



## Florida Department of Transportation Research

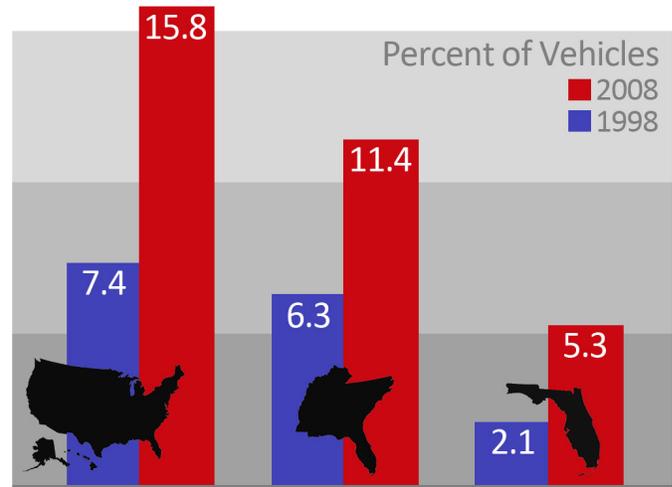
### Analysis of Contracting for Fixed Bus Service

BDK85 977-23

Elected officials, government executives, and transportation agencies are continually challenged to assess and explore methods for more efficient operation. One method long credited with increasing efficiency while reducing costs is contracting with the private sector to provide transit services. The trend for transportation agencies to purchase some or all of their services has shown as steady increase.

The Florida Department of Transportation (FDOT) contracted with the Center for Urban Transportation Research (CUTR) at the University of South Florida (USF) to investigate, document, analyze, and synthesize previous privatization experiences of providing fixed route bus public transportation services in Florida and the U.S. The extensive body of experience with purchasing transportation services reveals the pros and cons of this approach to more efficient use of public resources, as well as the strengths and weaknesses of the decision-making processes that led to transportation contracts.

The researchers conducted a comprehensive review of past studies and reports on the topic of contracting fixed route bus service in the U.S. A 2001 report from the Transportation Research Board's Special Report 258, *Contracting for Bus and Demand-Responsive Transit Services*, provided an important historical view of the topic, with extensive survey results from 2000. Perspectives from this work were combined with those from other researchers to provide a timeline of the development of public transportation contracting and lessons learned. Reviewing studies going back to the eighties, the researchers found that the decision to purchase services and the degree of success in doing so depended on completeness in assessing the costs and benefits, especially understanding the costs of administering, contracting and oversight. The efficiency gained through privatization depends on how competitive the marketplace for services is, and the drive for



*This graphic shows the increase in percent of public transportation vehicles operated through purchased services for the U.S., the Southeast, and Florida from 1998 to 2008 (NTD data).*

competitive pricing can seriously undermine the quality of services, which can defeat the purpose for contracting the service in the first place.

Using the National Transportation Database, researchers examined trends in purchasing services by region, by type of service purchased, and by size of agency. The report includes detailed comparisons based on operating cost per revenue mile, per revenue hour, and by passenger mile. Researchers found that set routes profited least from purchasing services, while demand response services profited most. Smaller agencies tended to purchase a wider range of services.

From their investigation, the researchers derived a series of critical questions that can assist policy makers in evaluating decisions to purchase services. They also supply a set of best practices to help guide the decision-making process.