Institutional Changes Needed to Foster the Development of Paratransit

Workshop 3 Report
Kenneth W. Shiatte, New York State Department of Transportation

Objectives
Address the institutional frameworks that have been and are continuing to be developed in urban areas with regard to various types of paratransit services.

Examine the roles of organizations responsible for the planning, implementation, operation, and coordination of various paratransit and transit services.

The nature, type, and impact of regulation on the provision of paratransit service and suggested institutional and legal changes will be described.

Examine labor arrangements and considerations for different paratransit services.

Focus on the current and potential roles of private paratransit providers and issues of concern to them: their relation with public providers and the federal government, profitability, and the impact of existing and proposed regulations.

Participants

Specific services used as a backdrop for the discussion of institutional changes needed for paratransit development were

1. Peak-hour service such as van pools, car pools, and subscription service;
2. Demand-responsive service such as taxi and dial-a-ride; and
3. Specialized service such as that for transporting the elderly, handicapped, and socially disadvantaged and for distributing food.

METROPOLITAN PLANNING ORGANIZATION

It is difficult for any paratransit system, and particularly a small or medium-sized system, to start a new service because of complicated procedures for obtaining federal funds, meeting regulatory requirements, and coordinating with many diverse agencies and programs that may be affected by the proposed service. At the present time, paratransit operators do not appear to be adequately represented on metropolitan planning organizations (MPOs), and a first step in assisting new services would be to have such representation so that MPOs can play a key role in the overall planning of paratransit.
Therefore, all transit operators should fully appreciate (a) the responsibilities of the MPO and how it is organized in a particular urban area; and (b) the federal requirements for a transportation improvement program and the project initiation and approval process, including lead time, needed support data, and postproject evaluation and effectiveness.

REGULATION

Many paratransit operators feel that there is discrimination between private and public operators. They cite as examples taxes on fuel and other items, from which a public operator is exempt; safety regulations, which public operators essentially self-certify; and the method of setting fares, in which the private operator must seek approval of a regulatory agency. Many operators feel that markets are inadequately defined for regulatory purposes and that better definition of the market could clarify many areas that become the subject of dispute under current regulations.

No specific conclusion was reached on free entry and exit to the market by all carriers and on whether regulation should be oriented toward safety or economics. Most participants agreed that existing regulations do not totally prevent the implementation of paratransit; however, a range of regulatory impacts on paratransit development was identified.

Possible actions include the following.

1. Federal, state, and local governments should thoroughly review all existing regulations and determine their impact on paratransit development.
2. A compilation of actual experiences in providing paratransit under existing or modified regulatory structures or both would help all involved.
3. Operators who could but do not now operate paratransit services ought to be provided with appropriate incentives to do so.
4. Model paratransit regulations are required.
5. The crucial questions of private versus public carriers in terms of competitiveness must be answered.

INSURANCE

Adequate insurance on paratransit vehicles is difficult if not impossible to obtain at a reasonable price. Insurance companies have no previous experience with this type of service and feel they must quote high risk rates. Since government is likely to be reluctant to underwrite these policies, a practical alternative is for paratransit agencies to work with insurance companies in defining the scope of their services and to help in gathering the statistics that the insurers need when calculating their rates. A more immediate solution is to get the paratransit vehicles as an add-on to an existing fleet of vehicles.

Possible actions include the following.

1. If possible, a major corporation (as in the case of some van pools) or a municipality (as in the case of the Knoxville van-pool operation) should own the vehicles and apply for the insurance.
2. A campaign should be conducted with the insurance industry to point out the advantages of van pools.
3. Insurance coverage for paratransit operators should not be subsidized outright by city, state, or federal governments, but any level of government could reduce insurance costs by owning paratransit vehicles and obtaining coverage along with the entire fleet of vehicles.
4. Agencies of government could also agree to supply the insurance coverage in excess of $1 million (or whatever the insurance company limitation) and possibly pass on the additional cost of this coverage to the paratransit operator.
LABOR

Although there are formidable labor problems, paratransit agencies are solving these problems as they are encountered. Two or 3 recent examples show how section 13c requirements can be met by the operator and labor meeting well in advance of project implementation to resolve areas of possible conflict. This early meeting of the parties seems to be the current formula for success. However, subsequent discussion also pointed out that an impasse could just as easily have occurred in each of these projects and prevented their implementation.

Much has yet to be learned about all the ramifications of section 13c in regard to paratransit operations, and as more case histories are developed necessary revisions can be made to meet the requirements of both labor and management.

The following list of possible actions only highlights much of the discussion that took place. Other significant problems and issues were discussed but not fully developed.

1. Previous section 13c developments should be reviewed to determine the impact of this requirement and to analyze the process involved in the administration of section 13c.
2. Labor bargaining practices should be evaluated, particularly as to the impact of outside funding assistance that forces a ceiling on possible points of negotiation.

NEW PARATRANSIT SERVICES

To provide the highest levels of service to the entire community including social service agencies, the elderly and handicapped, shoppers, special event attendees, peak-hour commuters, and others not adequately served by mass transit, demand-responsive systems should be expanded. Demand-responsive paratransit operations, including taxicab, limousines, and other vehicles, offer significant potential for rapid approval and start-up and for continued operational success when they are performed by established private transportation companies.

Possible actions include the following.

1. When new paratransit services are initiated, existing private operators should be given an equal opportunity to operate the service. By allowing a free enterprise competitive situation, the most cost-effective operation can then be performed.
2. Although new private carriers should be allowed the same access opportunity, the proven operational capabilities of existing private operators must be strongly considered.

SECTION 16b2

The UMTA section 16b2 program of providing capital funds for selected private non-profit transportation projects for elderly and handicapped persons is not always the most cost-effective and practical method of improving the quantity and quality of transportation services for those persons. Regardless of the dedication of the state agency responsible for evaluating and selecting the section 16b2 projects to be funded by UMTA, no method exists to insure the continuing use of the funds (once translated into capital equipment) in a cost-effective and demand-fulfilling manner.

Possible actions include the following.

1. Under the aegis of the UMTA rule-making process for elderly and handicapped transportation services, the regional transportation authority (RTA) or the MPO or both can be made responsible for coordinating such services or selecting another agency to do so.
2. Funding for all such transportation services, including section 16b2 funds and many social service transportation funds, should be administered and allocated by the RTA or the MPO or both or their designee.
GUIDELINES FOR COORDINATED SERVICES

Transit and paratransit often compete with rather than complement each other.

Possible actions include the following.

1. With regard to initiation of service, (a) in areas where paratransit agencies exist and are competent to undertake such services, a complete request for proposals (RFPs) should be prepared for open bids for the supply of service; and (b) when private paratransit agencies are neither willing to nor capable of handling all the responsibilities involved, then the local RTA or the MPO or both or their designee should initiate the service and then prepare an RFP for the provision of the service in subsequent years.

2. The determination of level of service to be provided by the supplier of contract services will be a function of the money provided by the public to support this service and the "learning curve," i.e., the time during which users learn that the service is reliable and is likely to remain available.

3. The parent agency, RTA or MPO or both or their designee, should be responsible for acquiring social service funds for these coordinated services and should negotiate with the highest level of state and local funding sources to allocate the transportation element of social service programs (both as to funds and responsibility) to the coordinating agency.

4. With regard to right of entry, appropriate modifications of service or franchise rights will be necessary to permit some paratransit contractual services.

OTHER MAJOR ISSUES

1. Should there be an ombudsman to whom existing paratransit operators can turn for information and guidance with respect to plans, implementation, and monitoring of transit projects and service and with whom paratransit operators can deal in an atmosphere of mutual trust and confidence?

2. More cost-effective as well as service-effective solutions on low-volume, fixed-route bus service must be evaluated. One possible approach is the substitution of paratransit operations for low-volume routes, at least in off-peak hours.

3. Paratransit has existed for decades, yet it has neither become involved in the typical planning process nor achieved any real recognition. It must be organized within the proper context so that decision makers can redirect public policy.

4. Does the fare charged have to be related to the cost of providing the service? Service provided must be viewed from a standpoint of broad community value. Is it essential? Is it necessary to achieve other desired community objectives? Viewed from this perspective, fares can be used to achieve desired affects. If this approach is pursued, considerable research is needed on the elasticities of fares, the necessity of public transit in relation to other community programs and objectives, and the amount of tax revenue government can afford for these transportation services.

5. Many areas are attempting to plan, integrate, and implement paratransit without much information on basic travel needs. For example, we require information on the various groups of people that need special transportation services. We should determine, perhaps through new survey techniques, something about these types of individuals with regard to the degree of the transportation restriction experienced and with regard to other factors such as geographic area, activity nuclei, trip purpose and time, and special vehicle requirements.

6. Commuter paratransit services should be considered part of a total urban transportation system. As such these services should be developed and implemented by a planning and coordinating body that will integrate transportation services. This body could be an MPO, an RTA, or a new coordinating agency (public or nonprofit). In the future, the UMTA demonstration program should continue to develop management models for these services.

7. Commuter paratransit services should be considered part of the total
transportation system for an urban area. In accordance with recently issued transportation system management regulations, these services should be considered in the regular transportation alternatives analysis studies.

SUMMARY STATEMENT

Although problems still lie ahead for paratransit from the institutional standpoint, workshop participants concluded that ways exist for working within existing constraints to make changes to the institutional relations to facilitate future paratransit implementation.