

2010 APTA FARE COLLECTION WORKSHOP

Contracting Fare Collection Equipment Maintenance



™

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Why Contract Out Service

- Contractor has incentive to perform the maintenance well
- Contractor only gets paid for services rendered
- Contractor can be used in many areas of AFC maintenance
- Agency staff can maintain other electronic equipment

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Financial Issues in Contracting

- How do you value the service?
 - Return on investment versus quality of maintenance
- How do you price the service?
 - Cost plus
 - Hourly rate
 - Rate per number of pieces of equipment

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Other Issues in Outsourcing

- Security
- Additional mandates to contractor
- Politics
- Union considerations

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The Bottom Line

- Make both a financial and an operational case for contracting services. Usually more equitable.
- Be prepared to answer questions about the numbers from people with different agendas.