

CONTRACT ELEMENTS AND PERFORMANCE STANDARDS

Transit agency contracts for paratransit services are subject to FTA third-party contracting guidelines and procurement oversight, as well as state procurement regulations (19). The federal guidance delineates comprehensive guidelines and mandatory procedures for the solicitation, award, and administration of third-party contracts. Included are requirements for awards to the lowest responsible contract and full and open competition. Transit agencies are required to define a clear, accurate description of the contract technical requirements, term of contract, scope of services, compensation, liquidated damages and incentive provisions (if applicable), indemnity, insurance, performance standards, and general contract conditions. The following discussion describes several key dimensions of paratransit contracts as reported by the transit agencies surveyed.

SCOPE OF CONTRACT SERVICES

Contracts differ according to the scope of program responsibilities. In the transit agencies surveyed, the majority (67 percent) contract for the administration and operation of their paratransit programs, which include reservations, scheduling, dispatching, and operating the vehicles. Fourteen percent of the systems contract for reservation, scheduling, dispatching and operating the vehicles, and making eligibility determinations. The data revealed that a significant number of transit agencies are performing their own reservation and scheduling functions to control passenger usage; others reported intentions to bring reservation and scheduling in-house. Approximately one-fifth (19 percent) have contracts for dispatching and operating the vehicles only.

METHODS OF COMPENSATION

Survey data indicated that nearly half (48 percent) of private sector contractors are paid on an hourly rate basis with fixed start and end times. More than one-third (38 percent) are paid according to an established flat rate per trip, some with different categories of payment, such as vehicle type and trip length. For example, some systems have established rates for passengers who can be transported in sedans and taxis and other rates for passengers requiring accessible vehicles. Other systems reported a flat trip rate payment system based on service area zones. Fourteen percent of the respondents compensate paratransit trips on an hourly and flat trip basis according to trip type.

Establishing Costs

In contract negotiations, reaching an agreement with private carriers on the value of paratransit service is often a complex

endeavor for public transit agencies (20). Several factors, which vary from transit agency to agency, must be considered when determining the cost of a reasonable passenger trip rate. Sometimes the contract trip rate does not reflect the entire costs of service provision. Frequently the contracted passenger trip rate is lower because it does not include all of the administrative costs, such as reservation and scheduling (21). Almost one-half (48 percent) of the respondents indicated that the predominant costs of paratransit service delivery are the operating expenses of labor, fuel, and mileage. Their responses suggest that these are the primary factors that operators consider when determining passenger trip rates. The other factors cited related to overhead and general administration expenses.

CONTRACTOR CONTINUITY

According to the survey results, half (53 percent) of the transit agencies that privatize paratransit services have maintained the same contractor over a period of years, some date back to pre-ADA paratransit services. These incumbent contractors have successfully retained their contracts through bid competitions and renewal options. However, in instances when the incumbents have not been retained, it is important to ensure a smooth transition between contractors. To maintain service quality and guard against service interruptions, several of the respondents use a variety of strategies to maintain service continuity. Some contracts (20 percent) include provisions that require the new contractors to hire the existing drivers who are familiar with the service area, route, and passengers. Others designate "start-up" periods during which performance standards are relaxed to allow new contractors to become familiar with service delivery. Other contractor transitional strategies cited are: 1) on-site assistance and support; 2) extensive contractor training and meetings; and 3) extended staff support during the transitional period.

To assist passengers during the transitional period between contractors, some of the transit agencies responding have disseminated new contractor information through the mail, posted information about the new company in paratransit vehicles, and set up telephone hot-lines to answer customer questions.

PERFORMANCE INCENTIVES AND PENALTIES

While the level of specificity varies from agency to agency, all contracts reviewed for this study clearly articulate paratransit service performance standards. So that there is no uncertainty about what constitutes satisfactory service, in some instances the contract-specified performance standards are also delineated in driver manuals and handbooks.

TABLE 6
SELECTED CONTRACT PENALTIES FOR FAILURE TO MEET PERFORMANCE STANDARDS

21-30 minutes late	10% of Trip Cost
31-45 minutes late	20% of Trip Cost
46-60 minutes late	30% of Trip Cost
61-90 minutes late	Full Trip Cost
91-120 minutes late	Full Trip Cost plus \$50.00
Over 2 hours late	Full Trip Cost plus \$75.00

Vehicle hours can be reduced by too many unacceptable occurrences such as unclean vehicles, vehicles without heat or air conditioning, slow response to complaints, failure to report accidents

Liquidated Damages for Late and Missed Trips

Disincentives for Substandard on-time performance, service failure, missed trip, and other vehicle issues

Penalties for maintenance, driver appearance, customer service, and administration. Failure to meet standards as follows:

Maintenance	\$150 per vehicle per day
Driver Appearance	\$50.00 per infraction
Customer Service	\$50.00 per valid complaint after 3 have been received
Administration	\$50.00 per occurrence of late or inaccurate paperwork

To ensure contractor adherence to performance standards, most (67 percent) respondent contracts include penalty clauses stipulating that failure to comply will result in the assessment of liquidated damages. Liquidated damage provisions are common in large transit agency contracts; all except one include penalty provisions. Approximately one-quarter of the respondent's contracts do not include provisions for penalties, while the remainder are developing penalty clauses for subsequent contracts. Generally, penalties are assessed for late, missed, and excessively lengthy trips. Liquidated damages are also assessed for failure to comply with other performance standards, such as failure to submit required reports, adhere to vehicle maintenance and cleanliness requirements, and unacceptable driver appearance and conduct. Examples of contract penalty provisions are listed in Table 6.

Some paratransit contracts also reward quality performance by providing incentives for exemplary performance. Several of the large transit agencies surveyed provide financial incentives for improvements in reliability, efficiency, and reducing customer complaints.

- Broward County rewards complaint-free service delivery. Contractors who have provided up to 4,000 trips per month without valid customer complaints, receive a \$500.00 bonus. For contractors providing over 4,000 trips, the complaint-free bonus is \$1,000.00 (22).
- Chicago's CTA provides contractor bonuses when more than 90 percent of trips meet the on-time-performance standards.
- Dallas Area Rapid Transit provides incentives for on-time performance, safety, and vehicle maintenance.

ENSURING QUALITY SERVICE

Data suggest that transit agencies are using more systematic and sophisticated performance and quality monitoring than ever before. The transit agencies surveyed employ a variety of monitoring approaches. Most systems regularly encourage user participation in monitoring the actions of drivers, as well as the overall quality of the service. Almost all have mandatory driver training requirements.

PERFORMANCE MONITORING

Monitoring is the process by which agencies oversee and check the contractors' performance to be sure that it meets the contract's performance standards. Monitoring is the chief means of guarding against contracting problems once the contract is signed. Without monitoring, . . . there is no way of knowing whether the contractors' work is faithful to the contract terms or whether the customers are satisfied (23).

The transit agencies surveyed employ a variety of strategies to monitor contractor performance and service quality. The level of monitoring appears to increase with transit agency size. All contracts require monthly performance reports and quarterly DOT Section 15 reports; several also include weekly reporting requirements. All agencies require financial audits and periodic review of vehicle maintenance records. The larger agencies reported making periodic unannounced field visits and riding along with drivers to observe performance and service quality. In addition, some systems have staff "go undercover" to observe performance and quality. In all respondent agencies, service quality is also monitored from the customer perspective. Most conduct random telephone calls to passengers and disseminate customer comment cards and periodic survey questionnaires. Table 7 shows contractor monitoring strategies by transit agency size.

DRIVER TRAINING

Among the transit agencies surveyed, all contracts except one include mandatory driver training requirements. Training provisions vary from a simple statement of minimum requirements to various levels of specificity regarding curriculum, length of training period, resources, and assurances. Most paratransit contracts call for initial driver training and a significant percentage (40 percent) of the large urban systems require annual refresher training.

One-fifth of the agencies require refresher training in response to customer complaints and incidents. Several systems require passenger assistance techniques and disability sensitivity training. One agency reported that disability sensitivity training is provided by individuals with disabilities.

CUSTOMER COMPLAINT PROCEDURES

Customer complaint management is critical to successful program implementation. Establishing a formalized process for customer complaints improves quality because it matches customer expectations with the realities of service delivery. Customer feedback can be used to adjust and modify service to the maximum extent feasible and improve and increase customer satisfaction (13).

The transit agencies surveyed reported a range of 5 to 1,362 monthly complaints. Almost all transit agencies responding encourage their paratransit passengers to call or write to report driver and service complaints, but the majority (58 percent) do not have formal complaint procedures. Respondents that do not have formal complaint procedures urge passengers to call in with complaints about driver courtesy, on-time performance, and passenger safety. With or without formal procedures,

TABLE 7
METHODS TO ENSURE CONTRACTOR COMPLIANCE WITH CONTRACT TERMS

Method	Number of Small/Small-Urban Transit Agencies Responding (N=9)	Number of Medium-Size Transit Agencies Responding (N=6)	Number of Large Transit Agencies Responding (N=8)
Audits	2	5	8
Customer Surveys	3	4	5
DOT Section 15 Data	2	4	6
Monthly Management Performance Reports	8	5	8
Random Phone Calls	2	4	4
Unannounced Visits	-	4	8
Undercover Rides	-	-	2
Vehicle-Maintenance Records	-	4	5

the majority (67 percent) of the agencies responding monitor driver courtesy by customer complaint. Several transit agency policies stipulate a written response within a designated period, ranging from 3 to 10 days. Of those systems (42 percent) that have established formal complaint procedures, large

systems are twice as likely to have complaint procedures than the smaller systems. According to the survey data, transit agencies that use multiple operators are more likely to have formal procedures for registering and responding to customer complaints.