

A comparison of contracting approaches in the Twin Cities region

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Today's Presentation

- Background on Metropolitan Council
- Items to consider when contemplating contracted service
- Comparison of approaches used in the Twin Cities region
- Metropolitan Council's experience



Metropolitan Council service area

- Seven counties and 182 municipalities
- 2,975 square miles
- Estimated 2018 population of 3,075,563



Metropolitan Council

Metropolitan Council responsibilities

- Multifunctional regional government
- The Metropolitan Planning Org. (MPO) for the urbanized area (UZA)
- Provides regional services
 - Regional parks
 - Some Housing and Redevelopment Authority (HRA) responsibilities
 - Wastewater treatment
 - Transit



Metropolitan Council

- Metropolitan Council responsibilities
- Provides most transit service within the Twin Cities region
 - Metro Transit division provides bus, light rail, and commuter rail service
 - Metropolitan Transportation Services division provides ADA complementary and general public dial-a-ride, commuter vanpool, and some fixed route bus service, all under contract.



Why contract

Service contracting is a tool that government can use to improve transit service quality for riders and better position transit agencies to succeed in today's dynamic transportation industry.



Key Lessons

- Government cannot contract out the public interest
- Clear contracts can align a contractor's profit motive with agency goals
- Symbiotic relationship between agency and contractor can improve operations and foster innovation

From Eno Center's A Bid for Better Transit

Items to consider

Items to consider when contemplating contracted service

- How much service to contract
- What types service to contract
 - Mode
 - Vehicle size/type
 - Route type
 - Time of day or day of week (peak-only, all day, weekend)
- Size and number of contracts



Items to consider

Laws, regulations, and organizational structure may limit ability to contract

- Federal laws and regulations
 - Section 13(c) of the Federal Transit Act (labor protection)
 - FTA compliance management. Examples include Drug & Alcohol Program and vehicle continuing control.
- State and local laws, regulations
- Organizational
 - Labor agreements
 - Other governance



Various approaches

Agencies in the Twin Cities region use a variety of approaches to contracting service

ELEMENT	RESPONSIBILITY				
Drivers / Driver Supervisors	C	C	C	C	C
Vehicle Maintenance	A	C	C	C	C
Storage / Maint Facility	A (1)	A (2)	C (1)	C (1)	C (multiple)
Vehicles	Met Council funds all vehicles purchased in the region, so buses are provided by the transit agency in all cases				

A=Agency C=Contractor

Metropolitan Council's approach

A variety of Metropolitan Council documents guide when and how we operate contracted service.

- Thrive 2040
 - Stewardship – responsibly managing financial resources
 - Prosperity - balancing major investments across the region
- Transportation Policy Plan:
 - Twenty percent of regular-route bus service, measured in National Transit Database revenue hours, is the target for private contract operations
- Informal internal agreement between operating divisions



Metropolitan Council's approach

Metropolitan Council contracts a variety of programs. This table summarizes key statistics related to the contracted service.

PROGRAM	VEHICLES	HOURS OF SERVICE	NUMBER OF CONTRACTS	TOTAL ANNUAL VALUE
Metro Mobility ADA	532	1,285,474	4	\$73,617,031
Transit Link General Public Dial-a-Ride	75	145,276	5	\$7,129,685
Fixed route	75	219,944	7	\$16,023,680



Metropolitan Council's approach

Lessons learned

- Separate directly operated and contracted services divisions creates unnecessary barriers and causes duplication of effort
 - Technology investment and management
 - Fleet
- Offering numerous small contracts has both advantages and disadvantages
 - Small contracts provide opportunities for small, local vendors
 - Large, national vendors reluctant to propose on small contracts and find staffing and supporting small facilities difficult
 - Dividing fleet into small contract groupings creates concerns about sufficient spares



Metropolitan Council's approach

Lessons learned – continued

- Contractor-provided garages have advantages
 - Adding hours to contracted portfolio easier with no Met Council capital investment
 - Requirement for facility management expertise transferred to contractor
- ...but also disadvantages
 - Proposing specific garages for prospective contractors
 - Siting new garages difficult
 - Installing/implementing technology at new facility difficult, has long lead time, and can be expensive
 - Because Council owns the fleet, transferring buses at contract transition can be onerous.

Metropolitan Council's approach

Lessons learned – continued

- Procuring new service takes up to a year
 - Develop scope of work and other contract clauses
 - Release RFP and allow time for proposers to review scope and develop proposals
 - Select vendor and award service
 - Install technology (new facility) and begin transition that includes hiring and training of various employees



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