

# Private Industry Participation in the Delivery of Public Transit Service

OPERATED BY  
**VEOLIA**  
TRANSPORTATION  
C.V.O.R. No 151-911-578

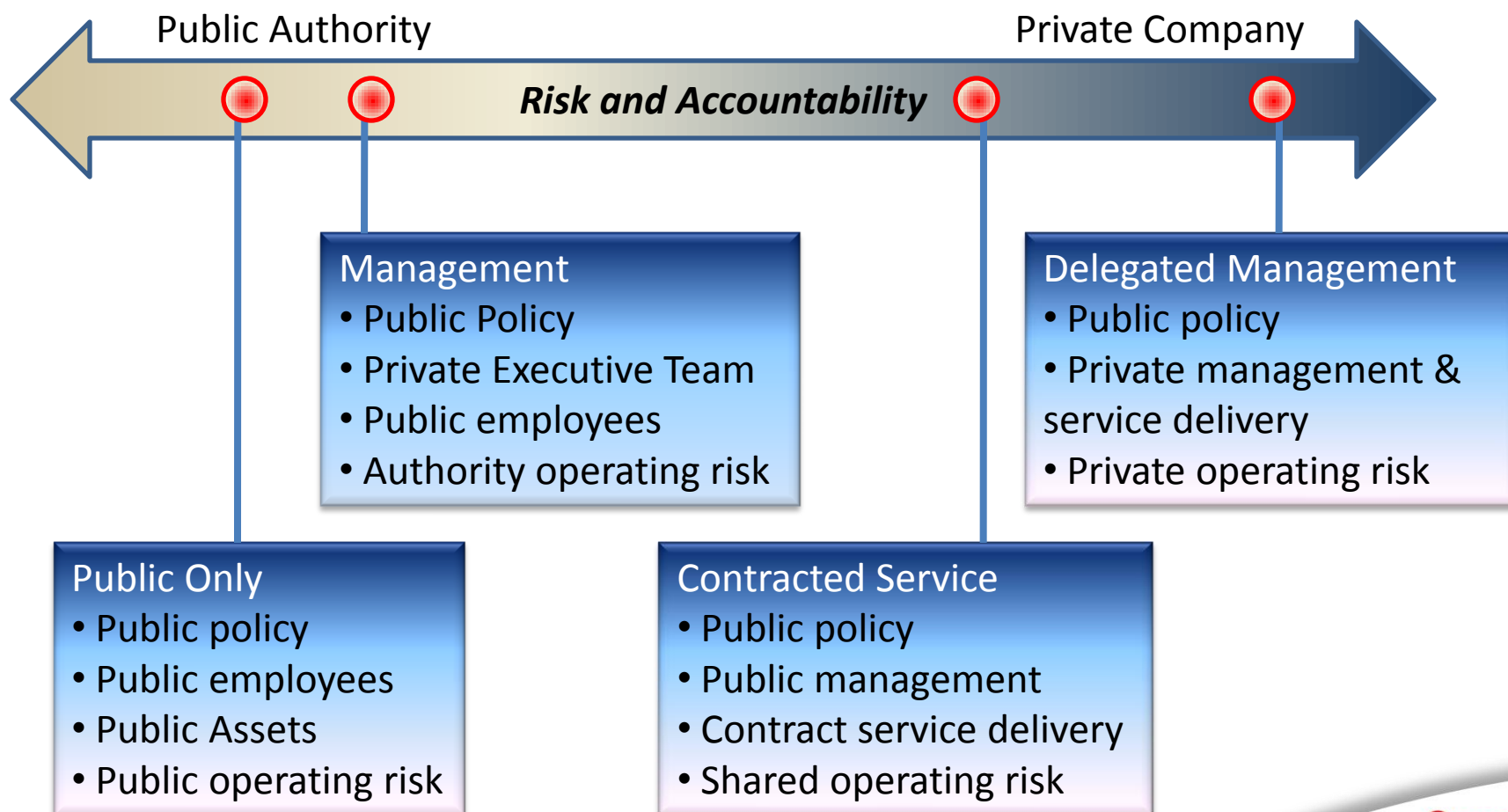
# Veolia Transportation

***Our Vision: Set the standard for managing safe and sustainable mobility solutions***

- Global leader operating contracts for over 5,000 transit authorities in 28 countries.
- 20,000 employees, 7,000 vehicles, over 200 locations in North America
- Number one multi-modal passenger transport company in North America.
  - > ***Fixed route, Bus Rapid Transit, University Transit, Airport Shuttles and Circulators*** with rigorous safety and maintenance programs with a focus on the passenger experience
  - > A leader in ***Paratransit*** services providing innovative service delivery models to elderly and disabled users.
  - > ***Commuter rail, light rail, trolleys and subways*** moving 750 million rail passengers a year!
  - > ***Taxis and shared ride vans*** in over twenty cities



# Range of Approaches to Private Sector Involvement



# Advantages of Competitive Contracting

- Reduces risk and cost to the public authority and the taxpayer
- Savings can be used to increase service or maintain existing service levels
- Provides a marketplace barometer on costs, service quality and safety
- Provides opportunity to effectively bargain during labor contract negotiations
- Diversifies the service delivery system

	Cost per Hour		
	Publicly Operated	Privately Operated	Difference
Fixed Route	\$123.75	\$92.06	-25.6%
Paratransit	\$96.58	\$48.59	-49.7%
Combined	\$122.93	\$81.30	-33.9%

Source: 2008 National Transit Database

# *Benefits of Private Sector Involvement*

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- **Budget certainty** with fixed, multi-year pricing
- **Shift of budget and safety risk** from Authority to Private Company
  - Fixed rate
  - Physical damage
  - Liability
  - Workers Compensation
- **Economies of scale** to the benefit of the Agency
  - Purchasing
  - Consolidation of backroom functions
  - Technical resources
- Wide **experience** in many different settings brought to bear locally
- **Talent attraction** and placement
- **Policymaker focus** on strategic, big picture issues
- **Flexibility**, ability to change and adapt, quicker
- Ability to quickly **innovate** solutions
- Avenue for **private capital investment**

# Myths About Contracting

- ① “An agency has less control and accountability over a contracted system”
- ① “All private providers are alike”
- ① “Contractors succeed on the backs of employees”
- ① “Union-unfriendly”
- ① “Inferior people work for transit contractors because they pay less”
- ① “Bottom line thinking means poor service performance”
- ① “Contractors are outsiders, not part of the community”

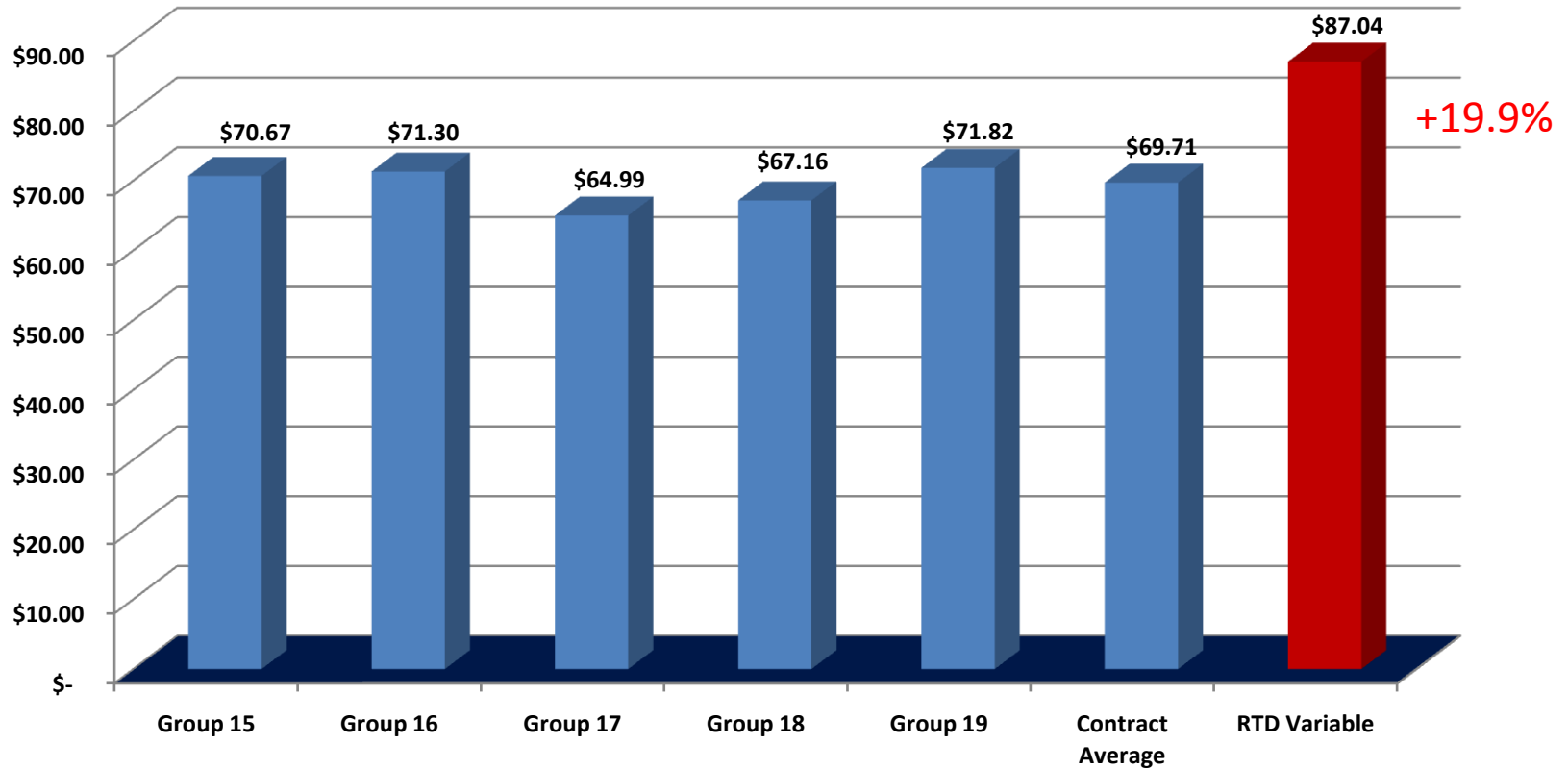


# *The Colorado Experience*

- Legislative mandate to competitively contract percentage of service
- Multiple provider model or single provider
- Minimum service standards applied to all service
- Agencies metrics to compare public vs. private performance
- Competition in quality, not just cost



# Economics of the Denver RTD Model



- Private contractors pay fuel tax, sales tax, property tax and vehicle registration fees which RTD does not
- RTD has statutory limitation on insurance liability. Private carriers do not have statutory limitation on insurance liability



# *Principles of Contracting Legislation*

- ▶ Transit agencies would competitively contract a minimum percentage of fixed route/fixed schedule service as defined by revenue hours
- ▶ The transit agencies will calculate and report upon the costs of services that are contracted and the same costs for services that are operated internally
- ▶ Phased implementation
  - No layoffs can occur as a result of legislation. As employee attrition occurs those positions are not filled and then move over to the private contractor.



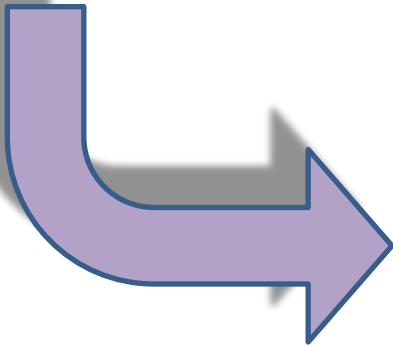
# *The Delegated Management Model*

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## Transit Board or Department

- Service policy and standards
- Fare Policy and Structure
- Budget Approval
- System Goals and Objectives
- Approval of operating and service plans
- Transportation Improvement Program

The delegation of the operation and management of a public transit system to a private service provider



## Private Transit Provider

- Management of operations & maintenance
- Service planning, design and scheduling
- Grants management
- Safety and risk management
- Capital program implementation
- Marketing, ridership growth, customer service
- Financial management

## Case Example: *New Orleans*

### **Delegated Management begun Sept. 09**

- RTA retains all policy responsibility including fares, service standards, service levels, budget and funding.
- Veolia responsible for implementing Board policy and daily operations
  - ✓ Implemented Veolia best practices
    - *Reduced operating costs by 21%*
    - *Improved on-time performance*
      - Bus from 78% to 93%*
      - Streetcar from 81% to 88%*
      - Paratransit from 79% to 90%*
    - *Reduced number of accidents by 20%*
  - ✓ Significant investment in technical resources towards rail expansion, safety, marketing, and service planning



# *In Summary*

## Why Involve the Private Sector

- **Cost savings** due to leaner overhead and management, Labor management, purchasing, consolidated admin functions
- **Flexibility**, ability to change and adapt, quicker
- Ability to **innovate**
- Wide **experience** in many different settings brought to bear locally
- **New framework** – capital investment, public/private ventures
- **Separation of policy and operational execution**
- **Results-driven**