

Westmoreland Transit ends contracting arrangement

Summary: After four decades the Westmoreland County Transit Authority (WCTA) will begin directly operating mass transit services after serving as an owner and overseer and contracting for service.

In May 2018 WCTA approved a five-year agreement with a private contractor for fixed-route bus and paratransit service. In 1978 when the Westmoreland County commissioners created the WCTA it was “specifically prohibited from directly operating transit services.”

That requirement changed in June when the WCTA board and the county commissioners approved a resolution amending the articles of incorporation to delete the mandated contracting provision. What brought about the action?

The original term of the agreement was from July 1, 2018, to June 30, 2023. Service hour rates were subject to annual renegotiations. According to news coverage, when problems with the contractor arose WCTA levied fines. The contractor claimed it was losing money on the agreement. The parties agreed to mutually terminate the agreement but service will continue until Dec. 31.

WCTA then solicited new bids for service and received two—one for bus and paratransit and one for paratransit—but the price tags were such that directly operating the services became “a very serious option” according to the executive director.

Based on a comparison between the cost of contractors’ bids and what the authority estimates it can directly operate the service for, the estimated savings in the next three years are to total \$2.3 million.

Given the fact that WCTA has contracted for so long it will take a major effort to transform it into an operating authority. According to the executive director, WCTA currently has 15 employees responsible for administration, customer service and scheduling. All functions related to operations—drivers, dispatchers, mechanics, etc.—

are handled by the contractor. WCTA expects it will be hiring 100 to 120 additional employees as a result of bringing services in-house.

Many may come from the ranks of the contractor. We've written before how federal law (Section 13c) requires transit employees to be protected when there is a change that involves a transit agency outsourcing service to a private operator. According to the executive director and news coverage, even though the situation here is in reverse, WCTA has to offer employment to employees of the contractor. If there are open positions that are not filled then WCTA can advertise for employees.

Employees of the contractor have a two-year labor agreement that expires at the end of the year. The WCTA board approved extending that agreement until March 2020, according to the executive director. A successor collective bargaining agreement with employees will then have to be negotiated. If there is a labor impasse sometime in the future (the extended agreement includes a no-strike, no-lockout clause) the pressure will be on board members and possibly county officials for a resolution so that service is not interrupted.

In 2011 we wrote a report (#11-06) on mass transit in Southwest Pennsylvania and examined the seven authorities that carried out fixed-route bus service. At the time three contracted for service. The WCTA change will leave two authorities who will still use a contracting arrangement.

Since that time transit agencies have undergone performance reviews as required by Act 44 of 2007. One of the indicators utilized in those reviews is operating cost per revenue hour. We noted in a *Policy Brief* last year (*Vol. 18, No. 13*) that the indicator "should be considered the best cost measure since that is the fundamental cost of providing the service."

In WCTA's 2015 review it had an operating cost per revenue hour in 2013 of \$114.41. Compared to its peer group of 12 other agencies, it ranked 13th and was above the group average of \$82.24. The review attributed some of this to the "significant deadhead on returning commuter routes and increased costs from deferred maintenance for the fixed-route fleet." Part of the review is to establish five-year performance targets. For WCTA that is 2020, when the change in operations is to occur.

According to the most recent data from the National Transit Database (2017) WCTA's operating cost per revenue hour of \$119.77 was second highest of the regional authorities operating at least 40,000 bus vehicle service hours in 2013. As of 2017 WCTA's cost was \$5.36 higher than it was in 2013.

Bus Operating Cost per Revenue Hour

Authority	Directly Operated or Contracted?	2013	Rank	2017	Rank
Port Authority of Allegheny County	Directly Operated	\$186.14	1	\$187.02	1
Westmoreland County Transit Authority	Contracted	\$114.41	2	\$119.77	2
Beaver County Transit Authority	Directly Operated	\$95.54	3	\$116.22	3
Mid Mon Valley Transit Authority	Contracted	\$85.81	4	\$92.72	4

Despite the differences in scale between Port Authority of Allegheny County (PAAC) and WCTA (1,609,743 million to 46,408 on bus revenue hours in 2017), the latter's performance review noted bus ridership was up in years when parking rates in downtown Pittsburgh increased. At previous points when the PAAC board tried to implement contracting for a portion of service and the state studied regional transit in Southwest Pennsylvania, the WCTA was looked at as an alternative model of transit service that utilized competitive contracting. That model will be changing and, come next year, WCTA will transform into a different transit agency.

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