

Citizens' Independent
Transportation Trust



Final Report on Municipal Contracting

Fixed-Route and On-Demand Transit Services

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1 Municipality Transit Services

1.1 Overview

Miami-Dade County (the County) instituted *Ordinance No. 02-116* creating the one-half of one percent surtax on eligible sales transactions for transit and transportation-related projects (PTP Surtax) in July 2002. This ordinance and amendments thereafter are known collectively as the People Transportation Plan (PTP). The PTP Surtax program, administered by the Citizens' Independent Transportation Trust (CITT), is required to distribute at least twenty percent (20%) of Surtax proceeds directly to municipalities on a pro-rata basis for use on local transit and transportation projects. Out of the 34 municipalities currently eligible to receive Surtax funding, 33 are participating in the program, with the exception of Indian Creek Village¹.

The JLL team serves in a consulting capacity appointed by CITT to analyze the current municipal transit contracting services throughout the County. The team reviewed and analyzed existing fixed-route and on-demand transit service contracts, performed an analysis on the current state of the practice, and identified cost variations to understand their underlying causes while pinpointing changes to the 2021 Municipal Contracting Report (the 2021 Report). JLL also developed standardized template contracts for fixed-route and on-demand transit services. These efforts aim to streamline municipal contracting processes to assist municipalities and CITT in standardizing municipal transit service contracting, providing recommendations for contract uniformity, and enhancing reporting.

1.2 Fixed-Route and On-Demand Transit Services

The local transit services provided by municipalities through allocated PTP surtax funding comprises fixed-route and on-demand transit services. Among the 33 participating municipalities, 31 either operate a fixed-route and/or on-demand transit service. As depicted in Table 1-1, 12 municipalities provide both transit services. Nine municipalities solely offer fixed-route transit service and 10 solely offer on-demand transit service. El Portal and Golden Beach do not provide either service.

¹ Miami-Dade County Municipal Program: Municipal PTP Surtax Overview as of FY 2024.

Table 1-1: Municipal Transit Service Offerings

Municipality	Fixed-Route	On-Demand	Both	Neither
Aventura	•	•	•	
Bal Harbour Village		•		
Bay Harbor Islands*		•		
Biscayne Park		•		
Coral Gables	•	•	•	
Cutler Bay	•	•	•	
Doral	•	•	•	
El Portal**				•
Florida City		•		
Golden Beach				•
Hialeah	•	•	•	
Hialeah Gardens***	•			
Homestead	•	•	•	
Key Biscayne		•		
Medley	•			
Miami	•	•	•	
Miami Beach	•	•	•	
Miami Gardens	•			
Miami Lakes		•		
Miami Shores	•			
Miami Springs	•			
North Bay Village		•		
North Miami	•	•	•	
North Miami Beach	•	•	•	
Opa-locka	•			
Palmetto Bay	•	•	•	
Pinecrest	•	•	•	
South Miami		•		
Sunny Isles Beach	•			
Surfside****		•		
Sweetwater	•			
Virginia Gardens*****	•			
West Miami		•		
Total	21	22	12	2

* Bay Harbor Islands discontinued its fixed-route transit service in April 2024.

** El Portal discontinued its fixed-route transit service in October 2023.

*** Hialeah Gardens provides fixed-route transit service through an interlocal agreement with Hialeah.

**** Surfside discontinued its fixed-route transit service in May 2024 and commenced an on-demand transit service in April 2024.

***** Virginia Gardens provides fixed-route transit service through interlocal agreement with Miami Springs.

2 Fixed-Route Transit Service

2.1 Overview

Fixed-route transit service is offered by 21 municipalities, as shown in Figure 2-1 and Table 2-1. These services, often operated via trolleys or circulator buses, connect major points of interest such as airports, train stations, shopping centers, and popular tourist destinations. The frequency of these services ranges from a few minutes to hourly intervals. Most fixed-route transit services are offered within a given municipality's boundaries. However, some municipalities choose to cooperate with neighboring municipalities to offer the service mutually for better resource utilization. For example, interlocal agreements allow Hialeah to operate its fixed-route transit service in Hialeah Gardens, just as Miami Springs does in Virginia Gardens. Municipal fixed-route transit services are a key component to the regional transit network. Comprehensive bus schedule and route information is commonly available on municipal websites and is also accessible on the County's Metrobus Routes and Schedules website for residents and travelers.

Figure 2-1: Transit Service Offerings

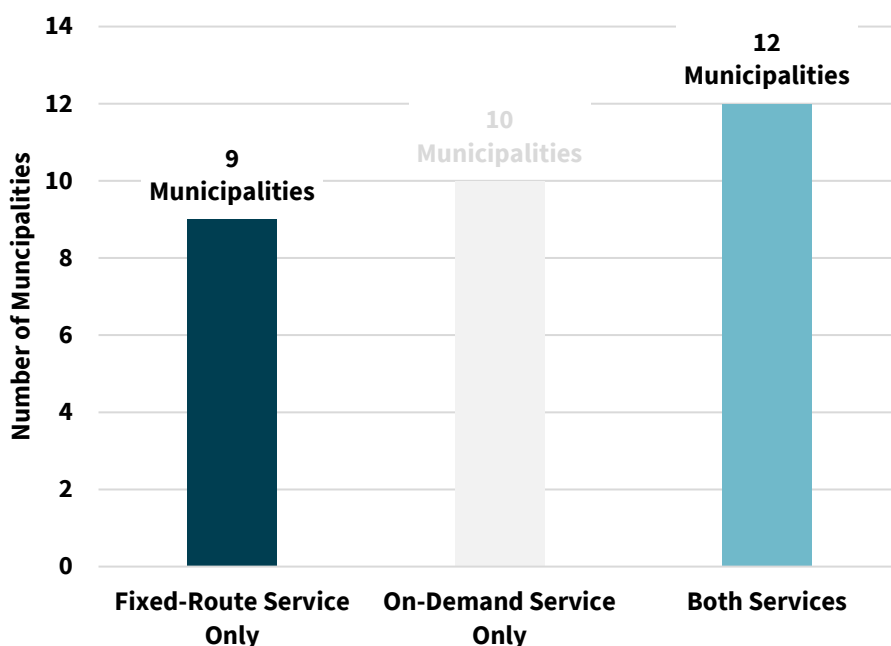


Table 2-1: Municipalities Offering Fixed-Route Transit Service

Municipality	Fixed-Route	Municipality	Fixed-Route
Aventura	•	Miami Beach	•
Bal Harbour Village		Miami Gardens	•
Bay Harbor Islands		Miami Lakes	
Biscayne Park		Miami Shores	•
Coral Gables	•	Miami Springs	•
Cutler Bay	•	North Bay Village	
Doral	•	North Miami Beach	•
El Portal		North Miami	•
Florida City		Opa-locka	•
Golden Beach		Palmetto Bay	•
Hialeah	•	Pinecrest	•
Hialeah Gardens	•	South Miami	
Homestead	•	Sunny Isles Beach	•
Indian Creek		Surfside*	
Key Biscayne		Sweetwater	•
Medley	•	Virginia Gardens	•
Miami	•	West Miami	

* Surfside discontinued its fixed-route transit service in May 2024.

2.2 Contract Analysis Overview

2.2.1 Service Providers

Municipal fixed-route transit services are provided by private and public service providers, as well as municipalities themselves. Private service providers include Limousines of South Florida, MV Transportation, and Pro Transportation². The County entered into an interlocal agreement with Cutler Bay. Medley, Sunny Isles Beach, and Palmetto Bay operate the services completely in-house, utilizing internal employees. Figure 2-2 and Table 2-2 illustrates the fixed-route transit service providers.

² Pro Transportation doing business as Prokel Mobility.

Figure 2-2: Transit Service Providers

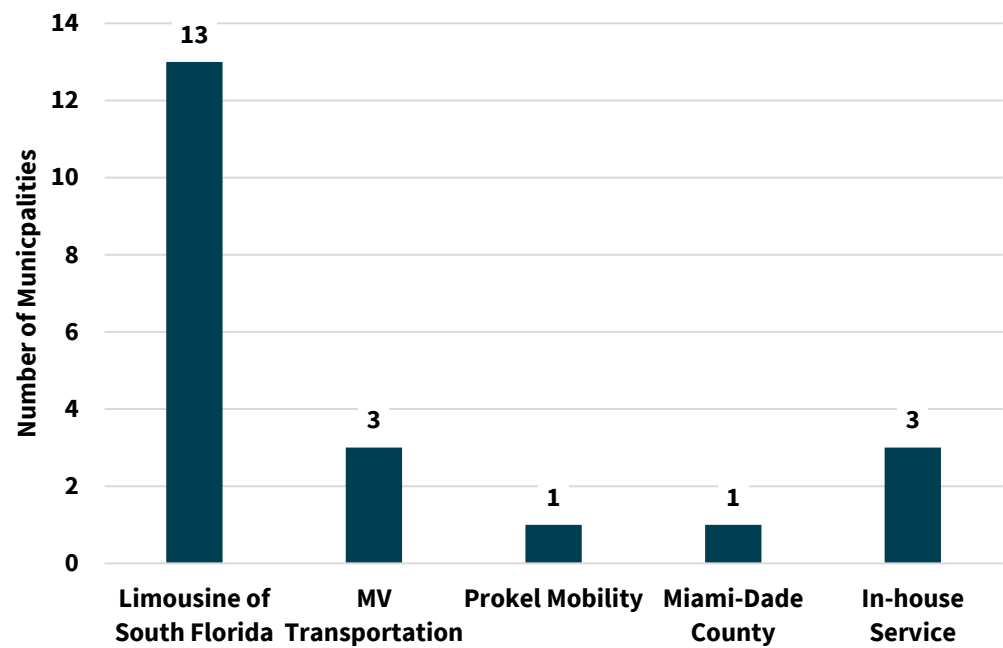


Table 2-2: Fixed-Route Transit Service Providers for each Municipality

Service Provider	Municipality
Miami-Dade County	Cutler Bay
	Hialeah
	Hialeah Gardens
	Coral Gables
MV Transportation	North Miami Beach
	Aventura
	Doral
	Homestead
Prokel Mobility	Miami
	Miami Beach
	Miami Gardens
	Miami Shores
	Miami Springs
	North Miami
	Opa-locka
	Pinecrest
	Sweetwater
	Virginia Beach

Private Service Providers

The analysis on fixed-route transit service contracts shows that Limousines of South Florida has 13 contracts³, MV Transportation is in contract with three municipalities, Coral Gables, Hialeah, and Hialeah Garden⁴. Pro Transportation provides services to a single municipality, North Miami Beach.

Public Service Provider

Cutler Bay is one of 11 zones in the County's transit network, which expanded from 5 zones following a November 2024 realignment aimed at complementing fixed-route services with on-demand options. As the only municipality that is receiving services from the County, Cutler Bay also contracts with the County for its on-demand transit service. This arrangement, part of a broader system where the County offers regional service and municipalities focus on local transportation, has contributed to an 8% growth in Department of Transportation and Public Works (DTPW) ridership and a 6% increase in municipal services due to reduced duplication. Cutler Bay's service, like two other routes in the County, is free, contrasting with the standard \$2.25 base fare. While this model presents both advantages and challenges, including the County's limited capacity for in-house service provision and municipalities' desire for local control, it has prompted other areas like South Miami and North Miami Beach to consider similar partnerships, potentially leading to more coordinated transit operations across the region.⁵

2.2.2 Scope of Services

Fixed-route transit service contracts analyzed in this report define responsibilities of both municipalities and service providers. These contracts encapsulate key components such as the scope of services, contract milestones, service areas, and other essential contractual items. The fixed-route transit services procured by municipalities vary as shown in Table 2-3. Nine municipalities seek full-service (Operations + Maintenance + Fuel + Vehicle) contracts with service providers. This turnkey operation involves the day-to-day management, operations, ongoing maintenance of the transit service, and the supply of vehicles, fuel, necessary equipment, insurance, licensing, and personnel such as drivers, dispatch supervisors, and mechanics. Contracts held by five municipalities represent full-service turnkey operations without the vehicles (Operations + Maintenance + Fuel), which are provided by the municipalities themselves. The City of Miami and Hialeah supply both vehicles and fuel to its

³ The MS/VG Shuttles extend service to Virginia Gardens under an agreement between Miami Springs and Limousines of South Florida. Virginia Gardens pays Miami Springs the full 20% of its PTP Surtax transit funding to operate its system.

⁴ The Hialeah fixed-route transit system extends services to Hialeah Gardens through an agreement between Hialeah and MV Transportation. Under this contract, Hialeah Gardens compensates Hialeah \$17,500 monthly for the service.

⁵ Information contained herein was provided by the County during an interview on December 10, 2024.

service provider, who is responsible for operations and maintenance services (Operations + Maintenance). Coral Gables only requires its service provider to operate the system with drivers, dispatchers, and supervisors (Operations).

Table 2-3: Scope of Services

Service Procured	Number	Municipality
Operations	1	Coral Gables
Operations + Maintenance	3	Miami
		Hialeah
		Hialeah Gardens
Operations + Maintenance + Fuel	5	Doral
		Homestead
		North Miami
		North Miami Beach
		Sweetwater
Operations + Maintenance + Fuel + Vehicle	9	Aventura
		Cutler Bay
		Miami Beach
		Miami Gardens
		Miami Shores
		Miami Springs
		Opa-locka
		Pinecrest
		Virginia Gardens

2.2.3 Vehicle Specifications

Municipalities mainly utilize circulator buses, trolleys, and cutaway shuttles for their fixed-routes depending on the passenger demand in their area. The cost of vehicles varies, with circulator buses being the most expensive and cutaway shuttles the least expensive. Table 2-4 illustrates examples of the main vehicle types used by municipalities, along with their specifications and approximate costs.

Table 2-4: Vehicle Type and Approximate Cost per Vehicle

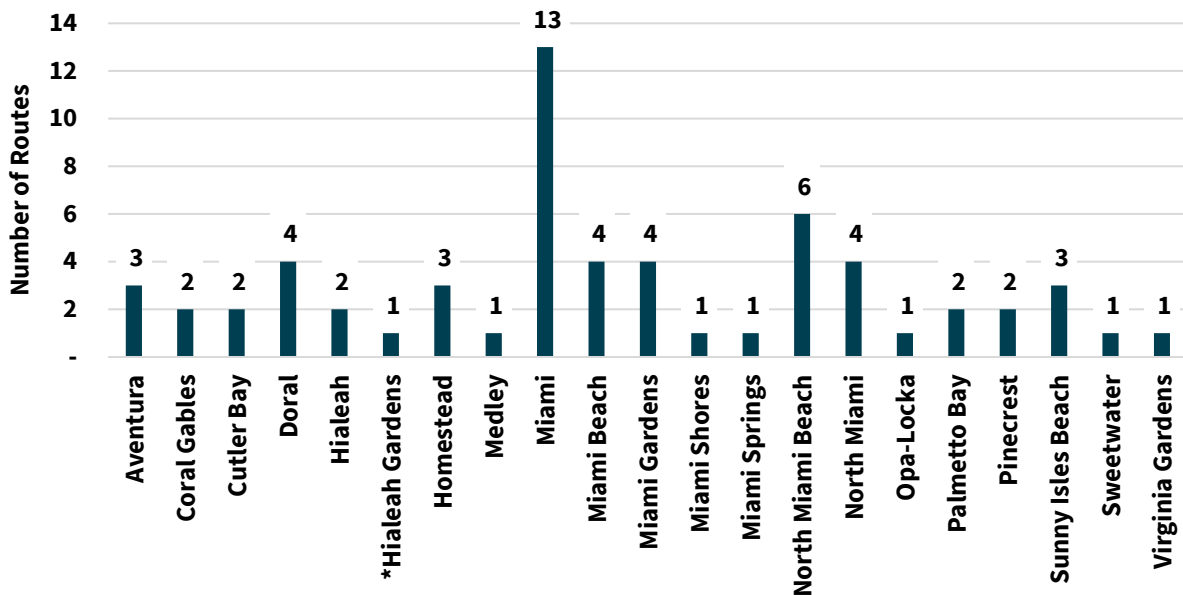
Municipality	Vehicles	Type	Model	Cost
Hialeah		Circulator Bus	ENC EZ Rider II HD	\$506,028
Miami		Low-floor Trolley	Low-floor 34'	\$455,954
Miami Gardens		High-floor Trolley	Freightliner Chassy	\$240,000
North Miami		Cutaway Shuttle	Freightliner MBC Villager	\$225,357

Source: Developed based on vehicle information specified in contracts and conversations with municipalities. Vehicle images are retrieved from municipality websites.

2.2.4 Number of Routes

The number of routes offered by municipalities typically reflects the demand for transit services in their respective areas. Miami offers the most, with 13 routes, while most municipalities offer between one and six routes. The number of routes offered by each municipality is illustrated in Figure 2-3.

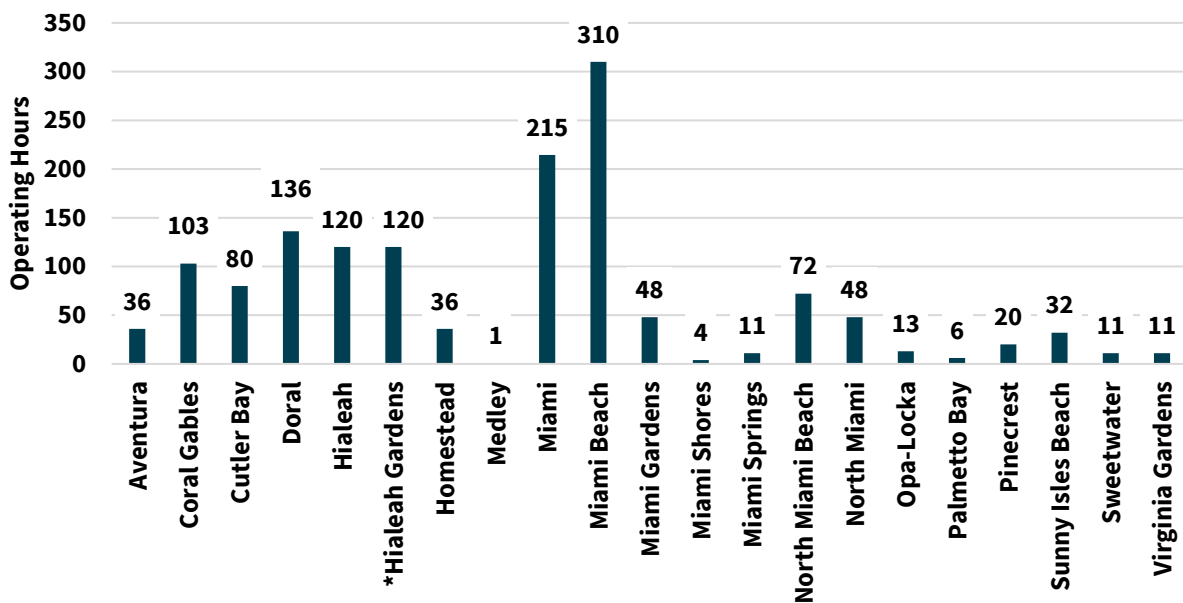
Figure 2-3: Number of Fixed-Routes Offered



2.2.5 Revenue Hours

The average weekday revenue hours for fixed-route transit services provided by various municipalities range from an average half hour (Medley) to 310 hours (Miami Beach) per weekday, as delineated in Figure 2-4.

Figure 2-4: Average Weekday Revenue Hours



2.2.6 Performance Requirements

Municipalities generally incorporate varying degrees of performance requirements in their contracts. These terms typically demand adherence to regulatory obligations, personnel expectations, and standards related to sanitation, safety, reporting, and reliability, along with defining the quality and scope of services and equipment provisions. The regulatory requirements cover compliance with existing laws, procedures, permits, licenses, and ordinances. Service providers are required to take the responsibility of guaranteeing that all project-associated vehicles comply with industry practices. Staff including drivers, dispatchers, operators, and managers are expected to demonstrate professional conduct and possess adequate training to carry out their respective roles. Equipment specifications are also included in some contracts, necessitating the installation of features such as live-feed video surveillance systems, Automatic Passenger Counters (APCs), Automated Voice Information Systems (AVIS), Wi-Fi services, and real-time GPS tracking in vehicles to enhance the user experience. These requirements aim to ensure the optimal functioning of fixed-route transit services.

2.2.7 Insurance

Insurance requirements vary slightly among municipalities, but they typically mandate similar insurance policies, with the exception of coverage limits and the inclusion of professional liability insurance. Table 2-5 highlights typical insurance requirements and the differences among a select few municipalities. For most municipalities, insurance requirements include Workers Compensation in alignment with Florida State Statute (F.S.S.) 440, offering \$1 million per accident and \$2 million aggregate. Commercial General Liability is mandated at \$1 million per occurrence, with some municipalities requiring a \$2 million aggregate. Automobile insurance commonly covers \$1 million per occurrence. Professional liability insurance is set at \$1 million per occurrence; however, it is not universally required. Umbrella or excess liability insurance, when required, demands coverage of \$5 million aggregate, although lower limits or no requirement may apply in some cases.

Table 2-5: Insurance Requirements

Municipality	Workers Compensation	Commercial General Liability	Automobile Insurance	Professional Liability Insurance	Umbrella / Excess Liability Insurance
Coral Gables	\$1M / accident	\$1M / occurrence \$2M aggregate	\$1M / occurrence	not required	\$5M aggregate
Miami Beach	In accordance with F.S.S. 440*	\$1M / occurrence \$2M aggregate	\$1M / occurrence	not required	\$5M aggregate

Opa-locka	\$0.1M / accident	\$1M / occurrence	\$1M / occurrence	not required	not required
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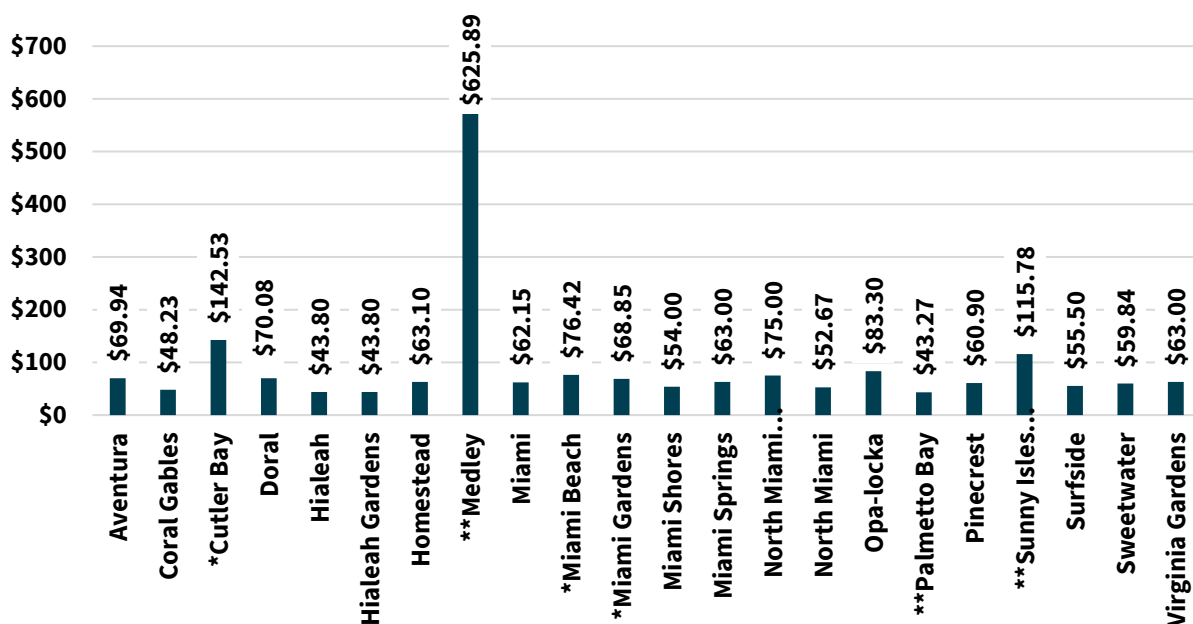
* \$100,000 per occurrence, \$500,000 aggregate, and \$100,000 per disease.

2.3 Cost Comparison

2.3.1 Hourly Rate

The hourly rates for fixed-route transit services across municipalities with external contracts range from \$43.80 in Hialeah to \$83.30 in Opa-locka. The hourly rates of municipalities offering in-house service are \$625.89 in Medley, \$115.78 in Sunny Isles Beach, and \$43.27 in Palmetto Bay, as illustrated in Figure 2-5. There is a large rate variance between the two groups. The average hourly rate among the 19 municipalities with external contracts analyzed in this report stands at \$66.11. The average hourly rate of municipalities offering in-house service is \$261.65. Medley stands out as the highest at \$625.89, which is unique as the municipality offers its service for three hours per day on Wednesdays. It operates significantly fewer revenue hours compared to other municipalities. The fixed costs of personnel, facilities, maintenance, and operations can drive up the hourly rate significantly. The variation in transit costs indicates diverse influences on pricing. The subsequent section will delve deeper into key cost drivers, exploring the various factors that contribute to the service rate.

Figure 2-5: Hourly Rates



* The hourly rates for Cutler Bay, Miami Beach, and Miami Gardens are calculated by using either average rates from various routes, ridership reports, or other data supplied by the municipality.

** The hourly rates for Medley, Palmetto Bay, and Sunny Isles Beach are calculated by using the fiscal year cost and number of operating hours per year. These municipalities provide self-operating fixed-route transit service.

2.4 Key Cost Driver Analysis

Rates for fixed-route transit services vary across municipalities. Contributing factors such as the scope of services, vehicle specifications, service providers, operating hours, and staffing costs are analyzed in this section. Other potential cost drivers are also mentioned. It is worth noting that, in most cases, multiple cost drivers contribute to the rate variances. Given the scattered data available in the collected contracts, it is challenging to explicitly determine the cause of the variations. Implementing standardized contracts with itemized service costs for each contract item would enhance cost comparison and transparency across municipalities. Detailed recommendations for contract standardization are outlined in Section 4.

2.4.1 Scope of Services

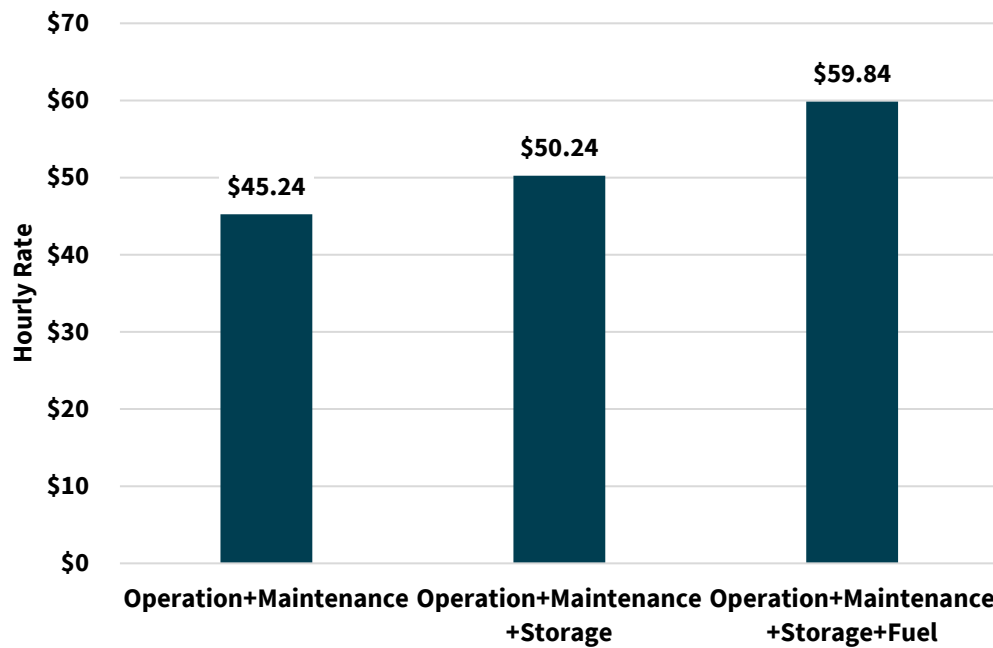
The service requirements sought by municipalities are reflective in the hourly rates charged by service providers, as indicated in Table 2-6. As the scope of services requests increase, so do the hourly rates that service providers charge. However, there are some exceptions. For instance, Miami Shores procures 'Operations + Maintenance + Fuel + Vehicle', yet its rates are lower than many municipalities in the 'Operations + Maintenance + Fuel' and 'Operations + Maintenance' groups. This can be explained by the fact that the scope of services is not the sole contributor to cost variance.

Table 2-6: Scope of Services and Hourly Rate

Services Procured	Municipality	Hourly Rate	Average Hourly Rate
Operations	Coral Gables	\$48.32	\$48.32
Operations + Maintenance	Miami	\$62.15	\$52.98
	Hialeah	\$43.80	
	Hialeah Gardens	\$43.80	
Operations + Maintenance + Fuel	Doral	\$70.08	\$64.14
	Homestead	\$63.10	
	North Miami	\$52.67	
	North Miami Beach	\$75.00	
	Sweetwater	\$59.84	
Operations + Maintenance + Fuel + Vehicle	Aventura	\$69.94	\$75.92
	Cutler Bay	\$142.53	
	Miami Beach	\$71.23	
	Miami Gardens	\$73.40	
	Miami Shores	\$54.00	
	Miami Springs	\$64.00	
	Opa-locka	\$83.30	
	Pinecrest	\$60.90	
	Virginia Gardens	\$64.00	

The correlation between the scope of services and hourly rates becomes more apparent when all other factors are controlled. Figure 2-6 shows a clear correlation between the scope of services and the corresponding rates for Doral. The service rate increases by \$5.00 per hour for vehicle storage and by an additional \$9.60 per hour for fuel.

Figure 2-6: Doral Trolley Fixed-Route Transit Service Quoted Cost 2014



Source: Data retrieved from City of Doral Maintenance & Operation Services for the Doral Trolley Circulator System Resolution No. 14-72

2.4.2 Vehicle Specifications

The vehicle types mandated by municipalities are reflected in the hourly rates charged by service providers. As indicated in Table 2-7, the average hourly rate of Miami Beach’s low-floor trolleys, under the same operating hours, is \$11.54 higher than that of high-floor trolley vehicles.

Table 2-7: Miami Beach Trolley Vehicles Average Hourly Rates

Vehicles	Average Hourly Rate
High-Floor Trolley Vehicles	\$84.16
Low-Floor Trolley Vehicles	\$95.70

Source: Modified based on the Turn-Key Operations and Maintenance Services of a Municipal Trolley System for the City of Miami Beach Amendment No.12.

In Miami Gardens, a new Route D was introduced in November 2023, utilizing cutaway shuttles (a lower cost vehicle type described in Table 2-4), in contrast to the high-floor trolleys used on the other three routes, Route A, B, and C. Miami Gardens negotiated a lower rate due to the change in vehicle type. The hourly rates for Routes A, B, and C are \$73.40, while Route D has a lower rate of \$63.40.

2.4.3 Service Providers

Prokel Mobility and Limousines of South Florida are the two providers engaged by municipalities for fixed-route transit services. Comparing municipalities and service providers that offer the same service, specifically the 'Operations + Maintenance + Fuel' group, as indicated in Table 2-8, the hourly rate varies. Based on the information received, the choice of service providers may be a key cost driver. However, there are likely other factors that impact the service rate, and this summary is not meant to provide a recommendation for a municipality to use one service provider over another.

Table 2-8: Operations + Maintenance + Fuel Service Hourly Rates

Service Provider	Municipality	Hourly Rate	Average Hourly Rate
Prokel Mobility	North Miami Beach	\$75.00	\$75.00
Limousines of South Florida	Doral	\$70.08	\$61.38
	Homestead	\$63.10	
	North Miami	\$52.67	
	Sweetwater	\$59.68	

2.4.4 Operating Hours

As indicated in Table 2-9, the hourly rate charged to Miami Beach for low-floor trolley vehicles decreases as operating hours increase. This suggests economies of scale, where longer service times lead to a unit cost, presumably due to the distribution of fixed costs over a larger number of operating hours. No other service contract provided a similar breakdown; therefore, while this is an anecdotal example, it is reasonable to assume a similar relationship exists for each municipality.

Table 2-9: Miami Beach Operating Hours and Hourly Rates

Vehicle/Monthly Operating Hours	10,777 – 16,165	8,757 – 10,776	6,736 – 8,756	4,715 – 6,736	2,694 – 4,714
Low-Floor Trolley Vehicles	\$77.35	\$84.03	\$89.75	\$100.39	\$126.97

Source: Modified based on the Turn-Key Operations and Maintenance Services of a Municipal Trolley System for the City of Miami Beach Amendment No.12.

2.4.5 Staff Wages

Staff wages appear to be another contributing factor to differences in service rates. Table 2-10 shows the annual living wage and payroll tax increases from 2018 – 2023. An additional \$2.55 per hour for eligible employees working under the agreement between Miami Beach and its

service provider was negotiated in Resolution 2022-32263⁶. Increases in the living wage led to increased hourly rates of service over time.

Table 2-10: Miami Beach Fixed-Route Transit Service Living Wage and Payroll Tax Increases

Year	Living Wage Increase (\$/hour)	Payroll Tax Increase (\$/hour)
2018	\$0.57	\$0.06
2019	\$0.56	\$0.06
2020	\$0.56	\$0.06
2021	\$0.15	\$0.02
2023	\$0.46	\$0.05

Source: Modified based on the Turn-Key Operations and Maintenance Services of A Municipal Trolley System for the City of Miami Beach Amendment No.12. (The data for the year 2022 was not included)

Doral's contract, effective October 1, 2022, resulted in an increase in the hourly service rate from \$59.84 to \$70.08. This increase resulted from a raised minimum driver wage, which went from \$13.10 to \$15.00 per hour, and from an increase in diesel costs.

2.4.6 Other Factors That May Impact Cost

There are other factors, such as insurance, fuel, cost of maintenance, number of personnel, performance requirements, and more, that may impact the hourly rates charged to municipalities. However, the information received from collected contracts is scarce, which hinders analysis and prevents determining the impact of these factors. Standardized or transparent contracts across municipalities containing itemized contractual service costs would allow for cross-municipal comparative analyses and could help Municipalities negotiate more competitive rates, which may lead to cost savings.

2.5 Key Changes to the 2021 Report

2.5.1 Municipalities Offering Fixed-Route Transit Service

The 2021 Report analyzed 17 municipalities offering fixed-route transit services. The fixed-route transit services for Cutler Bay, Hialeah Gardens, Medley, Miami Shores, Palmetto Bay, Sunny Isles Beach, and Virginia Gardens were not included in the 2021 Report. Cutler Bay entered into an interlocal agreement with the County to maintain its fixed-route transit service. Virginia Gardens initiated its own fixed-route transit service in 2007, then entered into an interlocal agreement with Miami Springs to operate its services until now. In October 2023, El Portal discontinued its fixed-route transit service after concluding that the ridership demand did not justify the spending. Surfside, Bal Harbour Village, and Bay Harbor Islands had discontinued its fixed-route transit service.

⁶ Retrieved from Living Wage Amendment No.13 to Agreement No.2014-154-SR for Turn-key Operations and Maintenance Services of a Municipal Trolley System for the City of Miami Beach.

2.5.2 Hourly Rate

The average hourly rates of four fixed-route transit service contractual options are compared between the 2021 Report and this report in Table 2-11. As shown, there is an increase in the average hourly rates across all categories. The increases are likely attributed to rising fuel costs, higher salaries for drivers and other personnel, and additional operational and maintenance expenses, particularly heightened in the post-pandemic period.

Table 2-11: Hourly Rate Comparison by Service Categories

Service Category	2021 Report	Current Report	Increase (%)
Operations	\$33.23	\$48.32	45.41%
Operations + Maintenance	\$52.58	\$52.98	0.76%
Operations + Maintenance + Fuel	\$59.84	\$64.14	7.18%
Operations + Maintenance + Fuel + Vehicles	\$59.01	\$75.92	28.66%

3 On-Demand Transit Service

3.1 Overview

The on-demand transit service employs mobile application-based, fare-free transit routes within specific contract-defined areas, providing opportunities to fulfill local travel needs and improve first and last-mile connectivity. The service aims to expand travel options for commuters, boosting public transit usage while also reducing traffic congestion, and cutting carbon emissions. The goal of the on-demand service is to create a versatile service model. This model integrates dynamic and real-time operational technology, enabling comprehensive automated processes. These include scheduling, dispatching, ride reservations, real-time ride pairing, and dynamic routing for timely, demand-responsive transit service. As shown below in Figure 3-1, 22 municipalities currently offer on-demand transit services, with 12 municipalities offering both fixed-route and on-demand transit services to complement one another, and 10 municipalities only offering on-demand transit service. Table 3-1 enumerates municipalities offering on-demand transit services.

Figure 3-1: Transit Service Offerings

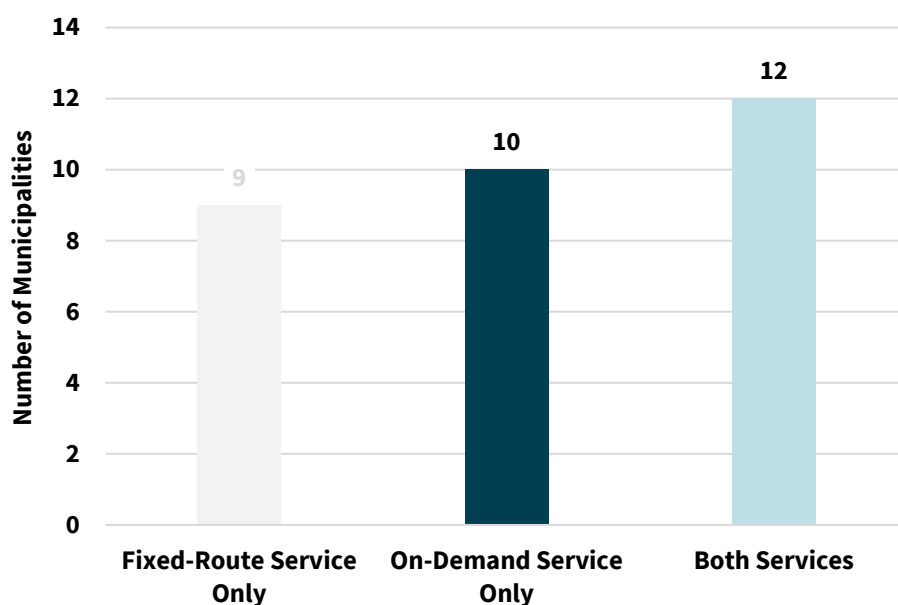


Table 3-1: Municipalities Offering On-Demand Transit Service

Municipality	On-Demand	Municipality	On-Demand
Aventura	•	Miami Beach	•
Bal Harbour Village	•	Miami Gardens	
Bay Harbor Islands	•	Miami Lakes	•
Biscayne Park	•	Miami Shores	
Coral Gables	•	Miami Springs	
Cutler Bay	•	North Bay Village	•
Doral	•	North Miami Beach	•
El Portal		North Miami	•
Florida City	•	Opa-locka	
Golden Beach		Palmetto Bay	•
Hialeah	•	Pinecrest	•
Hialeah Gardens		South Miami	•
Homestead	•	Sunny Isles Beach	
Indian Creek		Surfside	•
Key Biscayne	•	Sweetwater	
Medley		Virginia Gardens	
Miami	•	West Miami	•

3.2 Contract Analysis

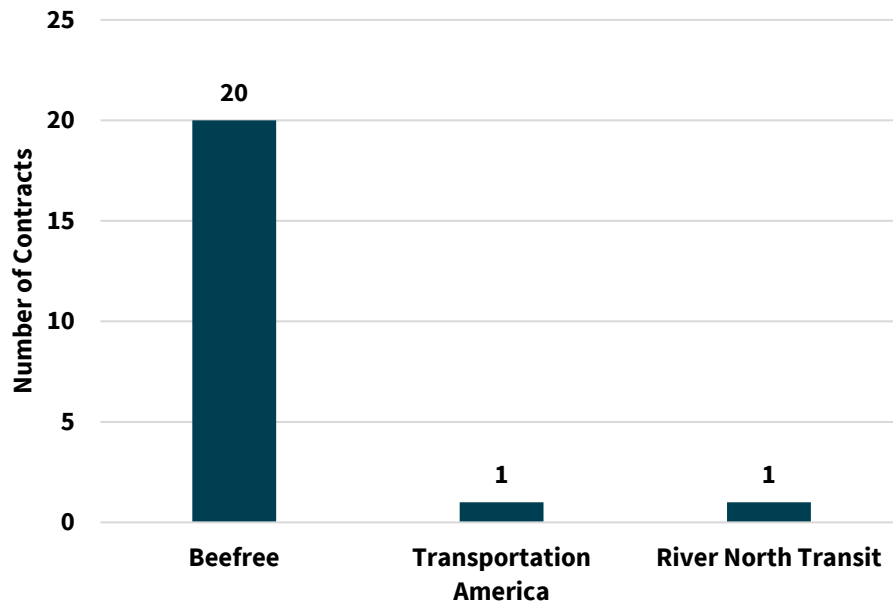
3.2.1 Service Providers

Municipal on-demand transit services are provided by private and public service providers. Private service providers include Beefree and Transportation America. Cutler Bay entered into an interlocal agreement with the County and pays the County an annual operating cost for their services, which is provided by River North Transit.

Private Service Providers

Among the municipalities offering on-demand transit services, Beefree (doing business as Freebee) holds the most significant presence, catering to 20 municipalities, as shown in Figure 3-2. Transportation America provides service to the City of Miami. Some municipalities piggyback on other municipalities' contract terms and conditions. A piggyback contract allows one municipality to adopt the contract terms of another, leveraging the municipality's terms to save on administrative costs and time. For example, Biscayne Park piggybacked off Palmetto Bay's contract, and Pinecrest and South Miami piggybacked off Aventura's contract.

Figure 3-2: Service Providers



Public Service Provider

Cutler Bay and the County have a comprehensive on-demand service agreement. The DTPW provides on-demand transit service throughout Cutler Bay, with the service zone expanded in October 2023. The County receives 100% reimbursement for revenue hours as per the interlocal agreement. Notably, Cutler Bay has shown the highest utilization among all on-demand zones, with riders demonstrating more patience for longer pickup times compared to areas with premium transit options like Metrorail. This success is attributed to limited alternatives (only one bus route) and strong support from the Town of Cutler Bay in promoting and educating residents about the service. The County's MetroConnect service differs from other municipal providers like Freebee in terms of vehicle types, algorithms, and ADA compliance. MetroConnect operates 47 vehicles, including Chrysler, Dodge, and Tesla models, with a focus on expanding its electric fleet. The County aims to collect more comprehensive data from municipalities and providers to improve service analysis. While Cutler Bay pays for the County-operated service, some areas like Surfside have transitioned away from County service, though efforts are underway to reestablish service in such areas. The County is working to amend quarterly reports to gather more detailed trip-based data, including ridership and cancellations, to further optimize the on-demand transit system.⁷

3.2.2 Scope of Services

The scope of services for on-demand transit across various municipalities includes a comprehensive turnkey solution encompassing operations, maintenance, provision of drivers, and vehicles. Each contract generally maintains this scope, with minor variations in advertising

⁷ Information contained herein was provided by the County during an interview on December 10, 2024.

revenue sharing, charging infrastructure, and parking. Service providers are tasked with ensuring that the services meet specific safety and mechanical standards compliant with federal, state, county, and local regulations. Operating schedules and areas are defined in the contracts. Service providers are commonly required to submit reports that include ridership trends, operational costs, revenue, and other key operational information. The on-demand transit service provided by Miami differs from those offered by other municipalities, as it is only available to residents for accessing senior centers that provide hot meals and food procurement locations, as well as government and medical facilities. In contrast, other municipalities extend their on-demand transit services to both residents and travelers and other travel purposes within defined municipal areas.

3.2.3 Performance Requirements

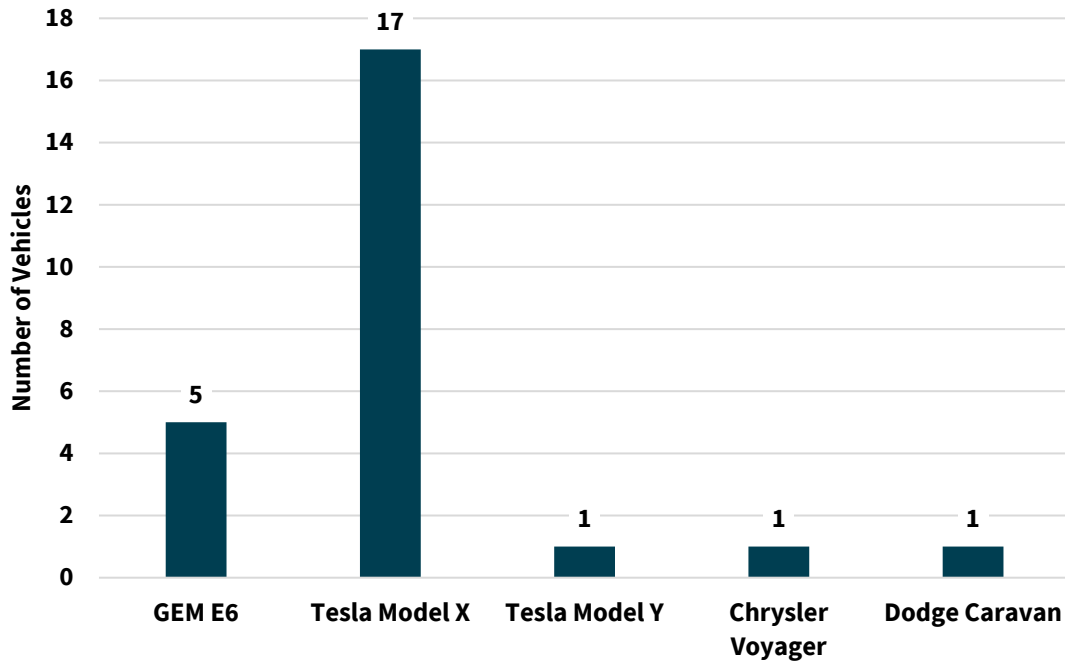
To ensure the smooth operation of on-demand transit services, municipalities generally integrate performance requirements into their contracts. Depending on municipalities' contracts, the details can vary. These requirements mandate adherence to regulations, service standards, personnel qualifications, and reporting protocols. On-demand transit services utilize software applications, enabling passengers to request service, thus amplifying the comprehensiveness of technology requirements in contracts. Regulatory standards obligate compliance with existing laws, rules, permits, licenses, and ordinances. Personnel, such as drivers and managers, must demonstrate professionalism and possess the necessary training to execute their roles. Service providers are required to develop performance measurement plans regarding reporting, complete with clearly defined key performance indicators and benchmarks, to capture data and assess the service's impact. The technology requirements include mobile applications for vehicle routing and dispatch, remote real-time monitoring and analytics for service operations, and operator and customer-facing applications available for download on various platforms.

3.2.4 Vehicle Specifications

The Tesla Model X is the most frequently used on-demand vehicle, utilized by 17 municipalities, as shown in Figure 3-3. The GEM E6 (Freebee XL) is the second most frequently used vehicle, chosen by five municipalities. Regular combustion-engine vehicles such as the Chrysler Voyager are employed by Cutler Bay while the Dodge Caravan is used by Doral. Four municipalities opt for a variety of vehicles: Aventura and Miami Lakes employ both the Tesla Model X and the Freebee XL. Doral employs Tesla Model X and Dodge Caravan. Pinecrest employs Tesla Model X and Model Y. The on-demand transit service deployed by Miami utilizes two types of vehicles, ambulatory and wheelchair for its residents.⁸

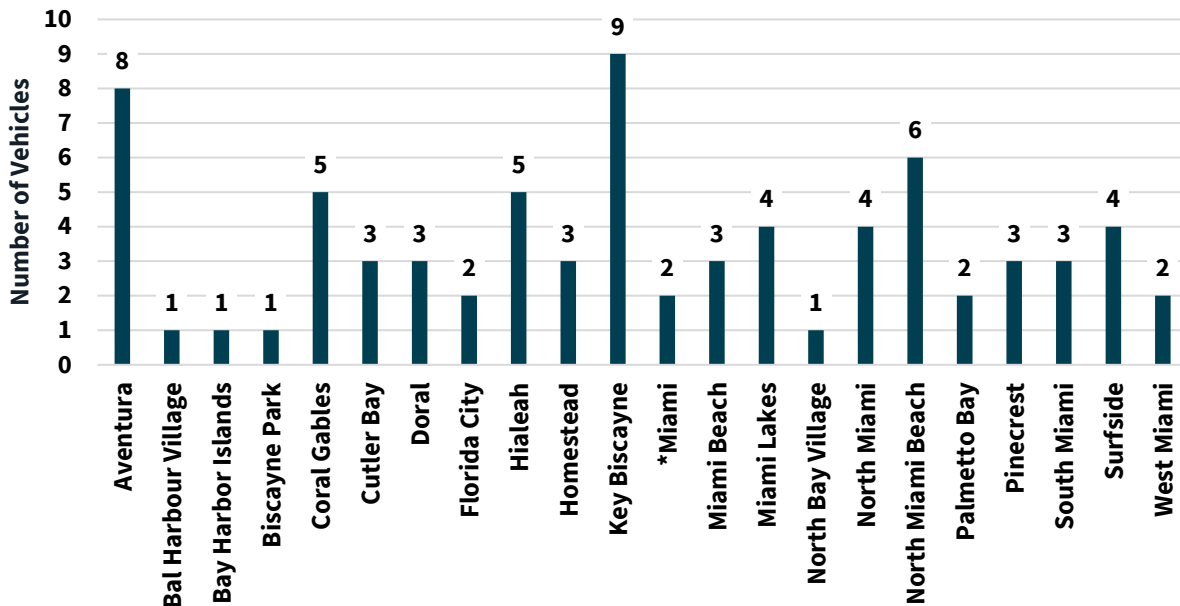
⁸ Vehicle models are unknown.

Figure 3-3: On-Demand Vehicle Models



The on-demand vehicle fleet sizes across various municipalities reveals their differing scales of operations, as illustrated in Figure 3-4. Key Biscayne stands out with the most substantial fleet, boasting a total of nine vehicles. Other municipalities typically maintain a fleet size ranging from one to eight vehicles depending on the demand.

Figure 3-4: Fleet Size

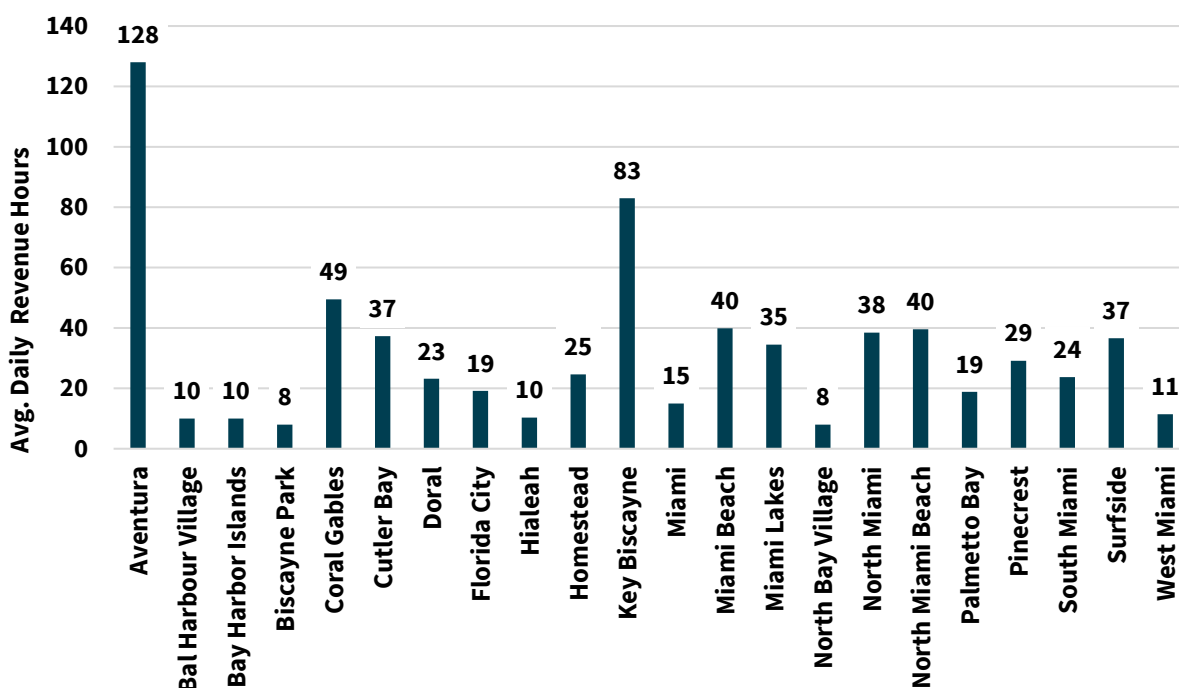


* Miami operates two types of vehicles, deploying at least one vehicle for each category of its on-demand transit services.

3.2.5 Revenue Hours

Municipalities' average daily hours range from 8 to 128 hours per day, as illustrated in Figure 3-5.

Figure 3-5: Average Daily Revenue Hours



3.2.6 Insurance

On-demand transit service insurance requirements for municipalities generally include a range of coverages with specific limits, although they vary slightly depending on the municipality. Workers' compensation, automobile insurance, and commercial general liability are commonly required. Professional liability insurance and umbrella or excess liability are not universally required, with only some municipalities mandating service providers carry these insurance policies. Table 3-2 below highlights a sample of the municipalities and common differences in insurance requirements mandated by municipalities.

Table 3-2: Insurance Requirements

Municipality	Workers Compensation	Commercial General Liability	Automobile Insurance	Professional Liability Insurance	Umbrella / Excess Liability Insurance
Doral	\$0.5M / accident	\$3M aggregate	\$1M / occurrence	not required	not required
Key Biscayne	\$1M / accident	\$1M / occurrence \$2M aggregate	\$1M / occurrence	\$1M / occurrence	not required
South Miami	in accordance with F.S.S. 440*	\$3M aggregate	\$1M / occurrence	not required	not required
Surfside	in accordance with F.S.S. 440	\$1M / occurrence	\$1M / occurrence	not required	\$5M aggregate

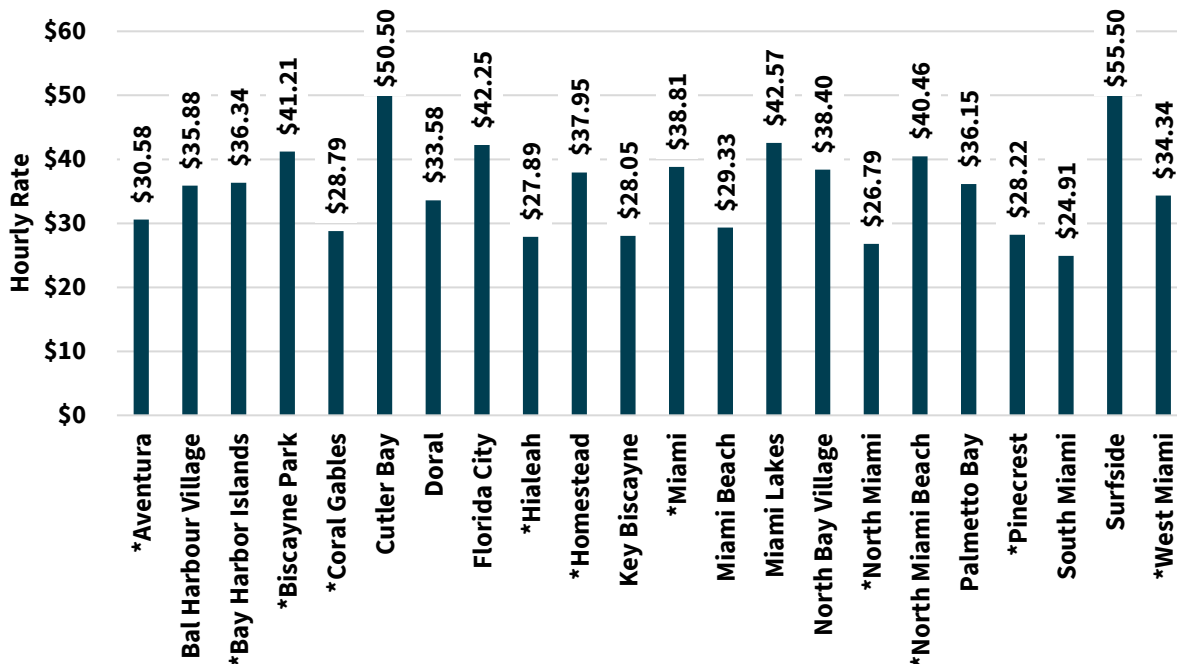
*\$100,000 per occurrence, \$500,000 aggregate, and \$100,000 per disease.

3.3 Cost Comparison

3.3.1 Hourly Rate

The contracted hourly rates provided to on-demand transit service providers vary across municipalities, with the highest rate in Surfside at \$55.50 and the lowest in South Miami at \$24.91. The average rate is \$35.84 per hour, as shown in Figure 3-6.

Figure 3-6: Hourly Rates per Vehicle



* Aventura, Bay Harbor Islands, Biscayne Park, Coral Gables, Hialeah, Homestead, Miami, North Miami, North Miami Beach, Pinecrest, and West Miami, hourly rates were calculated are using the annual contract annual provided in contract document/ridership reports documents, operating hours, fleet size.

3.4 Key Cost Driver Analysis

Rates for on-demand transit services vary across municipalities. Contributing factors such as the operating hours, vehicle specifications, advertising subsidy, and service providers are analyzed in this section. It is worth noting that, in most cases, multiple cost drivers contribute to the rate variances.

3.4.1 Vehicle Specifications

The type of vehicle mandated by municipalities impacts the variability of service rates, given the same scope of services are procured across municipalities. As illustrated in Table 3-3, varying hourly rates correspond to different vehicle types under the Miami Beach contract. Such differences imply that vehicle type influences the hourly rate, and therefore, the choice in vehicle has cost implications.

Table 3-3: Miami Beach Average Hourly Rates per Vehicle

Vehicle Type / Annual Operating Hours	Under 3,500	3,500 to 4,249	4,250 to 5,249	Over 5,250
Freebee XL	\$26.25	\$26.25	\$26.25	\$26.25
Tesla Model X	\$41.99	\$36.34	\$30.54	\$29.33
Ford E-Transit Passenger Van	\$52.50	\$48.02	\$39.92	\$36.40

Source: Modified based on the Professional Services Agreement Between the City of Miami Beach and BEEFREE, LLC D/B/A FREEBEE for the City of Miami Beach On-Demand Transit Service (3/8/2023)

3.4.2 Operating Hours

In general, the longer the required operating hours, the lower the hourly rates. This trend may be attributed to certain fixed costs (such as the development of on-demand mobile, vehicle wrapping, initial setup, etc.), which, spread out over a longer period, effectively reduces the per-hour cost, as shown in Table 3-4.

Table 3-4: Miami Beach Operating Hours and Hourly Rates

Vehicle Type / Annual Operating Hours	Under 3,500	3,500 to 4,249	4,250 to 5,249	Over 5,250
Tesla Model X	\$41.99	\$36.34	\$30.54	\$29.33

From the information provided, hours of operation are considered a key cost driver, with extended operating hours associated with reduced service rates. However, there are instances where extended operating hours do not correlate to reduced service rates.

3.4.3 Advertising Subsidy

Some municipalities, such as Aventura, Florida City, Miami Beach, North Bay Village, North Miami, Palmetto Bay, and Pinecrest, have advertising subsidy policies defined in their contracts. These policies permit service providers to sell advertising spaces on vehicles to subsidize the service rates they have agreed to pay. Advertising revenue sharing policies vary among these municipalities, which can be broadly categorized into two groups: revenue-retention and revenue-sharing, as shown in Table 3-5. The revenue-retention approach involves the service provider retaining all advertising revenue while offering guaranteed discounts to the respective municipalities listed as follows:

- Aventura: \$200,000 (converted hourly rate \$4.23)
- North Bay Village: \$6,000 (converted hourly rate \$1.92)
- North Miami: \$30,000 (converted hourly rate \$2.06)

The revenue-sharing approach involves splitting the advertising revenue between the municipality and the service provider, typically equally or beyond specified revenue

thresholds. For instance, in South Miami, revenue is shared equally but only for amounts over \$72,000. These advertising revenue policies help reduce the actual service rates charged by service providers, depending on the revenue-sharing amounts defined by the policy, thereby impacting overall costs.

Table 3-5: Advertising Subsidy Policies

Policy Group	Municipalities	Policy Details
Revenue-Retention	Aventura North Bay Village North Miami	Service provider retains all advertising revenue but provides a significant guaranteed discount to the city or village.
Revenue-Sharing	Florida City Miami Beach Palmetto Bay South Miami Pinecrest	Revenue is divided between the municipality and the service provider, either equally or based on thresholds of revenue generation (e.g., beyond a specific amount).

3.4.4 Other Factors that May Impact Cost

There are other factors, such as insurance, cost of maintenance, number of personnel, performance requirements, and more, that may impact the service rates charged to municipalities. However, the information received from collected contracts is scarce, which hinders analysis and prevents determining the impact of these factors.

3.5 Key Changes to the 2021 Report

3.5.1 Municipalities Offering On-demand Transit Service

In 2024, there are 22 out of 33 municipalities offering on-demand transit services, compared to ten recorded in the 2021 Report⁹. Thirteen municipalities have since added the service. According to the 2021 Report, Key Biscayne, South Miami, Pinecrest, Coral Gables, Doral, Miami Lakes, Palmetto Bay, North Bay Village, Florida City, and West Miami (was operating a 3-month pilot program). As of the time of this report, Aventura, Bal Harbour Village, Bay Harbor Islands, Biscayne Park, Hialeah, Homestead, Miami, Miami Beach, North Miami, North Miami Beach, and Surfside are also offering on-demand transit services. This rise in usage correlates with the on-demand transit service’s advantages of providing flexible, efficient transportation options that reduce wait times and adapt to real-time demand, particularly in less populated areas where fixed-route ridership does not justify the cost. Bay Harbor Islands discontinued its fixed-route transit service on April 26, 2024, and will retain only its on-demand transit service due to the continuous growth in demand for this service and a decreasing interest in its fixed-route transit service. Surfside has recently contracted Freebee to begin offering on-demand transit service

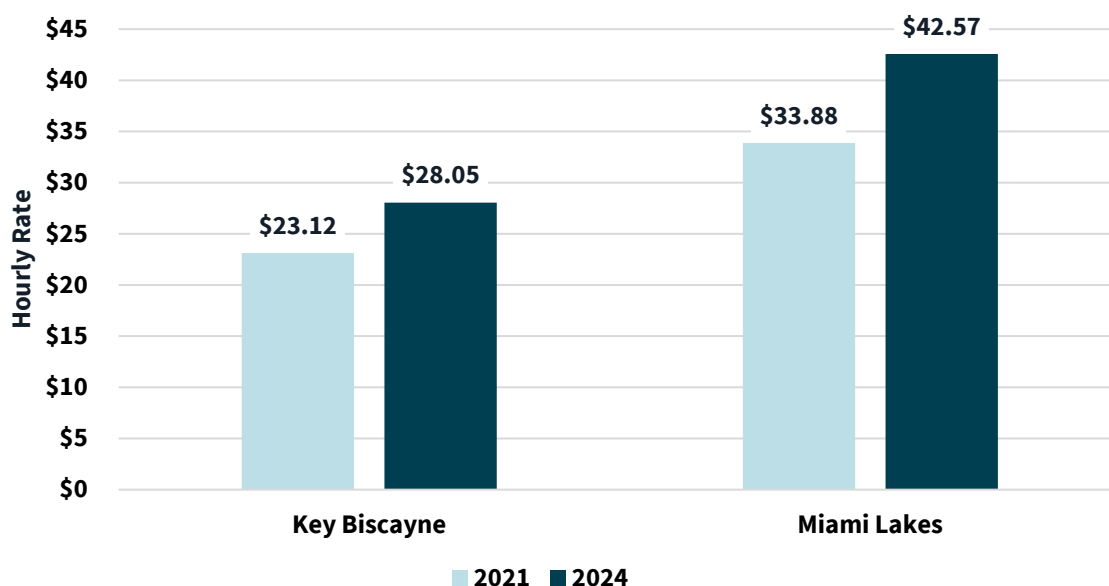
⁹ Municipalities offering on-demand transit services analyzed in the 2021 Report.

and is planning to transition fully to on-demand transit service on April 10th, 2024 and terminated fixed-route transit service on May 25th, 2024. Meanwhile, some municipalities, like Aventura, have been expanding their on-demand fleet through contract amendments over the past few years, and Key Biscayne has consistently enlarged its service, most recently adding a ninth vehicle to its fleet, which is the maximum allowed under the contract.

3.5.2 Hourly Rate

Increases in the service rates charged by providers have been observed. In the 2021 Report, the on-demand transit service hourly rate ranged from a low of \$23.12 (Key Biscayne) to a high of \$46.81 (West Miami). In comparison, in 2024, the rates varied from \$24.91 (South Miami) to \$55.50 (Surfside). The average hourly rate increased from \$30.17 in 2021 to \$35.84 in 2024, representing a 18.8% increase. The Figure 3-7 compares the hourly rates charged for the Freebee XL in Key Biscayne and Miami Lakes. For Key Biscayne and Miami Lakes, the hourly rate increased 21.3% and 25.7%, respectively.

Figure 3-7: Freebee XL Hourly Rates Comparison 2021 and 2024



3.5.3 Vehicle Specifications

In 2021, eight municipalities used the Freebee XL, and four used the Ford E-transit Passenger Van, with the Freebee van being the primary vehicle. However, by 2024, the Tesla Model X has become the predominant choice, used by 17 municipalities. The number of municipalities using the Freebee Van has dropped to five. The Ford E-transit Passenger Van has no longer been used. Additionally, the range of vehicle models currently used in the on-demand transit service has become more diverse, including combustion engine vehicles like the Dodge Caravan and Chrysler Voyager.

4 Recommendations

Contracts with specific requirements enforce transparency and ensure service quality. The key recommendations put forth in the 2021 Report remain relevant, including initiatives such as expanding data collection practices, assessing the balance between insourcing and outsourcing decisions, making use of economies of scale at the County level, and implementing robust measures for customer satisfaction. Based on an analysis of the most recent contracts, supporting documents, and relevant discussions, a set of additional recommendations are detailed below.

4.1 Contract Standardization

Municipalities are presently making independent decisions for their respective transit services and formulating their contracts. While beneficial for customizing service based on distinct needs, this approach could prove resource-intensive, particularly for less-populated municipalities with less experience and expertise in this area. This practice may give rise to discrepancies in rates charged for similar services with other municipalities and yield varying service quality. To address this, some municipalities such as North Miami Beach, South Miami, and Pinecrest have chosen to piggyback Aventura's established on-demand transit contract. By piggybacking, an entity can use an existing contract and negate the need for their own bidding process, thereby saving time and resources. Increasing the number of municipalities piggybacking off one another's contracts could also synchronize the pricing across the County.

Another approach would be to develop a standardized contract that all municipalities could use, potentially streamlining the contracting process, minimizing duplication of efforts, and fostering consistency in service expectations across municipalities. Smaller or less experienced municipalities could especially benefit from adopting a standardized contract, as it provides them with proven stipulations and guidelines that have been established and refined over time. Access to fixed-route and on-demand transit service standard contracts through CITT could provide transparency and insight to all municipalities seeking to outsource these services.

4.2 Performance Specifications

Municipalities incorporate performance specifications into both fixed-route and on-demand transit service contracts, though the level of detail can vary. These can range from comprehensive stipulations, as seen in Miami Beach's contracts—which include adherence to regulatory obligations, personnel expectations, standards related to sanitation, safety, reporting, reliability, and defining the quality and scope of services and equipment provisions—to contracts like Pinecrest's, which lack distinct language and contractual requirements on performance specifications. By setting clear, measurable standards, such specifications allow both municipalities and service providers to develop a mutual understanding of what is considered acceptable and exceptional service delivery. It is recommended to establish quantifiable performance measurement plans that define key performance indicators and benchmarks. These should be designed to capture data that can

quantifiably assess the service's quality impact. Some example quantifiable performance indicators are presented below.

- **Access to Service:** The percentage of requests for service that are fulfilled within a defined timeframe.
- **Passenger Count:** A total number of passengers transported over a specified period.
- **Safety Measures:** The number of incidents or accidents per thousand miles traveled.
- **Vehicle Cleanliness and Maintenance:** Regular inspections can result in a cleanliness score, and maintenance can be tracked via the percentage of scheduled maintenance tasks completed on time.
- **Customer Satisfaction Rate:** Gathered through customer surveys, this measures the percentage of customers who rate the service as satisfactory or above.
- **Complaint Rate:** The number of formal complaints received per thousand passengers.

4.3 Advertising Revenue Sharing

Advertising revenue subsidies or sharing policies are commonly seen in on-demand transit service contracts of various municipalities, such as Aventura, Florida City, Miami Beach, and others. These policies allow service providers to monetize advertising spaces on their vehicles, thereby subsidizing the service rates they have agreed upon. An essential consideration is the necessity for municipality approval before any advertising is placed on vehicles. This is to ensure adherence to legal and aesthetic standards. Based on mutual agreement between the municipality and service provider, these advertising revenue policies could lead to a reduction in the actual service rates charged, taking into account the revenue-sharing amounts defined by the policy. This, in turn, would affect the total costs borne by municipalities. Implementing these policies across a wider range of municipalities could hold considerable advantages and improve resource utilization efficiency.

4.4 Cost Breakdown

To enhance financial transparency and promote efficient budget management, municipalities are advised to include a detailed cost breakdown in their transit service contracts. This breakdown should clearly specify the estimated expenses for vehicle acquisition or leasing, staffing (e.g., drivers and management), insurance, fuel or charging, vehicle storage, etc. By distinctly outlining these costs, municipalities can more accurately assess the financial efficiency of their transit services, negotiate better terms with service providers, and make informed decisions that optimize operational costs and improve service delivery. This precise detailing of expenses also facilitates better budget allocation and potential cost savings across various service components.

4.5 Contract Term and Extensions

The length of term for municipalities' contracts with service providers varies significantly, ranging from one to ten years. This variation results in certain municipalities currently holding contracts initiated in 2019, while others began their contracts in 2023. Furthermore, whereas

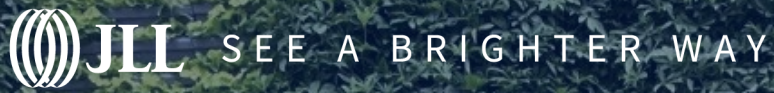
most municipalities provide the option for two one-year extensions, some do not offer this possibility. A standardization of contract length to three years, with the inclusion of an optional extension, could potentially enhance the uniformity of contracts and pricing across different municipalities.

It should be noted that a considerable number of municipalities have passed resolutions to extend their contracts on a month-to-month basis. While this method seems beneficial for maintaining a continuous service, it inadvertently introduces risks for the municipalities. Firstly, service providers, recognizing their leverage, may attempt to enact price changes inconsistent with market values. Secondly, it increases the susceptibility of service providers terminating their contracts abruptly, potentially leaving the municipalities without an operator for these services. Therefore, for municipalities employing a month-to-month contract, it may be more beneficial to re-issue a Request for Proposal (RFP) to different service providers. Consequently, this process could promote competitiveness, achieve the best value solution, and ensure that service rates align with prevailing market levels.

Appendix A: Engagement with Municipalities

JLL exchanged emails with all 33 municipalities, requesting and confirming information such as: (i) quarterly reports; (ii) hourly rates; (iii) hours of service; (iv) missing or unclear information; (v) cost of vehicles; and (vi) amendments that have not been provided. Aside from the email exchanges, JLL also set up meetings with certain municipalities to discuss the services they are providing in more detail. These discussions are shown below:

Municipality	Date
Miami-Dade County	12/10/2024
Biscayne Park	12/5/2024
Hialeah	11/25/2024
Cutler Bay	11/21/2024
Hialeah	4/24/2024
Biscayne Park	4/24/2024
City of Miami	4/23/2024
Cutler Bay	4/9/2024



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