



Florida Department of Transportation Research Analysis of Transit Contracting Models and Proper Incentives for Long-Term Success BDK85-977-47

In many locales, transit budgets are being tightened, and transit systems are being challenged to operate more cost-effectively. At the same time, demand for services is increasing. This has renewed interest in contracting fixed route service. However, fixed route contracting has pros and cons, and proper judgment must be exercised in choosing this option. For example, contracting does not always mean improved cost efficiency, and what kind of oversight is needed to ensure quality of service? Transit agencies must understand and assess the benefits and drawbacks of each approach to contracting for transit service before pursuing contractual arrangements.

In this project, University of South Florida researchers reviewed many approaches to fixed route contracting. They inventoried previous work on types of transit operating contracts in the U.S. and Europe, assessed benefits and drawbacks of each type, and developed guidance for agencies to decide if a particular model was appropriate.

Researchers found an extensive body of literature about contracting public transit service. From this work, they developed an overview of contracting, distilling the pros and cons and providing explanations of each reason as a general guide to the logic of contracting.

To begin developing more specific insight, the researchers used 2011 data from the National Transit Database to review transit service contracting practices in five states: California, Georgia, Louisiana, New York, and Florida. They focused on the monetary nature of the contractual relationship between the agency and the contractor. Specific contracts awarded were reviewed to compare and contrast operating parameters outlined in the contracts in terms of assignment, responsibility, and oversight.

The researchers identified five transit agencies using contractual services, and they used these agencies as case studies. The five agencies were in



Many transit budgets are shrinking at a time when demand for services is increasing.

Petaluma, CA, New Orleans, LA, Jefferson Parish, LA, Nassau County, LA, and Escambia County, FL. The contracts with these agencies were held by four different contractors. The researchers interviewed officials with each agency about their experiences and lessons learned. From examination of the contracts and the interviews, the researchers were able to compare many aspects of the contracts as well as the process of contracting. They examined contract similarities and differences, liquidated damages, performance measures, and payment schedules. In lessons learned, they reported on requests for proposals, awards, contractor performance, and the transition to public management in cases in which contracting was discontinued. Labor issues were also reviewed.

Based on their findings, the researchers constructed a contracting decision tree with supporting text to assist agencies interested in contracting in making an informed decision. For agencies foregoing contracting, several strategies to improve service in-house were detailed.

This guidance, which synthesizes the real-world experiences of transit agencies, can prove invaluable as Florida transit agencies seek to meet their goals of economy and service.