

PRESENTATION OF
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OF THE
CUMBERLAND-DAUPHIN-HARRISBURG TRANSIT AUTHORITY
(CAPITAL AREA TRANSIT)

BEFORE THE PENNSYLVANIA HOUSE OF REPRESENTATIVES
TRANSPORTATION COMMITTEE HEARING

ACT 44

MONDAY, AUGUST 18, 2008

EVALUATION REPORT OF PRIVATE INVESTMENT OPPORTUNITIES

INTRODUCTION

Since July 1, 1973 the Cumberland-Dauphin-Harrisburg Transit Authority (also known as Capital Area Transit or CAT) has provided public transportation service to the Harrisburg Urbanized Area. CAT's Fixed Route division has a fleet of 79 buses which transports workers, shoppers, senior citizens, people with disabilities and school children over 33 routes throughout Cumberland and Dauphin Counties. CAT's Share-A-Ride division has a fleet of 43 vehicles consisting of vans and small buses which provides door-to-door transportation service to senior citizens, people with disabilities, various human service agency clients and other members of the general public throughout Dauphin County. This service operates from both an Elizabethville and Harrisburg base of operations. The formation and continued operation of the Authority has been a partnership among users' fees, Dauphin and Cumberland counties, the City of Harrisburg, the Commonwealth of Pennsylvania and the U.S. Department of Transportation. During the past four and one-half years period, dating back to February, 2004, CAT has experienced ridership increases in 52 of the past 55 months when comparing the current month to the same month of the previous year.

The feasibility of partnering with private sector firms for the provision of service, maintenance of equipment and facilities and for the administration function of public transportation service has been a long standing consideration and practice of Capital Area Transit when it is cost effective to do so and is good business sense for the operations, maintenance and administration of the Authority. Opportunities for greater involvement of the private sector should be viewed as supplementing the provision of basic public services rather than a substitute for public services.

In the Harrisburg Area private operators have the opportunity to participate in the planning of transportation services prior to adoption of the Transportation Improvement Plan. Public notice is given of the intent of all MPO meetings. The meetings are open to the public, which includes private operators.

SERVICE PROVISION – Fixed Route Transportation

Consideration of utilizing private sector for profit operators to operate service when establishing a new route, to supplement existing public service routes or to add special services available to the general public has been a multi-year practice of Capital Area Transit's. Results have been mixed. Private operators have at times not responded to bid solicitations for new service. On other occasions, mixed results have occurred. Some bids have resulted in awards of contracts to operate new service at a cost less than which could have been provided directly by Capital Area Transit. On other occasions, the private operators' costs would have resulted in an expense greater to the taxpayer than that incurred by CAT in the direct operation of service.

To date, CAT's most successful integration of a private contractor operating fixed route service has been with our Raider Regional Transit System, providing service to Shippensburg Borough and the surrounding area. Capital Area Transit supplies the three revenue vehicles required for the service. These arrangements have been in place since August, 1999. While the costs per hour from the private contractor have been slightly less than those of Capital Area Transit, CAT recently received a request for eight percent increase in the hourly rate being paid to the private contractor by CAT. As this compares to a three percent increase in the cost of providing hourly service directly operated by CAT, continuing evaluation of the cost differences must occur to determine if using a private contractor continues to be the most cost effective way to operate the service.

SERVICE PROVISION – Shared Ride Transportation

Capital Area Transit has been responsible for providing Shared Ride Transportation (Paratransit Service) in Dauphin County since January, 1998. Throughout the ten and one-half year period, CAT has continuously used a mix of taxi cab operators, private sector for profit operators, public non-profit agencies along with direct operation of service by CAT. Results have been mixed and continue to be so. Taxi cab operators operate at less cost per trip than CAT but at a very high customer complaint ratio as compared to service operated by CAT employees. The public non-profit agencies do a good job, both with their type and cost of service delivery, but serve a limited client base. We have had mixed results with private sector for profit operators as to service delivery, customer relations and comparative cost per trip. When placing portions of this service out to bid, the results have led to a variety of private firms providing service. In summary there has been a dollar advantage in savings to the taxpayer where private sector firms have operated service. Also, there has been a much higher ratio of customer complaints when being transported by the private sector firms regarding sensitivity and care of CAT's customers as well as safety issues.

Currently, the provision of CAT's Shared Ride Transportation trips is 62 percent by CAT direct operation of service, 32 percent by sub-contracted private sector firms and 6 percent by sub-contracted non-profit agencies.

MAINTENANCE

Capital Area Transit employs a very capable maintenance staff to maintain CAT's fleet of vehicles. However, some maintenance work is beyond the scope of the CAT facility and time utilization of the maintenance staff. This work includes major engine overhauls or rebuilding along with some vehicle rehabilitation and major accident repairs. This work is contracted out to private sector companies to perform. In addition, all parts and supplies, as well as machinery, used by the maintenance department are purchased from private sector firms. When required, the towing of vehicles is contracted out among several private sector firms in the Harrisburg Area.

Private sector investment in maintenance also occurs with the provision of various service agreements for maintenance. Additionally, the custodial maintenance of CAT's administrative facility is performed under contract by private sector firms through a periodic bidding process.

SERVICES

Numerous private sector firms provide a myriad of services, both professional and technical on either a low bid or low quotation basis. Among these are auditing services, legal services, actuarial services for the pension plan, medical services, computer services, property security services along with insurance services to cite a number of examples. Another important service sought is arrangements with area private retailers to sell Authority bus tickets. The privately-owned retailers realize a profit from bus ticket sales as well as prospective increased sales of merchandise due to the additional store traffic created by CAT customers.

EMPLOYER SUPPORT PROGRAMS

CAT has had a growing rate of success in seeking employer investment in the provision of public transportation service. Much of this has been investment by private sector employers in various types of commuter benefit programs for their employees. The various types of employer financial support had been a part of ridership and service growth of fixed route division service during the past four years.

REPRESENTATION

Representatives from the private business community have been and should continue to be major participants in Capital Area Transit, either as appointed policy board members or as members of advisory/planning groups to assist Capital Area Transit. The private sector participation by allowing their employees on time paid for by private sector employers is an important investment in the public transportation system.

IMPEDIMENTS

As with most public transportation systems in the nation, Capital Area Transit, and the labor union which represents CAT drivers and maintenance personnel (Amalgamated Transit Union, Division 1436), are parties to the employee protection agreement (13(c) agreement). This is in accord with Section 13(c) of the original Urban Mass Transportation Act of 1964 (UMTA). The U.S. Department of Labor also is involved in the compliance monitoring of Section 13(c) and must provide Department of Labor clearance on grant applications submitted by Capital Area Transit to the Federal Transit Administration for federal funds.

Legislative process must give attention to measures affecting collective bargaining agreements and working with labor unions which are currently in place. I would suggest a number of these issues are federal in nature.

SUMMARY

Apparent from the presentation of this information are the many aspects of private enterprise which are affected by Capital Area Transit. There is a wide range of activities and opportunities in which private sector involvement occurs. In closing, on behalf of Capital Area Transit, I would like to again publicly express appreciation for Act 44. Without the support of Act 44, public transportation in the Harrisburg Urbanized Area would have been placed in an extremely difficult situation.

Thank you for the opportunity to present this information.

