

Transportation Coordination Toolkit

November 2005

Private/Public Sector Partnerships

Topic: Coordination with the Private Sector

Target Audience: Private and public agencies working to achieve coordination.

Goal: To educate state and local agencies on the opportunities and strengths of a partnership between the private and public sectors.

Over the course of public transportation's history, we have seen public transportation services shift from privately owned and operated, to publicly owned and operated, to, at least to some extent, publicly owned and privately operated. Today, in addition to transportation, private-public partnerships are being developed in many other areas of service, including waste water management, public safety, and education.

Both private and public entities bring many things to the table. From a private provider standpoint, they can offer cost savings that can be used to address unmet need; quicker response times and decreased waiting times.

The public sector brings to the table legal operating authority, personnel dedicated to service, infrastructure, and often grant or funding opportunities. Public providers also have a growing interest in technology and how that

technology can be used to improve and increase service.

Regardless of who is providing the service, private or public, we must constantly look at how we can provide more and better service.

Issue: Bringing Everyone to the Table

The involvement of the private sector in local coordination efforts varies, largely dependent upon the personalities of the individuals involved from the private operator and the other organizations, as well as the past "history" between the private and public sectors as discussed in the previous section.

Metropolitan Planning Organizations (MPOs) must consider the private sector in their planning efforts and, as such, typically have a committee of private transportation providers, which may be a potential resource for coordination planning.

Issue: Different Ways the Private Sector Can Be Involved in Coordination

There are typically three (3) ways that the private sector can become involved with local transportation coordination projects: referrals for trip "overflow"; transportation brokerage partners; and as contractors to actually provide transportation service for an agency, political subdivision, or a coordination project (multiple agency partners).

Transit systems and coordination projects many times have too many trip requests to handle, especially at peak times. In this regard, systems/projects may refer clients/passengers to other transportation providers in the area in order to assist them in getting a trip. This referral type of system usually works best when there is only one or two private providers (usually taxicab companies or non-medical transportation companies) available in the area. You must be careful not to show favoritism to certain providers if there are multiple providers in the area. In this type of referral system scenario, there are no contracts or financial arrangements between the transportation system/coordination project and private providers.

The next two issues below will address transportation brokerages and contracting for service with a private provider.

Issue: Transportation Brokerages

In communities where both the public and private sectors are already providing some level of transportation, these services can offer a strong base from which to build a coordinated transportation network. One of the most common forms for this coordination is a transportation brokerage. The brokerage concept is not new, but has gained new interest in the last few years because of its use with Medicaid transportation. A transportation brokerage is simply a mechanism to match ride requests with available transportation resources. Someone, an individual or agency, must manage or “broker” the ride requests to the transportation providers. Typically,

this broker should be an independent and objective party that performs the matches based on the best transportation (mode and timing) for the lowest cost. A variety of transportation modes can be used, for example, taxis, volunteers, fixed route bus service, demand-responsive dial-a-ride type services, etc.

Brokerages can yield a number of benefits. First, efficiency can be achieved by a clearinghouse for each ride request to be matched with the lowest-cost trip that meets the needs of the individual requesting the ride. Other benefits can include improved quality and safety of the ride, and increased capacity.

Oregon, Vermont, and Florida are just a sample of the states that are successfully using transportation brokerages of both the public and private sectors to provide not only Medicaid transportation, but also public transportation services in general. Minnesota’s own MNET is an excellent example of a brokerage being used to provide Medicaid nonemergency transportation.

Issue: Identifying and Choosing Private Providers

Often an agency or a political subdivision will decide to contract with a private provider to provide a new transportation service. This is usually due to the fact that the private provider already has vehicles available to accommodate new services and has the transportation administration and infrastructure (dispatching, scheduling, maintenance, etc.) in place. The agency or political subdivision does not have to purchase vehicles or equipment or hire additional employees. This is especially

important if the future of the new transportation service to be provided is uncertain and the agency/political subdivision does not want to assume a large amount of risk by purchasing equipment and adding additional staff.

Once an agency or a political subdivision determines that contracting with a private provider for service is the desired option, it must begin the process of identifying potential private providers and selecting one.

To minimize the feelings of competition and to ensure a level playing field among public and private providers,

1. Public transit systems must bid fully allocated costs in competitive bidding situations.
2. The private sector should be included in, to the extent possible, in any plans for new service.

Issue: Charter Service

Any time FTA Section 5311 or Section 5307 funds are used to provide transportation, transportation systems must be careful to follow FTA charter service requirements (49 CFR Part 604). However, Section 5310 grantees do not fall under these requirements, provided they do not receive any 5311 or 5307 monies. The charter service requirements were implemented to limit the types of transportation services that FTA-funded systems could provide and allow the private sector to provide true “charter” service.

Charter service is defined as transportation using buses, vans, or facilities, of a group of persons pursuant

to a common purpose, under a single contract, and at a fixed charge.

The charter service regulations prohibit any FTA (5311 or 5307) recipients from providing any charter service using FTA funded equipment or facilities if there is at least one private charter operator willing and able to provide the charter service that the recipient proposes to provide. The regulation applies to both buses and vans.

Service provided under contract to a social service agency would usually be considered as eligible public service, not charter service, provided:

- ❑ The service is under the control of the grantee;
- ❑ Is open door; and
- ❑ The grantee can put any rider on the vehicle in addition to the agency’s clients.

The charter service regulations should not discourage Section 5311 or 5307 grantees from using FTA-funded equipment in coordinated transportation systems/projects or from providing service under contract to social service agencies.

Best Practices

Voyageur Bus Company is a full service private for profit transportation company serving the Duluth, Minnesota area since 1971. In addition to school and charter transportation service, Voyageur provides daily transportation services for

UDAC, Inc., a day activity center in Duluth, Minnesota. UDAC provides a variety of services for people with disabilities in the Duluth area, including community-based employment, vocational training, senior programs, recreation and leisure activities, and transportation. As part of UDAC's transportation program, Voyageur provides management services and drivers for seven UDAC vehicles, purchased with Section 5310 funding, to transport UDAC clients daily to and from the UDAC center.

In addition to operating the seven routes, Voyageur maintains the passenger listing and route data, adding and deleting riders, revising stops, etc. as needed. Voyageur uses Edulog, a computerized routing system jointly purchased by UDAC and Voyageur, to assist with the routing.

Voyageur and UDAC work together well and meet regularly to discuss the service, problem solve, and institute changes to improve service quality and efficiency.

For further information, contact Voyager Bus Company, 3941 E Calvary Rd., Duluth, MN 55803; Mike Krois, Owner/Operator, Rudy Lundahl, Operations Manager, (218) 724-1707, Fax: (218) 724-2432, <http://www.voyageurbus.com>, or Roberta Lenz, Executive Director, UDAC, Inc., 500 E. 10th St., Duluth, MN 55805, (218) 722-5867, blenz@udac.org.

Best Practices

The Minnesota Department of Human Services implemented a medical transportation broker program called MNET, Minnesota Non-Emergency Transportation. In an effort to reduce

the use of special transportation services and thereby reduce costs, the Department of Human Services opted to contract with a single broker in the seven-county metro area—Medical Transportation Management, Inc., (MTM) a private for profit entity. The single-broker model allows for better screening of clients in order to determine the most appropriate level of transportation, ranging from special transportation services to mileage reimbursement for individuals able to get a ride from someone such as a neighbor or relative.

Under MNET, transportation assistance to health care appointments is provided for individuals who have Medical Assistance (MA) or General Assistance Medical Care (GAMC) and for pregnant women and children covered under MinnesotaCare in Carver, Dakota, Hennepin, Ramsey, Scott, or Washington Counties. Transportation assistance can include mileage reimbursement to drive your car or have a friend, neighbor, or relative drive you in their car; a ride from a certified volunteer driver, arranged by MNET; a bus pass; a ride in a taxi; a ride in an MNET vehicle; a ride in light rail transit; or service from a list of Special Transportation Service (STS) providers if MNET approves your use of STS.

The program began in mid-July 2004 and provides services for the following Minnesota health care populations: 1) all clients using fee-for-service medical transportation services, and 2) all eligible clients requesting medical mileage reimbursement through the Prepaid Medical Assistance Program (PMAP).

Previous programs throughout the metro

area lacked many features that MNET will provide. In general, these programs offered no quality control, no official method for clients to share concerns about services received, and no guarantee that drivers had undergone background checks. MTM will track complaints, check drivers' credentials, and provide medical transportation 24 hours per day.

For more information on this program, visit www.dhs.state.mn.us.