

TESTIMONY OF
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ON BEHALF OF THE
NORTH AMERICAN TRANSIT ALLIANCE
BEFORE THE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
OF THE
U.S. HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
ON
“REVENUE, RIDERSHIP AND POST PANDEMIC LESSONS IN PUBLIC TRANSIT”

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SUBMITTED BY

North American Transit Alliance
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Introduction

Chairman Crawford, Ranking Member Norton, and Members of the Subcommittee on Highways and Transit, on behalf of the North American Transit Alliance (NATA), thank you for the opportunity to testify on “Revenue, Ridership and Post Pandemic Lessons in Public Transit”.

My name is Laura Hendricks, and I am the Chief Executive Officer (CEO) of Transdev U.S. I joined Transdev in 2019 as President of our Transdev Services division and was named CEO of Transdev U.S. in 2020. Transdev operates multiple modes of public transportation in the United States and around the world, including bus, paratransit, rail, non-emergency medical transportation, microtransit, shuttle, and autonomous vehicles. I also serve as the chair of the board of NATA and my appearance before this committee is in that capacity.

NATA is comprised of the five largest private transit contracting firms. In addition to Transdev, our members include Keolis, MV Transportation, WeDriveU and RATPDev. NATA member companies operate and maintain paratransit, fixed route, and other transportation services on behalf of public transit agencies in the U.S. and Canada and several of our companies also operate public transit systems around the world. Our member companies comprise up to 15 percent of the U.S. public transportation workforce, encompassing more than 71,000 employees. NATA members collectively serve over 700 million riders per year. Eighty-five percent of the NATA companies’ workforce are represented by labor unions.

NATA’s mission is to advocate for the essential role private contractors play in delivering safe and reliable public transit. Every day our members transport millions of people to jobs, school, medical centers, retail stores and more. The services we provide have a major positive impact on economic development and the quality of life in the communities we serve.

The private sector has a long history of operating public transit services under contract to city and county transit agencies. More than two-thirds of transit agencies in the U.S. contract with the private sector to operate all or a portion of their transit service. Sixty-six percent of U.S. transit agencies contract with the private sector. Our members operate bus and rail service in large and small cities and rural areas throughout the country. Our companies bring our global expertise to the public transit agencies we serve, including new technologies, best practices, and the ability to see around corners and react quickly to incidents like the COVID Pandemic. We are on the forefront of innovation and are continually training our workforce to adapt to changes in public transit offerings, whether it be operating and maintaining electric and autonomous vehicles or using innovative technology platforms enabling us to better operate and maintain bus and rail transit systems. We are on the cutting edge of the energy transition actively decarbonizing transit by operating battery electric and hydrogen vehicles and deploying other clean technologies. We also are helping transit agencies attract old and new passengers with new fare products and service offerings.

NATA and our member companies are members of the American Public Transportation Association (APTA) and collaborate closely with them on advocacy efforts. We worked collaboratively with APTA and organized labor during the COVID-19 pandemic to ensure transit

agencies could use relief dollars directly for frontline employees regardless of whether they worked for a contractor or were direct employees, when transit service had to be curtailed. In the aftermath of the Pandemic, we have watched transit ridership slowly bounce back, although there have been shifts in ridership with more people working hybrid or remote schedules. We have witnessed transit agencies struggle with budget deficits and make hard decisions about how to best structure service to serve their ridership. We also recognize that there is no one-size-fits-all approach and what works in a big city may not work in a small city or rural area.

Our companies see opportunities to partner with transit agencies to design service that best serves its riders. From micromobility, to autonomous shuttles, to greater adaptation of electric vehicles, to new and expanded rail and bus rapid transit, to changing schedules to better adapt to a workforce that no longer adheres to a 9 to 5 workday, NATA member companies are sharing our experiences and recommendations to enable transit agencies to deliver transit services in a way that best serves the traveling public, is cost effective and provides good salaries, benefits, and job opportunities for our valued workforce.

Today, I would like to share with the Subcommittee how NATA members are working with transit agencies to deliver service that is responsive to passenger demand.

Defining Microtransit

With fewer passengers commuting to work in downtown offices during the traditional rush hour, large buses providing fixed route service often operate with fewer passengers. Some transit agencies are responding to the change in public transit demand by offering microtransit. This on-demand service operates similar to Uber or Lyft, but it is shared ride service in a shuttle bus. In other words, the passenger may ride with other passengers and the shuttle may make multiple stops, but the passenger will receive door-to-door service.

The National Academy of Sciences also describes microtransit as “the ‘tweener’ of public transportation, being less expensive per trip than traditional paratransit services but considerably more expensive per trip than fixed route service. It is less efficient than fixed route service in dense areas but more efficient than fixed route service in areas of lower density or demand.” The Academy correctly describes microtransit as “another tool in the toolbox available to public transit agencies as they try to provide the appropriate levels of supply to match the various levels of demand in their diverse service areas.”

The business case for fixed route service is challenging in suburban areas with lower population density. Microtransit can bring riders to fixed route service, overcoming the first and last mile hurdle. These additional riders improve the cost effectiveness of fixed route service because each additional rider does not add to operating costs. As demand increases for micro transit service, NATA member companies can help agencies find the right balance of fixed route and micro transit.

An example of a successful partnership can be found in Nassau County, NY with the Nassau Inter-County Express (NICE). On behalf of Nassau County, Transdev began testing various microtransit solutions as early as 2014. Through many iterations, NICE deploys solutions specifically tailored for various communities based upon their needs. Today, NICE operates four

unique services customized for each community and performs over 500+ trips a day on its on-demand services.

Starting this fall, NICE will launch three additional on-demand services that all use state-of-the-art rider centric technology to hail and book rides. We ensure efficiency and quick adoption by creating service zones that include trip generators like libraries, schools, medical facilities. We also create easy frictionless connections to the Long Island Rail Road, and other major NICE fixed service bus routes. Trip zones use a more efficient approach by concentrating on Travel Corridors such as downtown areas, which are surrounded by medium to high density areas. We are proud of the innovation we've employed in Nassau County and the service has been well received by our customers. As the Committees in Congress begin to look toward reauthorization, we anticipate that transportation solutions like microtransit will continue to emerge and develop to address the changing landscape and meet rider's needs.

Together with Loudon County and its technology partners, Keolis increased ridership per vehicle hour by 15 percent while maintaining a high passenger satisfaction (approx. 4.4/5 stars currently) and low wait times (average < 10 minutes). These improvements followed the implementation of an automated scheduling and dispatching software as well as the implementation of an app-based subscription/booking option.

RATP Dev partnered with Citibus in Lubbock, TX to implement new on-demand microtransit services. Before partnering with Spare, Citibus operated its paratransit and non-emergency Medicaid transportation (NEMT) services through a legacy system. The agency wanted to adopt automation, on-duty optimization, and data-driven planning to improve efficiency and the passenger experience. It also had a limited, nighttime-only demand-response service called Citibus NiteRide, which ran as a stand-alone service from its paratransit. With COVID-19, Citibus had to reevaluate its operations. With Spare's technology, it upgraded its paratransit operations and introduced a microtransit service that allows passengers to book trips on-demand without increasing the fleet or operational costs. Spare's automated platform allowed the agency to commingle these two services. Now both paratransit and microtransit passengers share the same fleet. Commingling has enabled Citibus to offer paratransit riders a truly on-demand, scalable service, and microtransit passengers a real public transit alternative that encourages social mixing.

And, in 2017, MV Transportation ("MV") and the Los Angeles Department of Transportation launched a microtransit project in West Los Angeles to enhance mobility options in the area. Anchored to a MetroLink rail station, the service provided on-demand rides with a goal to create a cost-efficient, productive, and passenger-oriented service instead of adding a fixed route. MV and LADOT jointly developed the service and established 700 virtual steps steadily growing to 1,600 trips per month prior to the pandemic. Since then, LADOT, its technology partner and MV have continued to operate and grow the service with a 97% rider satisfaction rate at a cost lower than competing TNC services.

NATA's Reauthorization Proposal

Today, I also would like to share with the Subcommittee our Association's recommendations for how our industry could work more cooperatively with private sector providers of public transportation like our NATA member companies. We believe that transit agencies and riders both will benefit greatly from soliciting external input, streamlining the procurement process, and rethinking and redefining the benefits of contractors. NATA will happily provide a comprehensive list of our ideas, but I have highlighted a few below that could be instituted with either statutory changes or revisions to 42201.F “Best Practices Procurement and Lessons Learned Manual” that has not been updated since 2016.

Specifically, we would first recommend establishing an advisory committee to Federal Transit Administration (FTA) comprised of industry representatives. The advisory committee would be charged with providing recommendations to FTA on how transit agencies can adapt to changes in public transit demand and usage, exploring how technology innovation can help transit agencies meet this changing demand, and suggesting what workforce training needs will be needed to adapt to changes in demand. Just in the course of the past few years, there have been significant changes – from the Pandemic and changed travel patterns in its aftermath, to widespread adoption of electric vehicles, to the potential deployment of autonomous vehicles. FTA should seek input from an advisory committee, synthesize the findings, and report recommendations to Congress.

We would also urge FTA and transit agencies to rethink procurement strategies with an eye toward improving the efficiency of the process itself, as well as designing the Request for Proposals (RFP) in such a way that improves competitiveness amongst contractors and promotes innovation. NATA member companies recommend that when transit agencies are planning to procure operations and maintenance contracts should clearly define the scope of work and performance metrics in the RFP, including expected costs to be borne by the contractor. For example, it would be very beneficial for bidders to know upfront the details of current Collective Bargaining Agreements (CBA), run cuts, performance history and liquidated damages history. This knowledge would allow bidders to ask questions and seek clarifications and exceptions. Transit agencies also should allow sufficient time for proposers to develop high quality responses. Compressed timelines can impact both the quality of proposals and the ultimate relationship between the agency and the contractor. As a general rule, transit agencies should allow a minimum of 2-months for an RFP response.

Further, contracts should account for the unpredictability and changing nature of public transportation by providing opportunities to negotiate changes based on unforeseen circumstances, including labor disputes, significant increases in costs and in service demand, to ensure that the recipient can attain the best value and offer public transportation to meet the needs of the community over the life of the contract.

Agencies also should include a provision in operations and maintenance contracts requiring the contractor in the event of a new procurement to provide information to the recipient regarding the number of employees who are performing services under the contract and the wage rates, benefits, and job classifications of those employees to enable the agency to share this

information with other proposers. This will enable proposers to develop proposals that are appropriately priced to manage risk and provide best value to the recipient.

Similarly, it would be more effective to have flexible operations' contracts be longer in length. It typically can take somewhere between 6 - 10 years for a contractor to recoup their initial investment in a system with certain types of contracts, but instead most contracts are between 3 to 5 years in length. Irrespective of contract length, there should also be the opportunity to reopen a contract in light of unforeseeable circumstances. To address upfront investment risk, transit agencies may want to consider paying start-up costs during the mobilization period (amortized through annual rates), and/or paying the unamortized value of assets and other tangible property used in the contract.

Agencies should consider making the exercise of an option to extend the contract term bilateral versus unilateral. Providing greater flexibility regarding negotiating option terms should result in contractors offering the most competitive prices.

Addressing liquidated damages can also be an effective tool for ensuring service meets defined performance standards. Unfortunately, the way liquidated damages are currently employed has the perverse effect of thwarting contractors from delivering greater efficiencies and innovation and better long-term performance. As a best practice, agencies should consider capping liquidated damages to hold the private operator accountable without levying unreasonable penalties.

I also want to make note that NATA – along with our partners at APTA – express strong federal support for funding public transit at the levels necessary to enable transit agencies to make critical investments in transit infrastructure and rolling stock. We believe that robust support for public transportation at the federal level is critical toward ensuring that our citizens have mobility options that reflect their needs.

Conclusion

In closing, NATA members are excited to continue to partner with transit agencies and organized labor to advocate for reliable funding for public transit as well as to ensure a trained workforce that can deliver safe and reliable public transit services that best meet the needs of the traveling public. We look forward to continuing to work with the Subcommittee as it develops reauthorization legislation. Thank you for the opportunity to appear before the Subcommittee. Thank you for the opportunity to appear before you today. I would be pleased to respond to any questions you may have.