

# How to successfully begin contracting In public transit:

## A GUIDE

### Intro

The transportation industry faces a unique opportunity for revolution. With record funding for infrastructure, support in local elections, fiscal cliffs, and increasing integration of new technology and different modes of transportation, transit authorities are thinking differently about how they reach customers, attract new ridership and streamline costs. It's going to require innovation and agility to achieve change.

At NATA, part of our mission is to provide resources and educational materials on contracting as an option for public transit service. NATA is an alliance of private operators of public transit systems. As agencies work to innovate, contractors act as an extension of the agency's team. They bring knowledge from across the country and the globe to support agency leaders and ensure successful implementation of new technologies and services.

There are numerous options for contracting and each agency customizes their contract for their community's and agency's needs. However, the fundamentals of what makes a successful contract and contracting relationship are the same. At NATA we know that an open, transparent, and results-driven partnership between a private contractor and transit agency fosters the ability for both parties to deliver a better experience for passengers and the broader community.

This guide serves as a starting point for how to contract an existing service or a new mode of transit.

### 01 Identify the scope of services

Contractors have experience and expertise operating and maintaining fixed route, paratransit, shuttle, microtransit, call center, rail, and more. Agencies have flexibility in the amount of contracted service and there are examples of successful contracts with a wide range of operation capacity in the agency. Review your current service and long-term agency plans to identify if there is a portion of service that would benefit from the support, resources, and innovation of a contractor.

## 02 Learn about contracting options

There are numerous options for contracting and each agency customizes their contract for their community's and agency's needs. Contracting in the U.S. can include operations, maintenance as well as provisions for staffing, insurance, and training. See the chart for a detailed grid of where contractors can add value for various operations:

	Public Operations	Operations & Maintenance Partnership	Public-private Operating Partnership
Budgetary policies	Green	Green	Green
Service & fare policies	Green	Green	Green
Capital plan	Green	Green	Green
General management	Green	Green	Red
Technical advisor	Green	Green	Red
Finance and grants	Green	Green	Red
Marketing	Green	Green	Red
Planning & scheduling	Green	Green	Red
Purchasing	Green	Green	Red
Fare collection	Green	Red	Red
Risk management	Green	Red	Red
Operations	Green	Red	Red
Maintenance	Green	Red	Red
Training	Green	Red	Red
Safety	Green	Red	Red

## 03 Understand the agency's structure

Transit agencies have several options for governance. Many are under the authority of a transit board for a city or county. Additionally, agencies are required to follow regulations from local, state, and federal governments. If not already aware, taking the first step of understanding the governance for the agency helps to illuminate the landscape and any local requirements for contracting.

## 04 Know the key stakeholders

After gaining understanding of the agency's governance, identify the key decision makers and build relationships if they don't already exist. The key to a successful contracting agreement requires strong relationship and trust. Meet with these key stakeholders and identify the benefits and various options for contracting for the region.

## 05 Understand the current cost of service

Complete an analysis of the current cost to operate and maintain the line of service the agency is considering contracting. Agencies report financial savings from contracted service (GAO study). Identify what part of the service could use improvements in cost per-mile or trip.

## 06 Identify efficiency goals

Consider the strengths, weaknesses, opportunities and threats the agency is facing. Based on these factors, identify services that are in the most need of efficiency improvements that will allow for better service to the community. Through the scope and size of our organizations, contractors can help offer proven strategies with issues such as procurement pricing, and staffing.

## 07 Solicit input from the start

NATA recommends issuing a Request for Information (RFI) ahead of the RFP for newly contracted service or service that is changing significantly. This provides potential proposers with an opportunity to offer their ideas for the agency's consideration as the RFP is developed.

## 08 Consider benefits to the community

Contractors bring additional experience and support to the agency. They provide expertise and best practices across systems based on successful approaches in similar locations. When an agency is looking to bring new technology or innovative changes to service, agencies working with contractors have the added benefit of soliciting their expertise.

## 09 Conduct proactive outreach to the labor force

More than 80% of employees working for private contractors are unionized. Contractors maintain positive relationships with unions. Reach out to the local union in advance of issuing an RFP to seek their input and buy in from the beginning.

## 10 Identify procurement and operations/maintenance stakeholders to manage RFP process and contractor relationship

Most contractors work with members of an agency's procurement team during the RFP process then work with staff overseeing operations for the agency. Identify these individuals within the agency and develop a relationship with them to ensure for a smooth RFP process.



## Learn more about the benefits of contracting

NATA has several resources and places to learn more about private contracting. Utilize the NATA resources to learn how agencies around the world benefit from contracting.

▶ [Eno Transportation Center Study: Success Factors for Private Contracting in Public Transportation](#)



[Subscribe to our newsletter](#)

▶ [UITP: Contracting in Transit](#)



[Meet with NATA](#)