and difficulty to obtain information on schedules and service routes.
3. Despite some expectation, few actual efforts in terms of fare structure, use of technologies, vehicle scheduling, sharing facilities and information, and planning have been

made toward better coordination in Greater New Orleans, compared to the national average. Political concerns that arise mainly from financial issues, such as keeping local tax revenues within jurisdictions, remain major barriers to regional coordination.

## Policy Recommendations

While calling for further research on the subject, this multifaceted study provides the following recommendations:

1. Taking into account continuous financial difficulties, local governments and transit agencies should carefully examine and consider privatization strategies outside the conventional framework, including a “delegated management” contract.
2. To improve transit users’ perception of service, transit agencies should emphasize fundamentals of transit services, such as service frequency and on-time performance.
3. In the region with many cross-jurisdictional trips, transit agencies should evaluate the level of regional coordination, using a coherent set of indices, such as those introduced in this study.
4. Metropolitan planning organizations should take strong initiative in the promotion of regional coordination with clear strategic planning for funding and implementation, possibly with state and federal financial assistance.



## About the Authors

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## To Learn More

This research was funded by grants from the Mineta Transportation Institute at San Jose State University and the Gulf Coast Research Center for Evacuation and Transportation Resiliency at the University of New Orleans/Louisiana State University. For more details about the study, download the full report at [transweb.sjsu.edu/project/2904.html](https://transweb.sjsu.edu/project/2904.html)