

Bus Service RFI Routes Overview on Process

8/14/2015



Goals of the exercise

- Expand service by leveraging third parties to provide service on low ridership routes and redeploying buses and operators to higher ridership routes
- Use contracting flexibility to test public / private partnership on selected routes
- Analyze marginal operating costs for each of the selected routes and net financial impact to the system when those routes are operated by third parties
- Generate savings by avoiding marginal costs on low ridership routes and reducing overall bus system-wide cost per trip

What are the characteristics of the selected routes?

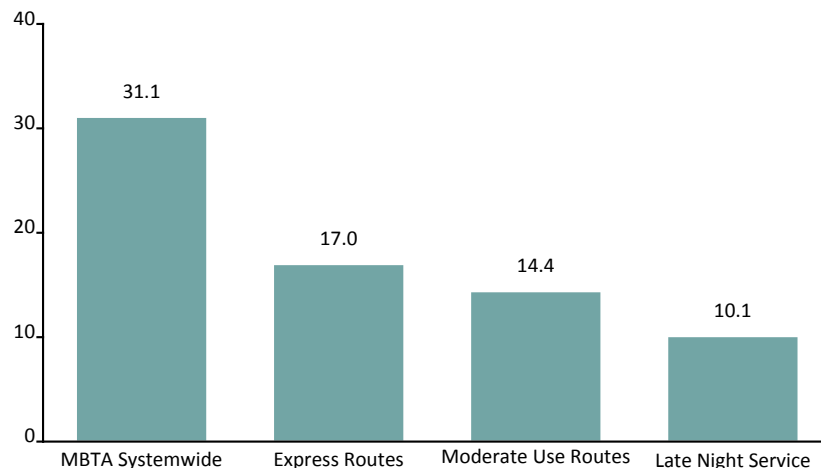
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- Total Ridership: The selected routes cover less than 2.5% of total MBTA bus weekly rides
 - Moderate Ridership Routes: 1.42% of total weekly rides
 - Express Bus Routes : 0.94% of total weekly rides
 - Late Night Service: 0.06% of total weekly rides
 - Total Routes Selected: Less than 2.5% of weekly rides
- Average Riders per Trip: Selected routes have ridership well below the system average

Average Riders per Trip (weekday)



Source: MBTA Internal Data – Service Planning Team

Costs included in the bus service marginal operating cost model

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Bus Operations Labor

Bus operators

Inspectors / Bus Supervisors

Garage Superintendent

Dispatchers

Bus Instructors

Not included:

Facility depreciation

Administration/Management

Maintenance Labor

Car Cleaners / Automotive Forepersons

Auto Maintenance Forepersons

Fuelers / Machinists

Maintenance Supervisors

Other

Vehicle Depreciation / Mid-Life Overhaul costs

Materials/Services

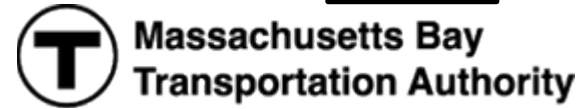
Uniforms /Vehicles Cleaning

Diesel fuel

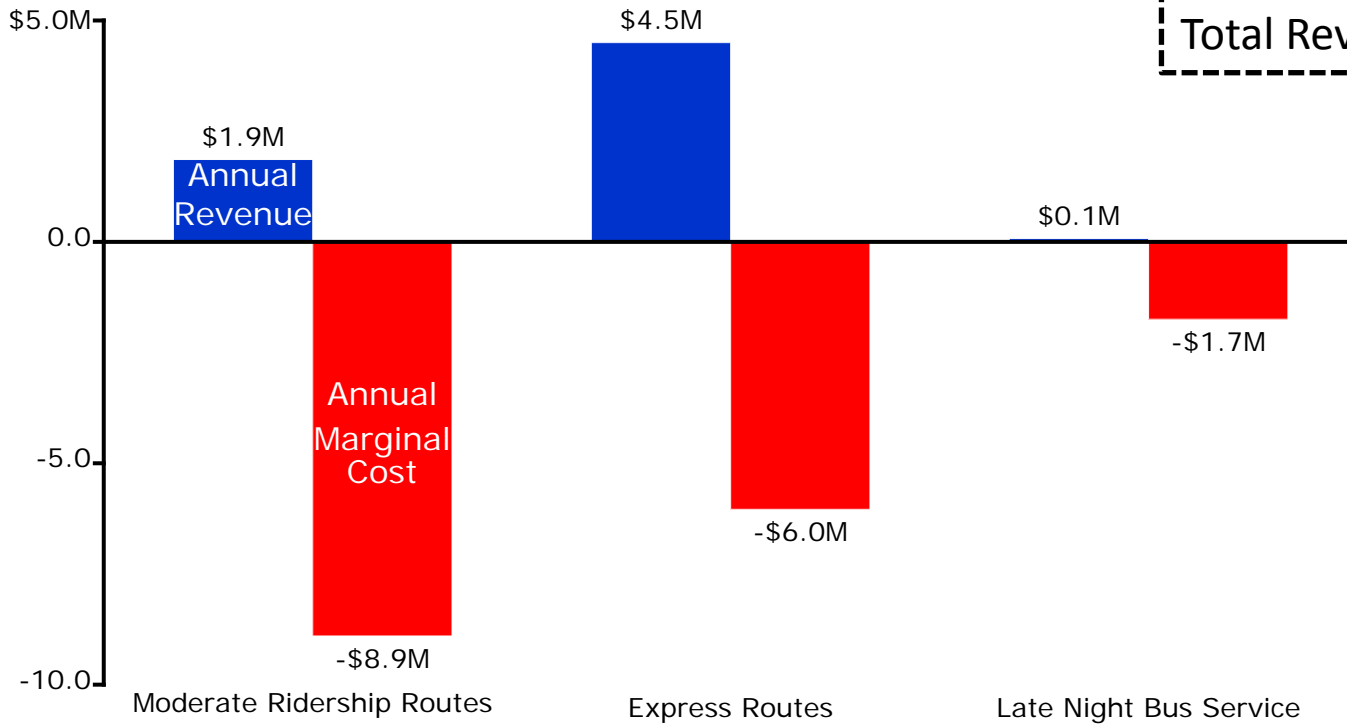
Source: MBTA Internal Data – Service Planning Team – Marginal Operating Cost Model (No Fixed Costs Included in the Model)

Annual revenue and marginal cost for selected bus routes

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Annual Revenue / Marginal Cost



Total Cost: \$16.7M
Total Rev: \$6.4M

Average Fare	\$0.93	\$3.56	\$0.93
Fare Recovery %	21%	75%	4%

Source: MBTA Internal Data – Service Planning Team – Marginal Operating Cost Model (No Fixed Costs Included in the Model)

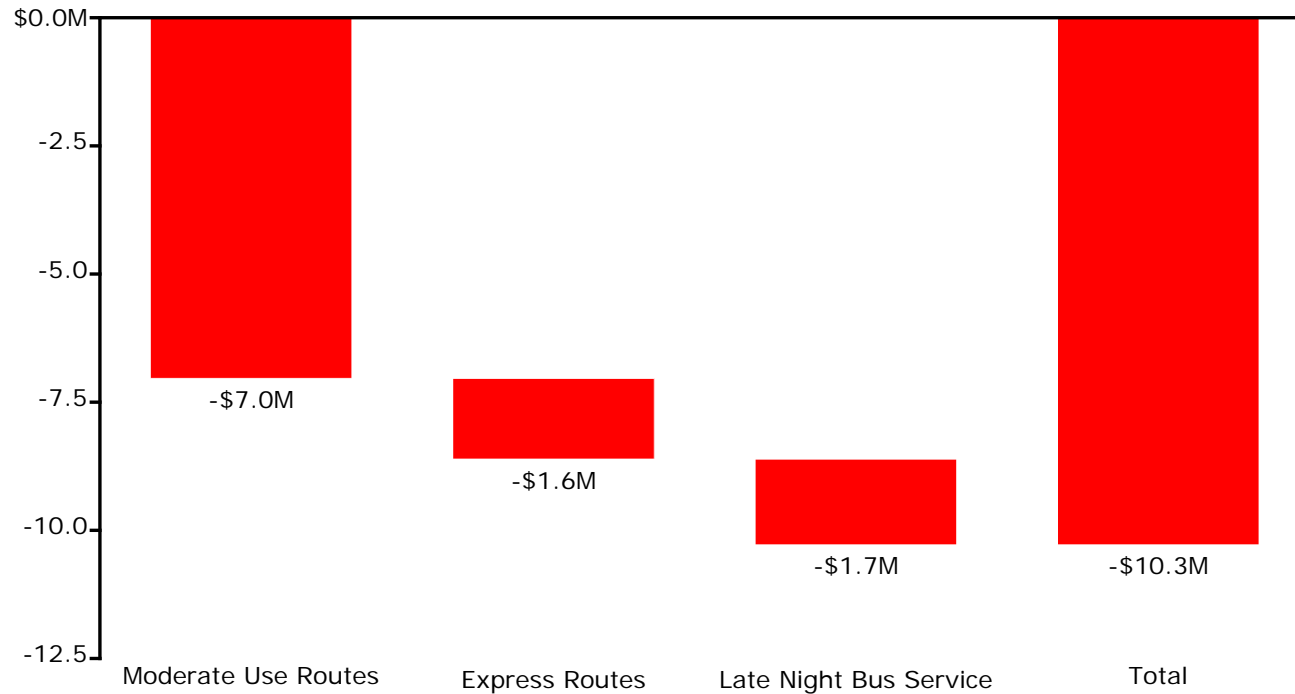
Total annual net subsidy (marginal operating loss) for selected routes

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Annual Subsidy



Source: MBTA Internal Data – Service Planning Team – Marginal Operating Cost Model (No Fixed Costs Included in the Model)

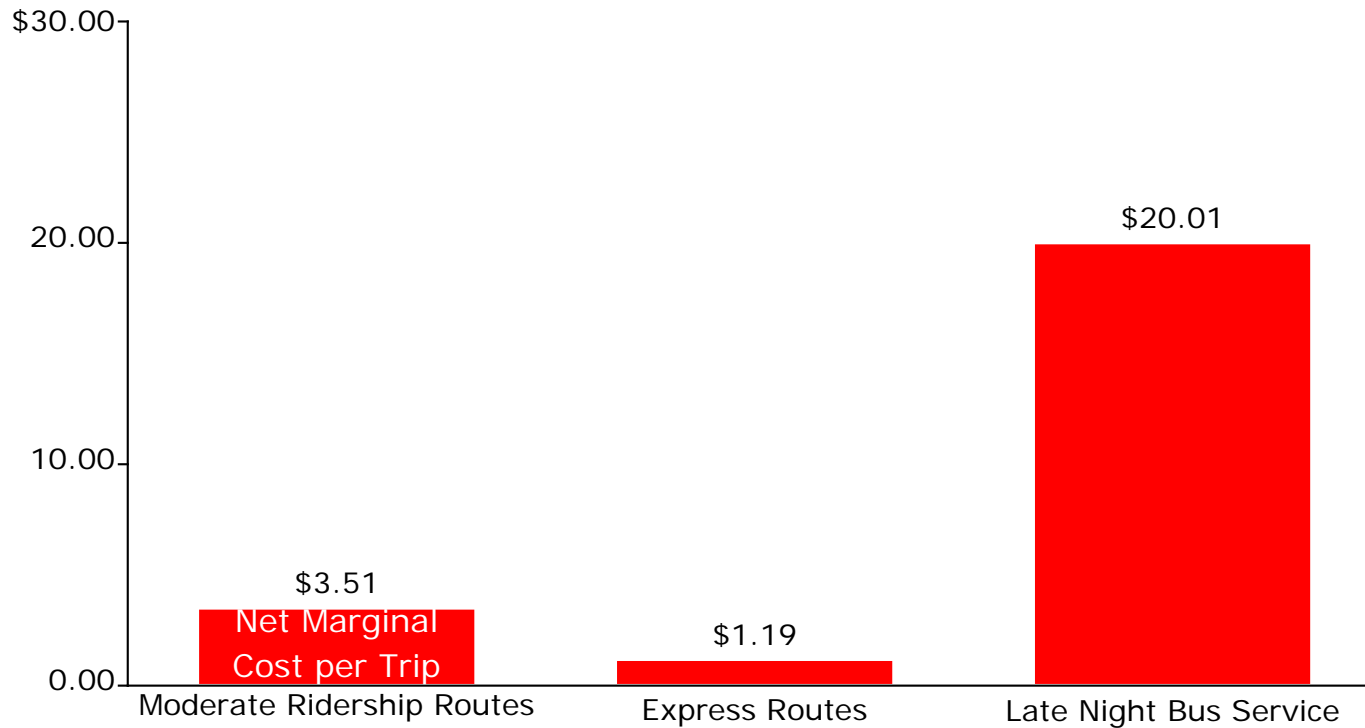
Net marginal cost per trip varies widely across the three categories

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Net Marginal Cost per Trip



Source: MBTA Internal Data – Service Planning Team – Net Marginal Cost per Trip is the Calculated by Netting Marginal Cost against Revenue divided by total trips

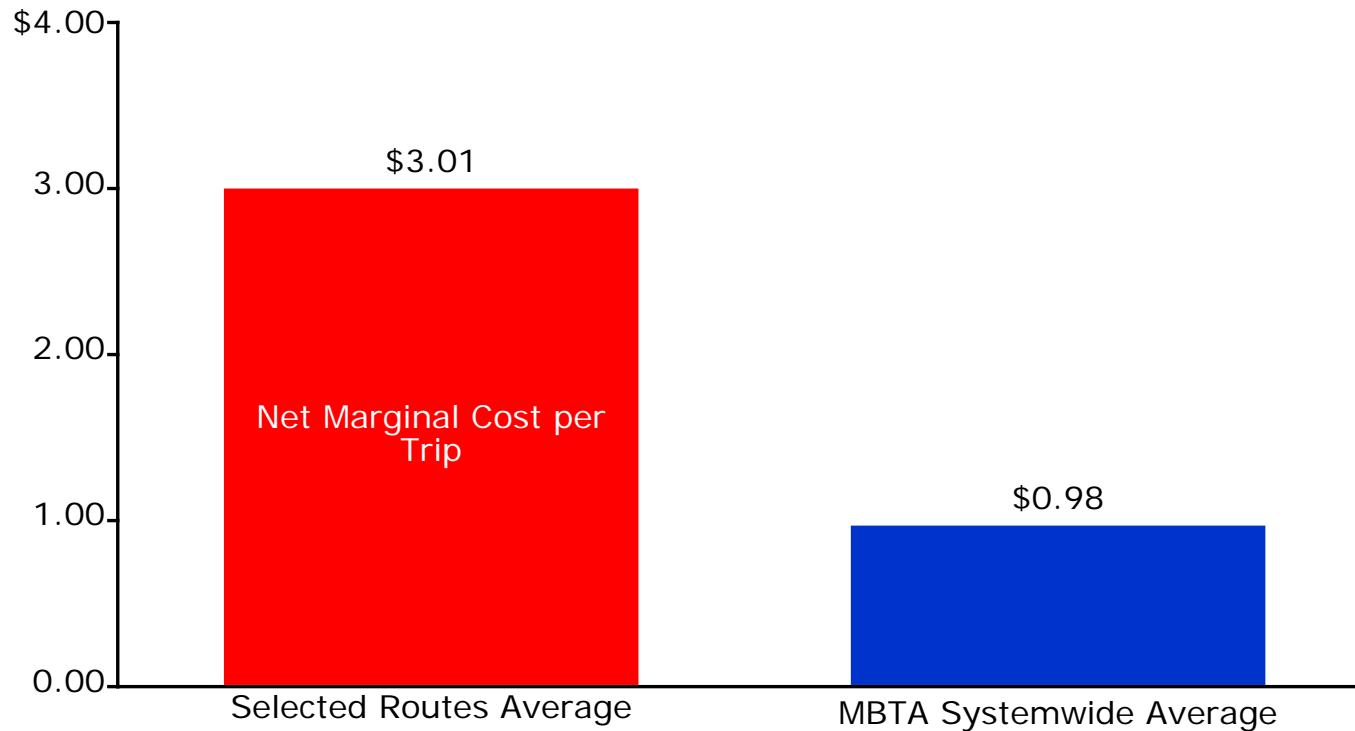
Cost per trip for selected bus routes is 3x the system-wide average

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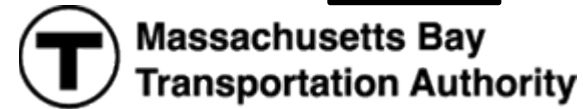
Net Marginal Cost per Trip



Source: MBTA Internal Data – Service Planning Team – Net Marginal Cost per Trip is the Calculated by Netting Marginal Cost against Revenue divided by total trips

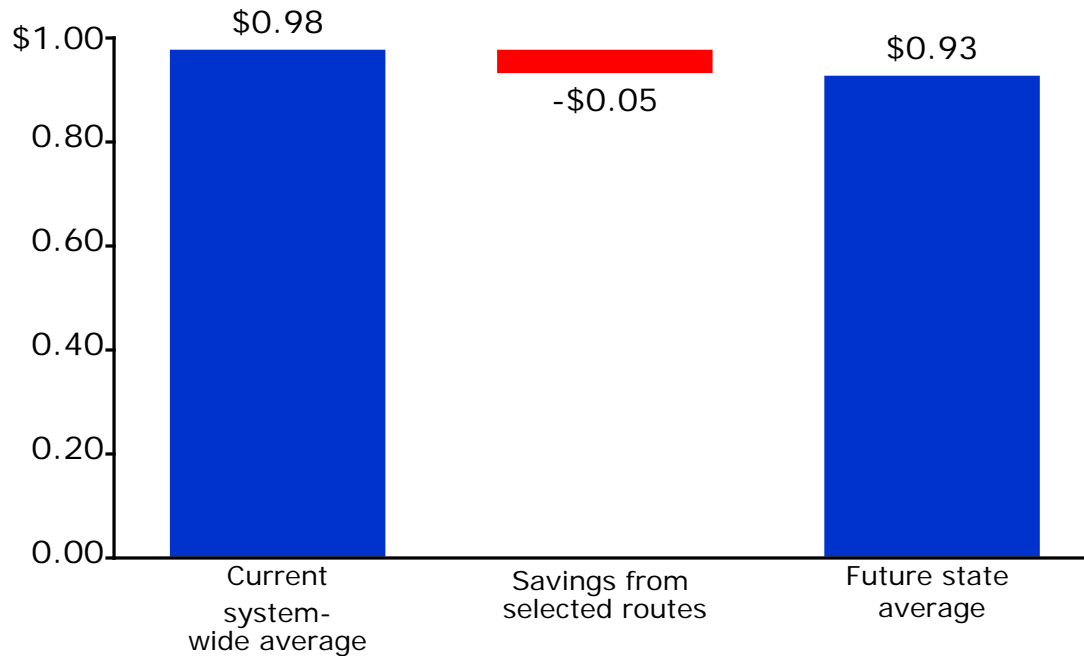
Partnership with third party operators should reduce system-wide cost per trip

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Illustrative to show full potential savings

Marginal Cost per Trip



Key chart assumption:
Third party providers provision selected routes at no cost to the MBTA

If third-party providers require a subsidy, this analysis will change

RFI process is designed to test this assumption

Any partnership with third party operators that reduces the annual subsidy below \$10M will generate system-wide cost per trip cost savings

Source: MBTA Internal Data – Service Planning Team – Marginal Operating Cost Model (No Fixed Costs Included in the Model)

Overview on the RFI process and strategy

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- Structure of RFI

- RFI will gather information from potential partners on best-practice ideas for improving bus operations through provisioning of bus operations by third parties
- Respondents are encouraged to assume the current fare structure will be kept in place, but the MBTA welcomes submission of information on different approaches to fare-collection, pricing and/or gain share. If respondent proposes a different fare structure, it would need to undergo staff and FMCB review

- Timing / Process

- Goal will be publish the RFI within the next two weeks
- Management is planning a vendor conference here at MassDOT when respondents can ask questions and discuss ideas
- We also plan to interview one or more potential responders after RFI receipt and evaluation
- RFP process would occur after vendor conference, interviews and FMCB debrief

Source: MBTA Internal Data