

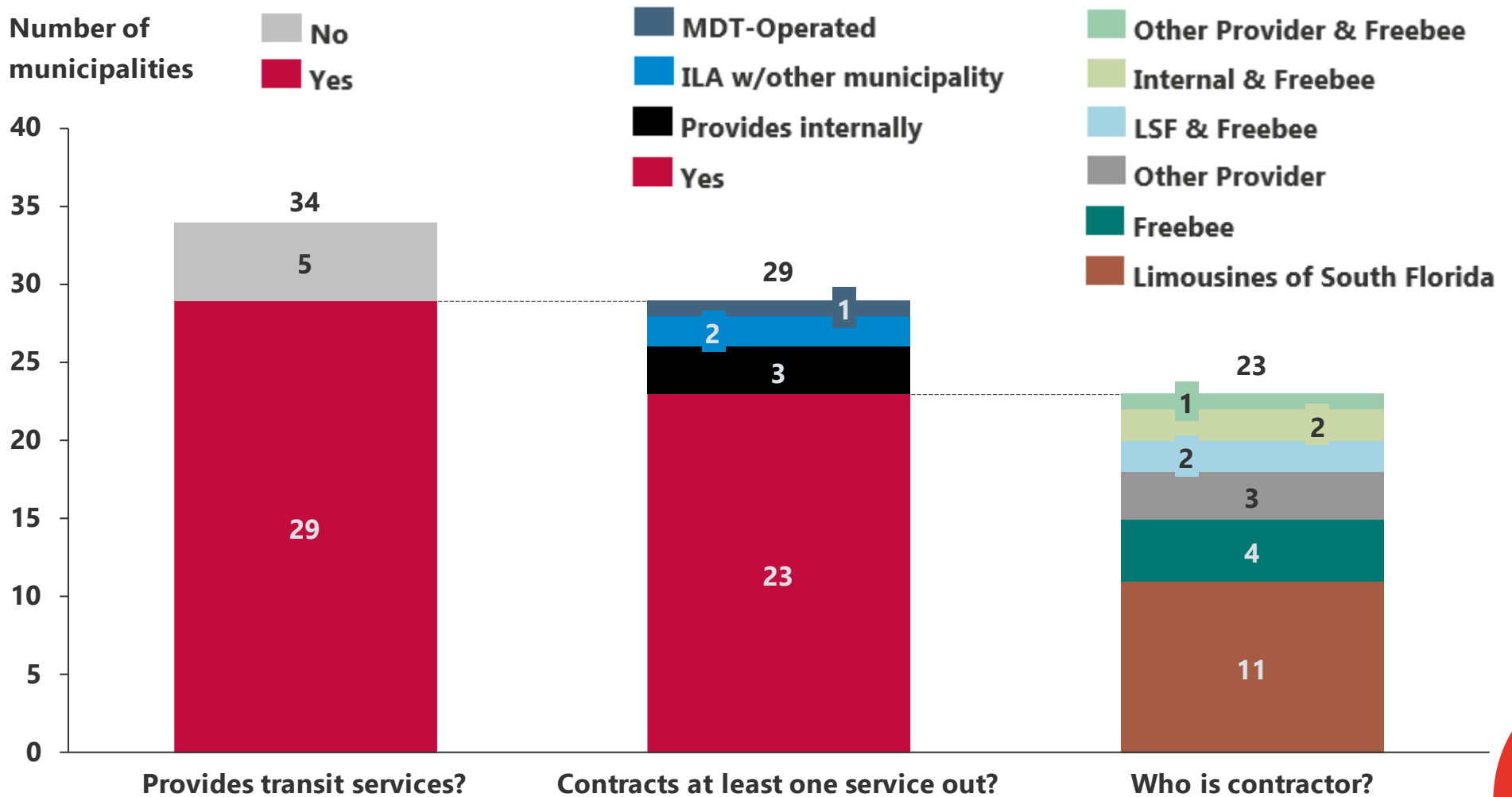
Findings from Municipal Transit Contracting Review

October 30th, 2020

Objectives of this study

- ① **Understand current costs and contract terms** for municipal trolley/shuttle services
- ② **Analyze cost differences and drivers of such differences** between municipalities
- ③ **Evaluate cost of Freebee and differences** between municipalities
- ④ **Recommend possible next steps** for municipalities and for the County on providing more cost-effective service

29 out of 34 municipalities provide transit service in their municipality, with 23 of these contracting a transit service to a third-party provider



Note: MDT = Miami-Dade Transit; ILA = Interlocal Agreement; other providers apart from Limousines of South Florida and Freebee include RTW Management, Safeguard America (dba Americas Transportation), and MV Transportation

Source: Municipal contracts; CITT e-mails; Municipality websites



17 municipalities and the County contract for trolley/shuttle services; there is variation in scope of services procured from third parties

<u>Services Procured</u>	<u>18</u>	<u>Municipality</u>
Drivers/dispatchers/supervisors	2	<ul style="list-style-type: none"> • Coral Gables** • Hialeah**
Drivers/dispatchers/maintenance	1	<ul style="list-style-type: none"> • Bal Harbour
Full-service excluding vehicle and fuel	2	<ul style="list-style-type: none"> • Miami • Homestead
Full-service excluding vehicle	3	<ul style="list-style-type: none"> • Doral • North Miami Beach • Sweetwater
Full-service excluding fuel	2	<ul style="list-style-type: none"> • Bay Harbor Islands • Miami-Dade County
Full-service*	8	<ul style="list-style-type: none"> • Aventura • Miami Beach • Miami Gardens • Miami Springs • North Miami • Opa-locka • Pinecrest • Surfside

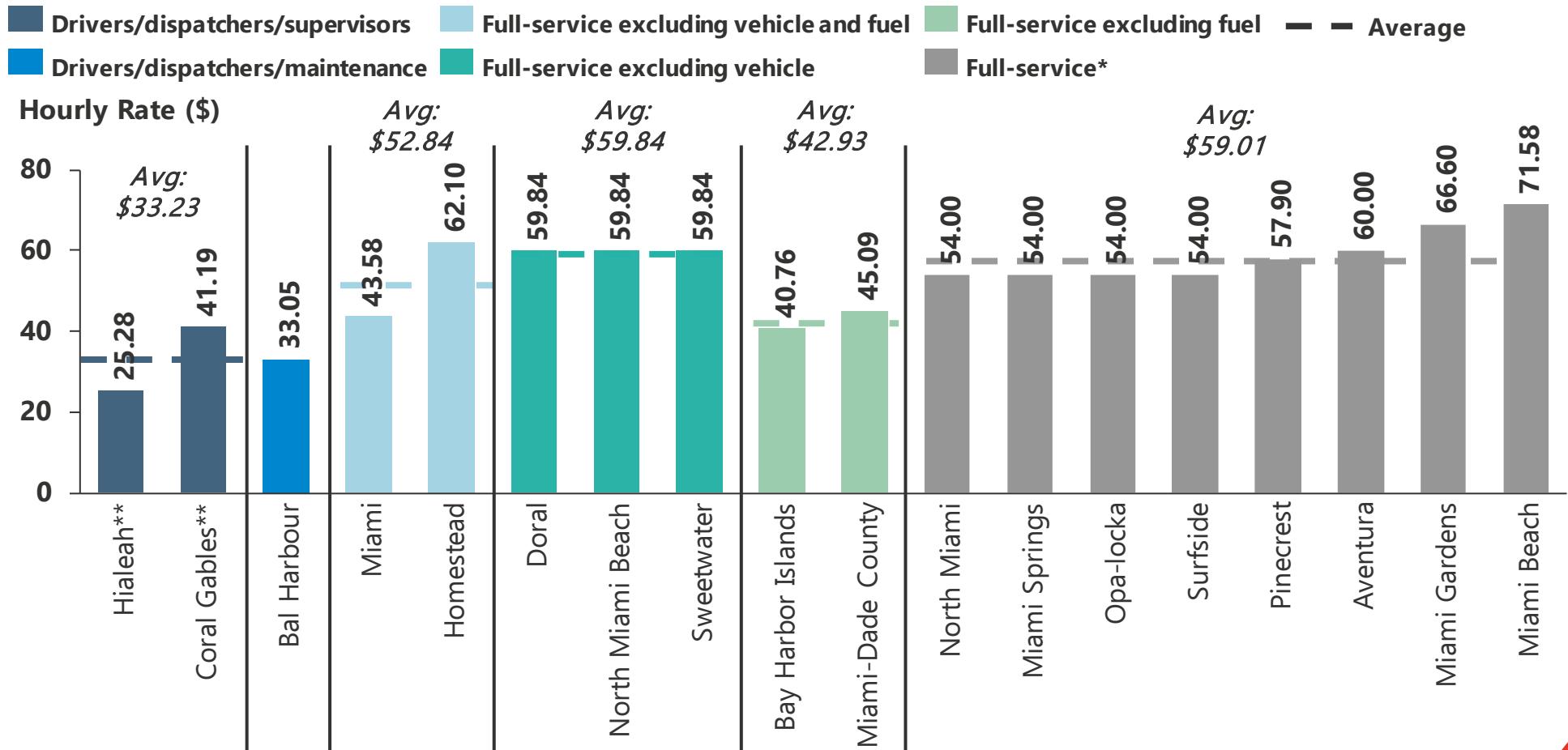
*Contracts do not universally discuss provision of dispatchers and supervisors for transit services

**Coral Gables and Hialeah own their vehicles, but contractor must insure them

Source: Municipal contracts; Municipality budgets; Conversations with municipalities



Across 18 contracts, there is price variation based on scope as well as within same scope, though many factors may drive differences in cost



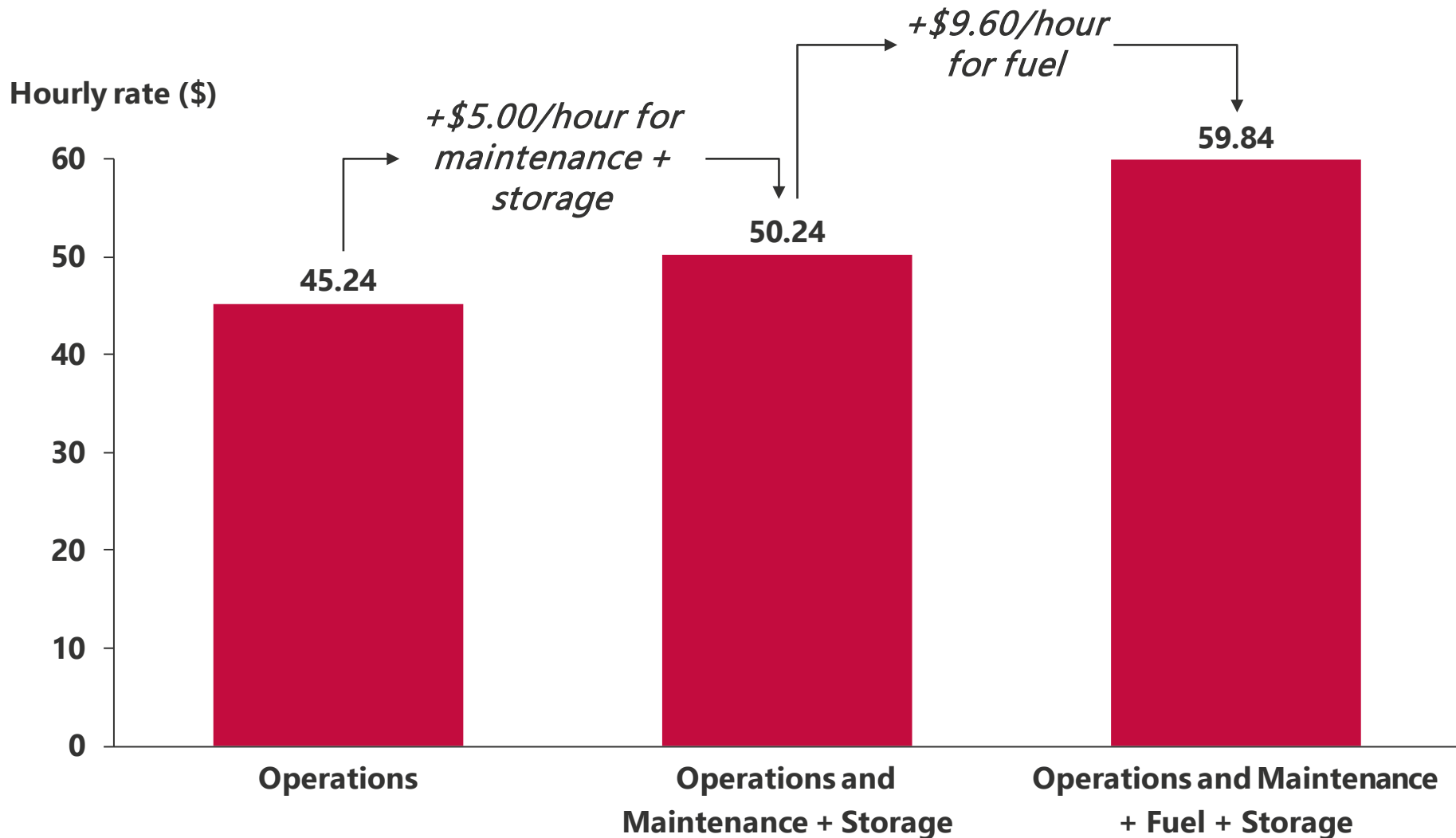
*Contracts do not universally discuss provision of dispatchers and supervisors for transit services

**Hialeah and Coral Gables own their vehicles, but contractor must insure them

Notes: **Hialeah** rate is weighted average of Tier I and Tier II hourly rates (\$21.02 for first 31,000 hours per month and \$66.74 for 3,184 hours); **Coral Gables** rate includes current living wage adjustment; **Pinecrest** rate is implied from 2019-2020 budget and LSF contract; **Miami Gardens** rate is weighted average of rates for two old and one new trolley; **Miami Beach** rate is average of high-floor and low-floor rates (\$65.81 and \$77.35 per hour)

Source: Municipal contracts; Municipality budgets; Conversations with municipalities

Scope of services drives hourly rate to an extent; LSF offered menu of rates to Doral in 2014, which helps to estimate incremental costs



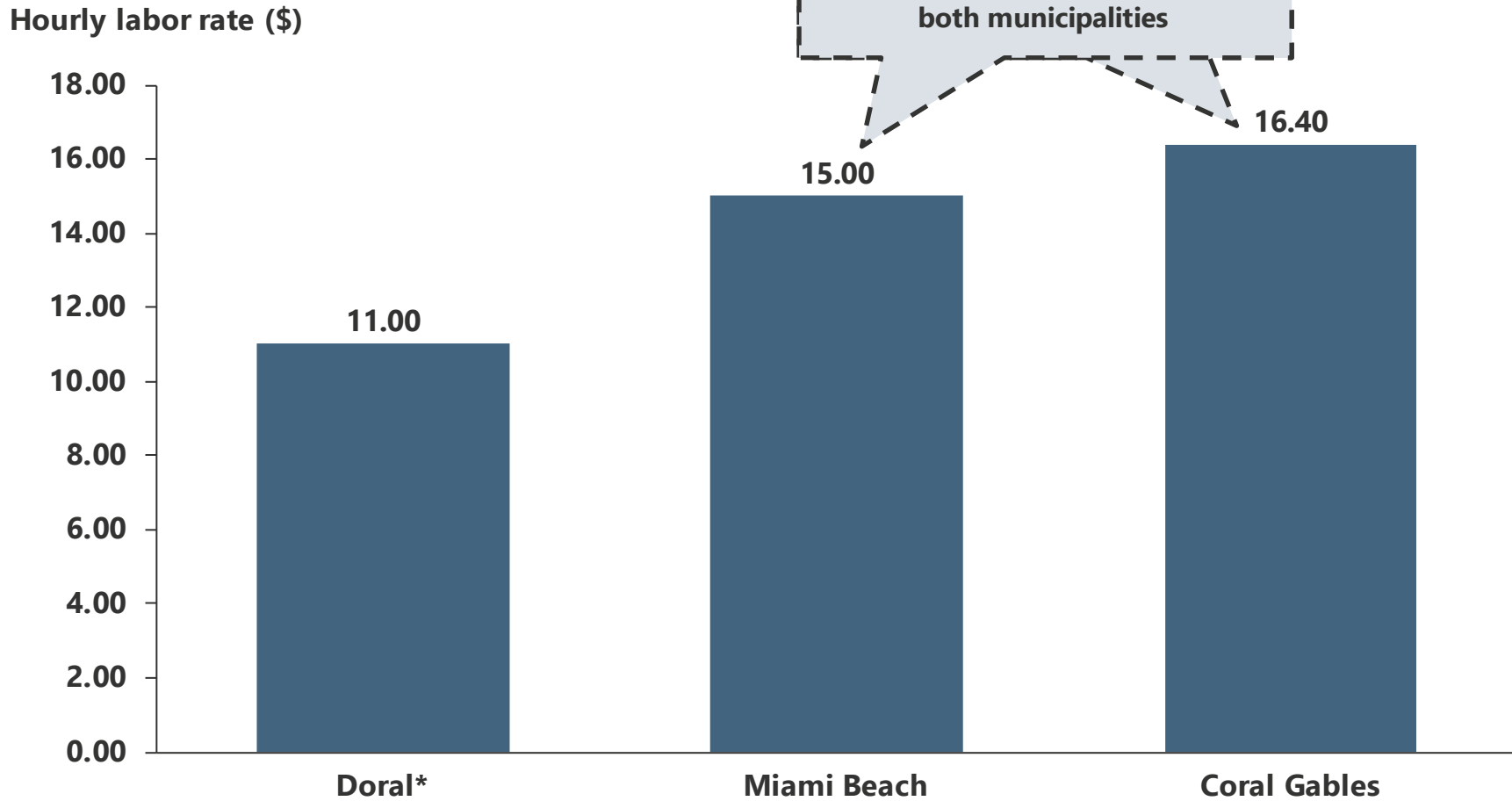
Source: LSF Proposal to City of Doral for RFP#2014-09 (page 53 – Quoted Costs)

Apart from scope of services, there are several cost drivers that may explain differences in contracted hourly rates between municipalities

- 1** Staffing cost
- 2** Vehicle type
- 3** Insurance
- 4** Fuel
- 5** Maintenance
- 6** Performance standards / penalties

*The above list is not exhaustive but attempts to cover the most significant drivers of hourly rate; other factors may include **deadhead hours** from depot to service location and **additional equipment** (e.g. APC, Wi-Fi)*

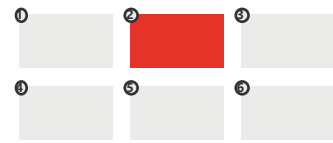
Hourly wages for drivers vary by municipality, based in part on living wage ordinances that contractors must follow in certain jurisdictions



*Doral indicated that pay has been an ongoing issue and that the City wants to support drivers with a higher wage

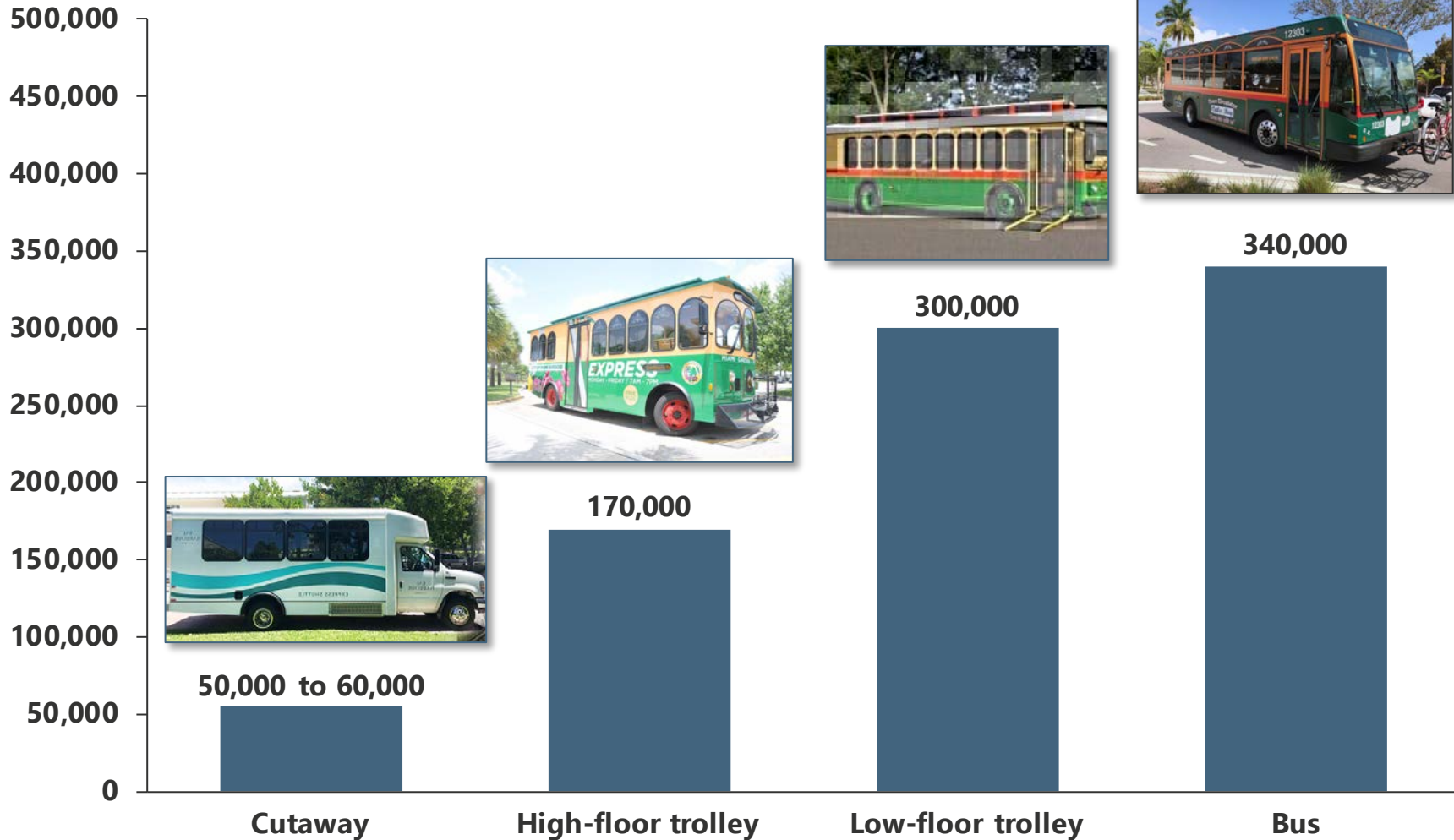
Source: Conversations with municipalities; Municipal contracts





Vehicle cost can vary significantly based upon the type of vehicle that each municipality operates, from cutaways to trolleys and buses

Typical unit cost (\$)



Source: Conversations with municipalities



While insurance requirements were also thought to drive differences in cost, many municipalities appear to mandate similar requirements

Municipality	Contract Year	Commercial and General Liability	Automobile Liability	Worker's Compensation	Umbrella/ Excess
Coral Gables	2017	\$1M per occurrence / \$2M aggregate	\$1M per occurrence	In compliance with state laws / \$1M employer limit	\$5M per occurrence / \$5M aggregate
Doral	2014	\$1M per occurrence / \$2M aggregate	\$1M per occurrence	In compliance with state laws / \$1M employer limit	\$5M per occurrence / \$5M aggregate
Hialeah	2014	\$5M per occurrence	\$5M per occurrence	In compliance with state and federal laws	\$1M minimum limit
Miami	2012	\$1M per occurrence / \$2M aggregate	\$1M per occurrence	In compliance with state laws / \$1M employer limit	\$5M per occurrence / \$5M aggregate
Miami Beach	2014	\$1M per occurrence / \$2M aggregate	\$1M per occurrence	In compliance with state laws	\$5M aggregate
North Miami	2014	\$1M per occurrence	\$1M per occurrence	In compliance with state laws / \$1M employer limit	Not required

Similar terms



Typically \$1M per occurrence / \$2M aggregate

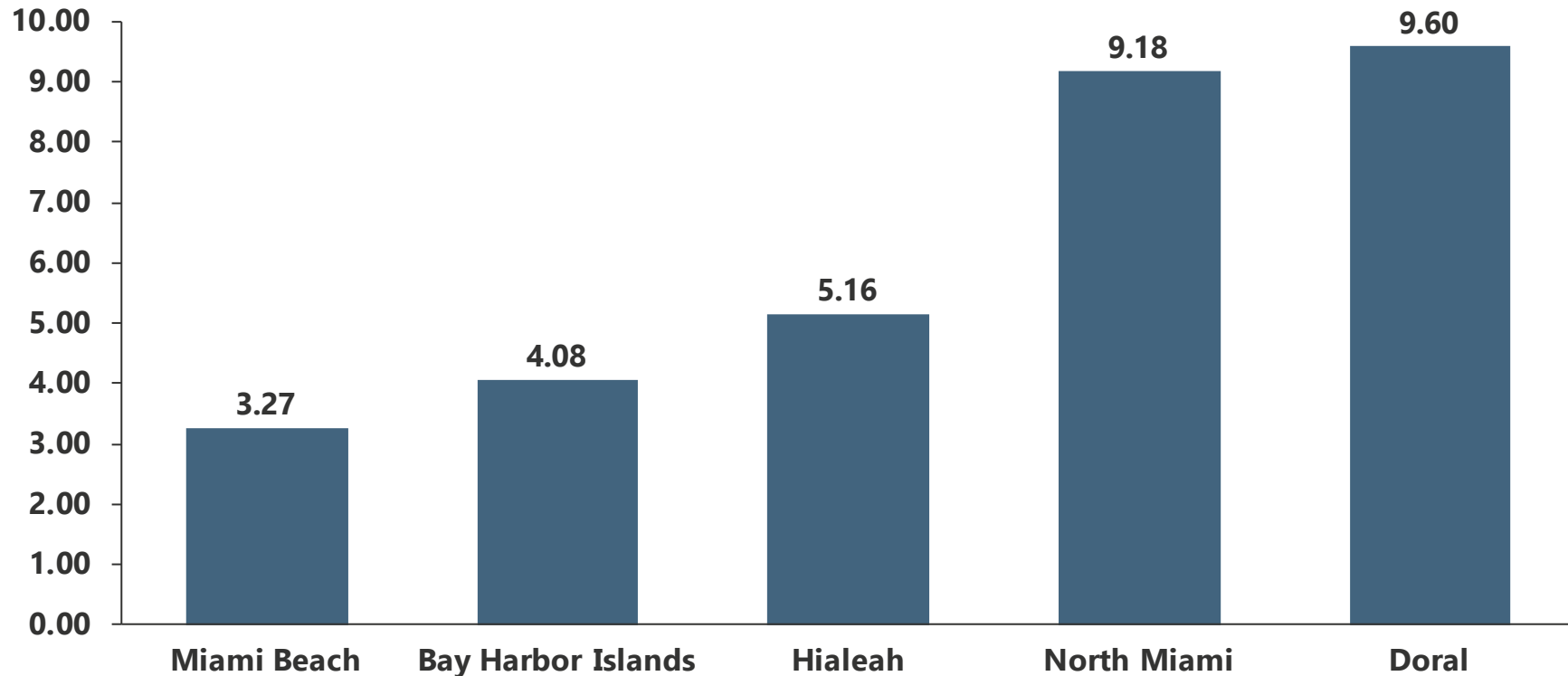
Typically \$1M per occurrence

Typically in compliance with state laws

Typically \$5M per occurrence / in aggregate

There may be a nearly 3x difference in fuel cost between municipalities, based on estimates and examination of contracts

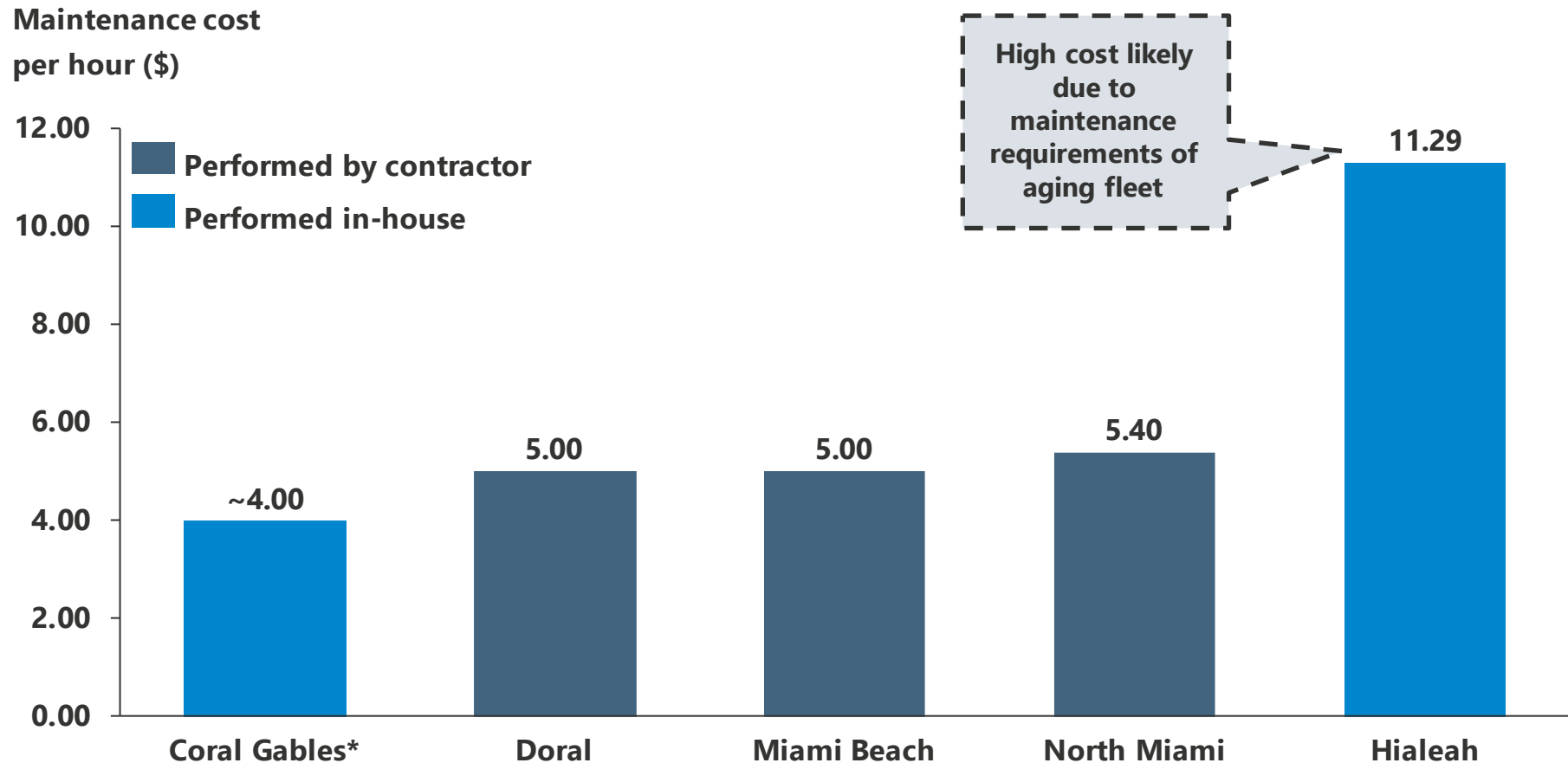
Fuel cost per revenue hour (\$)



Notes: **Miami Beach** fuel cost per revenue hour was estimated by the City; **Bay Harbor Islands** estimates it spends \$8,000 per year on fuel versus \$80,000 contract cost with LSF (therefore fuel cost per revenue hour assumed to be 10% of LSF hourly rate of \$40.76); **Hialeah** indicated it has a \$160,000 annual fuel budget, which was divided by 31,000 Tier I revenue hours from their contract; **North Miami** indicated that fuel is 17% of their \$54 hourly rate; **Doral** fuel cost is incremental cost quoted in LSF Proposal to Doral for RFP#2014-09 (page 53 – Quoted Costs).

Source: Municipal contracts; Conversations with municipalities

Though data is limited, maintenance cost estimates indicate that insourced vs. outsourced maintenance cost may be similar

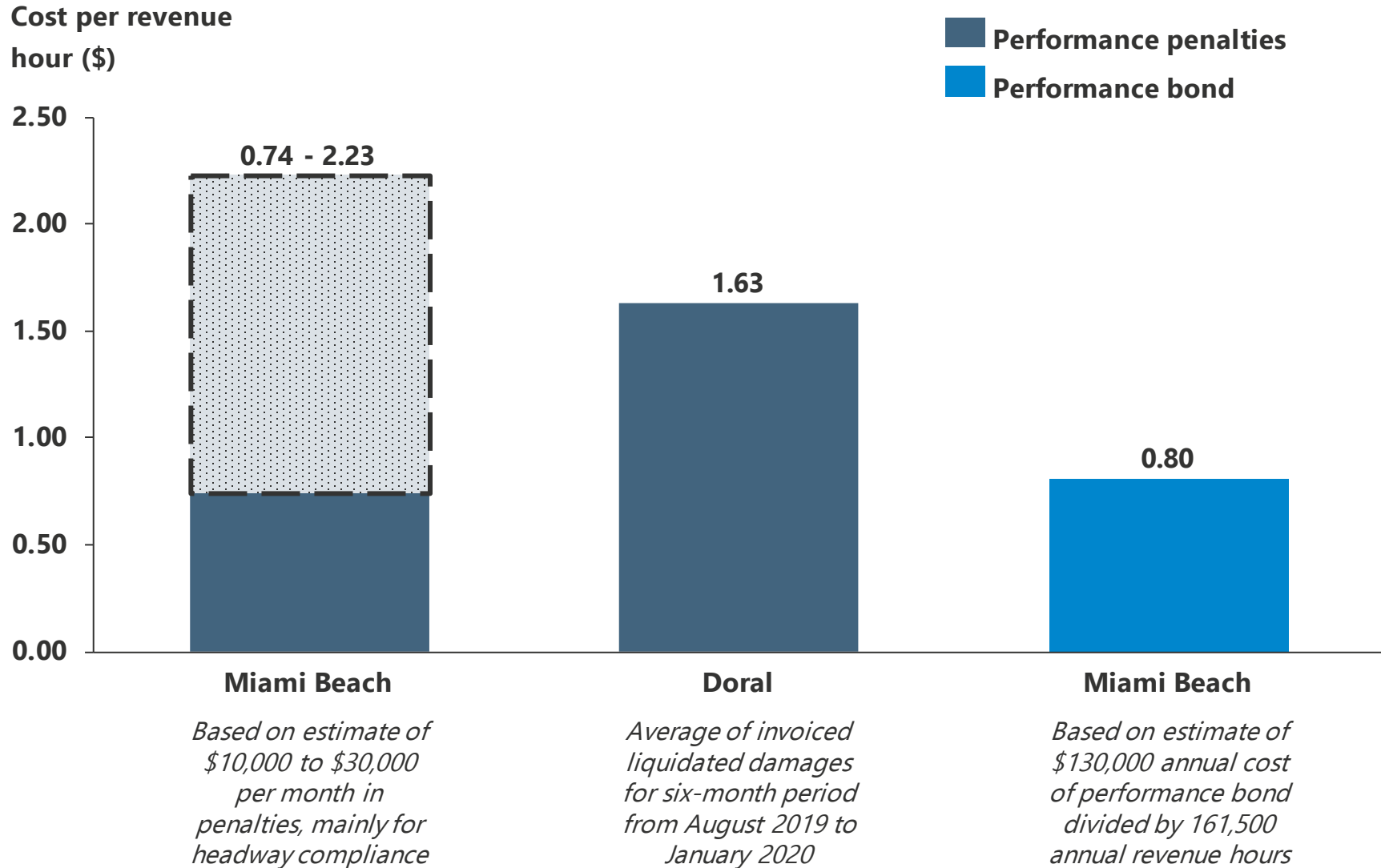


*Coral Gables spends \$185,000 on maintenance and fuel together and operates for 25,000 annual service hours; this analysis assumes fuel cost is at least \$3.27 per hour (Miami Beach estimate) and subtracts this from the \$7.40 hourly cost estimate for maintenance and fuel combined

Note: Doral maintenance cost includes storage, as in LSF Proposal to Doral for RFP#2014-09 (page 53 – Quoted Costs)

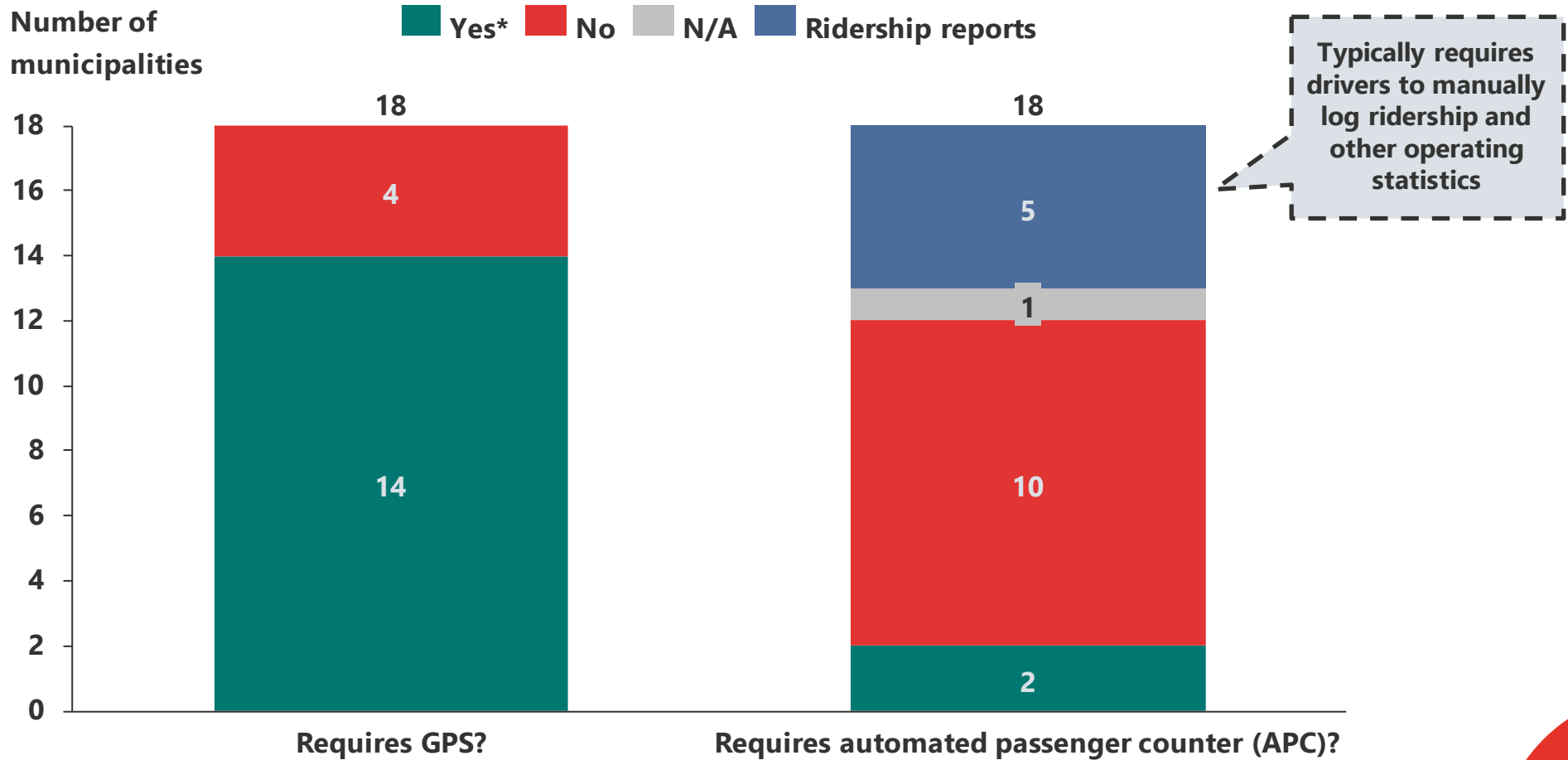
Source: Municipal contracts; Conversations with municipalities

While the impact on cost of performance penalties and bonds appears limited, contractors may bid higher rates due to the threat of penalties



Source: Conversations and e-mails with municipalities

Technology requirements are typically limited to GPS; Miami and Miami Beach also require automated passenger counting (APC)



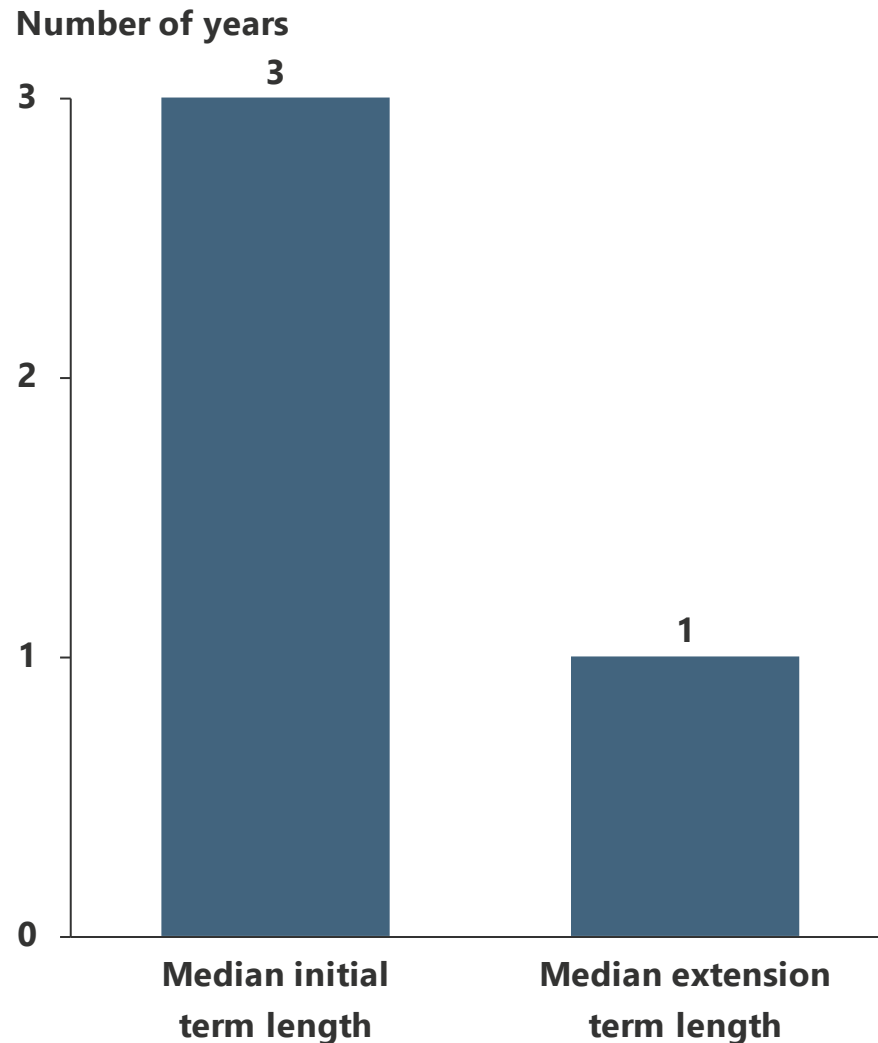
*For GPS category, while 14 municipalities either mandate a GPS device in their vehicles or responded affirmatively to a question on GPS in the DTPW July 2020 survey, they do not all offer a real-time shuttle location tracking app for riders

Note: Aventura RFP requested option for APCs, but it is not known whether it exercised this option; Miami Gardens contract states that it intends on installing APCs at a future date

Source: Municipal contracts, RFPs, and DTPW municipal survey results from July 2020



The median contract term length across municipalities is three years, and most contracts have options to extend term by at least one year



- **The typical contract term length was three years**, with a range from one to five years depending upon the municipality
- **Most contracts have at least one option to extend the term**, and the **typical extension was one additional year**, though many contracts allow for multiple extension options ranging from one to three years (e.g. City of Miami's contract allows for five extensions of one year each)
- **Many municipalities have extended their contracts past the original extensions to maintain favorable rates**, for instance by going month-to-month or through amendments to their contracts

Note: Data is based only on contracts for which complete contractual terms were available
Source: Municipal contracts

Certain municipalities also include other “quality of service” characteristics and safety/security equipment in their contracts

Quality of service

- **“Ambassador Style” customer service requirement** in Miami Beach contract
- **Bike racks on vehicles** in Miami Beach, Miami Gardens, and North Miami contracts
- **Automated Voice Information Systems (AVIS)** in Miami Beach and Miami Gardens
- **On-board Wi-Fi** in Miami Beach and Miami Gardens
- **Tools to measure customer satisfaction**, such as mystery rider program in Coral Gables and supervisor check-ins with passengers in Aventura

Safety / Security

- **On-board security camera** to monitor interior of vehicle (both riders and operator) in a number of municipalities
- **Exterior security camera** and other systems (e.g. Mobileye Collision Avoidance offered by MV Transportation to Coral Gables) to ensure safe driving by operator

Source: Municipal contracts, RFPs, and contractor proposals

Freebee operates two types of vehicles for municipalities in Miami-Dade County: an electric urban vehicle and an electric van

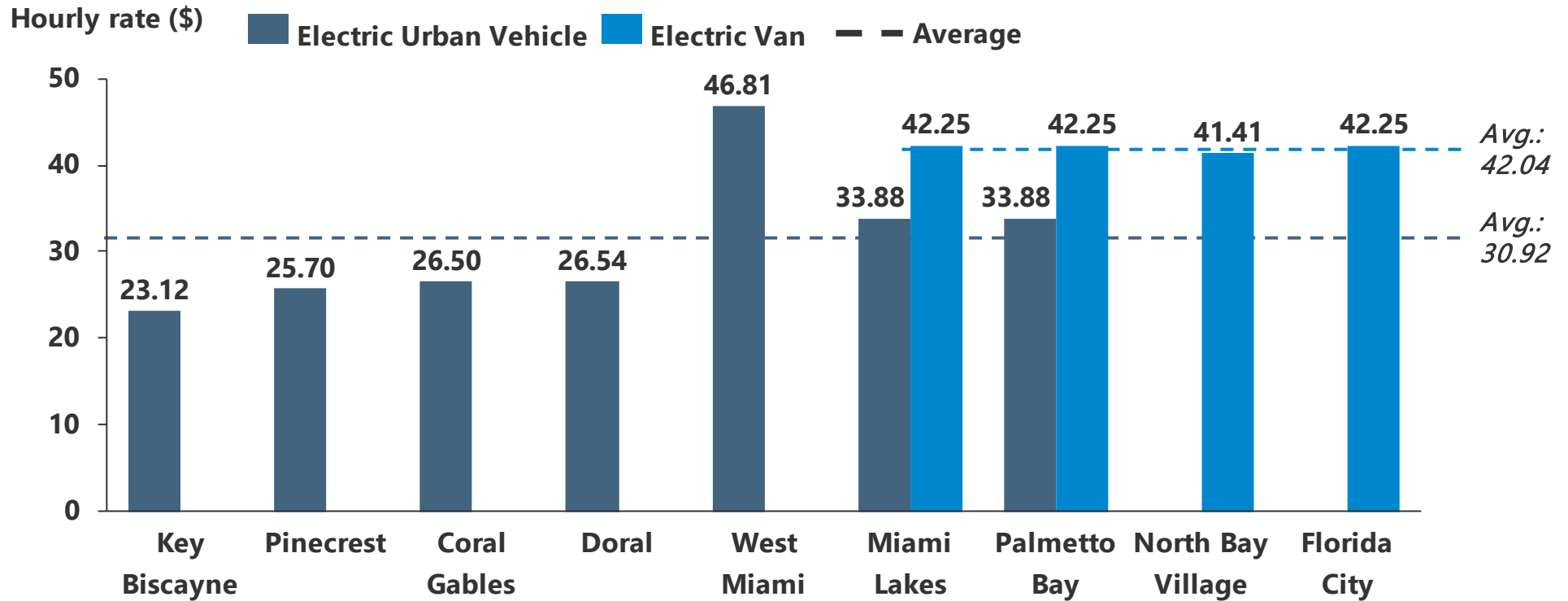
Electric Urban Vehicle (model: GEM E6)



Electric Van (model: Ford Transit 350HD)



Freebee charges similar rates across municipalities; rate depends on revenue hours per week and whether advertising is permitted



Freebee rates offered to Doral in 2019

Advertising Revenue	40 hours per week	70 hours per week
With advertising revenue	\$25.37 per hour	\$19.95 per hour
Without advertising revenue	\$33.88 per hour	\$26.54 per hour

Note: **Pinecrest, Coral Gables, West Miami** hourly rates are calculated based upon annual operating cost divided by expected revenue hours; West Miami currently operating 3-month pilot program through October 2020 and has two options to extend contract for three years.

Source: Municipal contracts



While some best practices appear in most contracts, all municipalities could consider including the following in transit service contracts

1 Quality of service performance standards

- On-time performance and headway
- Cleanliness and maintenance of vehicles and equipment
- Customer service
- Safety

2 Measurement of customer satisfaction

3 Real-time location tracking and mobile-based apps for riders

4 Driver standards (e.g. language and customer service requirements)

5 Reporting requirements (e.g. revenue hours, deadhead hours, ridership, revenue miles)

We outline four recommendations that could lead to more cost-effective transit service for municipalities

1 Collection of additional data

- Collect metrics such as revenue service hours, which may provide a useful metric with which to benchmark transit service cost
- Municipalities could also collect additional data from their contractors on cost, to identify savings opportunities

2 Consider insource/outsource decision

- Certain municipalities have found they can perform maintenance and fueling at lower cost than contractors
- Contractors may not always be able to finance vehicle purchases at terms that are as attractive as major municipalities

3 Consider leveraging scale at County level

- There may be scale benefits to combining the transit contracts or purchase decisions of certain municipalities
- Fixed costs, such as supervisors and managers, may be spread over larger volume of revenue hours, and vehicles could be jointly procured to obtain volume discounts

4 Measure customer satisfaction scores

- Understand whether the “quality of service” attributes that drive cost, such low-floor trolleys and shorter headways, lead to higher customer satisfaction