Outsourcing your Demand Response... Will it benefit your transit agency?

Objective:

To look into the possibility of outsourcing our Demand Response service with the goal of providing a more cost effective and efficient delivery of services. While at the same time, maintaining our current level of service.

- This is something that our agency had been wanting to explore for quite some time.

Approach:

1 **Research** - Look for transit agencies that have been outsourcing their DR service for a good while… to see how they are handling their current operation.

- When talking to agencies that were outsourcing their DR service, I was very lucky to find groups willing to share a copy of their original RFP (Request For Proposal) and Final Contract. This served as a great base to build up our own RFP which included the "best of the best" of multiple DR outsourcing options.

A few contract options that stood out:
- Quality Control Infractions (Monetary penalty for low service levels)
- Productivity Bonus (For exceeding the average passengers per hour)

2 **Cost/Savings** - Take a deep dive to explore what it actually costs your transit agency to run your DR service.

- I totaled all of our "variable" costs to get a true measure of what we could actually save.

Coast Transit Authority 2018 Demand Response Cost

Employees:	
Drivers	$423,890
Dispatch	$32,932
Service Worker	$28,600
(+) Overall Benefits 25%	$121,355
	$606,777
Buses/Other:	
Maintenance / Parts Only	$34,874
Fuel	$130,185
Bus Tracking/Scheduling Software	$20,170
Radios/Tablet Service	$3,120
	$188,349
Total Cost/Savings:	**$795,126**

NTD - Transit Agency Cost Per Trip Comparison

Transit Agency	COST/TRIP
JATRAN: Jackson, MS	$67.16
NORTA: New Orleans, LA	$63.53
MAX: Birmingham-Jefferson, AL	$52.72
MATS: Montgomery	$51.79
Group Average	**$40.05**
WAVE: Mobile, AL	$35.71
CATS: Baton Rouge, LA	$34.54
MATA: Memphis, TN	$32.37
ECAT: Pensacola, FL	$27.84
CTA: Biloxi-Gulfport, MS	**$27.49**
CATA: Little Rock, AR	$23.73
SPORTRAN: Shreveport, LA	$23.72

Demand Response Cost Per Trip
* Ranking information from National Transit Database, 2017

- I also compared the Cost Per Trip of other transit agencies in the region by using National Transit Data reports.

3 **Local Providers** - The next step was to contact local, private transportation providers to explore possible options along the Mississippi Gulf Coast. Then, after selecting a few, the owners were asked to fill out a brief survey which included target questions and a snapshot of our 2018 DR rider totals. The survey acted as an unpublicized RFI (Request For Information) that, in return, gave a better feel for their current capabilities, level of interest in the project and sample rates based on "per passenger trip, mile and hour".

- This also allowed me to test the water before sending out a RFP. With a possible chance that it might not take place, there was no point in creating uncertainty in the existing workforce.

Challenges:

- U.S.-DOL "Transit Employees Protection Act" (5333b, formally known as 13c) - The ruling would have required any new contractor, that took on any of our current DR drivers, to offer a comparable salary/benefit package.

- Trying to find a private transportation provider that was more cost effective than our transit agency.

Results / Items Learned:

- Taking on this project allowed me to really see how the Demand Response half of our agency really works. --- It defined just how cost effective we are, overall, and also pointed out areas to be more efficient.

- Survey shows that providers are not likely to beat our cost by mirroring how we run our Demand Response service.

- Great review on creating a RFP for a large scale project.

- Initial research with other transit agencies resulted in many new, and valuable, contacts within the transit industry.

Next Steps:

- We are still reviewing transportation provider rates to see if the overall savings will support outsourcing our Demand Response Service. --- If they do, the following will occur:

  ✓ **Advertise RFP**
  ✓ **Review Proposals**
  ✓ **Negotiate Contract**
  ✓ **Award Contract**
  ✓ **Implementation Plan**
  ✓ **Start Service**

Resources and Contact Information

- *BRCATS - Baton Rouge Capital Area Transit System*
- *KCATA - Kansas City Area Transportation Authority*
- *Mentors - Kevin Coggin / Executive Director, Coast Transit Authority; Robert Koska / CTAA Board of Directors*

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