San Diego's Strong Public-Private Partnership

By ELLIOT HURWITZ

The San Diego metropolitan area has had a long-standing relationship with the private sector since the early 1970s. Involvement of private companies in the provision of public transportation services and other supporting functions has been instrumental in keeping San Diego's increase in the cost of transportation service below the rate of inflation for more than ten years. Moreover, the competitive award of transit services by both the San Diego Metropolitan Transit Development Board (MTDB) and suburban transit agencies has fostered an environment that has provided positive control on unit operating costs.

The role of the private sector in the provision of transit service in San Diego has been an element of ongoing policy. In 1972, the City of Chula Vista contracted suburban transit service to a private company. After Proposition 13 passed in 1978, resulting in reduced funding levels for the City of San Diego, suburban jurisdictions proceeded to contract for transit service.

Over the past 17 years, the suburban transit operators, along with San Diego Transit and San Diego Trolley, have been transformed into a federation of transit services under the umbrella of the Metropolitan Transit System (MTS). Services are coordinated by the MTDB, including route planning, fare and transfer policies, regional marketing, capital programs, Americans with Disabilities Act (ADA) services, and funding.

Local agencies and MTDB have taken an active role in the competitive award of bus and paratransit services. This role has been woven into an ongoing process of competitive bidding that is well accepted and strongly integrated at both the political and technical levels of the transportation system. Over the years in San Diego, more and more routes and services have been contracted to private companies. In addition, several competitively-bid fixed-route bus services have been won by San Diego Transit, the public bus operator. What has emerged is a continual competitive environment. Every year, one or more different services, large and small, are competitively bid. Most operating contracts are set up for terms of from three to five years. This bidding environment fosters competition, with continuing opportunities for private sector involvement. More importantly, it encourages private and public transit agencies to watch the bottom line on costs.

The metropolitan area, under the jurisdiction of MTDB, covers approximately 570 square miles in the southwestern section of San Diego County, with a population of approximately 2 million residents. In fiscal year 1994-1995, 63 percent of the fixed-bus routes (50) in the MTDB area were operated by contractors, with the balance of 37 percent (30) operated by San Diego Transit. In addition, all general public dial-a-ride, specialized ADA paratransit service, and Coaster Express Rail feeder van service were operated by private contractors. Overall, 37 percent of the transit (bus and light rail) revenue miles, or 8.7 million annual revenue miles, were contracted. The contracted services carry approximately 20 percent of the MTS transit ridership, or about 12 million annual rides (see Table 1).

Oftentimes a route, or part of a route, awarded to a private operator has been part of the San Diego Transit system. In these cases, other bus service has been expanded for San Diego Transit so that layoffs have been avoided (this occurred during expansion in the 1980s) or, more recently, no layoffs have occurred, as the driver loss was within the attrition rate.

MTDB has a policy requiring an annual review of routes for possible competitive award. A review committee is made up of the MTDB's Planning and Operations Director, San Diego Transit's Vice President of Operations, a private transit industry representative, a repre-

sentative of the local bus driver's union, and a local transportation management association representative (citizen representative). Rather than following a more programmed or legislative mandate (as in Denver, with a fixed percentage each year), San Diego uses a more opportunistic approach. Considered for contracting are routes that are poor performers, evening and weekend service, or routes that are part of a major restructuring. Impacts on existing driver staffing levels are considered as part of the evaluation process.

The private role in transit services now encompasses many facets of the transit organization. Transit operators contract-out activities such as engine and transmission overhauls, machine work, tire repair and replacement, security functions, janitorial and landscaping services, cleaning functions (such as light rail vehicle car cleaning), certain light rail station and transit center maintenance functions, and bus stop sign maintenance.

Essentially, MTDB has become a broker with a relatively small administration and management staff supervising numerous consultants, contractors and vendors implementing the service functions of the regional agency. In the administrative area, a private insurance consultant provides management of all large contract insurance provisions. A company provides oversight to the Disadvantaged Business Enterprise program and Equal Employment Opportunity compliance. Auditors and financial planners advise the finance department. Contractors are also hired to audit the transit service contractors, including maintenance auditing, on-time performance audits, and undercover security and surveillance on buses.

At MTDB, transit operating contracts are competitively bid with a two-step process, including a technical qualifications phase and a second phase of opening sealed cost bids of the responsible qualified firms. The low bid is then utilized as the basis for award. Company experience of firm and staff, insurance, performance bond, and quality of proposal in responding to the required evaluation criteria are important factors in passing a firm from step one to step two. MTDB has utilized a strict procedure in not accepting marginal or deficient proposals.

Experience has shown that private sector transit companies take a proactive consumer-oriented approach to business and generally make good faith attempts to please the client. Reliability has been very high in the areas of on-time performance, completed trips, accidents, and customer complaints. While there have occasionally been problems with performance, assertive management of contracts has been important in minimizing them. A detailed scope of work and assignment of responsibilities, coupled with liquidated damages or other penalties, reduces the probability of poor performance (see Table 2). In the transit operating contracts, bonuses for on-time performance and completed trips provide eco-

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Consultants in San Diego's Capital Program

The San Diego region has undertaken a significant capital development program over the past 20 years. During this period, engineering, right-of-way, environmental, and construction management services have varied in need. This has prompted management to maintain a skeleton MTDB staff to oversee these functions, with consultants utilized for many of the key functions as part of each project:

- MTDB utilizes a General Engineering Consultant for the design of most small projects (typically under $1 million) and other engineering consultants for the major projects.
- A General Right-of-Way Consultant assists with land purchases for the rail line extensions.
- A General Environmental Planning Consultant is utilized for performing the environmental review on many small projects.

Consultants are also used for construction management activities. The MTDB staff becomes brokers of different projects, managing consultants and contractors as projects require, without the need to hire additional permanent staff.

Private companies have taken a major role in the marketing and promotion of transit operations, and in community relations for capital projects. Consultants are utilized for each major capital project for community outreach, including conducting community meetings, directing mailings to affected residents and businesses, and distribution of important news releases regarding road closures, detours, and construction impacts. This outreach has become a vital role during both the planning and construction phases of the new light rail expansion projects.

Table 1
MTDB Area Transit Operating Contracts

Transit System	Contractor	No. Routes or Areas	Annual Revenue Miles	Cost Per Revenue Mile
Fixed Route Services				
Chula Vista Transit	San Diego Transit	12	1,200,000	$2.57
MTDB Contract Services	ATC/VANCOM	8	2,000,000	$2.95
MTDB Contract Services	San Diego Transit	2	100,000	$2.95
National City Transit	McDonald Transit	3	400,00	$3.58
CTS-East County Suburban	DAVE Transportation	16	2,040,000	$2.27
CTS-Express	Goodall Charter Bus	7	325,000	$3.59
CTS-Poway	Laidlaw/Mayflower	2	320,000	$2.42
General Public Demand Responsive Services				
La Mesa Dial-A-Ride	El Camino Livery	1	180,000	$2.48
CTS-El Cajon Dial-A-Ride	American Red Cross	1	65,000	$3.46
CTS-Poway Airporter	Sureride, Inc.	1	160,000	$0.78
CTS-Spring Valley Dial-A-Ride	American Red Cross	1	50,000	$3.14
San Diego Transit DART	Seaport Transportation	5	700,000	$1.53
Sorrento Valley Coaster	El Camino Livery	1	150,000	$5.00
Senior and Disabled Operators				
Chula Vista Handytrans	American Red Cross	1	100,000	$2.22
CTS-Wheels	American Red Cross	1	450,000	$2.29
National City Dial-A-Ride	American Red Cross	1	23,000	$2.49
MTS Access	Coast Yellow Cab	1	400,000	$3.42
Subtotal Contracted Services		**64**	**8,663,000**	**$2.62**
Percent of Total:		67%	37%	
Non-Contracted Services				
San Diego Transit Corp.		30	10,800,000	$4.76
San Diego Trolley, Inc.		2	4,200,000	$5.24
Subtotal Non-Contracted Services		**32**	**15,000,000**	**$4.89**
Percent of Total:		33%	63%	
TOTAL MTS REGION		**96**	**23,663,000**	**$4.06**

Notes: San Diego Trolley revenue miles represent car miles.
Operating Cost for San Diego Trolley is cost per car mile.
Revenue miles and operating cost is based on July-September 1995 period.
CTS — County Transit System.

TABLE 2
CONTRACTOR/AGENCY ORGANIZATION TYPICAL FIXED-ROUTE BUS CONTRACT

AGENCY RESPONSIBILITIES

- Establish the operations and maintenance requirements for contractor in contract document
- Ongoing service planning and route scheduling
- Establish fare policies and fare structure
- Establish public timetable
- Local route marketing, including printing of public timetables
- Provide payments to contractor per contract terms
- Administration and monitoring of contract
- Provide vehicles and maintenance facilities (may vary)
- Bus stop location and required facilities such as benches, shelters, bus stop maintenance, and no-parking restrictions
- Local government coordination
- Participate in regional telephone transit information system
- Provide transfer scrip, pre-paid fare media tickets and passes, including the distribution of pre-paid fare media.

CONTRACTOR RESPONSIBILITIES

- Meet all operations and maintenance requirements established by agency
- Provide all personnel having management, operation, and maintenance expertise necessary to operate the transit system
- Day-to-day operational supervision of transit service
- Data collection and reporting as directed by agency
- Fare collection and two-way communications
- Personnel administration and labor relations
- Vehicle operator assignments, run-cutting and work bidding as required
- Road supervision, accident investigations and claims
- Dispatching, telephone customer service, and lost and found service
- Vehicle maintenance
- Assist agency in marketing
- Provide vehicles and maintenance facilities (may vary)

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nomic incentives for contract operators to excel.

MTBD has taken an active role in working with the private operators under contract. ATC/VANCOM is the current operator of MTDB's primary contract services (about 2 million revenue miles per year). MTDB has purchased and rehabilitated a maintenance facility (1992) and is providing 53 compressed natural gas-powered buses (1995) for ATC/VANCOM to operate. In this way, the use of federal funds for facilities and vehicles can help reduce operating costs. Prior contractors had to use their own equipment without federal capital support and had to develop their own facilities, which are major undertakings.

In summary, private sector involvement in San Diego has been positive, without major labor disruption or controversy. The concept of brokering by MTDB and the other suburban agencies has been cost-effective. The umbrella approach of MTDB, using a Metropolitan Transit System (MTS) unifying theme and coordination helps emphasize to the public that the transit services form a "seamless" unified system. The cost savings realized by contracting transit services has also allowed San Diego to expand transit services over the years and maintain a farebox ratio of nearly 50 per cent.

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Ed. Note:

TRANSIT CALIFORNIA is the monthly publication of the California Transit Association, a trade association of transit operators and suppliers in the Golden State.

In each issue of TC representatives of transit properties are encourages to submit articles about happenings at their agencies.

With all of the current discussion about contracting for transit service, this is a timely article about an area which has been contracting for almost twenty years, many of the stories previously appearing in WESTERN TRANSIT.