
# 1996 Public Transportation Assessment
# Legislative Transportation Committee

## December 1996

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Washington State Transit Association
Washington State Department of Transportation
Legislative Transportation Committee

# 1996 Public Transportation Assessment

**Legislative Transportation Committee**
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Senator Mary Margaret Haugen

Representative Maryann Mitchell

Senator Margarita Prentice

Senator Eugene Prince

Representative Sandra Romero

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15 December 1996

The Honorable Karen Schmidt, Chairman
Legislative Transportation Committee
437 John L. O'Brien Building
Olympia, Washington 98504

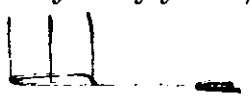
Dear Chairman Schmidt:

I am pleased to transmit the final version of the 1996 Public Transportation Assessment to the Legislative Transportation Committee. In doing so, I would like to gratefully acknowledge the cooperation of our professional colleagues in preparing the assessment, the Washington State Transit Association and the Washington State Department of Transportation.

We thank you, the Transit Working Group, and the Committee again for the confidence you expressed in allowing us to assist you in this important effort. We have given you our best work, and hope you are pleased with the result.

On behalf of the entire project team, every good wish to you and the Committee for 1997.

Very truly yours,



Hil Hornung
Project Manager

Attachment

## CONTENTS


# INTRODUCTION

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# INTRODUCTION

## ASSESSMENT

In 1996, the Supplemental Transportation Budget directed the Legislative Transportation Committee of the State of Washington to conduct a major Public Transportation Assessment intended to stimulate appropriate legislative changes– if warranted– in the State's relationship with transit. Intended to follow a study in 1991, the Assessment consists of eight major tasks, briefly summarized as follows:

1) What is the State interest in transit?

2) How should transit financial planning accommodate State interests?

3) How can State transit accounts better serve State interests?

4) How should the State evaluate transit?

5) How do State policies affect transit efficiency and effectiveness?

6) How are State interjurisdictional interests best addressed by transit?

7) What role should the State play in improving special needs transportation?

8) Are better methods of transit governance available?

## TRANSIT WORKING GROUP

A Request For Proposals was issued by the LTC's Transit Working Group in May 1996 to management and transportation consultants to analyze the first four issues identified above. A team of five independent consultants was selected by the Working Group in June:

- Wendell Cox
- Hil Hornung
- Robert Lahn, C. P. A.
- Mundle and Associates, Inc.
- Charles Prestrud

## ASSIGNMENTS

Issues 5 and 6– efficiency and interjurisdictional concerns– were assigned by the Committee to the Washington State Transit Association. Issue 7– special needs– was to be addressed by the Washington State Department of Transportation, and the last issue– transit governance– was to be addressed by LTC staff for internal analysis, and will be completed in 1997.

## EVALUATION

To properly evaluate the issues assigned them, the consultant team analyzed existing State legislation affecting public transportation, as well as published documents and reports from the Federal Transit Administration, WSDOT, regional planning organizations, and local transit agencies. A comprehensive survey of major Washington stakeholders in public transportation, reproduced in Appendix 3 of this Assessment, was prepared and circulated in cooperation with WSTA and WSDOT. Results of this survey have significantly influenced the findings and recommendations of the consultant team.

## RECOMMENDATIONS

Findings and recommendations for every issue are the sole responsibility of the authors assigned the issues, and will naturally reflect the perspective of each author. Findings and recommendations of the 1996 Public Transportation Assessment were delivered to the Transit Working Group of the Legislative Transportation Committee in December 1996.


# TRANSIT WORKING GROUP RECOMMENDATIONS

**4 December 1996**

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Washington State Transit Association
Washington State Department of Transportation
Legislative Transportation Committee

# TRANSIT WORKING GROUP RECOMMENDATIONS

After reviewing the 1996 Public Transportation Assessment, the Transit Working Group unanimously forwarded the following findings and recommendations to the full Legislative Transportation Committee on 4 December 1996.

## STATE INTEREST

- Of the several state interests in public transportation, two are paramount: basic mobility statewide and enhanced transit capacity in congested urban areas.

- Local discretion in the provision of basic mobility should continue to be exercised by individual transit agencies throughout the state.

- More significant state involvement is required, however, in enhancing transit capacity in congested urban areas, especially the Central Puget Sound counties of King, Kitsap, Pierce, and Snohomish.

- Given already substantial public subsidy of transit, Puget Sound transit agencies should be required to generate additional service hours by reducing their high unit costs on a formula basis ("CPI minus x"). As an incentive, transit agencies that achieve targeted annual ridership increases and unit cost decreases will be rewarded with reductions in targeted unit cost decreases in subsequent years.

- Puget Sound transit agencies should submit annual reports on discretionary ridership and mode split, as well as audited biennial reports on achievement of overall ridership targets and service levels.

- To address concerns about unserved intercounty transit trips, transit agencies in the Puget Sound counties listed above, as well as adjoining counties, should be required to allocate new intercounty service hours in proportion to intercounty vehicular trips originating in affected counties.

## FINANCIAL PLANNING

- Transit agencies in Washington should be required to use state revenue projections in their budgets and financial plans, or justify the use of local forecasts.

- Transit reserves should be capped at 200% of operating expenses, with the exception of the Central Puget Sound Regional Transit Authority.

- Greater specificity should be required in discussing agency reserves in Washington State Department of Transportation annual summaries.

## STATE ACCOUNTS

### Central Puget Sound Public Transportation Account

- This Account should be considered a direct instrument of the state's interest in adding transit capacity in the Central Puget Sound region.
- Project selection criteria should be revised to emphasize interagency coordination, achievement of annual ridership forecasts, and completion of the region's core High Occupancy Vehicle system.
- Motor Vehicle Excise Tax contributions from transit agencies should be simplified.
- Account eligibility should be broadened to include the state, transit agencies, cities, counties, and school districts.
- Projects will be prioritized by the Transportation Improvement Board and made available to the LTC for review before appropriation.

### Public Transportation Systems Account

- Motor Vehicle Excise Tax contributions from transit agencies should be simplified.
- Account eligibility should be broadened to include the state, transit agencies, cities, counties, and school districts.
- Projects will be prioritized by the Transportation Improvement Board and made available to the LTC for review before appropriation.

### High Capacity Transportation Account

- This Account should be converted to a Commute Trip Reduction Account in Central Puget Sound.
- Project eligibility should be restricted to Commute Trip Reduction, ridesharing, and Transportation Demand Management.
- Allow eligible counties outside Puget Sound the option of Commute Trip Reduction and/or High Capacity Transportation planning projects for six more years.

### Rural Mobility Grant Program

- Retain as is, but review the program's funding mechanism pending additional consideration of a proposed mobility "guarantee".

## TRANSIT EVALUATION

- Goals, objectives, measures, and standards should be consistently identified and quantified in local Transit Development Plans.
- Specific cost efficiency, cost effectiveness, and service effectiveness measures should be included in WSDOT annual transit summaries.
- WSDOT's annual transit summaries should be distributed directly to legislators, transit agency board members, and local officials.
- National Transit Database definitions and deadlines should be utilized in WSDOT annual transit summaries.

## EFFICIENCY, EFFECTIVENESS

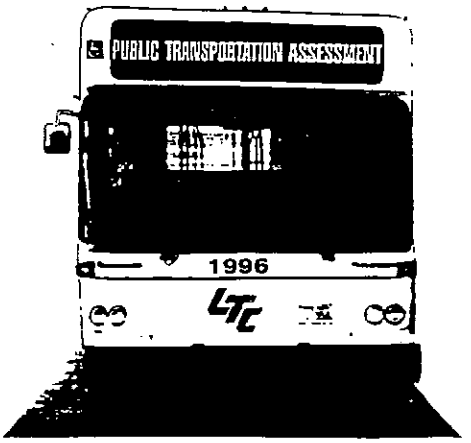
- Communities should be encouraged to integrate land use and transit.
- State-funded facilities should be encouraged to be sited on transit routes.
- Community planners should be required to work with transit on publicly funded facilities and new developments from the beginning.
- Public Transportation Benefit Areas should be required to conduct annexation elections following receipt of valid petitions.

## INTERJURISDICTIONAL

- A strong role for transit should be supported in reauthorizing the federal Intermodal Surface Transportation Efficiency Act.
- A stable state funding environment should be supported for transit.
- A designated funding source– the Central Puget Sound Public Transportation Account– should enhance regional transit services.
- Construction of the core system of HOV lanes should be accelerated.

## SPECIAL NEEDS

- Conduct a statewide mobility assessment of Washingtonians with special needs.
- Develop a baseline inventory of and audit special needs transportation resources in Washington.
- Create an Agency Council on Coordinated Transportation empowered to conduct feasibility studies and demonstration projects and develop legislative policy proposals.




# EXECUTIVE SUMMARY

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# EXECUTIVE SUMMARY

## WHAT IS THE STATE INTEREST IN TRANSIT?

Unquestionably the most fundamental and important issue of the 1996 Public Transportation Assessment concerns the rationale for public subsidy of public transportation in the State of Washington. Washington takes a back seat to no other state in this regard, ranking first in the nation in subsidy per passenger, third in subsidy per capita, and fourth in subsidy per vehicle hour. Many reasons have been given for this substantial support, including air pollution, energy consumption, land use, and oil dependence. This task attempted to determine the State's primary interest in transit, whether that interest is currently being achieved, and if not, what changes are required.

## FINDINGS

Two major State interests in transit clearly emerged in this task:

1) Basic mobility for Washingtonians without access to an automobile.

2) Economic growth, i. e., enhanced transportation capacity in congested urban areas, especially the Central Puget Sound region.

Consultants found that Washington's transit agencies generally provide good alternative mobility in the areas they serve. However, given the critical role assigned transit in absorbing substantial trip demand in Puget Sound, the consultants found that transit's well-funded performance in Puget Sound over the past fifteen years does not bode well in fulfilling the high expectations for it through the year 2020.

## RECOMMENDATIONS

Based on the above findings, consultant recommendations focus almost exclusively on the second major State interest, i. e., economic growth/ enhanced capacity. To help meet critical transit expectations in Puget Sound, the most important consultant recommendations are:

1) Requiring critical Puget Sound transit agencies to generate the additional service hours required to attract substantial new ridership by gradually reducing their high unit costs on a formula basis.

2) Mandating interim annual Puget Sound transit reports on discretionary ridership and mode split and interim biennial reports on ridership and service level performance targets related to adopted long range goals.

## HOW SHOULD TRANSIT FINANCIAL PLANNING ACCOMMODATE STATE INTERESTS?

Perceptions of exceptionally high reserve account balances in a number of Washington transit agencies led in part to inclusion of this issue in the 1996 Public Transportation Assessment. Specific areas of inquiry included the purpose of reserve funds, comparisons with other public entities, and evaluations of alternative methods of management and oversight.

### FINDINGS

After a thorough analysis of individual transit agency reserve funds and fund balance trends by the consultant team, the following conclusions were reached:

1) Although aggregate statewide transit agency reserve balances grew by 20% during the past five years, the Consumer Price Index grew by 25%. As a percentage of operating expenses, aggregate transit reserves declined from 87% to 69% during this period.

2) Although progress has been made in airing reserve account details, more can be done to more clearly describe the origins and intended dispositions of these funds.

3) As a percentage of operating expenses, transit agencies were not that different (69%) from comparable transit systems in the nation (76%) and Washington cities (76%). However, the percentage *range* of reserve ratios was much higher for Washington transits (as high as 416%) than that of comparable national transits (180%) and Washington cities (147%).

### RECOMMENDATIONS

Included among the recommendations related to transit financial planning by the consultant team are the following:

1) Require transit agencies to utilize State tax revenue forecasts, unless there are compelling circumstances for local exceptions.

2) Cap all transit reserve funds by the year 2000 at a maximum of 200% of operating expenses, with excesses directed into on-street service.

Other transit financial planning recommendations are detailed in the second chapter of this assessment.

## HOW CAN STATE TRANSIT ACCOUNTS BETTER SERVE STATE INTERESTS?

Although the majority of public support for transit is distributed directly to local agencies, four dedicated State transit accounts have been established:

1) Central Puget Sound Public Transportation Account– $7.1 million in 1995

2) Public Transportation Systems Account– $1.5 million in 1995

3) High Capacity Transportation Account– $6.0 million in 1995-1997.

4) Rural Mobility Grant Program– $2.5 million in the 1995-1997 biennium

### FINDINGS

1) It appears that the Central Puget Sound Public Transportation Account has functioned in accord with established procedures. If, however, the State begins to assert an overriding interest in stimulating ridership in Puget Sound, a more focused program will be required.

2) Although similar to the first account, the companion "outstate" Public Transportation Systems Account has some unique financial problems which require attention.

3) Consultants believe that the High Capacity Transportation Account has largely achieved its intended purpose of helping assess high capacity transit alternatives for Washington's largest urban areas. At the same time, cost-effective Commute Trip Reduction and Transportation Demand Management programs are woefully underfunded.

4) Uniformly positive experience characterizes the Rural Mobility Grant Program.

### RECOMMENDATIONS

1) Revise Central Puget Sound Public Transportation Account criteria to emphasize "least cost" projects to divert Single Occupant Vehicles. Encourage greater public competition for grants from this account.

2) Simplify and strengthen the funding formula for the Public Transportation Systems Account. Encourage greater public competition for grants from this account.

3) Convert the High Capacity Transportation Account into a Commute Trip Reduction Account.

## HOW SHOULD THE STATE EVALUATE TRANSIT?

To analyze this issue, the consultants assessed individual transit performance in Washington in terms of efficiency and effectiveness. Washington's transit agencies were compared with similarly sized peer systems throughout the West. They were also measured against themselves by tracking their performance over the past five years. Goals, objectives, performance measures, and standards used in the performance monitoring and reporting done at by state and local levels were also evaluated. A comparison was also made between federal and state transit levels.

## FINDINGS

Generally, Washington's transit agencies were found to be less cost efficient (operating cost per total hour) or cost effective (operating cost per unlinked passenger) than comparable peers. Peer systems were selected from the best transit agencies in the West– given the high level of subsidy and expectation in Washington– on the basis of fleet size. On the other hand, Washington's service effectiveness was about equal to their peers in terms of unlinked passengers per total hour and per capita, and in some cases was even better. Analyzing the internal performance of Washington's transit agencies since 1990, cost efficiency generally declined, as did cost effectiveness, although recent exceptions in this category were noted. Service effectiveness measured over the past several years generally declined, with some noteworthy exceptions.

Washington transit performance is generally described at the state level in WSDOT's annual transit summaries. At the local level, transit development plans and annual reports are other sources of performance data. All of these documents were evaluated by the consultants. While individual agency service standards are generally referenced in WSDOT's summary, enumerated accomplishments and objectives seldom mentioned specific performance indicators. Individual transit agency documents were quite mixed in their references to specific performance measures.

## RECOMMENDATIONS

Among the recommendations made by the consultant team to improve transit performance measurement in the State of Washington are the following:

1) Identification of local transit agency goals, objectives, measures, and standards in individual transit development plans.

2) Inclusion of additional specific cost efficiency, cost effectiveness, and service effectiveness measures in WSDOT's annual summary.

## HOW DO STATE POLICIES AFFECT TRANSIT EFFICIENCY AND EFFECTIVENESS?

In addition to asking the above question, LTC sought an inventory and analysis of federal, state, regional, and local legal requirements and unfunded mandates that impact transit efficiency and effectiveness, along with suggested changes. A related issue was the conflict between equity and efficiency that confronts most transit agencies in Washington. These topics were addressed by the Washington State Transit Association.

### FINDINGS

Washington transit agencies are attempting to better coordinate their services with land use patterns that frustrate conventional transit delivery. A number of examples were cited by WSTA as evidence of this effort. In spite of these successes, however, WSTA believes more can be done to promote improved coordination between land use and transit.

WSTA agrees with WSDOT that fragmented federal and state efforts in special needs transportation (separately funded school, social service, and transit fleets) are antithetical to efficient service delivery to this increasingly important and costly constituency. Also addressed was the emerging issue of student transit, i. e., improved coordination of school and transit buses to better serve Washington pupils, although WSTA seems ambivalent about its prospects.

Finally, a variety of technological and labor developments were listed by WSTA as positive developments contributing to improved transit efficiency in Washington. These developments range from a program for signal preemption by Kitsap Transit to contract changes at King County Metro.

### RECOMMENDATIONS

1) Provide incentives to communities to integrate land use and transit.

2) Require or encourage State-funded public facilities to be sited on transit routes.

3) Require community planners to work with transit on new developments from the beginning.

4) Fund a feasibility study on coordinating transit and school transportation and identify high school demonstration projects.

5) Provide financial and policy incentives for transit agencies to pursue technology and service innovations.

## HOW ARE STATE INTERJURISDICTIONAL INTERESTS BEST ADDRESSED BY TRANSIT AGENCIES?

Subordinate questions to this issue posed by the Legislative Transportation Committee include efficient use of resources, avoidance of empty backhauls, cost, productivity, reporting, and labor protection. This issue was also addressed by the Washington State Transit Association, with particular emphasis on the Central Puget Sound region. At least five transit systems serve commuters in four counties, many of whose journeys cross county lines and involve use of the Washington State Ferries.

### FINDINGS

WSTA discovered that more than 600 buses cross the King County line from adjacent Pierce and Snohomish Counties, approximately 4% of regional transit ridership. Proportionate intercounty vanpool and rideshare activities were described as well.

Complicating the fixed route interjurisdictional issue are the companion special needs paratransit requirements mandated by the federal Americans with Disabilities Act. Reference was made by WSTA to discussions underway among affected Puget Sound transit agencies to define individual agency responsibilities.

Other interjursidictional efforts underway include coordinated public information programs, including computerized enhancements, regional fare coordination, and cooperative Commute Trip Reduction programs for Puget Sound employers that attract workers from more than one county.

### RECOMMENDATIONS

1) Support a strong role for transit in reauthorizing the federal Intermodal Surface Transportation Efficiency Act.

2) Support a stable transit funding environment for transit in Washington.

3) Designate a funding source for the provision of regional transit services.

4) Complete the core system of High Occupancy Vehicle lanes.

## WHAT ROLE SHOULD THE STATE PLAY IN IMPROVING SPECIAL NEEDS TRANSPORTATION?

This issue was originally intended to determine unmet specialized transportation needs in areas of the state currently unserved by public transportation systems. It has been expanded to include all areas of the state, with a special focus on coordination issues and barriers. To address this more inclusive issue, the Washington State Department of Transportation developed a descriptive model to explain the causes of unmet special needs transportation.

### FINDINGS

WSDOT identified three basic issues. In addition, there is a presumption that additional services can be created if existing services are better coordinated. Because the issue of access to services transcends programs sponsored by many state agencies, there clearly is a state interest and role in this area. The three key issues are:

1) There is a lack of information available. There are no comprehensive data describing the dimension, distribution, or kinds of services needed. In addition, no comprehensive baseline data exist concerning services and resources that currently are in place.

2) There is a need to better coordinate existing programs and services. There is no comprehensive vision or policy concerning unmet specialized transportation needs, and no structure is in place to identify state and local agency responsibilities and roles.

3) Resources are limited. It is unreasonable to expect all unmet needs can be met, but existing resources can be better structured and targeted to increase the amount of service delivered.

### RECOMMENDATIONS

1) Conduct a statewide mobility assessment of Washingtonians with special needs.

2) Develop a baseline inventory of special needs transportation resources in Washington.

3) Audit existing special needs program resources.

4) Create an Agency Council on Coordinated Transportation empowered to conduct feasibility studies and demonstration projects, and develop legislative policy proposals.


# 1. WHAT IS THE STATE INTEREST IN TRANSIT?

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# 1. WHAT IS THE STATE INTEREST IN TRANSIT?

## INTRODUCTION

This section of the report presents an analysis of the degree to which transit systems in the State of Washington meet the expectations of related State legislation. The following describes the purpose, approach, and organization of the analysis and its results.

## PURPOSE

The purpose of this section is to analyze the following questions with respect to the relationship and responsibility of the State of Washington and public transportation:

- What is the state interest in transit?
- How well do present programs position the state to achieve its interest?
- What, if any, revisions to present programs would better position the state to achieve its interest?

## APPROACH

The following describes the approach used in conducting the analysis presented in this section:

- The State interest in transit was determined through a review of relevant documents and interviews with State legislators, State officials, local officials, transit officials, and civic leaders.
- The extent to which transit systems in the State of Washington have met past public expectations and/or will meet future public expectations was analyzed by evaluating past transit productivity experience and trends, and published future public expectations. Transit's role in achieving critical economic and mobility expectations in the Central Puget Sound area is predicated on the adopted Metropolitan Transportation Plan (MTP) of the Puget Sound Regional Council.
- Strategies to better accomplish State transit interests were based partially on productivity improvements achieved by comparable transit agencies in the western United States.

## ORGANIZATION

The remainder of this section is organized as follows:

- State interest in transit
- Present programs
- Improvement strategies
- Recommendations

## STATE INTEREST IN TRANSIT

The state interest in transit was postulated through a review of relevant documents and interviews with a variety of people, including state legislators, state officials, local officials, transit officials, and civic leaders. Appendix 3 reproduces the interview questionnaire.

The greatest weight was placed upon laws that have been enacted and policies that have been established in response to those laws. The supreme level of government in Washington is the state. All local governments are the creation of the state through the state constitution and state laws. Therefore, the state has an important interest in virtually all activities of all local governments, including municipalities, counties, school districts, transit districts and other special districts, and regional planning authorities. But for the most part, the state relies upon its local governments to deliver public services. This has been the case in transit. The state has enacted various laws that permit local governments to establish transit agencies and high capacity transit systems. These laws identify transit as a public service and recognize that transit is in a funding competition with other public services..

The state has also established a regional planning process under which local elected officials develop long term plans for regional development. Transportation and transit are important elements in these plans. Until now there has been only limited state oversight of transit agencies. The state authorizes local governments to provide transit service and requires annual reporting and planning. But generally, the state relies on local governments to administer and provide transit services.

The interviews revealed a high level of consensus on the role that transit should play in Washington. Echoing the intent of state laws and policies relating to transit, interviewees expressed a broadly shared vision that transit should provide basic mobility to those with limited access to automobiles, while seeking to facilitate economic growth. Considerable anxiety was expressed, however, regarding commute trips crossing county lines inadequately served by existing transit.

The two fundamental public purposes for public transit are evident in the laws and policies of the state and in the views of those interviewed:

***Basic mobility–***

Transit should provide mobility for people who do not have access to automobiles, such as the disabled and persons with low incomes. This is the "transit dependent" market. The demand for basic mobility is evident throughout the state in both urban and rural areas.

***Economic growth (transportation capacity enhancement)–***

Transit should facilitate economic growth through more efficient use of the transportation system. This is accomplished by attracting single occupant vehicle users into transit– the "discretionary" transit market. Some areas of the state, most notably the Puget Sound region (King, Kitsap, Pierce, and Snohomish Counties) are experiencing significant growth. At the same time, there is little support for expanding general purpose highway capacity to accommodate the growth. Traffic congestion is already a major concern, and as growth continues traffic congestion is likely to get worse. This will not only restrict personal mobility, but will also severely constrain goods (freight) movement. Sustained economic growth will be threatened by restricted mobility. By making the transportation system more efficient, transit can, in effect, free additional transportation capacity to accommodate growth. Similar concerns are being expressed in Clark, Spokane, and Thurston Counties, although transit expectations in these areas are not as ambitious as in the Puget Sound region.

Among interviewees there was less agreement with respect to the state role in transit. Many state officials indicated that the state should play a more active role in transit, while local officials typically felt that there should be minimal state involvement. State legislators and other state officials expressed the view that there is a need for increased accountability with respect to transit funding.

## THE EVOLVING STATE INTEREST

The documents reviewed and interviews indicate a strong and growing state interest in transit, principally with respect to economic development.

The State Interest in Basic Mobility: Present state laws and policies are generally consistent with the state interest in basic mobility. The state permits, but does not require, local governments to provide basic mobility through the establishment of transit systems. State law demonstrates a state interest that is limited to empowering local governments to provide basic mobility. The state's interest in basic mobility remains passive.

The State Interest in Economic Growth: The state's interest in economic growth is much greater. The state has been the historical provider of intercity and major trunk highways. Yet the state, in cooperation with local governments, has determined that it will build little or no additional single-occupant vehicle highway capacity in the Puget Sound region. The state will, instead, rely on transit and ridesharing to accommodate much of the anticipated travel growth. The state has an intense interest in transit where it is relying on transit to provide a substitute to accommodate travel growth that would otherwise be on the highways that are provided by the state. The state's interest in economic growth is direct, rather than passive. An active state involvement is justified in transit as a facilitator of economic growth.

It is suggested that *the state interest in public transit is:*

*to empower local governments to provide for basic mobility throughout the state;*

*to achieve the personal and goods mobility required for economic growth and regional competitiveness in highly congested areas by substituting transit usage for single occupant automobile trips, thereby mitigating the need for the state to build additional highway capacity.*

## PRESENT PROGRAMS

Washington state and local governments have been very supportive of transit. In 1994, Washington ranked first among the states in state and local subsidy per passenger, third in subsidy per capita and fourth in subsidy per vehicle hour. At the same time, Washington ranked ninth in annual unlinked trips per capita and 24th in unlinked trips per vehicle hour (Exhibit 1-1: Washington & U.S. Transit Comparisons: 1994 on page 1-5).

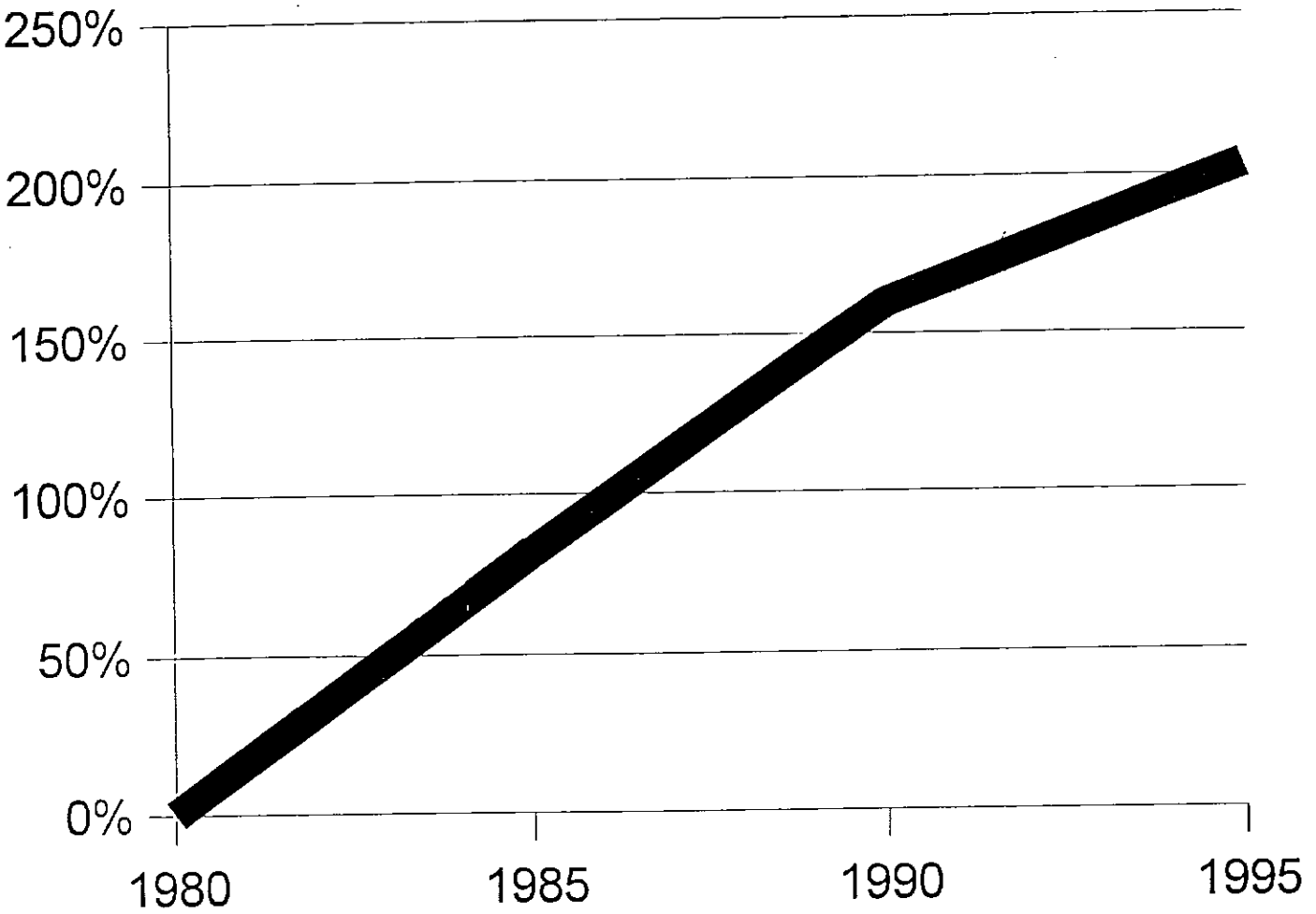
State and local transit subsidies (operating and capital revenues) rose 204 percent (inflation adjusted) from 1980 to 1995 (Exhibit 1-2: Change in State-Local Subsidies on page 1-6). This growth has been greater than overall state economic growth. From 1980 to 1993 (latest year available in the U.S. Census Bureau governments data base), gross personal income in Washington increased by 45 percent, while gross state product increased by 54 percent (estimated based upon latest available [1992] data).

Over the same period, state and local transit tax revenues increased by 186 percent–three to four times the rate of economic growth. Funding for other state and local services rose at generally lower rates, with state and local general tax revenue (exclusive of federal funding) increasing by 78 percent, primary and secondary education expenditures rising 66 percent, health and hospital expenditures growing 139 percent, and highway spending up 5 percent (all figures inflation adjusted) (Exhibit 1-3: State & Local Public Finance Trends on page 1-7).

# EXHIBIT 1-1

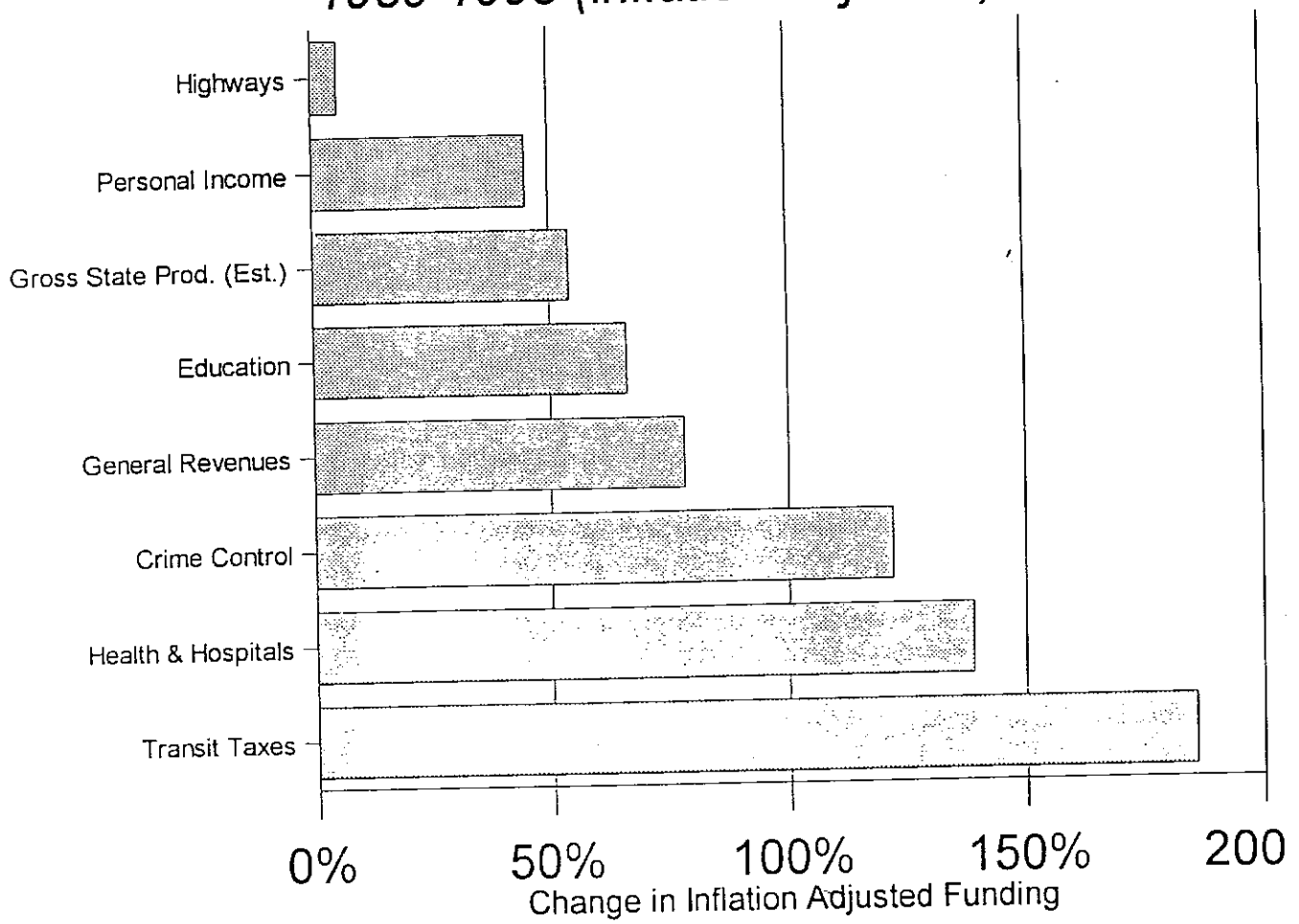
| WASHINGTON & U.S. TRANSIT COMPARISONS: 1994 | | | |
|---|---|---|---|
| Performance Indicator | US Average | Washing-ton | Washing-ton Rank |
| State-Local Subsidy/Vehicle Hour | $52.02 | $65.95 | 4 |
| State-Local Subsidy/Unlinked Trip | $1.36 | $2.90 | 1 |
| State-Local Subsidy/Capita | $39.81 | $79.99 | 3 |
| Unlinked Trips/Vehicle Hour | 38.3 | 22.8 | 24 |
| Unlinked Trips/Capita | 29.3 | 27.6 | 9 |
| Source: National Transit Database | | | |

# Exhibit 1-2
## Change in State-Local Subsidies for Washington Transit Agencies
*1980-1995 (Inflation Adjusted)*



# Exhibit 1-3
# State & Local Public Finance Trends

*1980-1993 (Inflation Adjusted)*



From 1980 to 1994, statewide transit ridership grew 13%, approximately 1/15th the percentage increase in state and local transit taxes (Exhibit 1-4: Passengers & State-Local Subsidies on page 1-9). Virtually all of the passenger growth occurred outside the Puget Sound region (Exhibit 1-5: Change in Ridership: 1980-1994 on page 1-10). Total state and local transit taxes per passenger rose 157 percent, from $1.21 to $3.11 (inflation adjusted). Annual per capita ridership dropped 35 percent from 47.8 to 31.5 (Exhibit 1-6: Washington Transit Ridership: 1980-1994 on page 1-11).

## ECONOMIC GROWTH IN HIGHLY CONGESTED AREAS

In recent years there has been increasing concern about sustainable economic growth and traffic congestion in highly congested areas. Sustainable economic development is threatened by increasing traffic congestion, which reduces both personal mobility and goods (freight) mobility.

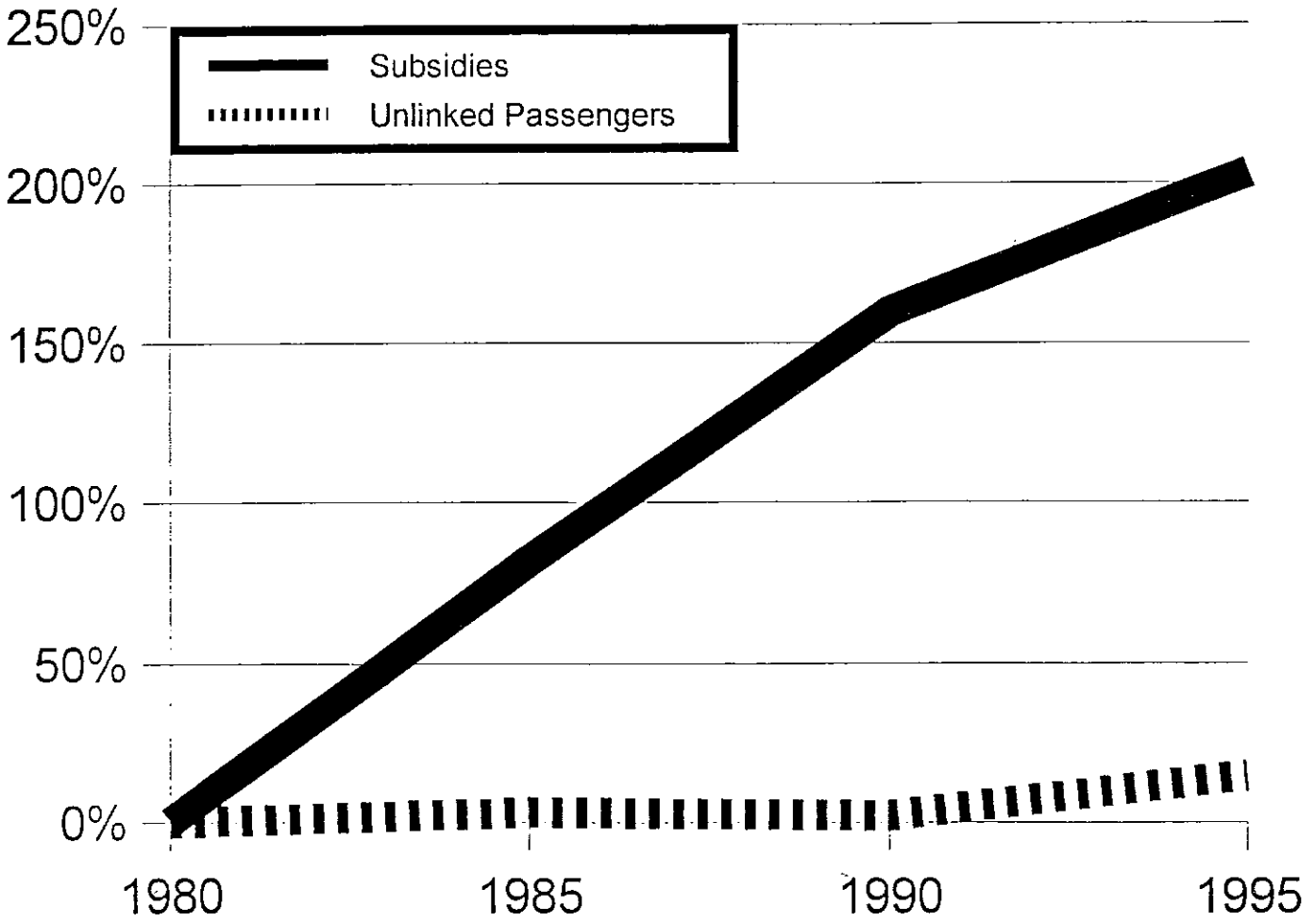
Degradation of personal mobility would reduce employment, discourage current businesses from expanding, and deter new businesses from locating in the state. Degradation of goods mobility would impair economic growth and could be especially destructive to international ports, especially the Ports of Seattle and Tacoma, and Seattle Tacoma International Airport, which must operate in a highly volatile and competitive market. As roadway congestion increases, competing ports of entry outside the state will become more attractive to shippers with an corresponding loss of quality jobs. In response to these concerns, new laws relating to transit have been enacted:

Growth Management Act: Perhaps the most important legislation is the Growth Management Act (36.70A RCW), which requires local jurisdictions to establish detailed plans to accommodate growth in ways that protect the environment and permit sustained economic growth. Transit service is an important element in growth management. The pervasiveness of the state interest, even in a matter that has been delegated to local governments, is illustrated by the fact that the Growth Management Act permits the state to withhold various tax sources from jurisdictions that fail to comply with the Act, such as transit sales taxes, other local option sales taxes, and Motor Vehicle Excise Tax distributions from the state (36.70A.340 RCW).

Commute Trip Reduction Act: The Commute Trip Reduction Act (70.94.537 RCW) requires major employers to reduce the use of single-occupant vehicles (SOV) by employees through alternative modes which include transit and ridesharing. The seriousness of the state's commitment to this objective is illustrated by the fact that civil penalties may be imposed on major employers for non-compliance. In recent months, some large employers and employer groups have expressed concern that higher levels of transit service are needed to assist them in achieving the goals of the Commute Trip Reduction Act.

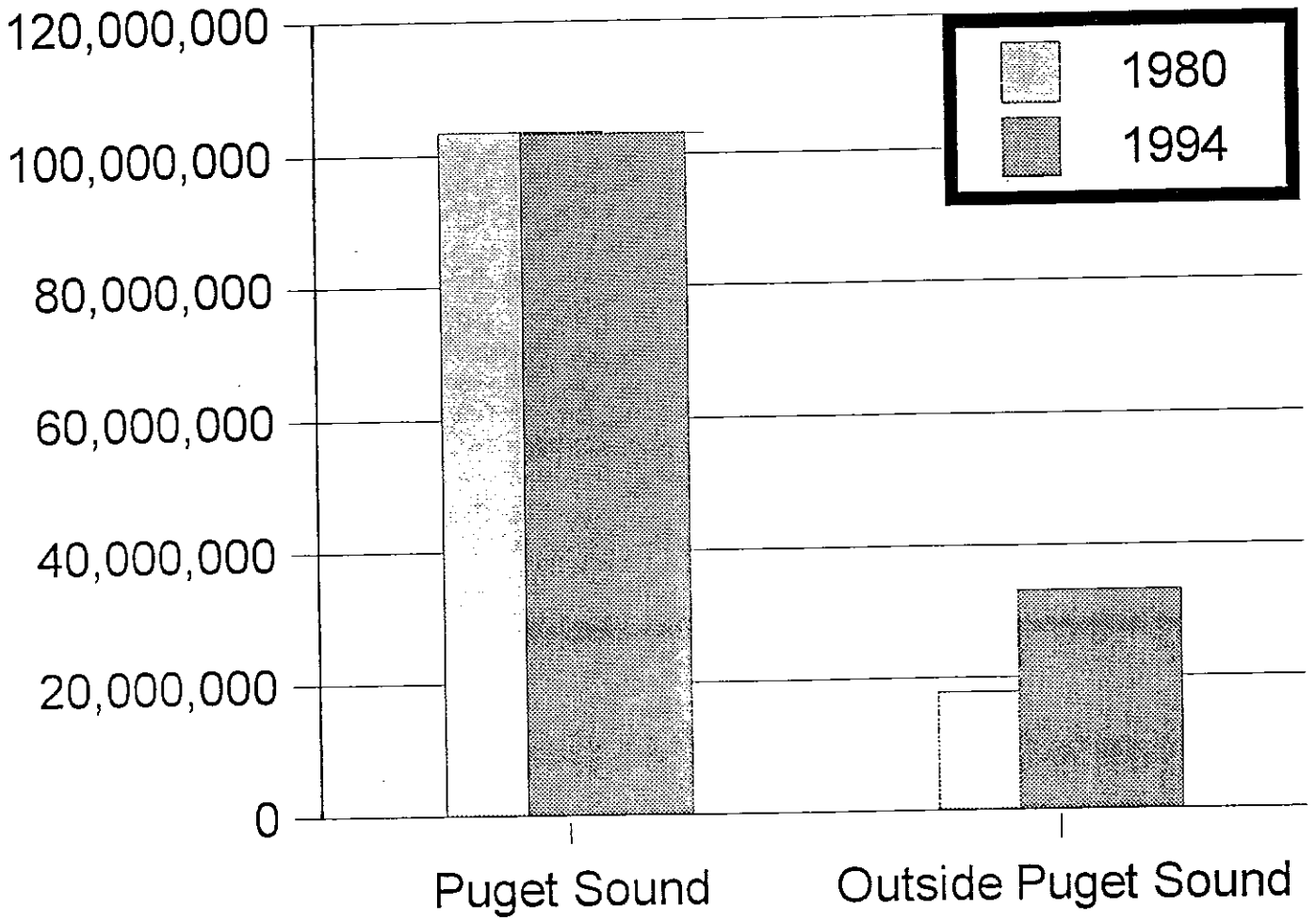
# Exhibit 1-4
# Passengers & State-Local Subsidies

*1980-1995 (Inflation Adjusted)*



# Exhibit 1-5
# Change in Ridership: 1980-1994

*Puget Sound & Outside Puget Sound*



# EXHIBIT 1-6

| WASHINGTON TRANSIT RIDERSHIP: 1980-1994 | | | |
|---|---|---|---|
| Year | Annual Unlinked Trips | Service Area Population | Annual Ridership Per Capita |
| 1980 | 121,200,000 | 2,537,000 | 47.8 |
| 1995 | 136,500,000 | 4,399,000 | 31.5 |
| Fixed Route & Demand Responsive<br>Source: National Transit Database & WSDOT Transit Database | | | |

Growth management and commute trip reduction represent significant efforts by the state to better accommodate economic growth. Through growth management, public policy seeks to control urban sprawl, increase urban densities, and increase reliance on modes of travel other than the single-occupant vehicle, such as transit and ridesharing. The Commute Trip Reduction Act seeks to directly implement substitution of transit and ridesharing for single occupant automobile use. The Growth Management Act and the Commute Trip Reduction Act are reflective of an increasing state transit interest in highly congested portions of the state.

At the same time, there is a growing awareness that raising new public revenues is more difficult. The passage of Initiative 601 is perhaps the most significant indication of the electorate's interest in limiting spending growth and improving public accountability. In this challenging environment, the potential benefits of transit are more likely to be achieved if transit plans rely on the most cost effective service provision alternatives. The state has enacted "least cost planning" requirements that apply to transit agencies and regional planning organizations (RCW 47.80-030(a)6).

## TRANSIT'S ROLE IN ECONOMIC GROWTH

The state interest in transit as a facilitator of economic growth is most evident in the Puget Sound region. Population growth from 1990 to 2020 is projected at 1.4 million, an increase of 50 percent. Daily person trips are expected to grow by more than two-thirds. This growth will seriously strain the transportation system. The state and its constituent units of local governments anticipate that transit will play a major role in accommodating the anticipated travel growth. The Metropolitan Transportation Plan (MTP), adopted by the Puget Sound Regional Council (PSRC), articulates the future role of transit (2020). The MTP forecasts a considerable increase in transit ridership.

> The federally required "financially constrained" strategy projects an increase of approximately 80 percent in ridership (from 1995) for the existing transit agencies, financed by existing funding sources.
>
> The "preferred" strategy anticipates an even larger ridership increase, at 186 percent (including the 80 percent ridership increase to be obtained from present funding sources). The preferred strategy anticipates more than 200 route miles of rail service and substantial bus service increases, both in regional express routes and local routes. According to the MTP, the preferred strategy has an unfunded deficit of $21 billion. However, electoral approval of the Central Puget Sound Regional Transit Authority in November 1996 effectively reduced this deficit by approximately half.

Considering the experience of transit in the Puget Sound region since 1980, it will be challenging to achieve even the more modest forecasts of the "financially constrained" strategy. Since 1980, actual transit performance has been dramatically different from the optimistic trends that are forecast in the MTP:

Over the next 25 years, the MTP forecasts that operating expenses will increase by approximately 40 percent and that ridership will increase by 80 percent. However, from 1980 to 1994– a period of 14 years rather than 25– transit operating expenses increased more, by 47 percent, while ridership *declined* one percent (Exhibits 1-7: Puget Sound Transit Trends/ MTP Forecast: 1995-2020 and 1-8: Puget Sound Transit Trends/ Actual: 1980-1994 on page 1-14).

Over the same period, fixed route service levels increased 23 percent in the Puget Sound region, while annual per capita ridership dropped one-third (from 54.8 to 36.6).

These trends will not achieve the ridership forecasts under either the "financially constrained" or "preferred" strategies. The dilemma is illustrated by comparing actual trends from 1980 to 1994 and projected 1995 to 2020 trends under the "financially constrained" strategy on an annual basis:

Operating expenses increased 2.8 percent annually from 1980 to 1994 but are projected to drop by half from 1995 to 2020 to 1.4 percent.

Unlinked passengers declined 0.1 percent annually but are projected to increase 2.4 percent annually (Exhibit 1-9: Comparison of Actual & Projected Trends on page 1-15).

The contrast in annual per capita passenger trends indicates the sharp reversal that will be required to achieve MTP "financial objectives" (Exhibit 1-10: Per Capita Ridership: Actual & Projected Trends on page 1-16). From 1980 to 1994, unlinked passengers per capita *declined* 2.8 percent annually. However, from 1995 to 2020:

passengers per capita would need to *increase* 1.0 percent annually under the "financially constrained" strategy (current financial resources); and

passengers per capita would need to *increase* 2.9 percent annually under the "preferred" strategy (includes a high capacity element).

The long term forecasts articulated in the MTP will not be achieved unless there is a radical improvement in transit trends. At present, *the state transit program does not position the state to achieve its interest in transit as a facilitator of economic growth.*

## IMPROVEMENT STRATEGIES

The state interest in economic growth and the regional interest expressed in the MTP will not be achieved if present transit trends continue. *Substantial revisions are required to the state transit program* so that the state will be able to rely upon transit to provide the transportation capacity enhancement on which it is relying.

Exhibit 1-7

Puget Sound Transit Trends

MTP Forecast: 1995-2020

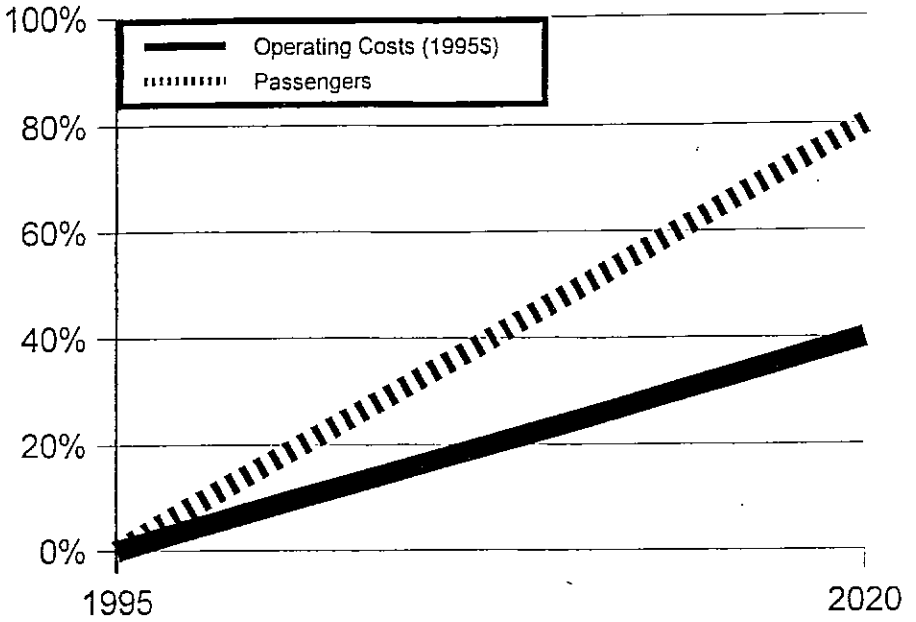
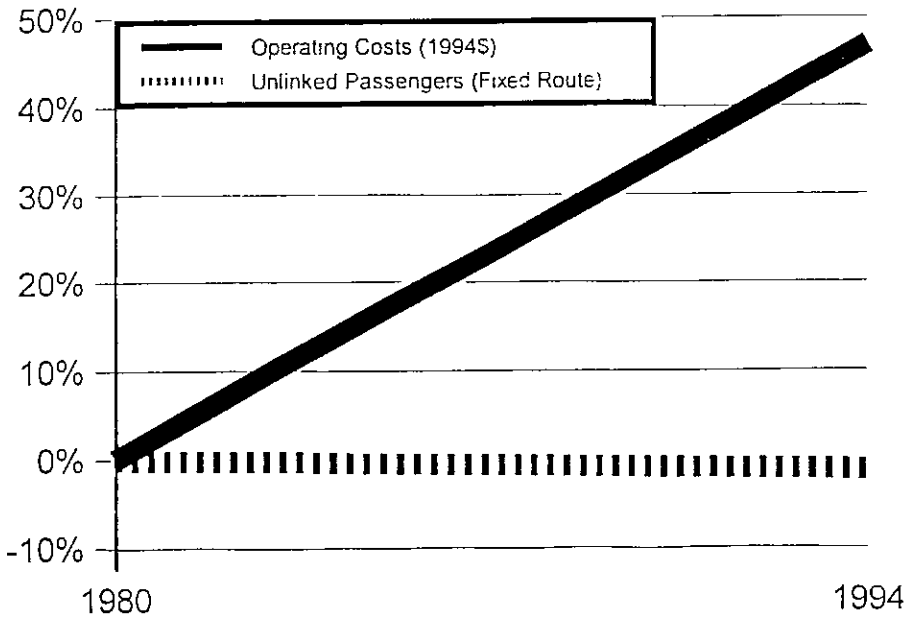


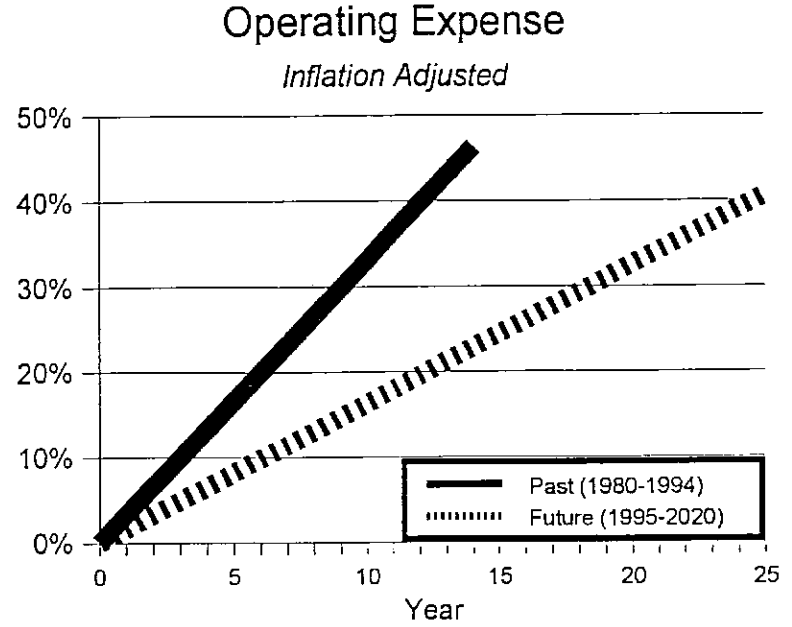

Exhibit 1-8

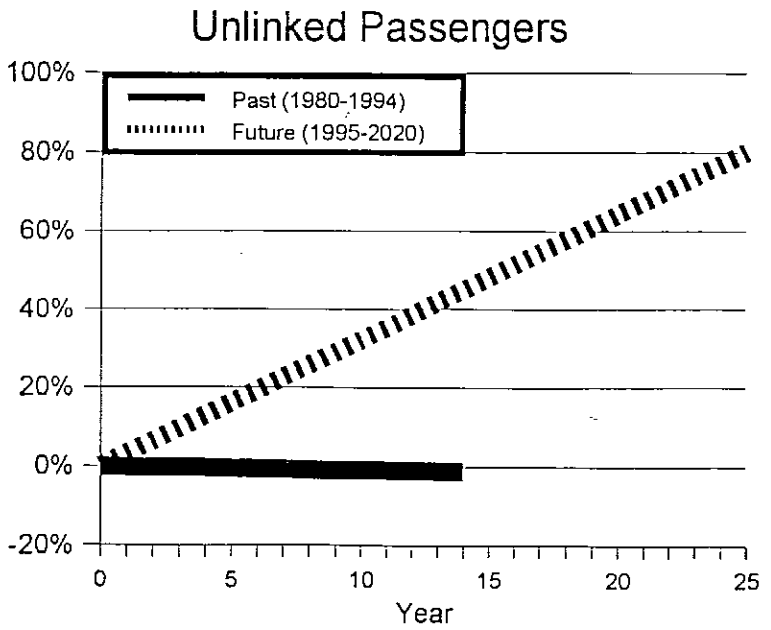
Puget Sound Transit Trends

Actual: 1980-1994



# Exhibit 1-9
# Comparison of Actual & Projected Trends



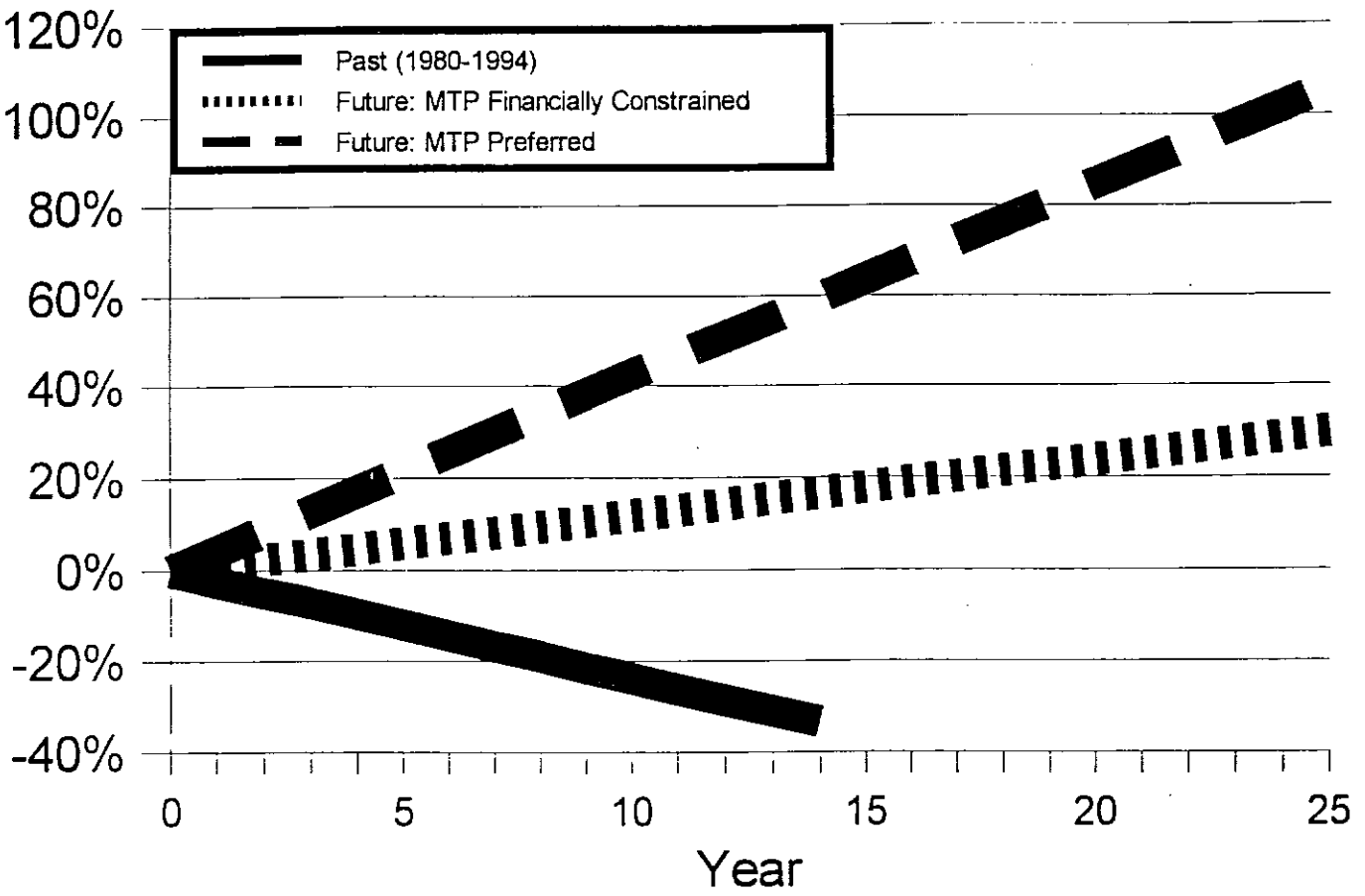




Projected trends are MTP "Financially Constrained" Strategy

# Exhibit 1-10

# Per Capita Ridership:

# Actual & Projected Trends



It is difficult to attract drivers from their automobiles. To do so will require, at a minimum, a substantial increase in transit services, including both services that already experience high demand and services that serve new markets. The chances for achieving the adopted ridership targets will be maximized by expanding service as much as possible (it is assumed that transit agencies would use their marketing expertise to ensure that the new services are the most productive).

This is just as much the case with the "preferred" strategy as with the "fiscally constrained" strategy, because a substantial portion of the new service under the "preferred" strategy would be bus services provided by existing transit agencies. To obtain the greatest amount of service possible within the constraints of current funding sources will require that cost effectiveness be maximized.

## TRANSIT AGENCIES HAVE IMPROVED COST EFFECTIVENESS

In recent years, many U.S. transit agencies have improved their cost efficiency, while maintaining or improving their service quality. San Diego Metropolitan Transit System, for example, has reduced its cost per vehicle hour by an average of 1.6 percent annually over the last 20 years. As discussed further in Chapter 4, cost per vehicle hour is the traditional yardstick of transit cost efficiency.

In 1975, San Diego bus costs per vehicle hour were $63.20– 11 percent higher than costs at then Seattle Metro ($56.31). By 1994, San Diego costs had dropped to $46.40, while King County Metro costs rose to $75.97, 64 percent higher than that of San Diego (all figures in 1994 dollars) (Exhibit 1-11: Cost per Vehicle Hour: 1975-1994 on page 1-18).

More recently, other transit agencies have significantly improved their cost efficiency. Costs per vehicle hour among the ten transit systems most comparable to King County Metro– the "best of the West"– declined nine percent from 1985 to 1994. Eight of the ten transit agencies in the group reduced their operating costs relative to inflation– three more than 15 percent, and five more than 10 percent.

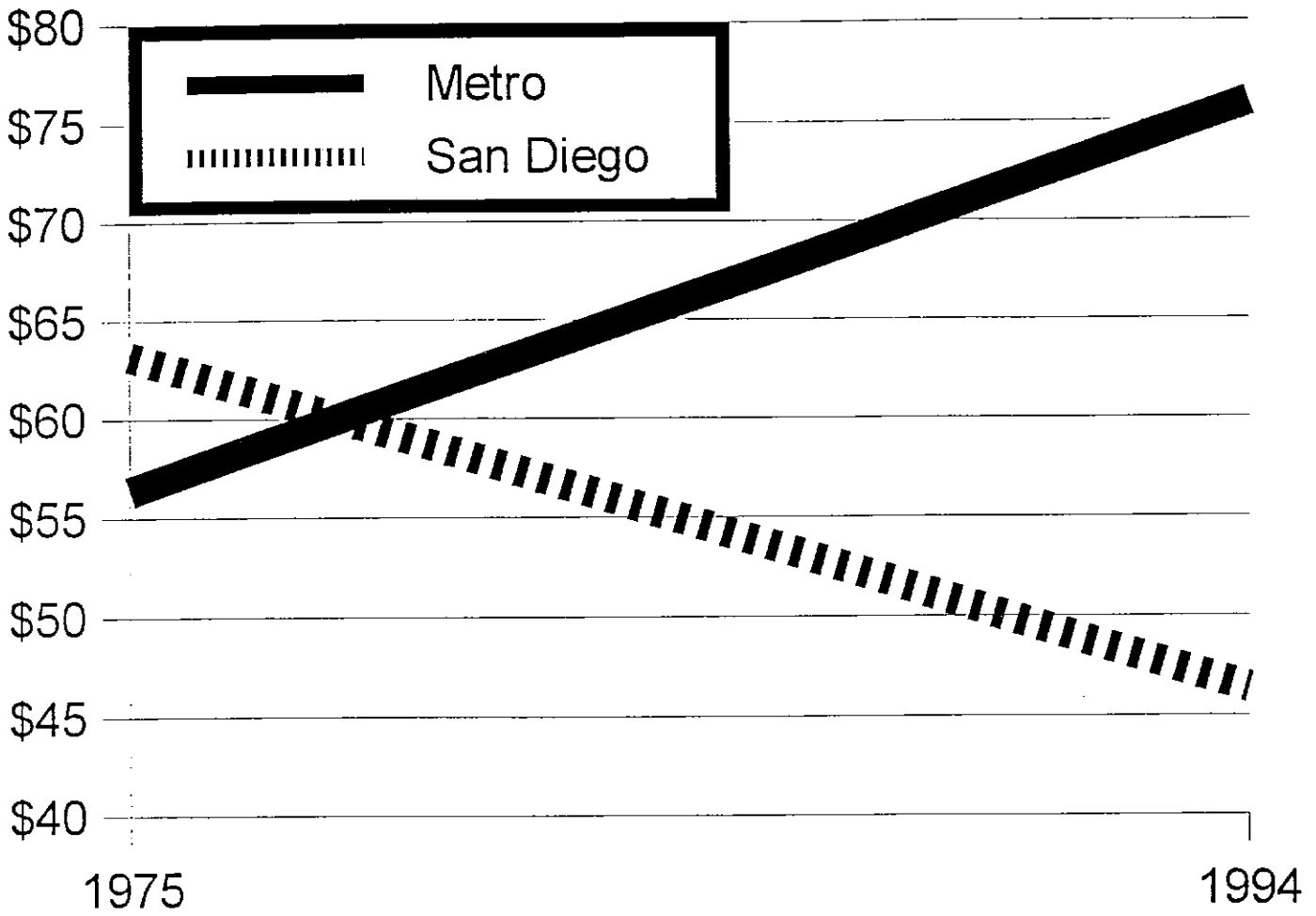
On an annualized basis, St. Louis reduced its costs per vehicle hour by 2.2 percent annually, San Diego by 2.1 percent, Orange County by 2.0 percent and Portland by 1.1 percent. (Exhibit 1-12: Cost per Vehicle Hour: 1985-1994 on page 1-19).

During the same period, average Puget Sound operating costs rose from 11 percent above the "best of the West" average in 1985 to 33 percent above in 1994 with an annual increase in cost per vehicle hour of 1.0 percent. Among the Puget Sound area transit agencies, only Kitsap Transit reduced its cost per vehicle.

To improve their cost efficiency to the levels of comparable transit systems, the following combined Puget Sound transit CPI-x standard would have to be achieved (weighted average of all agencies) (Exhibit 1-13: Annual CPI-x Standard Required to Achieve Cost per Vehicle Hour Targets by 2020 on page 1-20):

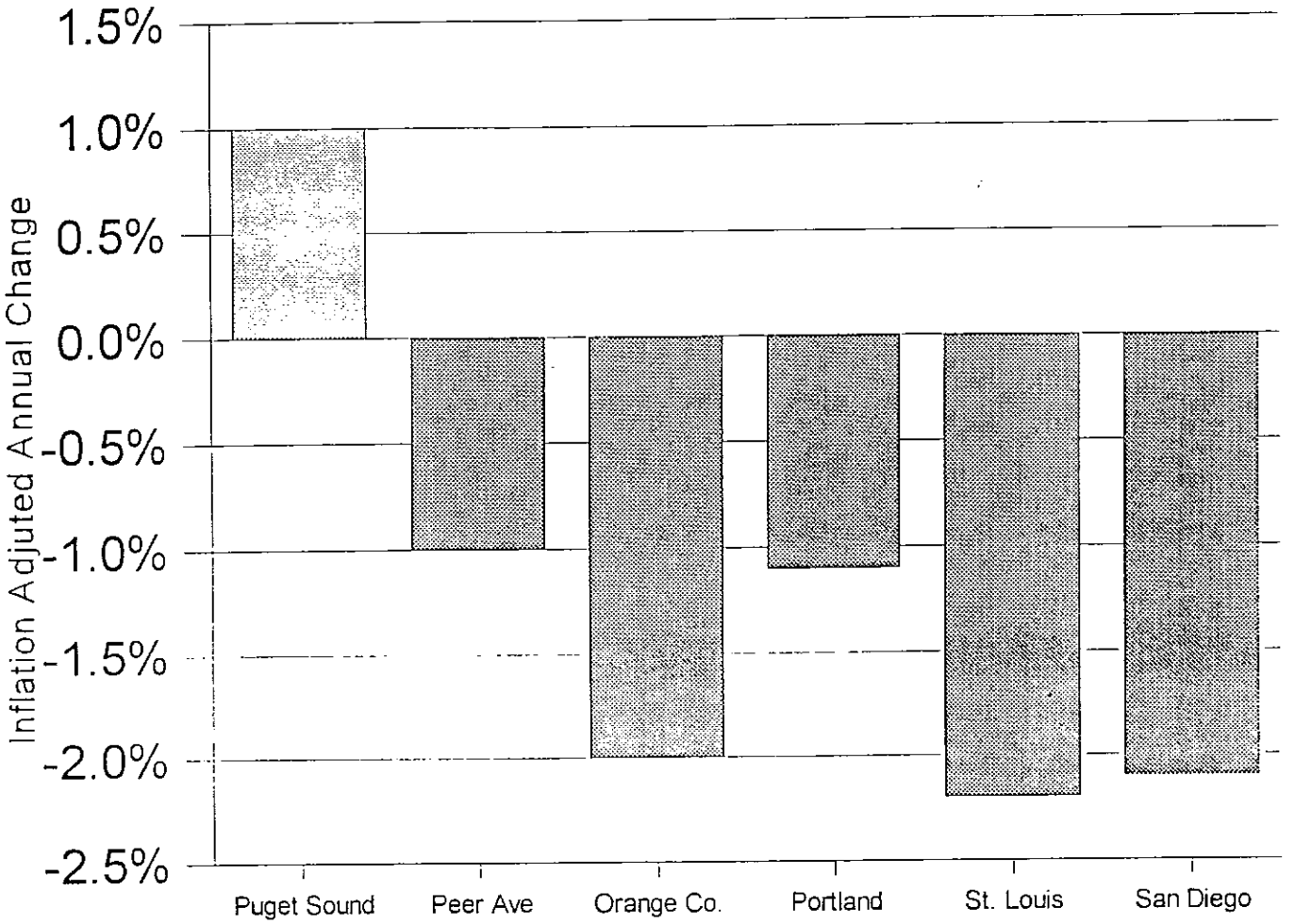
# Exhibit 1-11
# Cost per Vehicle Hour: 1975-1994

*Metro & San Diego (1994$)*



# Exhibit 1-12
# Cost per Vehicle Hour: 1985-1994

*Annual Change*



# EXHIBIT 1-13

| ANNUAL CPI-X STANDARD REQUIRED TO ACHIEVE COST PER VEHICLE HOUR TARGETS BY 2020 | | | | |
|---|---|---|---|---|
| Public Transit System | CPI-X Standards Required for Benchmark/Peer Targets | | | |
| | Average | Maximum | Minimum | Average/ Minimum |
| King County Metro | -1.3% | -0.3% | -2.7% | -2.0% |
| Pierce | -0.5% | 0.5% | -1.9% | -1.1% |
| Community | -1.9% | -0.9% | -3.3% | -2.5% |
| Kitsap | -0.4% | 0.6% | -1.8% | -1.1% |
| Everett | -0.8% | 0.2% | -2.1% | -1.4% |
| Puget Sound | -1.2% | -0.2% | -2.6% | -1.9% |
| Note: CPI-X standard base year: 1997. | | | | |

-0.2 percent annually to achieve the maximum ($70.48)

-1.2 percent annually to achieve the average ($56.01).

-2.6 percent annually to achieve the minimum ($40.56)

-1.9 percent annually to achieve the average-minimum midpoint ($48.29)

## PUBLIC POLICY CHOICES

The state's interest in economic growth in highly congested areas depends upon public policy choices that preserve and improve mobility in such regions. The state has basically three alternatives:

1) Status Quo: The State could leave transit and highway laws and policies unchanged with respect to highly congested areas. This course of action would not finance the higher levels of service that will be required to attract a sufficient number of drivers to transit out of their automobiles. Transit will, as a result, not free existing roadway capacity to accommodate the growth in personal and goods transportation, *with or without* a high capacity transit system. A widespread political consensus has emerged that the resulting increase in traffic congestion would not permit sustained economic growth, and the Puget Sound region could face the kind of economic deterioration that has been experienced by congested urban areas in other parts of the country.

2) Highway Investment: The State could leave transit laws and policies unchanged and, recognizing that the State interest in transit is unachievable under this scenario, embark on an aggressive program of general purpose highway construction in the Puget Sound region. While there is considerable political opposition to such a policy choice, it is technically possible to build sufficient highway capacity to accommodate the expected growth in personal and goods traffic, and thereby facilitate sustained economic growth. Since economic growth would be sustained, this is a more attractive option than the "status quo."

3) Redirection of Transit Policy: The State could establish a program requiring substantial efficiency improvements in transit service provision, which would finance the service expansions that are a prerequisite to achievement of transit ridership objectives. This would make it possible to sustain anticipated economic growth levels without building significant additional general purpose highway capacity and would achieve the State's interest in transit as a facilitator of economic growth.

The first alternative will not achieve the state's interest in accommodating economic growth in highly congested areas. To accomplish its interest, the state must either change its highway policy and undertake a massive construction program that would render substantial changes to its transit policy unnecessary, or revise its transit policy to accommodate demand that would otherwise require a massive highway construction program. *The proposed revisions to the state transit program would position the state to achieve its interest in transit as a facilitator of economic growth.*

## RECOMMENDATIONS

A comprehensive analysis in Task 4 reveals that the costs per vehicle hour of Puget Sound area transit agencies are higher than benchmark/peer groups. Average Puget Sound costs per vehicle hour are 33 percent higher than the average, six percent higher than the maximum, and 83 percent higher than the minimum (Exhibit 1-14: Cost per Vehicle Hour: 1994 on page 1-23). Achievement of the state's interest in economic growth will require Puget Sound area transit agencies to become among the most cost efficient in the nation.

It is recommended that the state implement an expanded and coordinated transit program to improve the chances for achieving its interest in economic growth. The elements of the program would be a regulatory system–CPI minus x"– to improve transit cost effectiveness and a "Truth in Planning" program that would improve accountability and coordination in the transit planning process.

## "CPI MINUS X" REGULATION

Transit agencies have received little direction from the state with respect to their performance. But the state now has a direct interest in the economic growth component of transit by virtue of relying on transit to reduce the need for construction of new highways.

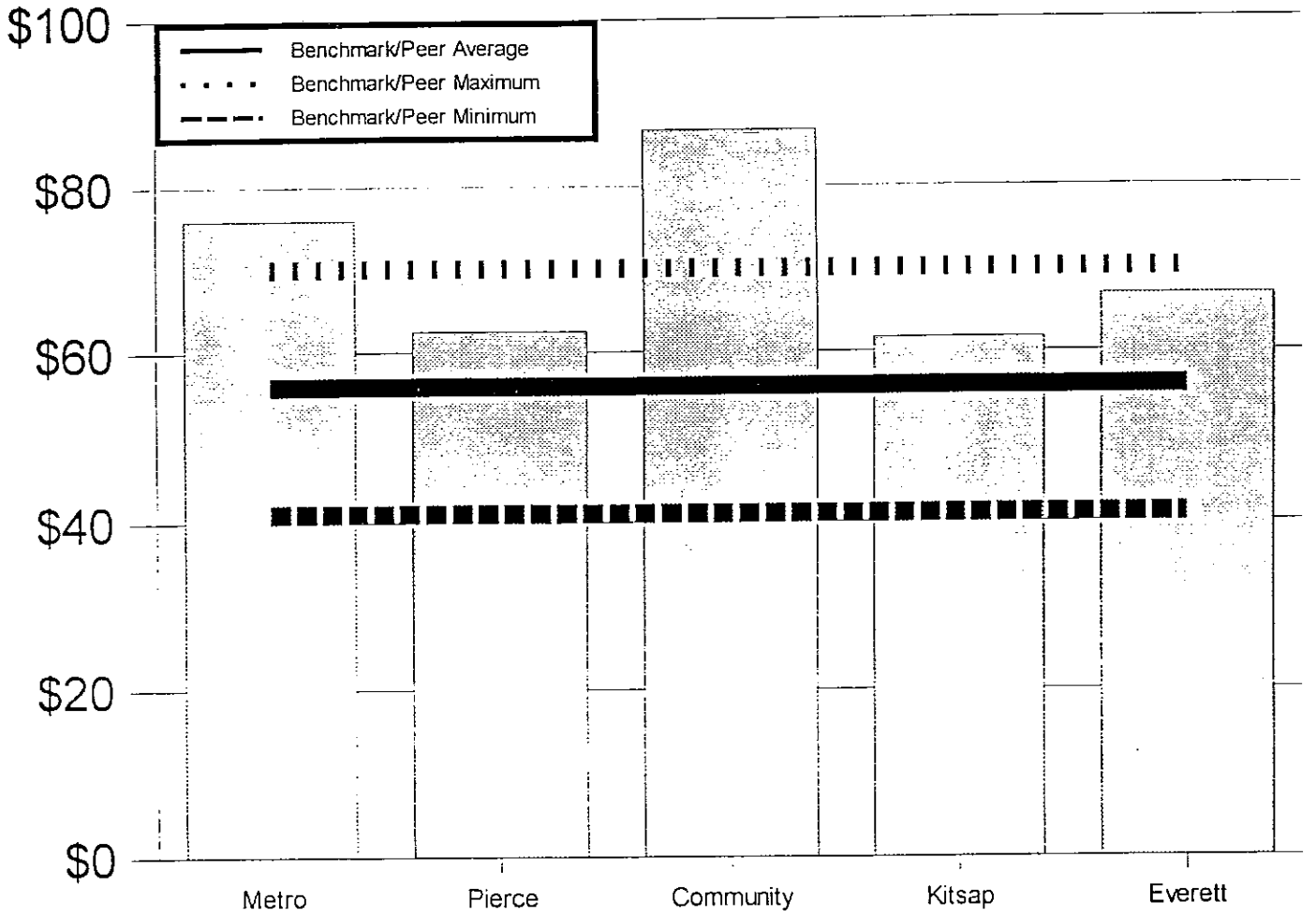
If the state is to achieve its economic growth interest in transit, it must take a more active role. The state should establish a regulatory mechanism to encourage improved cost efficiency, which will, in turn, permit transit to expand services in sufficient volumes to achieve the ridership target.

The regulatory mechanism would be "CPI minus x" (Consumer Price Index minus x, or CPI-x). CPI-x is being increasingly used in Europe and in some states for regulation of electric, natural gas, and telecommunication utilities. CPI-x would require transit agencies to reduce their inflation adjusted operating costs per vehicle hour by a specific percentage (such as 2 percent, or CPI-2). The annual CPI-x standard would be established at a rate that would achieve the service expansion needed to attract the forecast ridership under the "financially constrained" strategy.

# Exhibit 1-14

# Cost per Vehicle Hour: 1994

*Compared to Benchmark/Peer Rates*



CPI-x would work as follows in the Puget Sound region:

> A CPI-x standard would be established for each transit agency in the Puget Sound area. The standard would be the annual percentage change in cost per vehicle hour necessary to achieve the target operating cost per vehicle hour by 2020 (base year 1997). If, at any time, any transit agency's cost per vehicle hour is at or below the 2020 target, its CPI-x standard would become CPI minus zero– costs per vehicle hour would be permitted to change, year to year, at the rate of inflation or less.
>
> Each transit agency's cost per vehicle hour would be annually compared to its 1997 cost per vehicle hour (fixed route only). If, in any year, the transit agency fails to meet its CPI-x standard (x percent reduction per year since 1997), the amount by which the standard is missed (hourly amount by which the standard is missed times vehicle hours operated) would be placed in a Puget Sound Transit Expansion Fund. Funding would be taken from Motor Vehicle Excise Taxes that would have otherwise been received by the transit agency.
>
> If the transit agency achieves its CPI-x standard in the next year, the amount placed in the Puget Sound Transit Expansion Fund during the previous year would be returned to the transit agency to be used to expand services.
>
> If the transit agency does not achieve its CPI-x standard in the next year, the amount placed in the Puget Sound Transit Expansion Fund would be made available for competitive proposals to local governments (including transit agencies in compliance with CPI-x) for service expansion within the Puget Sound area. Priority would be given to proposals for service expansion within the transit agency service area from which the funds were obtained. These proposals would be evaluated by the Washington State Department of Transportation. Coordination of fares and services would be required between the transit agency and the Puget Sound Service Expansion Fund services. As with the Growth Management Act, the state could use its authority to withhold local sales taxes to ensure service coordination.

CPI-x regulation will also impact any high capacity transit system that would be developed under the "preferred" strategy.

> The "preferred" strategy includes rail service and substantially increased express and local bus service. Central Puget Sound Regional Transit Authority bus services contracted with existing Puget Sound transit agencies would be directly subject to CPI-x. The more cost effective CPI-x environment could be expected to exert cost controlling influence on rail services. However, the state could consider some analogous regulation to the rail system in the future if its operating costs are not sufficiently responsive to the improved cost environment.

Achievement of the "preferred" strategy (high capacity) ridership objective would require not only substantially improved operating cost trends, but success in containing the capital costs of a massive public works projects. There has been difficulty in controlling the capital costs of projects of this magnitude in both transit and other public services such as airports and highways. Excess capital costs would reduce the amount of funding available to finance the planned increase in express and local bus service.

## ESTABLISHING "X" FOR PUGET SOUND TRANSIT AGENCIES

The 23 percent increase in Puget Sound area service levels from 1980 to 1994 attracted no increase in ridership. The national experience is better. On average from 1985 to 1994, each 10 percent increase in service was accompanied by a 7.8 percent increase in ridership (unweighted average of the 11 transit agencies with more than 150 bus or rail vehicles that increased service by more than 20 percent). It appears likely, therefore, that the achievement of an 80 percent increase in ridership will require a considerably larger percentage increase in service --- one-third or more greater than the anticipated percentage passenger increase (at least 105 percent).

If the 1980 to 1994 annual increase in cost per vehicle hour continues over the next 25 years, nearly all of the 40 percent increase in current funding sources would be consumed by cost increases in excess of inflation and 2020 service levels would increase only five percent over 1995 services. This will simply not be sufficient to achieve the planned 80 percent increase in passengers. The following service increases could be financed from present funding sources (the "financially constrained" strategy) based upon various "best of the West" peer system performance levels. If average Puget Sound area transit costs per vehicle hour were to decline to the:

peer system maximum (i. e., Dallas), present funding sources could produce a 50 percent increase in service. This would be insufficient to attract the projected 80 percent ridership increase.

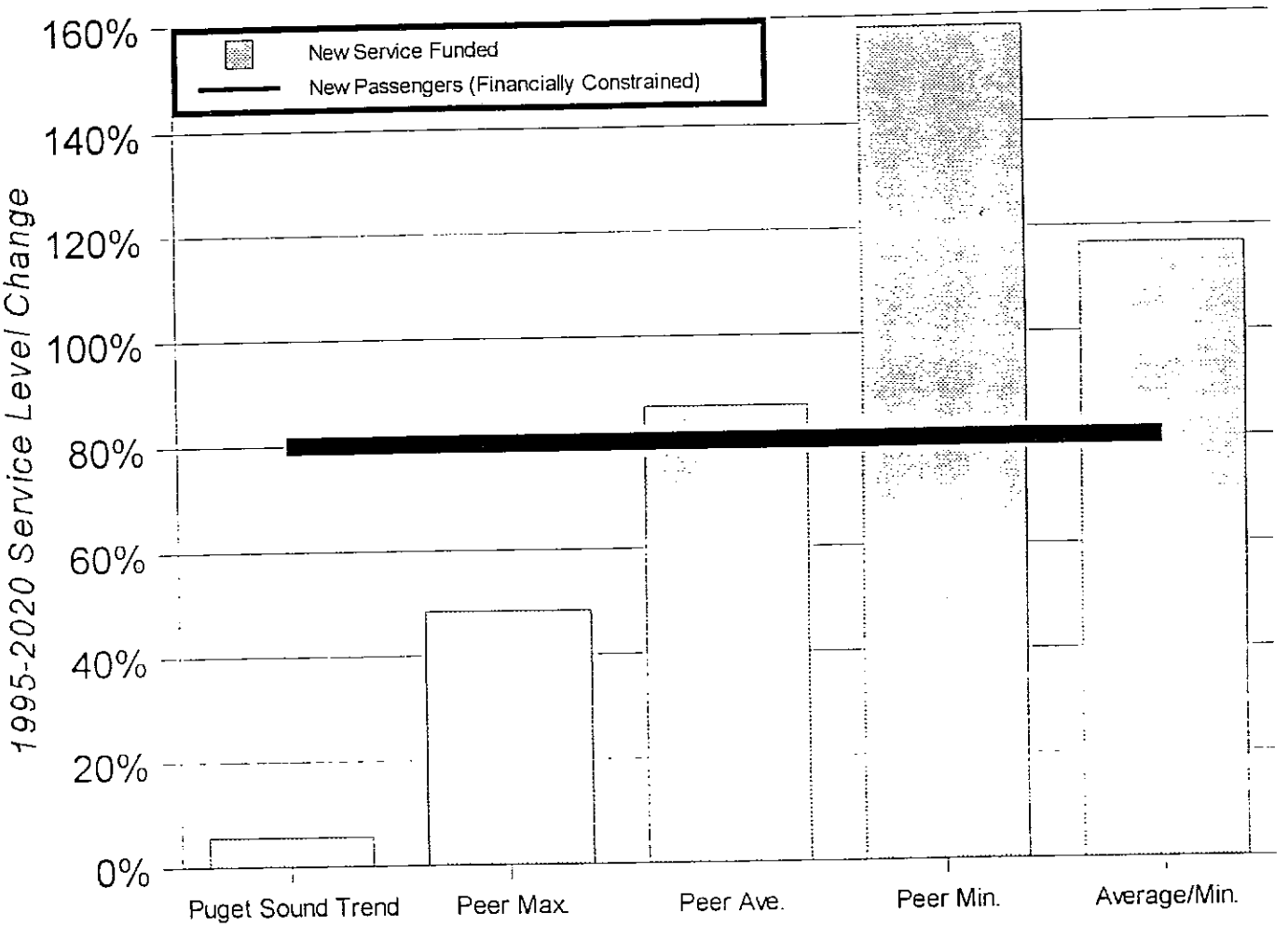
average of the peer systems by 2020, present funding sources would produce an 85 percent increase in service levels. It is likely that an 85 percent service increase would be insufficient to attract the planned 80 percent increase in passengers.

minimum of the peer systems by 2020, service levels could be increased by nearly 160 percent. This service increase– double the projected passenger increase– could produce at least the planned 80 percent rise in passengers.

midpoint of the peer systems minimum and average (minimum-average midpoint), service levels could be increased by 115 percent, or approximately 45 percent more than the projected ridership increase. This could produce the desired 80 percent increase in ridership (Exhibit 1-15: 2020 Service Levels at Puget Sound Trend & Benchmark/Peer Cost per Vehicle Hour on page 1-26).

# Exhibit 1-15

## 2020 Service Levels at Puget Sound Trend & Benchmark/Peer Cost per Vehicle Hour



Attracting the desired level of new patronage by 2020 ("fiscally constrained" strategy) will require a service increase of nearly the 115 percent that would be financed through achievement of the minimum-average midpoint. This service increase is also likely to result in the creation of up to 4,500 transit operations jobs. The following annual CPI-x factors for the Puget Sound transit agencies applied over 23 years from 1997 to 2020 would be required (Exhibit 1-16: Annual CPI-X Required to Achieve Average/Minimum Midpoint by 2020 on page 1-28):

-2.0 percent for King County Metro

-1.1 percent for Pierce Transit

-2.5 percent for Community Transit

-1.1 percent for Kitsap Transit

-1.4 percent for Everett Transit

The actual CPI-x factors would be recalculated based upon the latest information that is available for the base year at program inception, no earlier than fiscal year 1997.

For the first time, CPI-x would provide transit agencies in the Puget Sound area with a clear objective with respect to cost effectiveness. A considerable body of experience indicates that transit agencies are capable of substantially improving their cost effectiveness when required to do so by the policies of their funding agencies or policy boards.

CPI-x, however, leaves internal operating strategies such as competitive contracting, overhead reduction, or subregionalization to the discretion of individual agencies. It simply requires that transit agencies transition over a quarter century to a cost structure under which operating costs are no higher than necessary, while maintaining their service quality.

## SPOKANE, CLARK, AND THURSTON COUNTIES

Other areas of the state are experiencing substantial growth and strained highway capacity, especially Spokane, Clark, and Thurston Counties. It may be advisable to impose a "CPI minus zero" regulation to the transit agencies serving these areas. This would allow costs per vehicle hour to change, year to year, at the rate of inflation or less.

# Exhibit 1-16

# Annual CPI-X Required to Achieve Average/Minimum Midpoint by 2020

## TRUTH IN PLANNING

Under state law and the federal Intermodal Surface Transportation Efficiency Act, the Puget Sound Regional Council (PSRC) develops the long term Metropolitan Transportation Plan, which relies heavily on transit. As presently constituted, the Metropolitan Transportation Plan contains passenger and service goals only at the end of the planning period, 25 years out. Interim goals for Puget Sound area transit agencies are not established.

In addition, the anticipated passenger and service increases are not allocated to the respective transit agencies. As a result, there are inconsistencies between short term and long term plans and between regional expectations and the expectations of transit agencies.

Moreover, because the state is relying on transit to handle a substantial portion of new highway demand in the Central Puget Sound region, there is a strong state interest in monitoring progress toward fulfillment of the objectives established in the regional transportation plan.

A "Truth in Planning" program is recommended which would improve the accountability of the planning process by requiring the establishment of interim objectives for transit performance and better coordination between the regional planning process and the transit agency planning process in the Central Puget Sound region. "Truth in Planning" would require the following:

- Amendment of PSRC's Metropolitan Transportation Plan to include transit service level and ridership objectives for each two year period contained within the plan (in addition to the 25 year objectives), which would be established at the MTP forecast level.

- Allocation of specific service level and ridership objectives to individual transit agencies, which would be determined in a cooperative process involving PSRC and the transit agencies.

- A biennial report to the legislature by the State Auditor comparing regional and transit agency service level and passenger performance relative to the adopted objectives. The purpose of this report would not be to evaluate performance, but rather to objectively report on the progress being made toward achievement of adopted goals.

- Annual reports from each affected transit agency in the Central Puget Sound region on discretionary, or choice, ridership, as well as mode split, or market share. These would be included in transit agency submissions to the Washington State Department of Transportation's annual Summary of transit performance.

## CPI-X AND TRUTH IN PLANNING: AN INTEGRATED PROGRAM

CPI-x would substantially improve the cost effectiveness of transit, which would permit the service expansion required under either the "fiscally constrained" or "preferred" Metropolitan Transportation Plan strategies. "Truth in Planning," through its biennial state auditor's report, would provide the state legislature with timely information on progress toward achievement of the state interest and regional goals. This, in turn, would permit state laws and policies to be more readily modified where necessary.

The State Auditor would administer the proposed CPI-x regulation, which would involve an annual determination of compliance or non-compliance with cost per vehicle hour targets and calculation of any amounts to be placed in escrow, the Puget Sound Service Expansion Fund, or returned to transit agencies. It is estimated that this would require one month's compensation expense at most for a professional employee.

The Puget Sound Service Expansion Fund would be administered by the Transportation Improvement Board (TIB), which currently administers other state transit accounts. Evaluation of proposed projects by TIB should take no more than one month's professional labor annually.

The State Auditor would produce the biennial "Truth in Planning" report on ridership and service level forecasts, which would require no more than one week's professional labor each biennium. Mandated annual reports on discretionary ridership and mode split would be included in annual Puget Sound transit agency data submissions to the Washington State Department of Transportation.

In total, the integrated CPI-x and Truth in Planning program would require fewer than three months of professional labor, or no more than $25,000. Gains from the program would be vastly greater than the costs, including a doubling of transit service levels, or as much as $200 million in additional Puget Sound transit service *annually* by 2020 (CPI-x target level compared to present trend).

## OTHER RECOMMENDATIONS

For transit agencies not covered by CPI-x, quadrennial performance evaluations paid for by each agency but conducted by the Washington State Department of Transportation are recommended.


## 2. HOW SHOULD TRANSIT FINANCIAL PLANNING ACCOMMODATE STATE INTERESTS?

# 2. HOW SHOULD TRANSIT FINANCIAL PLANNING ACCOMMODATE STATE INTERESTS?

## INTRODUCTION

This section provides an analysis of reserves held by transit systems in the state of Washington. The following is the purpose, approach, and organization of this section:

### PURPOSE

The purpose of this analysis is to accomplish the following:

- Conduct an analysis of the reserves held by transit systems in the state of Washington and make an assessment as to the adequacy of reserves.
- Examine the purpose of reserves held by transit systems in the state of Washington.
- Explore alternatives to reserve financing for capital procurements.

### APPROACH

The following describes the approach used in this analysis:

- The level of reserves held be transit systems in Washington State were assessed using two evaluation methods. The first was to evaluate each systems reserves when compared to transit systems within the state. The second was to compare transit system reserves in Washington State with reserves held by a sample of cities within Washington State and reserves held by transit systems in a peer group.
- The approach in exploring alternatives to reserve financing was to identify alternatives, examine their advantages and disadvantages and their possible application in Washington State.
- Identification of the purpose of reserves was made using the annual reports and transit development plans provided by the transit systems and information in the Annual Summary of Transit Systems in Washington State produced by the Washington State Department of Transportation (WSDOT).

## ORGANIZATION

The remainder of this section is organized as follows:

- Planning and budgeting
- Reserve analysis
- Reserve reporting
- Reserve disposition
- Alternative financing
- Investment practices

## PLANNING AND BUDGETING

Transit operating expenses are comprised of personnel, maintenance, services, supplies, and fuel. After operating expenses, the next largest segment of transit cost is capital. To operate a transit system requires a significant investment in capital assets. Capital assets in a transit operation consist primarily of vehicles and facilities. In 1995, transit agencies in Washington spent $447 million on operating expenditures and $131 million on capital.

### LONG RANGE PLANNING

Transit agencies spend considerable effort planning for their capital needs. The process involves combining a service needs assessment, revenue forecasts, operating hours projections, and operating cost projections. The next step is to determine the vehicles and facilities and estimate the related capital needed to support the service. Long range plans are prepared for a period of at least six and in some cases twenty or more years. They are generally revised annually. Washington state law requires transit agencies to submit their Transit Development Plans (TDP) to the Washington State Department of Transportation annually.

In the planning process, service needs are determined first. Agencies then need to determine how much service can be supplied within the constraints of the revenues forecast. The vehicles and facilities needed to provide the expanded service are identified and added to the estimated costs. If the anticipated service and needed capital costs exceed the revenue forecasts, the amount of service to be provided or the time for implementation must be extended.

During the planning stage, a method of financing the capital is identified. Generally the time horizon is far enough in the future that the preferred method of financing the capital is reserves, or more simply put, saving for the anticipated purchase. Alternatively, if the time frame for purchasing the asset is short, debt financing may be considered.

## PURPOSE OF RESERVES

Reserves can be set aside for practically any purpose a board may deem desirable. However, reserves held by Washington state transit systems fall into several general categories. Unrestricted and operating reserves are moneys set aside to cover deficits in operating budgets or unanticipated expenditures. The funds may be from accumulated surpluses or specifically set aside for this purpose.

This type of fund should be supported by a board resolution defining the amount and purpose of the fund. An example would be a resolution calling for between three and six months operating expense for the purpose of funding unanticipated increases in operating costs. Unless there are clear extenuating circumstances, there is no need for a fund of this type to exceed six months' operating costs.

Capital and vehicle reserves are funds to provide for planned facilities and/or vehicle purchases. The type of fund should be supported by a detailed financial analysis in the agency Transit Development Plan which should be adopted by the board.

A variation of this type of reserve is a vehicle replacement fund sometimes called a vehicle sinking fund. This fund is for money for the replacement of existing vehicles at the end of their expected life. A vehicle replacement fund should be supported by a replacement schedule for the existing fleet, including the anticipated life of each vehicle, expected replacement cost, planned funding sources, and necessary account balance and contribution each year.

A bond fund may be required by the covenants of a bond debt. A common requirement is the set aside of the next years principle and interest due on the debt. A bond fund should only contain the necessary funds to comply with the covenants.

As transit agencies move into the area of self insurance, they often need a self insurance fund. This fund should contain an actuarially determined sum to pay anticipated insurance claims. The self insurance plan should be reviewed annually by an actuary to determine the necessary level of funding. Funding in excess of this level is not necessary. Exhibit 2-1 on pages 2-4 through 2-6 shows general and specific funds maintained by transit agencies in the state as of December 31, 1995.

**Exhibit 2-1**
**Reserve Detail 1990-95**

| Group 1 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| King County Metro | | | | | | |
| Unrestricted Cash and Investments | 32,753,000 | 33,160,000 | 17,440,000 | 20,730,297 | 19,389,152 | 24,338,547 |
| Capital Replacement/Purchase Funds | 53,103,000 | 72,041,000 | 76,396,000 | 85,559,842 | 69,714,518 | 58,218,130 |
| Self Insurance Fund | 8,432,000 | 8,972,000 | 5,505,000 | - | - | |
| Other | 72,000 | 1,917,000 | 128,000 | 28,810 | 2,038,810 | 318,844 |
| Total | 94,360,000 | 116,090,000 | 99,469,000 | 106,318,949 | 91,142,480 | 82,875,521 |
| Total - Group 1 | 94,360,000 | 116,090,000 | 99,469,000 | 106,318,949 | 91,142,480 | 82,875,521 |

| Group 2 | | | | | | |
|---|---|---|---|---|---|---|
| Pierce Transit | | | | | | |
| Unrestricted Cash and Investments | | 1,601,363 | 254,452 | 3,484,169 | (1,572,008) | 1,608,071 |
| Capital Replacment/Purchase Funds | 22,825,126 | 15,032,679 | 5,281,748 | 8,183,265 | 4,520,719 | 4,375,100 |
| Self Insurance Fund | 3,084,973 | 3,812,528 | 4,641,978 | 5,152,293 | 5,656,054 | 5,563,796 |
| Debt Service | - | - | 113,653 | (953,733) | (692,235) | 131,229 |
| Total | 25,910,099 | 20,446,570 | 10,291,831 | 15,865,994 | 7,912,530 | 11,678,196 |
| Community Transit | | | | | | |
| General Fund | - | 1,458,427 | 788,540 | 6,558,764 | 4,884,832 | 122,114 |
| Capital Replacement Funds | 14,067,113 | 18,589,131 | 27,356,474 | 27,151,080 | 20,778,622 | - |
| Local/FTA Capital Funds | - | 7,134,542 | 10,078,311 | 13,980,200 | 27,439,249 | - |
| Combined Capital Funds | - | - | - | - | - | 46,491,356 |
| L&I Insurance Fund | 1,000,000 | - | - | - | 85,000 | 185,000 |
| Bond Fund | 5,346,412 | 5,934,623 | 8,312,501 | 8,686,260 | 8,071,402 | 9,265,302 |
| Total | 20,413,525 | 33,116,723 | 46,535,826 | 56,376,304 | 61,259,105 | 56,063,772 |
| Spokane Transit | | | | | | |
| Unrestricted Cash and Investments | 9,083,761 | (181,759) | 4,371,072 | 5,145,128 | - | (1,134,757) |
| Capital Replacment/Purchase Funds | 12,918,305 | 15,828,868 | 18,812,257 | 21,721,744 | 21,940,779 | 27,685,491 |
| Self Insurance Fund | 3,357,000 | 5,357,000 | 5,357,000 | 5,357,000 | 5,627,138 | 5,627,178 |
| Other | 7,953,455 | 15,942,592 | 13,018,344 | 10,664,584 | 8,328,008 | - |
| Total | 33,312,521 | 36,946,701 | 41,558,673 | 42,888,456 | 35,895,925 | 32,177,912 |
| **Total Group 2** | 79,636,145 | 90,509,994 | 98,386,330 | 115,130,754 | 105,067,560 | 99,919,880 |

| Group 3 | | | | | | |
|---|---|---|---|---|---|---|
| Kitsap Transit | | | | | | |
| Unrestricted Cash and Investments | 104,588 | 498,012 | 588,611 | 2,071,261 | 3,973,414 | - |
| Working Capital | - | - | - | - | - | 80,496 |
| Capital Replacment/Purchase Funds | - | 1,000,000 | 500,000 | 3,000,000 | 228,182 | - |
| Self Insurance Fund | 24,912 | 55,126 | 129,000 | 71,500 | 200,000 | - |
| Total | 129,500 | 1,553,138 | 1,217,611 | 5,142,761 | 4,401,596 | 80,496 |
| Intercity Transit | | | | | | |
| Unrestricted Cash and Investments | 2,824,787 | 2,536,202 | 2,238,542 | (326,853) | 1,513,340 | 2,074,424 |
| Working Capital | - | - | - | - | - | 2,000,000 |
| Capital Depreciation Account | 2,847,955 | 3,319,054 | 1,024,615 | 1,151,179 | - | - |
| Capital and Facilities Reserve | - | - | 2,769,317 | 2,968,289 | 2,544,844 | - |
| Deferred Compensation | - | 1,028,273 | 1,322,092 | 1,790,073 | 2,111,640 | 2,962,640 |
| Other | 2,288,609 | 2,702,172 | 4,046,686 | 4,957,958 | 2,545,136 | - |
| Total | 7,961,351 | 9,585,701 | 11,401,252 | 10,540,646 | 8,714,960 | 7,037,064 |
| C-TRAN | | | | | | |
| Working Capital | 4,948,349 | 8,899,438 | 7,587,439 | 8,051,533 | 8,546,234 | 11,254,500 |
| Funding for Programs | 12,288,000 | - | 4,193,602 | 8,509,651 | 14,694,773 | 17,983,922 |
| Capital Replacement/Purchase Funds | 6,994,000 | 14,191,000 | 15,833,300 | 17,411,400 | 19,208,000 | 20,108,572 |
| Self Insurance Fund | - | 7,496,000 | 7,880,000 | 8,233,000 | 8,666,800 | 9,200,400 |
| Total | 24,230,349 | 30,586,438 | 35,494,341 | 42,205,584 | 51,115,807 | 58,547,394 |

## Exhibit 2-1
## Reserve Detail 1990-95

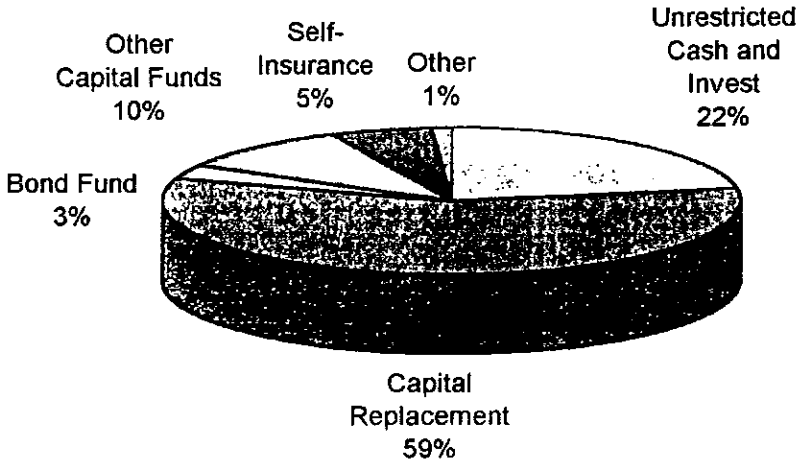
| Group 3-Continued | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Ben Franklin Transit | | | | | | |
| General Fund | 2,681,231 | 3,523,115 | 4,329,766 | 3,968,617 | 6,156,827 | 8,370,909 |
| Vehicle Sinking Funds | 1,764,868 | 2,655,828 | 3,393,540 | 3,180,705 | 3,089,596 | 1,704,189 |
| Self Insurance Fund | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 |
| Other | - | 138,000 | 136,800 | 113,383 | 112,472 | 92,272 |
| Total | 4,446,099 | 6,316,943 | 7,860,106 | 8,262,705 | 10,358,895 | 11,167,370 |
| **Total Group 3** | 36,767,299 | 48,042,220 | 55,973,310 | 66,151,696 | 74,591,258 | 76,832,324 |
| **Group 4** | | | | | | |
| Clallam Transit | | | | | | |
| Unrestricted Cash and Investments | 571,098 | 910,747 | 661,066 | 472,420 | 428,351 | 345,314 |
| Vehicle Replacement Funds | 532,126 | 775,510 | 211,225 | 294,694 | 391,502 | 343,370 |
| Building Maintenance Fund | 28,207 | - | 1,066,014 | 1,057,068 | 469,235 | - |
| Self Insurance Fund | - | 90,560 | 155,623 | 109,198 | 141,948 | 50,000 |
| Total | 1,131,431 | 1,776,817 | 2,093,928 | 1,933,380 | 1,431,036 | 738,684 |
| CUBS | | | | | | |
| Unrestricted Cash and Investments | - | - | - | - | - | 220,780 |
| Capital Reserve | 1,011,679 | 1,160,070 | 1,454,456 | 1,684,999 | 1,820,542 | 2,203,966 |
| Total | 1,011,679 | 1,160,070 | 1,454,456 | 1,684,999 | 1,820,542 | 2,424,746 |
| Everett Transit | | | | | | |
| Unrestricted Cash and Investments | 7,563,045 | 6,026,145 | 5,901,915 | 4,729,111 | 4,206,587 | 3,623,434 |
| Total | 7,563,045 | 6,026,145 | 5,901,915 | 4,729,111 | 4,206,587 | 3,623,434 |
| Grays Harbor | | | | | | |
| Unrestricted Cash and Investments | 2,103,822 | 1,670,000 | 1,670,000 | 1,326,000 | 1,326,000 | 1,026,000 |
| Capital Replacement/Purchase Funds | 3,952,436 | 3,169,000 | 2,869,000 | 3,069,000 | 2,880,000 | 3,020,000 |
| Self Insurance Fund | 86,885 | 93,340 | 98,268 | 101,334 | 102,905 | 110,343 |
| Total | 6,143,143 | 4,932,340 | 4,637,268 | 4,496,334 | 4,308,905 | 4,156,343 |
| Island Transit | | | | | | |
| General Fund | 1,217,158 | 1,299,572 | 1,265,981 | 898,961 | 672,318 | 562,019 |
| Operating Reserve Fund | 258,000 | - | - | 50,000 | 200,000 | 350,000 |
| Capital Replacement Fund | - | 460,000 | 640,000 | 915,442 | 1,205,741 | 1,406,673 |
| Total | 1,475,158 | 1,759,572 | 1,905,981 | 1,864,403 | 2,078,059 | 2,318,692 |
| Jefferson Transit | | | | | | |
| Unrestricted Cash and Investments | 240,262 | 247,733 | 239,720 | 214,177 | 287,711 | 153,381 |
| Capital Replacement/Purchase Funds | 524,485 | 617,985 | 807,749 | 986,402 | 1,124,465 | 1,338,892 |
| Self Insurance Fund | 118,403 | 28,468 | 31,908 | 29,345 | 29,622 | 26,920 |
| Operating Reserve Fund | 75,189 | 91,059 | 92,929 | 95,785 | 102,108 | 119,841 |
| Working Capital | - | - | - | - | - | - |
| Total | 958,339 | 985,245 | 1,172,306 | 1,325,709 | 1,543,906 | 1,639,034 |
| LINK | | | | | | |
| Unrestricted Cash and Investments | - | 1,132,528 | 1,043,331 | 833,419 | 1,121,339 | 2,209,582 |
| Equipment/Facilities Reserves | - | - | 1,304,273 | 2,797,186 | 3,507,377 | 1,423,469 |
| Vehicle Reserve | - | - | 180,000 | 655,569 | 1,087,569 | 1,160,783 |
| Other | - | - | 180,000 | 360,000 | 540,000 | 540,000 |
| Total | - | 1,132,528 | 2,707,604 | 4,646,174 | 6,256,285 | 5,333,834 |
| Mason | | | | | | |
| Unencumbered Account | - | - | 552,321 | 383,975 | 531,324 | 645,261 |
| Capital Replacment/Purchase Funds | - | - | - | 151,434 | 325,914 | 599,460 |
| Self Insurance Fund | - | - | - | 192,000 | 193,693 | 193,693 |
| Total | - | - | 552,321 | 727,409 | 1,050,931 | 1,438,414 |
| Pacific Transit | | | | | | |
| Unrestricted Cash and Investments | 218,953 | 241,947 | 238,354 | 92,122 | 147,874 | 52,373 |
| Capital Reserve | 47,227 | - | 32,733 | 37,637 | 65,243 | 152,918 |
| Total | 266,180 | 241,947 | 271,087 | 129,759 | 213,117 | 205,291 |

## Exhibit 2-1
## Reserve Detail 1990-95

| Group 4 - Continued | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Prosser Rural Transit | | | | | | |
| Unrestricted Cash and Investments | 37,295 | 15,410 | 33,709 | 54,755 | 45,905 | 42,695 |
| Capital Replacment/Purchase Funds | 33,199 | 55,774 | 55,982 | 62,900 | - | - |
| Total | 70,494 | 71,184 | 89,691 | 117,655 | 45,905 | 42,695 |
| Pullman Transit | | | | | | |
| Unrestricted Cash and Investments | 411,654 | 487,113 | 423,800 | 369,286 | 428,003 | 155,945 |
| Vehicle sand Buildings Restricted | 216,000 | 276,187 | 337,500 | 398,813 | 479,813 | 834,336 |
| Depreciation | - | - | - | - | - | 81,365 |
| Total | 627,654 | 763,300 | 761,300 | 768,099 | 907,816 | 1,071,646 |
| Skagit Transit | | | | | | |
| Unrestricted Cash and Investments | - | - | - | 1,278,220 | 1,354,547 | 2,195,251 |
| Capital Investments | - | - | - | - | 1,115,000 | 1,786,120 |
| Total | - | - | - | 1,278,220 | 2,469,547 | 3,981,371 |
| Twin Transit | | | | | | |
| Unrestricted Cash and Investments | 837,608 | 864,843 | 962,533 | 1,265,503 | 1,497,362 | 647,333 |
| Capital Replacment/Purchase Funds | - | - | - | - | - | 978,226 |
| Self Insurance Fund | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| Total | 1,087,608 | 1,114,843 | 1,212,533 | 1,515,503 | 1,747,362 | 1,875,559 |
| Valley Transit | | | | | | |
| Unrestricted Cash and Investments | 550,573 | 536,949 | 596,204 | 829,945 | 992,269 | 1,018,421 |
| Capital Fund | 605,644 | 1,084,154 | 1,458,744 | 1,492,067 | 1,865,455 | 2,003,774 |
| Total | 1,156,217 | 1,621,103 | 2,054,948 | 2,322,012 | 2,857,724 | 3,022,195 |
| Whatcom Transit | | | | | | |
| Unrestricted Cash and Investments | 230,539 | 2,172,657 | 5,497,840 | 5,619,335 | 5,029,626 | 7,121,273 |
| Capital Replacement/Purchase Funds | 6,411,337 | 10,226,784 | 9,503,852 | 12,699,609 | - | - |
| Insurance Fund | 3,170,000 | 308,617 | 206,778 | 206,647 | 200,000 | 200,000 |
| Fleet Replacement Fund | - | - | - | - | 7,096,500 | 5,911,755 |
| Emergency Operating Fund | - | - | - | - | - | - |
| Capital Facilities Fund | - | - | - | - | 4,194,586 | 3,970,850 |
| Service Operating Fund | - | - | - | - | 2,290,606 | 2,200,000 |
| Other | - | - | - | 1,800 | - | 1,800 |
| Total | 9,811,876 | 12,708,058 | 15,208,470 | 18,527,391 | 18,811,318 | 19,405,678 |
| Yakima Transit | | | | | | |
| Working Capital | - | - | - | - | - | 10,613 |
| Capital Replacement/Purchase Funds | 6,817,707 | 5,248,721 | 3,969,469 | 2,186,504 | 345,720 | 669,023 |
| Total | 6,817,707 | 5,248,721 | 3,969,469 | 2,186,504 | 345,720 | 679,636 |
| **Total - Group 4** | 38,120,531 | 39,541,873 | 43,993,277 | 48,252,662 | 50,094,760 | 51,957,252 |
| **Total - All Reserves** | 248,883,975 | 294,184,087 | 297,821,917 | 335,854,061 | 320,896,058 | 311,584,977 |

Source: 1994 & 1995 Summary Public Transportation Systems in Washington State

The following pie chart shows the relative size of these funds on a state wide basis as of December 31, 1995:




Several agencies have been setting aside funds for major capital expansion and vehicle purchases. Agencies planning significant additional operating facilities and vehicle purchases include:

| | |
|---|---|
| Community Transit– | operating base under construction |
| Whatcom Transit Authority– | planning new operating base |
| Spokane Transit Authority– | transit centers and vehicle replacements |
| C-Tran– | park and ride facilities |

## RESERVE ANALYSIS

The impetus for this study has been the growth in cash reserves held by transit systems in the state of Washington when this study was first conceptualized. Reserves were on a steady climb from $249 Million in 1990 to $336 million in 1993. There was concern that transit agencies were not practicing good financial stewardship and accumulating cash in the bank rather than providing service to their constituents.

Exhibit 2-2 on page 2-8 details the change in cash and reserves held by each transit agency for the period December 31, 1990 through December 31, 1995.

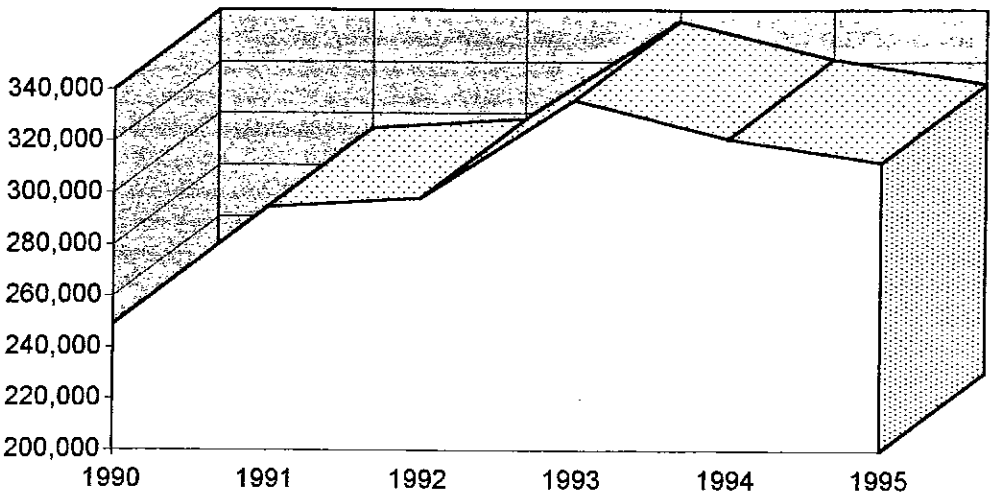
## Exhibit 2-2
## Statewide Reserves Summary - Trend

| Group 1 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | Change |
|---|---|---|---|---|---|---|---|
| King County Metro | 94,360,000 | 116,090,000 | 99,469,000 | 106,318,949 | 91,142,480 | 82,875,521 | -12% |
| **Group 2** | | | | | | | |
| Community Transit | 20,413,525 | 33,116,723 | 46,535,826 | 56,376,304 | 61,259,105 | 56,063,772 | 175% |
| Spokane Transit | 33,312,521 | 36,946,701 | 41,558,673 | 42,888,456 | 35,895,925 | 32,177,912 | -3% |
| Pierce Transit | 25,910,099 | 20,446,570 | 10,291,831 | 15,865,994 | 7,912,530 | 11,678,196 | -55% |
| Total - Group 2 | 79,636,145 | 90,509,994 | 98,386,330 | 115,130,754 | 105,067,560 | 99,919,880 | 25% |
| **Group 3** | | | | | | | |
| Ben Franklin Transit | 4,446,099 | 6,316,943 | 7,860,106 | 8,262,705 | 10,358,895 | 11,167,370 | 151% |
| C-TRAN | 24,230,349 | 30,586,438 | 35,494,341 | 42,205,584 | 51,115,807 | 58,547,394 | 142% |
| Intercity Transit | 7,961,351 | 9,585,701 | 11,401,252 | 10,540,646 | 8,714,960 | 7,037,064 | -12% |
| Kitsap Transit | 129,500 | 1,553,138 | 1,217,611 | 5,142,761 | 4,401,596 | 80,496 | -38% |
| Total - Group 3 | 36,767,299 | 48,042,220 | 55,973,310 | 66,151,696 | 74,591,258 | 76,832,324 | 109% |
| **Group 4** | | | | | | | |
| LINK | - | 1,132,528 | 2,707,604 | 4,646,174 | 6,256,285 | 5,333,834 | 371% |
| Skagit Transit | - | - | - | 1,278,220 | 2,469,547 | 3,981,371 | 211% |
| Valley Transit | 1,156,217 | 1,621,103 | 2,054,948 | 2,322,012 | 2,857,724 | 3,022,195 | 161% |
| Mason | - | - | 552,321 | 727,409 | 1,050,931 | 1,438,414 | 160% |
| CUBS | 1,011,679 | 1,160,070 | 1,454,456 | 1,684,999 | 1,820,542 | 2,424,746 | 140% |
| Whatcom Transit | 9,811,876 | 12,708,058 | 15,208,470 | 18,527,391 | 18,811,318 | 19,405,678 | 98% |
| Twin Transit | 1,087,608 | 1,114,843 | 1,212,533 | 1,515,503 | 1,747,362 | 1,875,559 | 72% |
| Jefferson Transit | 958,339 | 985,245 | 1,172,306 | 1,325,709 | 1,543,906 | 1,639,034 | 71% |
| Pullman Transit | 627,654 | 763,300 | 761,300 | 768,099 | 907,816 | 1,071,646 | 71% |
| Island Transit | 1,475,158 | 1,759,572 | 1,905,981 | 1,864,403 | 2,078,059 | 2,318,692 | 57% |
| Pacific Transit | 266,180 | 241,947 | 271,087 | 129,759 | 213,117 | 205,291 | -23% |
| Grays Harbor | 6,143,143 | 4,932,340 | 4,637,268 | 4,496,334 | 4,308,905 | 4,156,343 | -32% |
| Clallam Transit | 1,131,431 | 1,776,817 | 2,093,928 | 1,933,380 | 1,431,036 | 738,684 | -35% |
| Prosser Rural Transit | 70,494 | 71,184 | 89,691 | 117,655 | 45,905 | 42,695 | -39% |
| Everett Transit | 7,563,045 | 6,026,145 | 5,901,915 | 4,729,111 | 4,206,587 | 3,623,434 | -52% |
| Yakima Transit | 6,817,707 | 5,248,721 | 3,969,469 | 2,186,504 | 345,720 | 679,636 | -90% |
| Total - Group 4 | 38,120,531 | 39,541,873 | 43,993,277 | 48,252,662 | 50,094,760 | 51,957,252 | 36% |
| Total - All Groups | 248,883,975 | 294,184,087 | 297,821,917 | 335,854,061 | 320,896,058 | 311,584,977 | 20% |
| Inflation (1990 Base) | 104.00% | 108.16% | 112.49% | 116.99% | 121.67% | 124.71% | 17% |
| Percent Increase | N/A | 18% | 1% | 13% | -4% | -3% | |
| Cumulative Percent Increase | N/A | 18% | 17% | 29% | 21% | 20% | |

Source: 1994 & 1995 Summary Public Transportation Systems in Washington State

The following chart shows the change in Washington transit reserves from 1990 to 1995:

**Transit System Reserves**
**(Actual Dollars)**




A through analysis of reserve growth requires a look at the growth of other indicators for the agencies, specifically, growth in inflation, agency revenues, and agency operating budgets. When reserve growth is compared to the change in the Puget Sound area Consumer Price Index (CPI), results are less dramatic. From 1990 to 1995 reserves grew 20%, 5% less than the CPI increase of 25%. During the same four years, transit system operating expenses increased 38%. Reserves thus declined as a percentage of operating expense from 87% to 69%. While reserves are growing absolutely, when compared to other transit growth indicators, they are actually in decline.

## CONSERVATIVE BUDGETING

Many agencies practice conservative budgeting. Conservatism is a basic premise of the accounting profession, so it is not surprising that this practice carries through to the budget. Using the doctrine of conservatism, it is desirable to underestimate revenues and overestimate expenditures. Many transit agencies follow this philosophy. The positive aspect of conservative budgeting is that one will always end the budget period with a surplus. The negative result is that the surplus can often be excessive.

Operating surpluses can easily be transferred to a capital reserve fund, but often overlooked is that surpluses could have been used for additional service. Since the basic purpose of transit is to provide service, conservative budgeting can inadvertently have the effect of reducing this service.

To determine the effect of conservative budgeting, an examination of the original revenue budget and actual revenue receipts was made for agencies that supplied adequate data. The examination showed that the forecasting accuracy ranged from overestimating revenue by 7%, underestimating by up to 10%. In order to more accurately forecast revenue, transit agencies need to adopt a more uniform statewide standard.

## RESERVE ANALYSIS RECOMMENDATIONS

- Transit agencies should utilize revenue forecasts provided by the Washington State Department of Revenue and Department of Licensing for forecasting sales and motor vehicle excise tax revenues.

- If an agency does not use state revenue forecasts, the exception should be justified in the budget adopted by the agency's board.

## RESERVE REPORTING

To be able to monitor the adequacy of reserve levels decision makers need to have enough information to be able to evaluate agency plans and assumptions regarding reserves. Much information is available concerning transit system performance but little information is provided concerning the purpose and adequacy of reserves. Sources for information regarding reserves include the agency Transit Development Plan, the Comprehensive Annual Financial Reports prepared by most agencies, and the Annual Summary of transit systems prepared by the Washington State Department of Transportation.

Of these reports, the one regularly furnished to legislators and decision makers outside of each transit system is the Annual Summary prepared by WSDOT. Transit Development Plans are required to be submitted annually to WSDOT, along with each transit system's performance data. TDPs are generally very detailed plans discussing service and financial projections for the next six to ten years. The TDP should provide the highest level of detail and discussion of reserves. In reviewing these plans, it was found many Transit Development Plans provide a detailed discussion and financial projections regarding reserves, but others provide little if any information regarding reserves.

Comprehensive annual financial reports as prepared by transit agencies are similar to the reports prepared annually by most government entities. Comprehensive annual financial reports are prepared using guidelines provided by the accounting profession and are focused on traditional financial reporting. They are not required to provide any more information regarding reserves other than cash and reserve account balances. Discussion of reserves are not required and projections are not appropriate for this type of report.

WSDOT's Annual Summary has been expanded in the 1995 edition to provide more information regarding reserves. Both current and projected reserve balances are provided by each agency and there is some discussion of reserves.

Judging the adequacy of reserve balances is not easy. First, one must make a number of assumptions regarding what will happen in the future. There are many questions without clear answers. What interest rates shall be used in the forecast? What rate of inflation shall be projected the asset the fund is to purchase? Will there be any funding available from state or federal sources?

There are no quick answers to these questions. Projections can be made as to their outcome after calculating the degree of conservatism and risk an agency is willing to accept in the financial plan. While TDPs provide the most detail, this type of analysis is often too complicated for non-financial readers.

Decision makers need to know several things in order to judge the adequacy of reserve balances, including the "why" and "how" of each reserve fund. They need to know the intended use of the funds, the "why". Is the reserve planned for the replacement of existing buses, expansion of the fleet itself, or vanpool vehicles? They also need to know "how" the agency plans to meet this goal. This information should include how much money is required; when the money is needed; the anticipated sources of funding; and the underlying assumptions of interest rates and inflation used in developing the plans.

An example of a brief discussion that provides a minimum of information for the non financial-reader follows:

*The purpose of the capital reserve account is to provide funding for a new operating base for XYZ Transit. The base is projected to cost $23 million in 2002. A 3% inflation rate is assumed in projecting this cost. We are assuming the project will be financed with 100% local funding. A contribution of $3 million a year is needed to meet this goal.*

## RESERVE REPORTING RECOMMENDATIONS

- Transit systems should be required to provide detailed discussion and financial projections including assumptions used in their transit development plans.

- Transit systems should be required to provide a brief description of each reserve in WSDOT's annual Summaries, stating what the reserve is for, how much is needed, when it is needed, and what the assumptions are in coming to these amounts.

## RESERVE DISPOSITION

One way to determine the adequacy of reserves held by Washington state transit systems is to compare them to other agencies. For this study, it was decided to compare Washington transit reserves with those of peer transit agencies in Task 4 and with reserves held by cities within Washington.

## METHODOLOGY

Each peer transit agency was contacted and asked for financial information regarding reserves. Comparisons are made with those that responded. Comparative cities were from among cities that had financial information on file at the Municipal Research and Services Center library located in Seattle.

A methodology was needed to enable fair comparison of these different entities. Since a good indicator of a public agency's economic activity is its operating budget, it was decided to look at reserves compared to the operating budgets of designated peer transit agencies and the sample Washington cities.

Using reserves as the numerator and operating expenses (less depreciation) as the denominator, we have an indicator where reserves are expressed as a percent of the operating budget. This indicator has the advantage of minimizing size as a factor in comparing the amount of reserves of an agency.

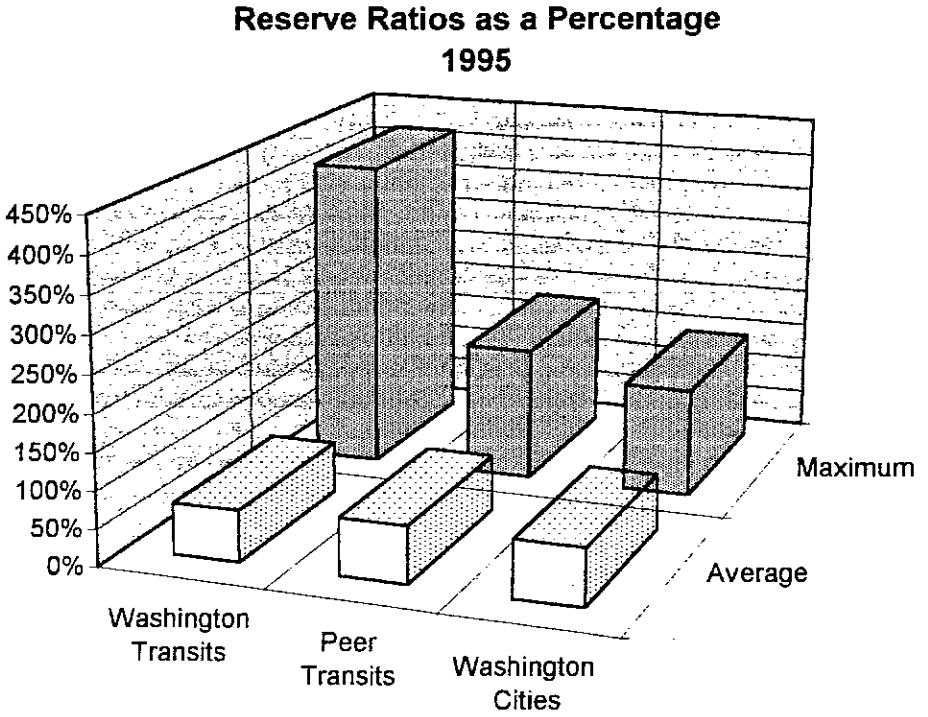
Since it is often at the discretion of a transit agency board to move reserves from on account to another and from unrestricted to restricted reserves are considered to include all cash and investments, whether short term or long term, unrestricted as well as restricted. Not included is cash held in deferred compensation plans for the benefit of employees, such as Section 457 plans.

## COMPARING TRANSIT AGENCY RESERVES

Average cash to operating expense ratio (hereafter referred to as the "cash ratio") for Washington transit agencies was 69%, while the average for peer transits was 76%, and the sample of Washington state cities was also 76%. The differences between the averages is insignificant but closer examination reveals some striking differences.

Analysis of the maximum cash ratio for each group showed Washington state had some agencies outside the peer group and city norms. While the maximum cash ratio for Washington cities was 147% and the maximum for peer transits was 180%, the maximum for Washington transit agencies was 416%. While most Washington transit agencies fell into the normal range there were several standouts.

The following chart illustrates the relationship of the average and maximum cash ratios for Washington transit systems, the peer transit systems, and the sample Washington cities:




Twin Transit was at a ratio of 211%, Whatcom Transit was at 211%, and C-Tran was at 416%. Review of these agencies' TDPs revealed some explanation for their abnormally high ratios. Whatcom Transit is saving for a new operating base. C-Tran plans park and ride and operating facility expansion. Although these plans are certainly appropriate, and no doubt have been approved by their boards, we feel it is in the best interest of the State of Washington that funding be directed to service rather than capital programs.

Exhibit 2-3 on page 2-14 details the cash ratios held by each of the sample peer transits and the sample Washington cities. Exhibit 2-4 on page 2-15 shows the change in transit agency operating expenditures from 1990 to 1995.

## HOW TO CONTROL RESERVE GROWTH

Alternative arguments can be made supporting several methods for controlling reserve growth:

- Reserve growth is declining by itself. No controls are required on reserves because reserves are now trending down, and indications are that this trend will continue. Transit agencies are forecasting lower reserves for 1996 and Transit Development Plans demonstrate that reserve levels will decline.

## Exhibit 2-3
## Cash Ratios for Sample Peer Transit Systems & Sample Washington Cities

**Sample Peer Transit Systems**

| Group A | Cash & Investments | Operating Expense | Cash Ratio |
|---|---|---|---|
| Minneapolis St Paul-MCTO | 18,790,780 | 36,954,892 | 51% |
| Dallas-DART | 160,260,000 | 171,415,000 | 93% |
| Denver-RTD | 96,772,092 | 151,712,125 | 64% |
| Portland Tri-Met | 154,841,000 | 148,217,000 | 104% |
| Salt Lake City-UTA | 37,305,309 | 52,223,474 | 71% |
| San Diego-MTDB | 97,855,487 | 180,709,667 | 54% |
| Total | 565,824,668 | 741,232,158 | 76% |

**Group B**

| | | | |
|---|---|---|---|
| Long Beach Transit | 14,601,911 | 39,061,287 | 37% |
| Fort Worth-The T | 40,126,085 | 22,328,226 | 180% |
| Total | 54,727,996 | 61,389,513 | 89% |

**Group C**

| | | | |
|---|---|---|---|
| Eugene-LTD | 9,232,609 | 16,287,916 | 57% |
| Reno-Citifare | 2,373,408 | 12,559,110 | 19% |
| Total | 11,606,017 | 28,847,026 | 40% |

**Total-Peer Transit Systems**

| | | | |
|---|---|---|---|
| Total | 632,158,681 | 831,468,697 | 76% |

**Sample Washington State Cities**

| | | | |
|---|---|---|---|
| Bellingham | 54,568,203 | 54,029,496 | 101% |
| Vancouver | 59,887,563 | 47,908,862 | 125% |
| Mount Vernon | 19,080,964 | 12,988,454 | 147% |
| Richland | 28,672,480 | 38,947,038 | 74% |
| Everett | 90,083,278 | 84,674,634 | 106% |
| Lynnwood | 40,141,746 | 46,048,677 | 87% |
| Bellevue | 111,308,000 | 169,961,000 | 65% |
| Seattle | 523,867,000 | 759,267,000 | 69% |
| Total-Sample Cities | 927,609,234 | 1,213,825,161 | 76% |

Source: Transit System Annual Reports, City Annual Reports

## Exhibit 2-4
## Transit Operating Expense - 1990-1995

| Group 1 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| King County Metro | 165,104,102 | 187,255,425 | 207,323,785 | 225,020,904 | 233,389,075 | 237,105,927 |
| **Total - Group 1** | 165,104,102 | 187,255,425 | 207,323,785 | 225,020,904 | 233,389,075 | 237,105,927 |
| | | | | | | |
| Percent Increase | N/A | 13% | 11% | 9% | 4% | 2% |
| Cumulative Percent Increase | N/A | 13% | 23% | 29% | 30% | 31% |
| | | | | | | |
| **Group 2** | | | | | | |
| Pierce Transit | 29,877,393 | 33,721,201 | 35,376,709 | 37,138,237 | 41,903,356 | 42,585,970 |
| Community Transit | 18,200,091 | 22,630,826 | 26,780,039 | 28,533,123 | 32,042,072 | 35,929,939 |
| Spokane Transit | 21,352,531 | 21,612,300 | 24,070,500 | 25,546,599 | 26,843,857 | 29,907,072 |
| **Total - Group 2** | 69,430,015 | 77,964,327 | 86,227,248 | 91,217,959 | 100,789,285 | 108,422,981 |
| | | | | | | |
| Percent Increase | N/A | 12% | 11% | 6% | 10% | 8% |
| Cumulative Percent Increase | N/A | 12% | 22% | 25% | 34% | 39% |
| | | | | | | |
| **Group 3** | | | | | | |
| Kitsap Transit | 6,778,051 | 8,710,453 | 9,951,156 | 10,629,865 | 12,959,000 | 14,308,538 |
| Intercity Transit | 6,817,561 | 8,051,803 | 9,135,334 | 11,447,518 | 13,548,551 | 14,056,769 |
| C-TRAN | 8,424,836 | 9,624,652 | 10,669,177 | 11,065,733 | 12,099,549 | 14,078,405 |
| Ben Franklin Transit | 6,605,212 | 7,266,997 | 8,075,220 | 8,845,847 | 10,020,175 | 11,263,538 |
| **Total - Group 3** | 28,625,660 | 33,653,905 | 37,830,887 | 41,988,963 | 48,627,275 | 53,707,250 |
| | | | | | | |
| Percent Increase | N/A | 18% | 12% | 11% | 16% | 10% |
| Cumulative Percent Increase | N/A | 18% | 27% | 35% | 48% | 52% |
| | | | | | | |
| **Group 4** | | | | | | |
| Clallam Transit | 2,633,788 | 3,029,570 | 3,278,253 | 3,775,729 | 3,817,646 | 4,037,938 |
| CUBS | 911,928 | 914,456 | 1,059,454 | 1,140,247 | 1,321,612 | 1,440,698 |
| Everett Transit | 4,295,218 | 4,923,049 | 5,875,316 | 7,312,155 | 7,036,069 | 6,898,704 |
| Grays Harbor | 3,192,393 | 3,356,328 | 3,507,269 | 3,859,781 | 3,939,830 | 4,587,895 |
| Island Transit | 1,068,265 | 1,322,824 | 1,453,561 | 1,508,638 | 1,537,943 | 1,923,617 |
| Jefferson Transit | 886,155 | 1,003,511 | 1,097,001 | 1,120,645 | 1,193,534 | 1,408,542 |
| LINK | 0 | 1,033,884 | 3,378,861 | 4,388,866 | 4,973,403 | 5,937,583 |
| Mason | 0 | 0 | 132,500 | 710,659 | 792,431 | 948,347 |
| Pacific Transit | 824,844 | 923,761 | 922,222 | 981,797 | 955,208 | 1,000,293 |
| Prosser Rural Transit | 62,564 | 76,222 | 97,795 | 141,030 | 186,306 | 207,458 |
| Pullman Transit | 728,792 | 920,879 | 952,994 | 1,047,915 | 1,056,808 | 1,199,580 |
| Skagit Transit | 0 | 0 | 0 | 514,785 | 1,493,558 | 2,451,226 |
| Twin Transit | 506,534 | 538,104 | 605,760 | 672,898 | 763,799 | 889,146 |
| Valley Transit | 1,455,585 | 1,520,254 | 1,716,215 | 1,776,429 | 1,924,112 | 2,019,780 |
| Whatcom Transit | 4,295,885 | 4,783,890 | 5,717,790 | 6,247,622 | 7,941,039 | 9,181,334 |
| Yakima Transit | 2,575,744 | 3,083,086 | 3,593,031 | 3,945,008 | 4,186,495 | 4,048,586 |
| **Total - Group 4** | 23,437,695 | 27,429,818 | 33,388,022 | 39,144,204 | 43,119,793 | 48,180,727 |
| | | | | | | |
| Percent Increase | N/A | 17% | 22% | 17% | 10% | 12% |
| Cumulative Percent Increase | N/A | 17% | 36% | 47% | 50% | 57% |
| | | | | | | |
| **Total - All Systems** | 286,597,472 | 326,303,475 | 364,769,942 | 397,372,030 | 425,925,428 | 447,416,885 |
| | | | | | | |
| Percent Increase | N/A | 14% | 12% | 9% | 7% | 5% |
| Cumulative Percent Increase | N/A | 14% | 24% | 30% | 35% | 38% |

Source: 1994 & 1995 Summary Public Transportation Systems in Washington State

- Reserves should be capped to provide some control to prevent reserves from exceeding all reasonable levels. Several forms of capping reserves were considered for this study.

- A segmented cap would provide a different cap for each type of reserve. Unrestricted reserves would be capped at a level related to operating expense. Replacement reserves would be related to depreciation. Self insurance reserves would be capped at the actuarially determined amount. Bond covenant reserves could contain no more than what is called for in the covenants.

- A flat cap is much simpler. Reserves would be capped at a fixed percentage of an agencies previous years operating expense.

When a segmented cap was applied to the reserves held by transit agencies, the formulas were quite complex, and the results were not always what was desired. For example, small agencies and startup agencies tended to have most of their reserves in a general fund, and thus would exceed almost any reasonable cap. The application of a flat cap had much the same result, but eliminated the small and startup agencies in the sample.

Exhibit 2-5 on page 2-17 shows each transit agency ranked by cash ratio and the effect of a 200% cap.

## RESERVE DISPOSITION RECOMMENDATIONS

- Transit agency cash and reserves should be capped at 200% of the previous year's operating expense, with excess funds directed into service. Agencies with funds exceeding 200% should be required to create a service expansion fund and move excess reserves into this fund to be used solely for service expansion. Agencies with excess funds also should be required to develop a service plan that provides the service expansion funds are directed into service expansion in a reasonable length of time. This plan should be adopted by the agency's board.

- The proposed cap should be effective January 1, 2000 for balances in excess as of December 31, 1999.

- For the purpose of the cap, reserves are defined as all cash and investments, restricted or unrestricted, Cash in employee retirement plans, Section 457 plans, and similar plans is not included.

- The Regional Transit Authority should be excluded from any cap, since its mission precludes defining a reasonable level for a cap.

## Exhibit 2-5
## Proposed Cap
## Statewide Reserves Summary - 1995

| | Unrestricted Cash and Investments | Operating Expense | Reserves: Capital Replacement | Reserves: Bond Fund | Reserves: Other Capital Funds | Reserves: Self-Insurance | Reserves: Other | Reserves: Total Reserves & Cash | Total Cash Over 200% | Cash/ Operating Expense |
|---|---|---|---|---|---|---|---|---|---|---|
| C-TRAN | 11,254,500 | 14,078,405 | 20,108,572 | | 17,983,922 | 9,200,400 | | 58,547,394 | 30,390,584 | 416% |
| Whatcom Transit | 7,121,273 | 9,181,334 | 5,911,755 | | 3,970,850 | 200,000 | 2,201,800 | 19,405,678 | 1,043,010 | 211% |
| Twin Transit | 647,333 | 889,146 | 978,226 | | | 250,000 | | 1,875,559 | 97,267 | 211% |
| CUBS | 2,203,966 | 1,440,698 | 220,780 | | | | | 2,424,746 | - | 168% |
| Skagit Transit | 2,195,251 | 2,451,226 | 1,786,120 | | | | | 3,981,371 | - | 162% |
| Community Transit | 122,114 | 35,929,939 | 46,491,356 | 9,265,302 | | 185,000 | | 56,063,772 | - | 156% |
| Mason | 645,261 | 948,347 | 599,460 | | | 193,693 | | 1,438,414 | - | 152% |
| Valley Transit | 1,018,421 | 2,019,780 | 2,003,774 | | | | | 3,022,195 | - | 150% |
| Island Transit | 562,019 | 1,923,617 | 1,406,673 | | | | 350,000 | 2,318,692 | - | 121% |
| Jefferson Transit | 153,381 | 1,408,542 | 1,338,892 | | | 26,920 | 119,841 | 1,639,034 | - | 116% |
| Spokane Transit | (1,134,757) | 29,907,072 | 27,685,491 | | 5,627,178 | | | 32,177,912 | - | 108% |
| Ben Franklin Transit | 8,370,909 | 11,263,538 | 1,704,189 | | | 1,000,000 | 92,272 | 11,167,370 | - | 99% |
| Grays Harbor | 1,026,000 | 4,587,895 | 3,020,000 | | | 110,343 | | 4,156,343 | - | 91% |
| LINK | 2,209,582 | 5,937,583 | 1,160,783 | | 1,423,469 | | 540,000 | 5,333,834 | - | 90% |
| Pullman Transit | 155,945 | 1,199,580 | 81,365 | | 834,336 | | | 1,071,646 | - | 89% |
| Everett Transit | 3,623,434 | 6,898,704 | | | | | | 3,623,434 | - | 53% |
| King County Metro | 24,338,547 | 237,105,927 | 58,218,130 | | | | 318,844 | 82,875,521 | - | 35% |
| Intercity Transit | 2,074,424 | 14,056,769 | | | 2,000,000 | | | 4,074,424 | - | 29% |
| Pierce Transit | 1,608,071 | 42,585,970 | 4,375,100 | 131,229 | | 5,563,796 | | 11,678,196 | - | 27% |
| Prosser Rural Transit | 42,695 | 207,458 | | | | | | 42,695 | - | 21% |
| Pacific Transit | 52,373 | 1,000,293 | 152,918 | | | | | 205,291 | - | 21% |
| Clallam Transit | 345,314 | 4,037,938 | 343,370 | | | 50,000 | | 738,684 | - | 18% |
| Yakima Transit | 10,613 | 4,048,586 | 669,023 | | | | | 679,636 | - | 17% |
| Kitsap Transit | 80,496 | 14,308,538 | | | | | | 80,496 | - | 1% |
| Total | 68,727,165 | 447,416,885 | 178,255,977 | 9,396,531 | 31,839,755 | 16,780,152 | 3,622,757 | 308,622,337 | 31,530,861 | 69% |

Note: Reserves do not include Deferred Compensation funds held by Intercity Transit of $2,962,640

Source: 1994 & 1995 Summary Public Transportation Systems in Washington State

## ALTERNATIVE FINANCING

### RESERVE FINANCING

During interviews held with transit agency executives and board members and in the responses to the questionnaires from transit agencies many points were made in favor of reserve financing and reserves in general. The most frequently cited justification for reserves is the concept of uncertainty. Transit managers are faced with various levels of uncertainty that shape their financial decisions. Cited frequently were possible cuts in state and federal funding for capital programs, possible cuts in the state motor vehicle excise tax and the risk of economic downturn.

Transit managers also cited application of the going concern concept, i. e., the necessity to provide an established level of service while dealing with rising expenses and uncertainty in funding. They said that a transit agency operates as an enterprise or going concern as compared to the standard municipal practice of spending all of the budget each year. As a going concern, an enterprise must provide for its continuation in the future. Necessities of continued operation include replacement of vehicles and expansion of facilities to meet service needs. Accordingly, capital purchases need to be funded by reserves. Reasons also advanced against reserve restrictions are local control and flexibility. Local managers and boards feel they best know the needs of their constituents and need the flexibility and control current laws allow.

### DEBT FINANCING

An alternative to reserve financing is debt financing. While most agencies rely on cash reserves to finance capital programs, a few have used debt financing, both bonding and commercial loans. Kitsap Transit feels it has no need for reserves and puts most of its capital resources into service, using short term debt to meet its capital needs. Advantages for each approach:

Reserve financing:

- Eliminates interest costs
- Prevents accumulation of debt
- Interest income earned while saving helps pay for asset

Debt financing:

- Spreads cost avoiding large up front expenditures
- Future beneficiaries of asset will share in cost
- Speeds acquisition time for costly projects
- Avoids impact of inflation on project cost

## STATE ADMINISTERED CAPITAL PROGRAM

Several states provide assistance to transit agencies in the procurement of vehicles. The level of assistance provided varies. A state may review or assist agencies in vehicle bids specifications and procurements or take the lead in the development of state wide specifications and the purchase of vehicles for transit agencies. Arkansas provides assistance in developing specifications and review of transit developed bids. Transit agencies pay for the vehicles directly although the state may handle the procurement. Michigan has taken a higher level approach. The state develops vehicles specifications with the assistance of a committee from transit agencies. A bid is then developed based upon the estimate number of vehicles budgeted for the two year period. Transit agencies then must order vehicles off the state bid list.

There are both advantages and disadvantages to the Michigan process. Advantages include cost savings from a large procurement, maintenance savings from a uniform fleet, and labor savings from elimination of bids at the local level. A disadvantage is the lack of control by local agencies over vehicle type and specification. Many cost saving advantages can be realized without any action by the State of Washington. Transit agencies working through the Washington State Transit Association can develop joint specifications and work toward a more uniform fleet and multiple agency procurements. Cooperation in vehicle procurement is desirable and should be required.

## VEHICLE PROCUREMENT RECOMMENDATION

- Transit agencies should be required to distribute vehicle procurement plans to all other transit agencies and allow other agencies to add (piggyback on) to their procurements.

## INVESTMENT PRACTICES

There are state restrictions on investment practices that must be followed by transit agencies. These rules are very conservative and put the protection of investment principle above that of rate of return. Additionally, many transit agencies have adopted their own investment policies which incorporate the state restrictions and add additional restrictions to meet their priorities. The Washington state auditor reviews agency investment practices in light of state guidelines and adopted agency policy as part of its annual audit.

Agencies may take several approaches in managing their investments. Many agencies deposit funds with the State Treasurer's Office investment pool. Some smaller agencies invest through the county treasurer in their jurisdiction. Other options are the use of a professional manager and a self directed investment portfolio.

The following pie chart illustrates the relative amounts Washington transit agencies have invested by general category:

**Investments by Category**

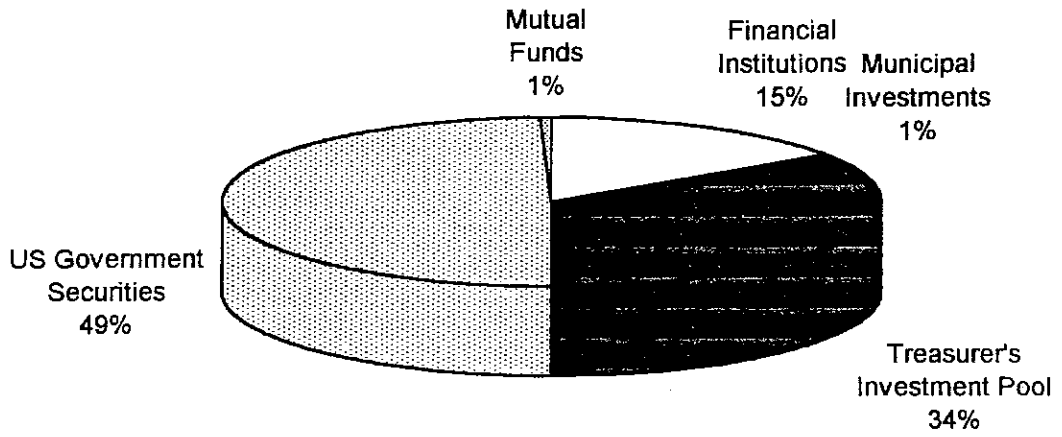



Exhibit 2-6 on page 2-21 shows investments held by each transit agency which submitted detail for this study by amount and type.

## INVESTMENT PRACTICES RECOMMENDATION

- Each transit agency should have a board adopted investment policy as a condition for receipt of Motor Vehicle Excise Tax proceeds.

## Exhibit 2-6
## Transit Agency Investment Detail

| | Financial Institutions | Municipal Investments | State Treasuser's Investment Pool | US Government Securities | Mutual Funds | Total |
|---|---|---|---|---|---|---|
| Ben Franklin Transit | 6,887,888 | 1,157,730 | 254,173 | 3,238,244 | | 11,538,035 |
| Clallam Transit | 102,641 | | 1,159,203 | | | 1,261,844 |
| Community Transit | 2,264,827 | | 13,056,002 | 40,742,945 | | 56,063,774 |
| C-TRAN | | | 25,586,941 | 36,000,000 | | 61,586,941 |
| Grays Harbor | 4,156,351 | | | | | 4,156,351 |
| Intercity Transit | 1,000 | | 4,326,365 | | | 4,327,365 |
| Kitsap Transit | | | 1,908,682 | 250,000 | | 2,158,682 |
| Pierce Transit | 12,112,593 | | 7,285,060 | 1,153,588 | 884,063 | 20,551,241 |
| Skagit Transit | | | 1,908,682 | 250,000 | | 2,158,682 |
| Total | 25,525,300 | 1,157,730 | 55,485,108 | 81,634,777 | 884,063 | 163,802,915 |
| Percent | 15.58% | 0.71% | 33.87% | 49.84% | 0.54% | |

Source: Transit System Annual Reports


## 3. HOW CAN STATE TRANSIT ACCOUNTS BETTER SERVE STATE INTERESTS?

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# 3. HOW CAN STATE TRANSIT ACCOUNTS BETTER SERVE STATE INTERESTS?

## INTRODUCTION

This section of the report will briefly review three state transit related accounts and the WSDOT Rural Mobility program. These will be assessed in regard to how well they are structured to meet the state interest in transit as defined elsewhere in this study. It should be noted that in some instances this newly defined state interest represents a change from the state priorities in effect at the time the accounts were established.

It is important to keep in mind that the grant processes used to distribute funds from these accounts are based on the merits of individual proposals submitted. Selection criteria do not take into consideration the financial status or performance of the agencies submitting proposals. As with any competitive grant process, the outcome to some degree reflects the applicants' skill in describing their proposals.

## PURPOSE

The purpose of this analysis is to accomplish the following:

- Review how each of the state transit accounts presently functions.
- Conduct an assessment of how effectively the existing account procedures and criteria serve the state's interests in transit.
- Develop recommendations for modifications in the state accounts.

## APPROACH

This section will analyze the effectiveness of the state accounts by reviewing account funding mechanisms and near term revenue projections. How account procedures, agency eligibility, and project selection criteria influence the outcome of the process will be examined. Based on these findings, recommendations will be made for each account.

## ORGANIZATION

The accounts will each be reviewed separately. The format of each review will be presented in background, findings, and recommendations.

## CENTRAL PUGET SOUND PUBLIC TRANSPORTATION ACCOUNT

### BACKGROUND

Established by the Transportation Funding Act of 1990, the Central Puget Sound Public Transportation Account is funded by the Motor Vehicle Excise Tax in an amount above the .725% rate that would have been available to Puget Sound transit systems prior to the decrease in the MVET matching rate from .815% to .725%. Account revenue has averaged approximately $7,146,000 per year from 1993 through 1995. The account is designed to fund public transportation projects in the Puget Sound area through a competitive grant process. A wide variety of projects are eligible for CPSPTA funding. These include:

- non-capital planning activities;
- development of capital projects;
- development of high capacity transportation systems defined in RCW 81.104.015;
- development of high capacity vehicle lanes and related facilities consisting of park and ride lots, park and pool lots, ramps, bypasses, turnouts, signal preemption, and other improvements designed to maximize use of High Occupancy Vehicle systems; and
- public transportation system contributions to fund projects under federal programs and those approved by the Transportation Improvement Board.

Applications from non-transit jurisdictions are sponsored by a transit agency. Local matching funds representing not less than twenty percent of the project cost are required. The account is administered by the Transportation Improvement Board.

### FINDINGS

A review of projects selected for funding through the Account shows that in nearly every case they have been completed as proposed. Though a very wide range of transit projects and services are eligible for funding, in actual practice the majority of Account funds have been used for construction or other capital projects. This outcome appears to reflect project criteria and weightings, as well as the priorities of the applicants.

Two characteristics of the Account make it difficult to determine the extent to which these expenditures have resulted in increased transit ridership or efficiency, two results directly related to the state interest in transit discussed in Chapter 1 of this Assessment. The first difficulty stems from the requirement that projects must be in adopted plans to receive funding. At the same time, these plans are required to be financially constrained, i. e., a funding source must be identified for all projects included in the plans. Most transit agencies are naturally reluctant to assume a high level of future funding from competitive or discretionary sources if the grants have not yet been awarded. Therefore it is usually the case that funds are being sought for projects for which some funding has already been identified. The net effect of CPSPTA funding may be to move up the implementation of projects, free up local funds for other projects, or increase agency reserves. Overall performance of Washington transit agencies is discussed in Chapter 4 of this Assessment.

The wide variety of eligible projects also makes it more difficult to draw firm conclusions. For instance, the CPSTA has funded planning studies for projects that may not be built for many years. CPSTA funds have also been used for the replacement of an existing facility. No near-term change in transit ridership or mode split can be expected from these projects. Even though the account has functioned as intended, i. e., it has assisted in funding transit projects, the effect on transit ridership or efficiency in the Puget Sound region is not clear. It is clear that the account has contributed financially to public transportation providers in the Puget Sound region and in this way has aided the agencies in implementing their six year plans.

## RECOMMENDATIONS

The following recommendations are designed to improve the effectiveness of the Account in advancing the state's interest in transit:

- Revise project selection criteria to emphasize cost effective diversion of Single Occupancy Vehicle trips to other modes, including ridesharing, Transportation Demand Management, and telecommuting, in addition to transit service improvements resulting in cost effective ridership gains.

- Simplify the Account funding mechanism by using a straight percentage of MVET distributed to transit in the state (set at 4.27% of 1995 MVET distributions to initially approximate the average CPSPTA revenues in the years 1993-1995).

- Raise the match requirement to a 30% minimum.

- Broaden direct agency eligibility to include the state, transit agencies, cities, counties, and school districts.

- Allow legislative review and deletion (but not addition) of projects.

## PUBLIC TRANSPORTATION SYSTEMS ACCOUNT

### BACKGROUND

The Public Transportation Systems Account (PTSA) was established by the Transportation Funding Act of 1990. The funding source is MVET in the amount above .725% that would have been available to transit systems in Washington state outside the Puget Sound area prior to the decrease in the MVET matching rate from .815% to .725%. Account revenues have declined from over $2.2 million in 1993 to approximately $1.5 million in 1996. The account was established to fund public transportation projects through a competitive grant process. A wide variety of transit projects are eligible for fundingincluding:

- non-capital planning activities;
- development of capital projects;
- development of high capacity transportation systems as defined in RCW 81.104.015;
- development of High Occupancy Vehicle lanes and related facilities consisting of park and ride lots, park and pool lots, ramps, bypasses, turnouts, signal preemption, and other improvements designed to maximize use of High Occupancy Vehicle systems;
- other public transportation system-related projects on state highways, county roads, or city streets; and
- public transportation system contributions required to fund projects under federal programs and those approved by the TIB.

Only those transit agencies that are net contributors to the account are eligible to receive funding from the account. In 1995, the eligible agencies were Spokane Transit, Whatcom Transit, and Link Transit from Chelan and Douglas Counties. Local matching funds ranging from 0% to 20% are required based on transit agency service area populations. The account is administered by the Transportation Improvement Board.

## FINDINGS

Projects selected for funding have been completed as proposed.

The funding mechanism for this account is the source of several serious problems. The first is that annual account revenues have experienced a decline from over $ 2.2 million in 1993 to just under $ 1.5 million in 1996. Concurrent with that decline in revenues has been a trend toward fewer eligible agencies. If present trends hold, there will be only two eligible agencies by the end of the decade (see Exhibit 3-1 on page 3-6). This leads to the second problem, i. e., as the number of eligible agencies decreases, the benefits from the PTSA tend to be concentrated in more limited geographic areas. The decrease in the number of eligible agencies also has the effect of making the grant process less competitive. A final problem associated stems from the difficulties of accurately forecasting which agencies will be eligible in each coming year in time to prepare grant applications.

## RECOMMENDATIONS

The following recommendations are designed to address the problems identified above while advancing the state's interest in transit, particularly enhancement of general mobility throughout the state.

- Simplify the account funding mechanism by using a straight percentage of MVET distributed to transit (set at 1.23% of 1995 MVET distributions to approximate initially the annual average revenue of the PTSA from 1993 through 1995).

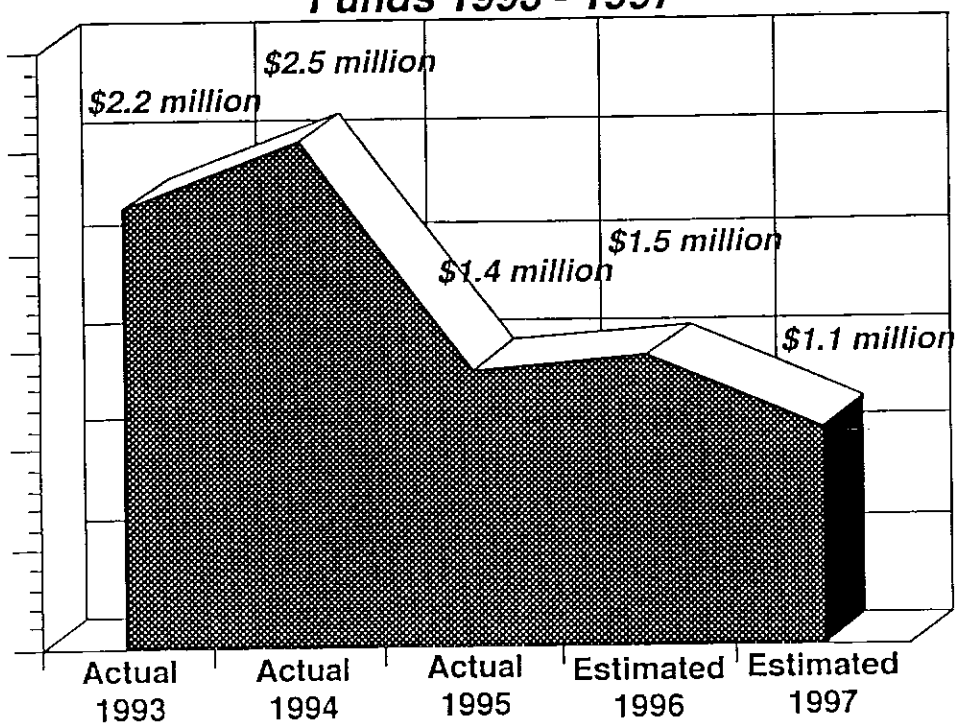
- Broaden direct agency eligibility to include the state, transit agencies, cities, counties, and school districts (for those counties which have transit systems and are not within the area covered by the CPSPTA).

- Raise match requirements to range from a minimum of 10% up to 30%, based on the size of the applicant's operating budget.

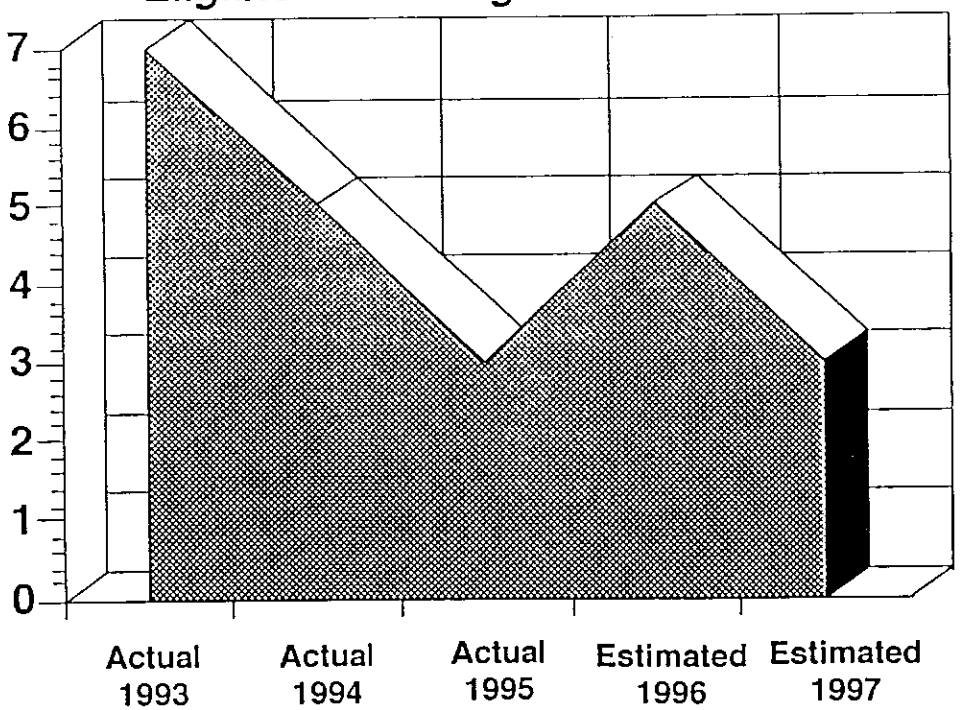
- Allow legislative review and deletion (but not addition) of projects.

# Exhibit 3-1
# Public Transportation Systems Account

## *Funds 1993 - 1997*




## *Eligible Transit Agencies 1993 - 1997*



## HIGH CAPACITY TRANSPORTATION ACCOUNT

### BACKGROUND

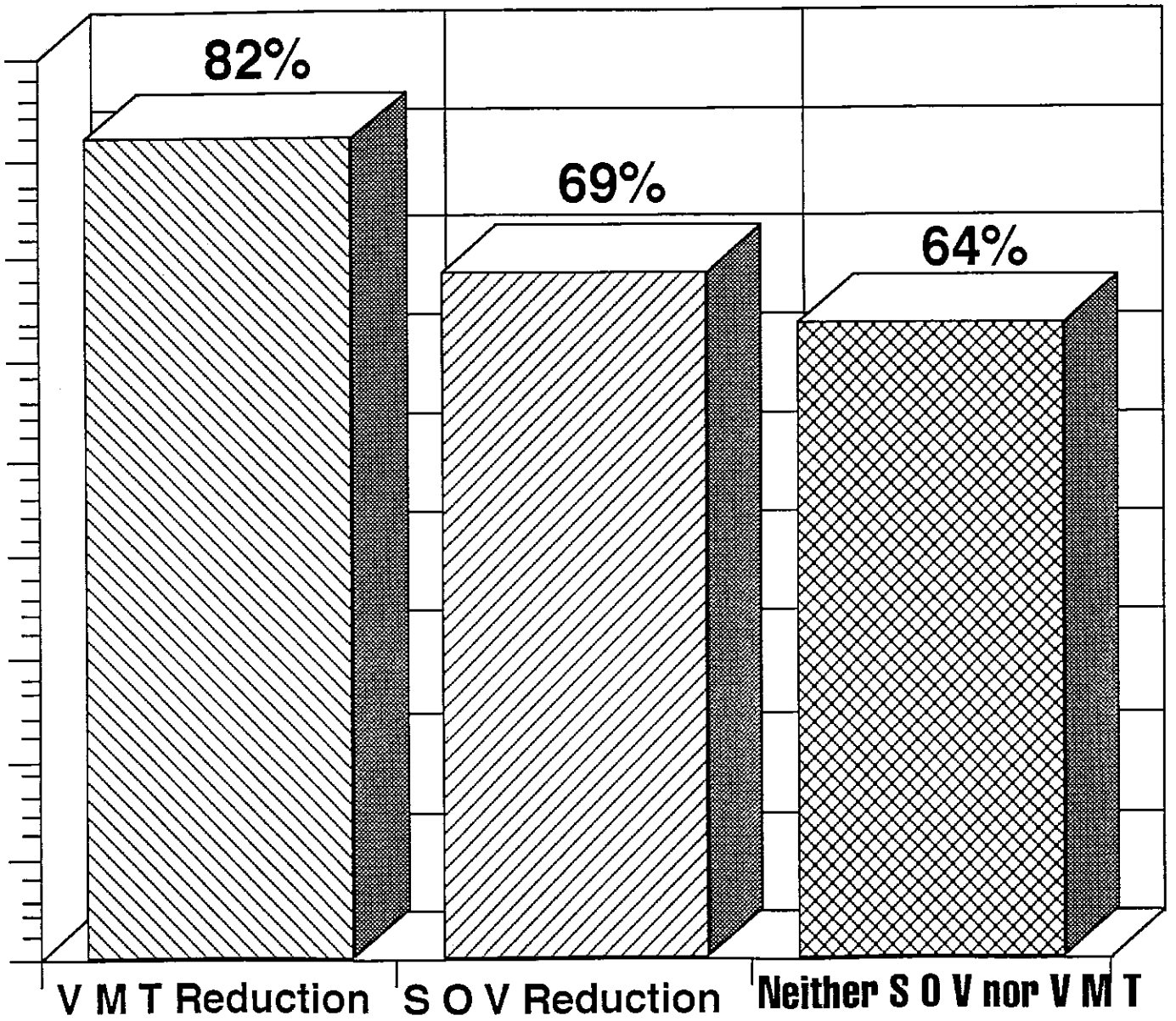
The High Capacity Transportation Account was created in 1989 as the successor to the State Rail Development Account. The account is funded through MVET in an amount equal to 4.5% of the MVET distributed to transit agencies in Clark, King, Pierce, Snohomish, Spokane and Thurston Counties. Kitsap County was initially a contributor to the HCT account but Kitsap contributions were subsequently directed to the State Passenger Ferry Account. HCT Account revenues were approximately $ 6.0 million per year in 1993-1995. The primary use of HCT Account funds has been the development of regional High Capacity Transit proposals for local consideration. These efforts have resulted in ballot propositions in Clark County and the Puget Sound area. Additional work funded by the HCT account has taken place in Spokane and Thurston Counties.

### FINDINGS

The HCT Account was created in response to the impacts of rapid population growth in the State's most urbanized counties. The HCT Account facilitated planning for increased capacity in these areas. To that extent, the original purpose of the account has essentially been fulfilled. The state has also established an interest in improving capacity utilization in congested urban areas through the Commute Trip Reduction Act (CTR). The 1995 survey of employment sites subject to the state CTR requirements yielded two noteworthy results. The first was that a large majority of sites had not met the adopted targets as measured by either vehicle miles traveled or SOV use (see Exhibit 3-2 on page 3-8).

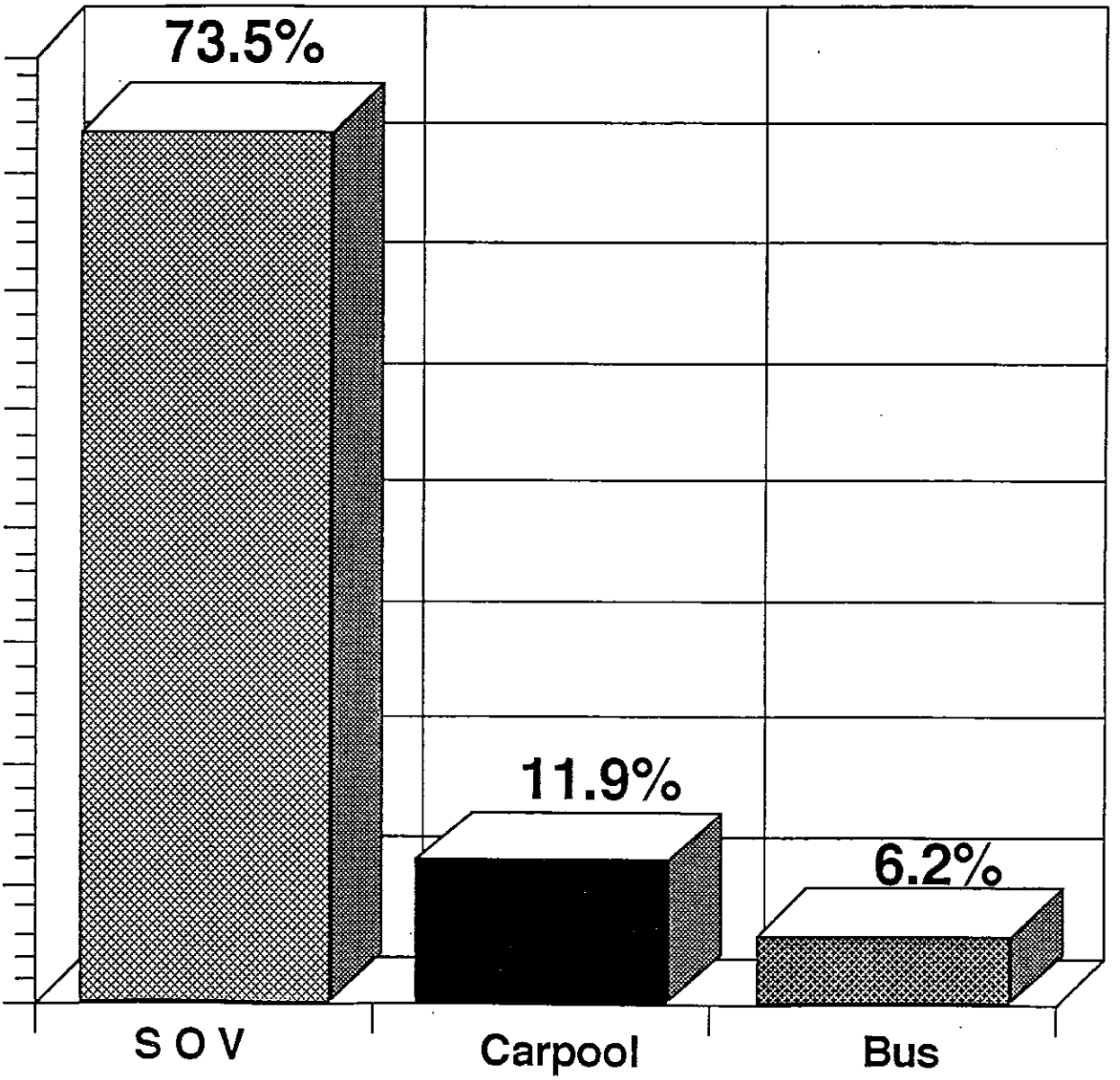
The second result was that even though the number of employment sites which met the targets was low, the program was successful in reducing SOV trips. The potential for ridesharing as a means of improving capacity utilization can be seen in U.S. Census data which shows that in the Seattle-Tacoma metropolitan area carpools account for nearly twice as large a share of work trips as transit (see Exhibit 3-3 on page 3-9). While it is still early in terms of the overall CTR program, these results suggest that the program has considerable promise but additional effort will be required to fully realize the program's objectives.

# Exhibit 3-2
# Percentage of Worksites
# Failing to Meet 1995 C T R Targets



# Exhibit 3-3
# 1990 Seattle/Tacoma
# Work Trip Mode Split

*U. S. Census Data*



## RECOMMENDATIONS

Conversion of the HCT Account to a CTR Account will assist in achieving State CTR goals. This program should be structured to include a competitive grant program for CTR and TDM projects. Characteristics of the CTR Account would be as follows:

- Transit agencies, cities, and counties eligible to receive grant funds.
- A minimum local match of 20% required.
- Evaluation criteria emphasizing achievement of CTR objectives.
- Existing funding source retained at the current rate.
- Administration of the CTR grant program by WSDOT.
- Effectiveness reviewed in conjunction with the 1999 State CTR assessment.
- Agencies in eligible counties outside the Central Puget Sound area to have the option of continuing the use of this account for High Capacity Transportation planning purposes until 2003.

## RURAL MOBILITY GRANT PROGRAM

### BACKGROUND

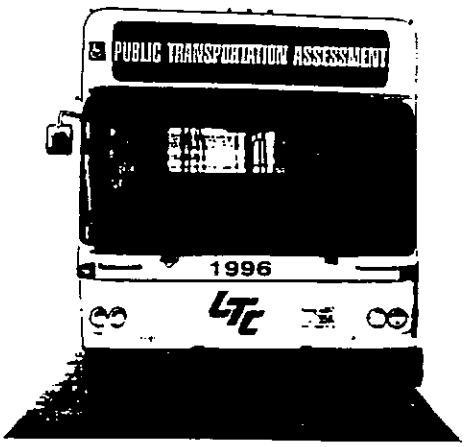
The Washington State Legislature appropriated $2.5 million for rural mobility in the 1993-95 Transportation Budget Act. A nine member Rural Mobility Committee appointed by the Secretary of Transportation established policies and procedures for expenditure of rural mobility funds. Unlike the other state transit grant programs reviewed in this report, the Rural Mobility program allows direct grant applications from a wide range of public agencies including cities, counties, transit agencies and school districts. The criteria used in selection of projects emphasizes providing access to basic services and the formation of partnerships. Given the limited funding available this program has focused on demonstration projects. The program is administered by WSDOT. Project selection is the responsibility of the Rural Mobility Committee. Unlike the other State accounts included in this study the Rural Mobility Program does not have a dedicated source of funding.

### FINDINGS

- The program appears to be succeeding in facilitating access to basic services, and mobility has measurably increased in selected areas.
- The open eligibility has resulted in a highly competitive process, with the number of applications far exceeding the funding available.
- The majority of projects selected would not have been implemented without Rural Mobility funding.
- There is no established State mobility standard or guarantee.

### RECOMMENDATION

The findings relating to the State Rural Mobility Grant Program indicate the program is functioning as intended. Therefore, no changes are recommended. However, the level of State financial commitment to rural mobility should be reviewed if a mobility standard is adopted. It should be noted that the current funding level is insufficient to maintain even a minimal mobility standard if applied state-wide.




## 4. HOW SHOULD THE STATE EVALUATE TRANSIT?

# 4. HOW SHOULD THE STATE EVALUATE TRANSIT?

## INTRODUCTION

This section of the report presents an analysis of transit expenditure productivity as it relates to transit systems in the State of Washington. The following describes the purpose, approach, and organization of the analysis and its results.

## PURPOSE

The purpose of this analysis is to accomplish the following :

- Conduct an assessment of performance for the transit systems in the State of Washington in terms of efficiency and effectiveness.
- Conduct an assessment of the goals, objectives, performance measures, and standards used in the performance monitoring and reporting done at the state and local levels.
- Conduct an assessment of the reporting requirements at the federal and state levels to determine the advantages and disadvantages of each.

## APPROACH

The following describes the approach used in conducting each part of this analysis:

- The performance of transit systems in the State of Washington was assessed through a two-tier approach. First, performance in terms of cost efficiency, cost effectiveness, and service effectiveness was compared to peer systems in other states to determine the relative performance of the Washington transit systems. Second, the trends in efficiency and effectiveness indicators were evaluated for a six year period for each of the Washington systems.
- Goals and objectives for each Washington transit system were evaluated by reviewing existing documents used to monitor performance. Documents that were reviewed include the state's annual summary report as well as each system's Transit Development Plans (TDP) and periodic monitoring reports. Each system's goals, objectives, performance measures, and standards were assessed on a qualitative basis in terms of their overall adequacy.
- The Federal Transit Administration's (FTA) National Transit Database (NTD) reporting system was compared to the Washington State Department of Transportation's (WSDOT) Annual Summary Report in terms of report content, reporting schedules, and the advantages and disadvantages of each.

## ORGANIZATION

The remainder of this section is organized as follows:

- Peer Group/Benchmarking Comparisons
- Performance Trends
- Assessment of Goals and Objectives
- Comparison of Reporting Requirements
- Recommendations

To facilitate much of this analysis, transit systems in the State of Washington were grouped into four categories based on system size. These categories were developed to be consistent with the categories that were used in conjunction with a prior public transportation study that was conducted for the State of Washington's Legislative Transportation Committee in August 1991. In this context, it is important to bear in mind the relative resources of the smaller Washington transit systems in evaluating the depth and sophistication of their performance related documents.

## PEER GROUP/BENCHMARKING COMPARISONS

The peer group/benchmarking analysis was conducted in order to determine the performance of transit systems in the State of Washington relative to other U.S. systems. The following discusses the criteria used to select peer systems, the indicators used to assess over all performance, and the findings from the analysis.

### SYSTEM SELECTION

Peer systems for the analysis were selected using the following three-step process.

- *Step 1*

  Data from the 1994 National Transit Database was sorted by size (number of peak vehicles) for fixed-route bus and trolley bus modes. Based on the results of this sort, the following groups were isolated:

  - Group 1: 300 to 999 peak vehicles (King County Metro)
  - Group 2: 100 to 299 peak vehicles (Pierce Transit, Snohomish Community Transit, and Spokane Transit Authority)
  - Group 3: 40 to 99 peak vehicles (Kitsap Transit, Olympia Intercity Transit, Clark C-Tran, and Ben Franklin Transit)
  - Group 4: fewer than 40 peak vehicles– too small for NTD analysis

- *Step 2*

  Within the aforementioned groups, fixed-route bus and trolley bus modes were sorted by location -- East, South, Midwest, and West. Western and Midwestern transit systems were isolated from among the other systems.

- *Step 3*

  From among the Western and Midwestern transit systems, transit agencies with stable funding bases and high quality performance expectations were selected as peers for each of the three larger system groups.

## PERFORMANCE INDICATOR SELECTION

Statistics obtained from the 1994 NTD were used to calculate several performance indicators. The relationship of statistics to indicators, which forms the basis of this comparative analysis, is shown in Exhibit 4-1 on page 4-4. The performance indicators were selected to assess the overall performance of the Washington systems for each group in terms of the following:

- *Cost Efficiency*

  Cost efficiency is the relationship of service input to service output statistics and is measured as operating cost per total hour.

- *Cost Effectiveness*

  Cost effectiveness is the relationship between service input and service consumption statistics and is measured as operating cost per unlinked passenger.

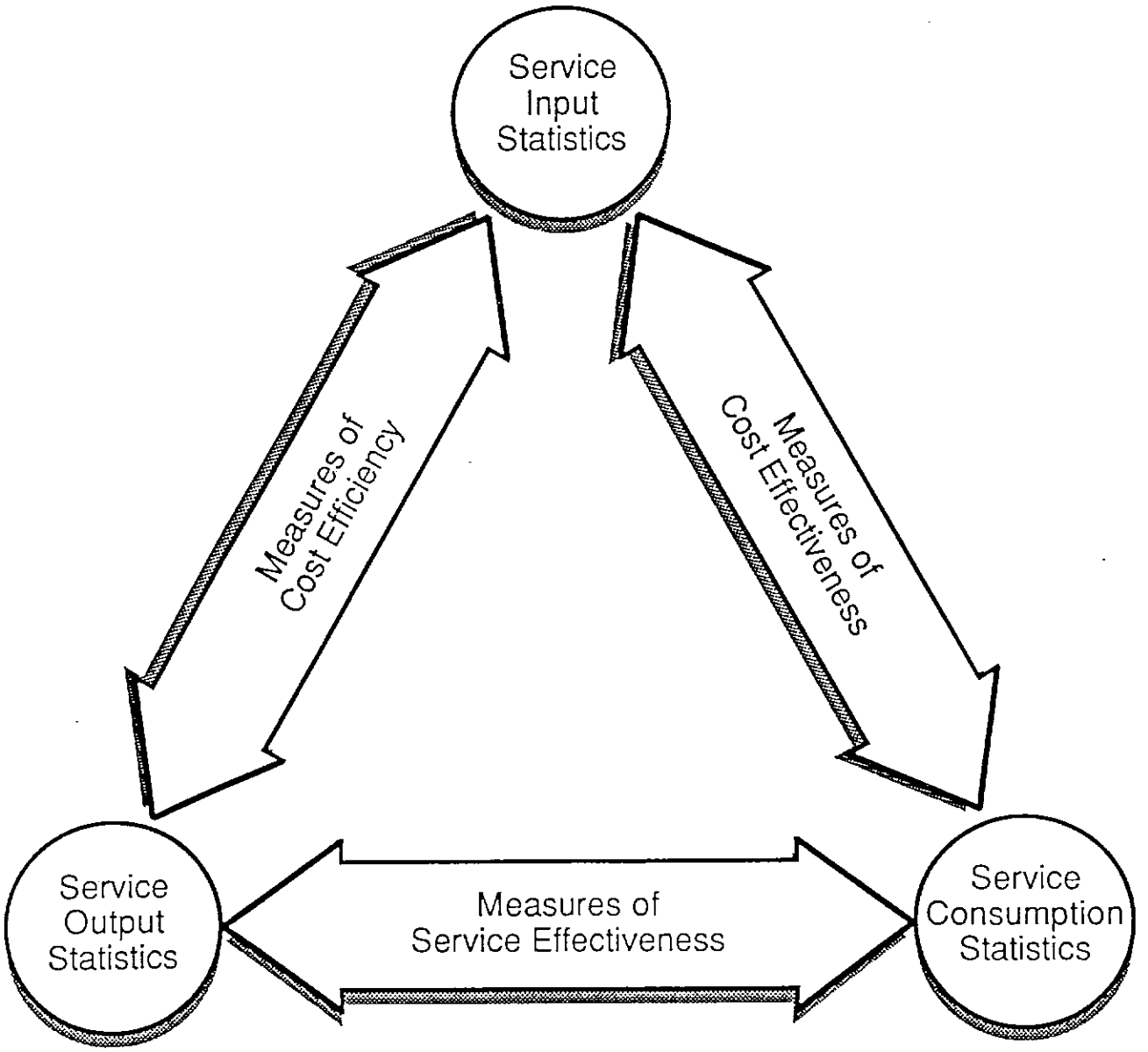
- *Service Effectiveness*

  Service effectiveness is the relationship between service output and service consumption statistics and can be measured using two indicators– unlinked passengers per total hour and unlinked passengers per capita.

## FINDINGS

The results of the performance indicator analysis for each of the three peer groups is presented in Exhibit 4-2 on pages 4-5 through 4-7 and are the basis of the following findings.

**EXHIBIT 4-1**
**RELATIONSHIP OF STATISTICS AND INDICATORS**




*Source: Mundle, et al, "Development of Performance Based Funding Allocation Guidelines for Transit Operators in Los Angeles County", presented at the American Public Transit Association Eastern Conference, Minneapolis - St. Paul, Minnesota, May 1981.*

# EXHIBIT 4–2
## PEER GROUP/BENCHMARKING COMPARISONS
## FIXED–ROUTE BUS AND TROLLEY BUS PERFORMANCE INDICATORS

| Transit Agency | Op. Cost per Total Hour | Op. Cost per Unlinked Passenger | Unlinked Passengers per Total Hour | Unlinked Passengers per Capita |
|---|---|---|---|---|
| **GROUP 1** | | | | |
| **King County–Metro (a)** | **$75.97** | **$2.68** | **28.3** | **49.7** |
| Dallas–DART | $70.48 | $2.56 | 27.5 | 14.9 |
| Denver–RTD | $58.99 | $2.02 | 29.2 | 30.7 |
| Houston–Metro | $63.16 | $2.14 | 29.6 | 24.4 |
| Minneapolis–St. Paul–MCTO | $58.83 | $2.00 | 29.5 | 30.6 |
| Orange County–OCTA | $66.77 | $2.51 | 26.6 | 14.9 |
| Portland–Tri–Met | $58.43 | $1.84 | 31.7 | 55.4 |
| Salt Lake City–UTA | $44.26 | $1.91 | 23.2 | 22.7 |
| San Antonio–VIA | $40.56 | $1.23 | 32.8 | 38.2 |
| San Diego–MTDB | $46.40 | $1.63 | 28.4 | 14.8 |
| St. Louis–Bi–State | $52.23 | $2.23 | 23.4 | 17.3 |
| Peer Average | $56.01 | $2.01 | 28.2 | 26.4 |
| Peer Maximum | $70.48 | $2.56 | 32.8 | 55.4 |
| Peer Minimum | $40.56 | $1.23 | 23.2 | 14.8 |

*(a) Excludes light rail.*

# EXHIBIT 4-2
# PEER GROUP/BENCHMARKING COMPARISONS
# FIXED-ROUTE BUS AND TROLLEY BUS PERFORMANCE INDICATORS

| Transit Agency | Op. Cost per Total Hour | Op. Cost per Unlinked Passenger | Unlinked Passengers per Total Hour | Unlinked Passengers per Capita |
|---|---|---|---|---|
| GROUP 2 | | | | |
| **Pierce County-Pierce Transit** | **$62.48** | **$2.63** | **23.8** | **21.0** |
| **Snohomish County-Community Transit** | **$86.85** | **$5.55** | **15.6** | **17.0** |
| **Spokane-STA** | **$57.46** | **$2.90** | **19.8** | **21.4** |
| Albuquerque-Sun Tran | $49.26 | $2.12 | 23.3 | 16.1 |
| Foothill Transit (Los Angeles County) | $46.10 | $2.01 | 22.9 | 8.2 |
| Fort Worth-The T | $48.20 | $3.20 | 15.0 | 11.5 |
| Golden Gate Transit (San Francisco Bay Area) | $86.55 | $4.56 | 19.0 | 14.8 |
| Las Vegas-CAT | $31.74 | $0.95 | 33.5 | 24.9 |
| Long Beach-LBT | $49.84 | $1.35 | 37.0 | 40.4 |
| Omaha-TA | $41.64 | $2.53 | 16.5 | 10.6 |
| Sacramento-RT | $69.64 | $2.34 | 29.8 | 17.2 |
| San Diego-NCTD | $48.84 | $2.31 | 21.2 | 16.2 |
| San Mateo County-SamTrans | $66.12 | $2.43 | 27.2 | 36.2 |
| Tucson-Sun Tran | $39.42 | $1.20 | 32.9 | 34.3 |
| Peer Average | $52.49 | $2.27 | 25.3 | 21.0 |
| Peer Maximum | $86.55 | $4.56 | 37.0 | 40.4 |
| Peer Minimum | $31.74 | $0.95 | 15.0 | 8.2 |

## EXHIBIT 4–2
## PEER GROUP/BENCHMARKING COMPARISONS
## FIXED–ROUTE BUS AND TROLLEY BUS PERFORMANCE INDICATORS

| Transit Agency | Op. Cost per Total Hour | Op. Cost per Unlinked Passenger | Unlinked Passengers per Total Hour | Unlinked Passengers per Capita |
|---|---|---|---|---|
| **GROUP 3** | | | | |
| **Bremerton–Kitsap Transit** | **$61.64** | **$2.70** | **22.8** | **19.0** |
| **Olympia–IT** | **$47.56** | **$2.87** | **16.6** | **37.4** |
| **Vancouver–C–Tran** | **$58.40** | **$2.22** | **26.3** | **20.2** |
| **Richland–Ben Franklin** | **$53.65** | **$2.39** | **22.5** | **24.0** |
| Contra Costa County–County Connection | $51.86 | $3.39 | 15.3 | 10.2 |
| Corpus Christi–The B | $55.36 | $2.28 | 24.3 | 14.2 |
| Duluth–DTA | $50.48 | $2.39 | 21.1 | 26.2 |
| Eugene–LTD | $45.82 | $1.80 | 25.5 | 31.9 |
| Oklahoma City–COTPA | $46.44 | $2.02 | 23.0 | 5.0 |
| Reno–Citifare | $45.60 | $1.48 | 30.8 | 38.1 |
| Tulsa–MTA | $39.99 | $2.48 | 16.1 | 7.9 |
| Wichita–MTA | $35.99 | $2.10 | 17.1 | 7.5 |
| Peer Average | $46.44 | $2.24 | 21.7 | 17.6 |
| Peer Maximum | $55.36 | $3.39 | 30.8 | 38.1 |
| Peer Minimum | $35.99 | $1.48 | 15.3 | 5.0 |

- *Group 1*

  King County Metro's cost efficiency and cost effectiveness are significantly lower than all of the peers in Group 1. Metro's service effectiveness in terms of passengers per hour is about equal to the peer average, but in terms of passengers per capita, it is higher than most of the peer systems. Though no information on quality of service indicators is available to assess the differences among Metro and the peer systems, it should be noted that each peer was selected because of its commitment to deliver the highest quality of service. Metro's lower cost efficiency, therefore, cannot be attributed solely to a high quality of service. While the purpose of this study is not to evaluate the reasons for cost efficiency differences in detail, factors typically responsible for lower cost efficiency include higher administrative expenses, lower labor utilization, and lack of competitive services.

- *Group 2*

  Regarding efficiency and cost effectiveness, Washington systems' Group 2 performance is consistently lower than the peer group average. Service effectiveness performance for the Washington systems is generally below the peer average with respect to passengers per hour, but close to the peer average with respect to passengers per capita.

- *Group 3*

  Cost efficiency for the Group 3 Washington systems was consistently below the peer average with two of the systems recording a cost per hour higher than all of the peers. While cost effectiveness for the Washington systems was generally below average, the individual performance of each system was within the range of the peer group. On the whole, service effectiveness for the Group 3 Washington systems was better than the average of the peer systems.

## PERFORMANCE TRENDS

In addition to the peer group/benchmarking analysis, the trends in performance for all of the Washington transit systems was reviewed. Data from the Washington State Department of Transportation's Annual Statistical Summary report were used to calculate similar performance indicators used in the peer group analysis. Performance was reviewed for the period from 1990 through 1995. The results of the trend analysis are presented in the following: cost efficiency, Exhibit 4-3 on pages 4-9 through 4-11; cost effectiveness, Exhibit 4-4 on pages 4-12 through 4-14; service effectiveness, Exhibits 4-5 and 4-6 on pages 4-15 through 4-20. The cost indicators presented in Exhibits 4-3 and 4-4 are expressed in terms of 1995 dollars.

EXHIBIT 4-3
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN OPERATING COST PER REVENUE SERVICE HOUR
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 1** | | | | | | |
| King County Metro | $67.63 | $75.36 | $79.26 | $84.86 | $85.07 | $85.73 |
| *Annual Percent Change* | -- | *11.4%* | *5.2%* | *7.1%* | *0.2%* | *0.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *26.8%* |
| **GROUP 2** | | | | | | |
| Pierce Transit | $68.66 | $72.30 | $73.54 | $73.68 | $73.53 | $68.52 |
| *Annual Percent Change* | -- | *5.3%* | *1.7%* | *0.2%* | *-0.2%* | *-6.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-0.2%* |
| Community Transit | $108.39 | $113.81 | $125.30 | $123.57 | $133.30 | $124.84 |
| *Annual Percent Change* | -- | *5.0%* | *10.1%* | *-1.4%* | *7.9%* | *-6.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *15.2%* |
| Spokane Transit Authority | $62.41 | $59.24 | $62.46 | $62.80 | $62.77 | $64.60 |
| *Annual Percent Change* | -- | *-5.1%* | *5.4%* | *0.5%* | *0.0%* | *2.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *3.5%* |
| **GROUP 3** | | | | | | |
| Kitsap Transit | $60.93 | $59.18 | $62.00 | $65.01 | $70.67 | $68.51 |
| *Annual Percent Change* | -- | *-2.9%* | *4.8%* | *4.9%* | *8.7%* | *-3.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *12.4%* |
| Intercity Transit | $59.51 | $54.90 | $60.02 | $58.33 | $51.05 | $49.09 |
| *Annual Percent Change* | -- | *-7.7%* | *9.3%* | *-2.8%* | *-12.5%* | *-3.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-17.5%* |
| C-TRAN (Clark County) | $62.40 | $69.92 | $75.36 | $75.82 | $76.83 | $78.92 |
| *Annual Percent Change* | -- | *12.1%* | *7.8%* | *0.6%* | *1.3%* | *2.7%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *26.5%* |
| Ben Franklin Transit | $42.82 | $46.84 | $49.94 | $52.17 | $48.63 | $63.80 |
| *Annual Percent Change* | -- | *9.4%* | *6.6%* | *4.5%* | *-6.8%* | *31.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *49.0%* |

EXHIBIT 4-3
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN OPERATING COST PER REVENUE SERVICE HOUR
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 4** | | | | | | |
| Everett Transit | $56.98 | $59.66 | $64.84 | $75.39 | $71.53 | $68.05 |
| *Annual Percent Change* | -- | *4.7%* | *8.7%* | *16.3%* | *-5.1%* | *-4.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *19.4%* |
| Grays Harbor Transportation Authority *(a)* | $42.48 | $41.93 | $41.62 | $42.81 | $42.46 | $47.53 |
| *Annual Percent Change* | -- | *-1.3%* | *-0.7%* | *2.8%* | *-0.8%* | *12.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *11.9%* |
| Clallam Transit System | $74.21 | $81.48 | $84.66 | $92.69 | $89.72 | $96.48 |
| *Annual Percent Change* | -- | *9.8%* | *3.9%* | *9.5%* | *-3.2%* | *7.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *30.0%* |
| Whatcom Transportation Authority | $62.34 | $66.88 | $77.67 | $77.57 | $79.74 | $82.28 |
| *Annual Percent Change* | -- | *7.3%* | *16.1%* | *-0.1%* | *2.8%* | *3.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *32.0%* |
| Yakima Transit | $59.20 | $60.77 | $59.37 | $59.15 | $58.91 | $63.70 |
| *Annual Percent Change* | -- | *2.6%* | *-2.3%* | *-0.4%* | *-0.4%* | *8.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *7.6%* |
| Valley Transit | $45.94 | $45.77 | $45.05 | $48.09 | $53.06 | $47.51 |
| *Annual Percent Change* | -- | *-0.4%* | *-1.6%* | *6.7%* | *10.3%* | *-10.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *3.4%* |
| Pullman Transit | $69.68 | $68.83 | $69.15 | $73.24 | $68.90 | $71.05 |
| *Annual Percent Change* | -- | *-1.2%* | *0.5%* | *5.9%* | *-5.9%* | *3.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *2.0%* |
| Pacific Transit System | $48.90 | $47.10 | $40.77 | $48.68 | $47.91 | $43.58 |
| *Annual Percent Change* | -- | *-3.7%* | *-13.4%* | *19.4%* | *-1.6%* | *-9.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-10.9%* |
| Cowlitz Transit Authority | $61.59 | $53.03 | $54.12 | $56.44 | $56.70 | $57.14 |
| *Annual Percent Change* | -- | *-13.9%* | *2.1%* | *4.3%* | *0.5%* | *0.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-7.2%* |
| Island Transit | $58.90 | $71.66 | $77.85 | $66.14 | $52.84 | $56.10 |
| *Annual Percent Change* | -- | *21.7%* | *8.6%* | *-15.0%* | *-20.1%* | *6.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-4.8%* |

EXHIBIT 4-3
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN OPERATING COST PER REVENUE SERVICE HOUR
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Jefferson Transit Authority | $66.21 | $64.85 | $71.35 | $68.06 | $72.48 | $76.73 |
| *Annual Percent Change* | -- | *-2.1%* | *10.0%* | *-4.6%* | *6.5%* | *5.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *15.9%* |
| Twin Transit (Lewis County) | $44.51 | $36.25 | $35.15 | $34.76 | $35.48 | $39.13 |
| *Annual Percent Change* | -- | *-18.6%* | *-3.0%* | *-1.1%* | *2.1%* | *10.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-12.1%* |
| Prosser Rural Transit *(a)* | $20.96 | $18.21 | $14.68 | $20.19 | $19.43 | $19.80 |
| *Annual Percent Change* | -- | *-13.1%* | *-19.4%* | *37.5%* | *-3.7%* | *1.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-5.5%* |
| LINK (Chelan-Douglas Counties) | N/A | $44.12 | $57.47 | $79.35 | $94.97 | $87.05 |
| *Annual Percent Change* | -- | -- | *30.3%* | *38.1%* | *19.7%* | *-8.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |
| Skagit Transit | N/A | N/A | N/A | $58.95 | $32.05 | $41.08 |
| *Annual Percent Change* | -- | -- | -- | -- | *-45.6%* | *28.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |

*(a) Includes demand response*

EXHIBIT 4-4
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN OPERATING COST PER UNLINKED PASSENGER
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 1** | | | | | | |
| King County Metro | $2.40 | $2.61 | $2.70 | $2.84 | $2.82 | $2.70 |
| *Annual Percent Change* | -- | *8.9%* | *3.3%* | *5.4%* | *-1.0%* | *-4.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *12.6%* |
| **GROUP 2** | | | | | | |
| Pierce Transit | $2.85 | $3.34 | $3.14 | $3.06 | $2.70 | $2.95 |
| *Annual Percent Change* | -- | *17.3%* | *-6.0%* | *-2.5%* | *-11.8%* | *9.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *3.6%* |
| Community Transit | $5.07 | $5.06 | $5.61 | $5.50 | $5.73 | $5.44 |
| *Annual Percent Change* | -- | *-0.2%* | *10.9%* | *-1.9%* | *4.1%* | *-5.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *7.3%* |
| Spokane Transit Authority | $2.98 | $2.77 | $3.07 | $2.95 | $2.98 | $3.20 |
| *Annual Percent Change* | -- | *-7.0%* | *10.8%* | *-3.9%* | *1.2%* | *7.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *7.5%* |
| **GROUP 3** | | | | | | |
| Kitsap Transit | $1.96 | $1.98 | $2.21 | $2.60 | $2.67 | $2.67 |
| *Annual Percent Change* | -- | *1.0%* | *11.7%* | *17.3%* | *2.9%* | *0.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *36.2%* |
| Intercity Transit | $2.99 | $2.88 | $3.32 | $3.89 | $3.79 | $3.39 |
| *Annual Percent Change* | -- | *-3.6%* | *15.1%* | *17.3%* | *-2.5%* | *-10.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *13.4%* |
| C-TRAN (Clark County) | $3.00 | $2.99 | $2.97 | $2.45 | $2.31 | $2.43 |
| *Annual Percent Change* | -- | *-0.5%* | *-0.5%* | *-17.6%* | *-5.5%* | *4.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-19.2%* |
| Ben Franklin Transit | $2.26 | $2.14 | $2.15 | $2.19 | $2.02 | $2.60 |
| *Annual Percent Change* | -- | *-5.4%* | *0.4%* | *1.9%* | *-7.6%* | *28.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *14.8%* |

**EXHIBIT 4-4**
**FIXED-ROUTE BUS AND TROLLEY BUS**
**TRENDS IN OPERATING COST PER UNLINKED PASSENGER**
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 4** | | | | | | |
| Everett Transit | $3.14 | $2.79 | $3.04 | $3.55 | $3.64 | $3.49 |
| *Annual Percent Change* | -- | *-11.2%* | *9.1%* | *16.7%* | *2.4%* | *-4.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *11.1%* |
| Grays Harbor Transportation Authority *(a)* | $2.89 | $2.84 | $2.81 | $2.88 | $2.92 | $3.14 |
| *Annual Percent Change* | -- | *-2.0%* | *-0.8%* | *2.4%* | *1.6%* | *7.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *8.6%* |
| Clallam Transit System | $4.23 | $4.35 | $4.43 | $4.85 | $4.89 | $4.83 |
| *Annual Percent Change* | -- | *2.9%* | *1.9%* | *9.4%* | *0.9%* | *-1.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *14.2%* |
| Whatcom Transportation Authority | $1.85 | $2.04 | $2.40 | $2.67 | $2.87 | $3.21 |
| *Annual Percent Change* | -- | *10.8%* | *17.5%* | *11.0%* | *7.7%* | *11.7%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *73.7%* |
| Yakima Transit | $2.09 | $2.19 | $2.23 | $2.32 | $2.59 | $2.59 |
| *Annual Percent Change* | -- | *4.9%* | *1.9%* | *3.7%* | *12.0%* | *-0.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *23.8%* |
| Valley Transit | $2.04 | $1.75 | $1.73 | $1.96 | $2.33 | $2.14 |
| *Annual Percent Change* | -- | *-14.1%* | *-1.3%* | *13.6%* | *18.9%* | *-8.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *4.8%* |
| Pullman Transit | $1.08 | $0.89 | $0.83 | $0.93 | $0.88 | $0.92 |
| *Annual Percent Change* | -- | *-16.9%* | *-7.5%* | *11.9%* | *-5.4%* | *5.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-14.1%* |
| Pacific Transit System | $3.80 | $3.53 | $3.51 | $3.65 | $3.51 | $2.85 |
| *Annual Percent Change* | -- | *-7.1%* | *-0.6%* | *4.0%* | *-3.8%* | *-18.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-25.0%* |
| Cowlitz Transit Authority | $3.22 | $2.74 | $2.81 | $2.89 | $2.98 | $3.11 |
| *Annual Percent Change* | -- | *-15.1%* | *2.5%* | *2.9%* | *3.1%* | *4.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-3.6%* |
| Island Transit | $2.98 | $3.06 | $2.76 | $2.61 | $2.59 | $2.65 |
| *Annual Percent Change* | -- | *2.7%* | *-9.7%* | *-5.6%* | *-0.8%* | *2.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-10.9%* |

**EXHIBIT 4-4**
**FIXED-ROUTE BUS AND TROLLEY BUS**
**TRENDS IN OPERATING COST PER UNLINKED PASSENGER**
*(1995 Dollars)*

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Jefferson Transit Authority | $4.97 | $5.14 | $5.43 | $5.26 | $5.79 | $6.50 |
| *Annual Percent Change* | -- | *3.5%* | *5.6%* | *-3.0%* | *10.1%* | *12.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *30.8%* |
| Twin Transit (Lewis County) | $3.02 | $2.75 | $2.82 | $2.96 | $3.13 | $3.35 |
| *Annual Percent Change* | -- | *-8.8%* | *2.2%* | *5.3%* | *5.7%* | *6.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *11.0%* |
| Prosser Rural Transit *(a)* | $2.95 | $2.93 | $3.53 | $5.04 | $6.80 | $7.68 |
| *Annual Percent Change* | -- | *-0.6%* | *20.7%* | *42.7%* | *34.9%* | *13.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *160.9%* |
| LINK (Chelan-Douglas Counties) | N/A | $1.57 | $2.14 | $2.85 | $3.21 | $3.07 |
| *Annual Percent Change* | -- | -- | *36.0%* | *33.1%* | *12.7%* | *-4.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |
| Skagit Transit | N/A | N/A | N/A | $3.30 | $1.78 | $1.89 |
| *Annual Percent Change* | -- | -- | -- | -- | *-46.1%* | *6.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |

*(a) Includes demand response*

**EXHIBIT 4-5**
**FIXED-ROUTE BUS AND TROLLEY BUS**
**TRENDS IN UNLINKED PASSENGERS PER REVENUE SERVICE HOUR**

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 1** | | | | | | |
| King County Metro | 32.9 | 32.3 | 32.0 | 31.7 | 31.1 | 31.7 |
| *Annual Percent Change* | -- | *-1.7%* | *-1.1%* | *-0.9%* | *-2.0%* | *2.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-3.5%* |
| **GROUP 2** | | | | | | |
| Pierce Transit | 24.1 | 21.7 | 23.4 | 24.1 | 27.2 | 23.2 |
| *Annual Percent Change* | -- | *-10.2%* | *8.2%* | *2.7%* | *13.2%* | *-14.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-3.9%* |
| Community Transit | 21.4 | 22.5 | 22.4 | 22.5 | 23.3 | 23.0 |
| *Annual Percent Change* | -- | *5.2%* | *-0.7%* | *0.5%* | *3.6%* | *-1.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *7.3%* |
| Spokane Transit Authority | 21.0 | 21.4 | 20.4 | 21.3 | 21.0 | 20.2 |
| *Annual Percent Change* | -- | *2.1%* | *-4.9%* | *4.6%* | *-1.3%* | *-4.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-3.7%* |
| **GROUP 3** | | | | | | |
| Kitsap Transit | 31.1 | 29.9 | 28.0 | 25.0 | 26.4 | 25.6 |
| *Annual Percent Change* | -- | *-3.9%* | *-6.2%* | *-10.6%* | *5.6%* | *-3.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-17.4%* |
| Intercity Transit | 19.9 | 19.1 | 18.1 | 15.0 | 13.5 | 14.5 |
| *Annual Percent Change* | -- | *-4.0%* | *-5.2%* | *-17.1%* | *-10.2%* | *7.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-27.3%* |
| C-TRAN (Clark County) | 20.8 | 23.4 | 25.4 | 31.0 | 33.2 | 32.5 |
| *Annual Percent Change* | -- | *12.7%* | *8.3%* | *22.1%* | *7.2%* | *-2.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *56.4%* |
| Ben Franklin Transit | 18.9 | 21.9 | 23.3 | 23.9 | 24.1 | 24.6 |
| *Annual Percent Change* | -- | *15.6%* | *6.2%* | *2.6%* | *0.9%* | *2.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *29.8%* |

EXHIBIT 4-5
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN UNLINKED PASSENGERS PER REVENUE SERVICE HOUR

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 4** | | | | | | |
| Everett Transit | 18.1 | 21.4 | 21.3 | 21.2 | 19.7 | 19.5 |
| *Annual Percent Change* | -- | *17.8%* | *-0.3%* | *-0.4%* | *-7.4%* | *-0.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *7.5%* |
| Grays Harbor Transportation Authority *(a)* | 14.7 | 14.8 | 14.8 | 14.9 | 14.5 | 15.1 |
| *Annual Percent Change* | -- | *0.7%* | *0.1%* | *0.4%* | *-2.4%* | *4.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *3.1%* |
| Clallam Transit System | 17.5 | 18.7 | 19.1 | 19.1 | 18.3 | 20.0 |
| *Annual Percent Change* | -- | *6.7%* | *2.0%* | *0.1%* | *-4.0%* | *8.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *13.9%* |
| Whatcom Transportation Authority | 33.8 | 32.7 | 32.3 | 29.1 | 27.8 | 25.7 |
| *Annual Percent Change* | -- | *-3.2%* | *-1.1%* | *-10.0%* | *-4.5%* | *-7.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-24.0%* |
| Yakima Transit | 28.3 | 27.7 | 26.6 | 25.5 | 22.7 | 24.6 |
| *Annual Percent Change* | -- | *-2.1%* | *-4.1%* | *-3.9%* | *-11.1%* | *8.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-13.1%* |
| Valley Transit | 22.5 | 26.1 | 26.1 | 24.5 | 22.7 | 22.2 |
| *Annual Percent Change* | -- | *16.0%* | *-0.3%* | *-6.0%* | *-7.2%* | *-2.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-1.3%* |
| Pullman Transit | 64.8 | 77.0 | 83.6 | 79.1 | 78.7 | 76.9 |
| *Annual Percent Change* | -- | *18.9%* | *8.6%* | *-5.3%* | *-0.6%* | *-2.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *18.7%* |
| Pacific Transit System | 12.9 | 13.4 | 11.6 | 13.4 | 13.7 | 15.3 |
| *Annual Percent Change* | -- | *3.7%* | *-12.9%* | *14.8%* | *2.3%* | *12.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *18.8%* |
| Cowlitz Transit Authority | 19.1 | 19.4 | 19.3 | 19.5 | 19.0 | 18.4 |
| *Annual Percent Change* | -- | *1.4%* | *-0.4%* | *1.3%* | *-2.6%* | *-3.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-3.7%* |
| Island Transit | 19.8 | 23.4 | 28.2 | 25.3 | 28.2 | 21.1 |
| *Annual Percent Change* | -- | *18.5%* | *20.3%* | *-10.0%* | *11.1%* | *-25.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *6.7%* |

EXHIBIT 4-5
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN UNLINKED PASSENGERS PER REVENUE SERVICE HOUR

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Jefferson Transit Authority | 13.3 | 12.6 | 13.1 | 12.9 | 12.5 | 11.8 |
| *Annual Percent Change* | -- | *-5.4%* | *4.2%* | *-1.6%* | *-3.2%* | *-5.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-11.4%* |
| Twin Transit (Lewis County) | 14.8 | 13.2 | 12.5 | 11.7 | 11.3 | 11.7 |
| *Annual Percent Change* | -- | *-10.7%* | *-5.2%* | *-6.1%* | *-3.4%* | *3.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-20.8%* |
| Prosser Rural Transit *(a)* | 7.1 | 6.2 | 4.2 | 4.0 | 2.9 | 2.6 |
| *Annual Percent Change* | -- | *-12.6%* | *-33.1%* | *-3.7%* | *-28.7%* | *-9.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-63.8%* |
| LINK (Chelan-Douglas Counties) | 0.0 | 28.0 | 26.9 | 27.9 | 29.6 | 28.3 |
| *Annual Percent Change* | -- | -- | *-4.2%* | *3.7%* | *6.2%* | *-4.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |
| Skagit Transit | 0.0 | 0.0 | 0.0 | 17.8 | 18.0 | 21.7 |
| *Annual Percent Change* | -- | -- | -- | -- | *0.9%* | *20.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |

*(a) Includes demand response*

EXHIBIT 4-6
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN UNLINKED PASSENGERS PER CAPITA

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 1** | | | | | | |
| King County Metro | 52.4 | 50.9 | 52.1 | 51.1 | 49.9 | 50.2 |
| *Annual Percent Change* | -- | *-2.9%* | *2.5%* | *-2.1%* | *-2.2%* | *0.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-4.1%* |
| **GROUP 2** | | | | | | |
| Pierce Transit | 22.0 | 19.8 | 17.2 | 17.0 | 20.2 | 17.7 |
| *Annual Percent Change* | -- | *-9.9%* | *-12.8%* | *-1.3%* | *18.8%* | *-12.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-19.3%* |
| Community Transit | 13.3 | 14.8 | 14.7 | 14.7 | 15.2 | 17.1 |
| *Annual Percent Change* | -- | *11.7%* | *-0.7%* | *0.3%* | *2.8%* | *12.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *29.1%* |
| Spokane Transit Authority | 21.0 | 22.5 | 21.1 | 21.9 | 21.4 | 20.9 |
| *Annual Percent Change* | -- | *7.2%* | *-6.4%* | *4.2%* | *-2.5%* | *-2.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-0.6%* |
| **GROUP 3** | | | | | | |
| Kitsap Transit | 15.8 | 17.5 | 17.3 | 17.0 | 21.0 | 21.0 |
| *Annual Percent Change* | -- | *11.0%* | *-1.5%* | *-1.6%* | *23.7%* | *-0.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *32.8%* |
| Intercity Transit | 23.6 | 26.6 | 15.2 | 15.3 | 16.5 | 17.2 |
| *Annual Percent Change* | -- | *12.7%* | *-42.8%* | *0.1%* | *8.1%* | *4.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-27.2%* |
| C-TRAN (Clark County) | 13.3 | 13.4 | 14.1 | 15.8 | 17.1 | 17.7 |
| *Annual Percent Change* | -- | *0.6%* | *5.6%* | *11.8%* | *8.4%* | *3.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *33.2%* |
| Ben Franklin Transit | 21.3 | 21.4 | 22.2 | 21.7 | 21.5 | 24.2 |
| *Annual Percent Change* | -- | *0.8%* | *3.6%* | *-2.2%* | *-1.3%* | *12.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *13.6%* |

**EXHIBIT 4-6**
**FIXED-ROUTE BUS AND TROLLEY BUS**
**TRENDS IN UNLINKED PASSENGERS PER CAPITA**

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| **GROUP 4** | | | | | | |
| Everett Transit | 21.2 | 24.5 | 24.2 | 24.8 | 22.5 | 21.9 |
| *Annual Percent Change* | -- | *15.8%* | *-1.0%* | *2.4%* | *-9.2%* | *-2.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *3.6%* |
| Grays Harbor Transportation Authority *(a)* | 19.6 | 20.1 | 20.5 | 20.8 | 20.5 | 18.3 |
| *Annual Percent Change* | -- | *2.4%* | *2.4%* | *1.1%* | *-1.0%* | *-10.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-6.4%* |
| Clallam Transit System | 11.3 | 11.8 | 11.5 | 11.4 | 10.8 | 11.1 |
| *Annual Percent Change* | -- | *4.4%* | *-1.9%* | *-1.6%* | *-4.8%* | *2.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-1.9%* |
| Whatcom Transportation Authority | 24.5 | 22.5 | 21.7 | 18.8 | 16.8 | 14.7 |
| *Annual Percent Change* | -- | *-7.8%* | *-3.7%* | *-13.1%* | *-10.9%* | *-12.3%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-39.8%* |
| Yakima Transit | 22.7 | 24.0 | 26.4 | 26.0 | 23.0 | 18.9 |
| *Annual Percent Change* | -- | *5.6%* | *10.1%* | *-1.6%* | *-11.4%* | *-18.0%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-16.9%* |
| Valley Transit | 17.8 | 20.2 | 20.8 | 19.4 | 16.6 | 17.0 |
| *Annual Percent Change* | -- | *13.4%* | *3.2%* | *-6.6%* | *-14.6%* | *2.5%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-4.3%* |
| Pullman Transit | 29.5 | 39.5 | 46.0 | 42.2 | 42.8 | 43.5 |
| *Annual Percent Change* | -- | *34.0%* | *16.5%* | *-8.2%* | *1.5%* | *1.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *47.7%* |
| Pacific Transit System | 8.5 | 9.5 | 9.5 | 9.3 | 8.8 | 11.0 |
| *Annual Percent Change* | -- | *12.0%* | *-0.5%* | *-2.1%* | *-5.2%* | *24.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *28.8%* |
| Cowlitz Transit Authority | 7.0 | 7.9 | 7.8 | 7.9 | 8.2 | 7.8 |
| *Annual Percent Change* | -- | *12.1%* | *-0.9%* | *1.2%* | *3.9%* | *-4.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *11.5%* |
| Island Transit | 9.6 | 10.6 | 12.2 | 8.8 | 9.1 | 9.0 |
| *Annual Percent Change* | -- | *9.8%* | *15.4%* | *-27.4%* | *3.0%* | *-1.1%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-6.3%* |

EXHIBIT 4-6
FIXED-ROUTE BUS AND TROLLEY BUS
TRENDS IN UNLINKED PASSENGERS PER CAPITA

| Transit Agency | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|---|---|---|---|---|---|
| Jefferson Transit Authority | 8.6 | 8.2 | 7.9 | 7.4 | 7.0 | 6.9 |
| *Annual Percent Change* | -- | *-4.0%* | *-4.3%* | *-5.6%* | *-6.2%* | *-0.4%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-19.0%* |
| Twin Transit (Lewis County) | 10.6 | 11.5 | 12.2 | 11.9 | 12.1 | 12.2 |
| *Annual Percent Change* | -- | *8.7%* | *6.2%* | *-2.6%* | *1.6%* | *1.2%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *15.7%* |
| Prosser Rural Transit *(a)* | 5.4 | 5.8 | 5.9 | 5.9 | 5.8 | 5.0 |
| *Annual Percent Change* | -- | *7.1%* | *1.6%* | *-0.3%* | *-1.5%* | *-12.8%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | *-6.8%* |
| LINK (Chelan-Douglas Counties) | N/A | 0.6 | 14.8 | 17.3 | 18.1 | 18.4 |
| *Annual Percent Change* | -- | -- | *2175.5%* | *17.2%* | *4.4%* | *1.6%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |
| Skagit Transit | 0.0 | 0.0 | 0.0 | 2.8 | 18.8 | 11.7 |
| *Annual Percent Change* | -- | -- | -- | -- | *561.1%* | *-37.9%* |
| *Five-Year Percent Change* | -- | -- | -- | -- | -- | -- |

*(a) Includes demand response*

## FINDINGS

- *Group 1*

  Although King County Metro's cost efficiency has worsened over the past six years, recent performance in 1994 and 1995 has begun to show some stability. Cost effectiveness declined steadily through 1993 but has shown an improvement in 1994 and 1995. Both of the service effectiveness indicators have declined over the six year period.

- *Group 2*

  Generally, cost efficiency worsened for the Group 2 systems. The only exception is Pierce Transit, which experienced an overall change of less than one percent in cost efficiency due to recent improvements in cost per revenue service hour. Cost effectiveness worsened slightly for each of the Group 2 systems. With the exception of Community Transit, performance in both of the service effectiveness indicators exhibited declines throughout the six year period.

- *Group 3*

  Overall, cost efficiency declined substantially for most of the Group 3 transit systems. Similarly, cost effectiveness also exhibited worsening trends. The trends in the service effectiveness indicators exhibited performance that was split. Two of the systems, C-Tran and Ben Franklin, exhibited overall improvements while the remaining two systems, Kitsap and Intercity Transit, exhibited declines.

- *Group 4*

  Cost efficiency varied among the Group 4 transit systems over the six year period. The majority of the systems exhibited increases in cost per hour. However, a number of the systems exhibited overall improvements with decreases in cost per hour over the six year period. Generally the systems in Group 4 exhibited declines in cost effectiveness over the six year period. Although a few systems experienced improvements, nine of the 15 transit systems in Group 4 experienced increases in operating cost per passenger between 1990 and 1995. Service effectiveness performance for the Group 4 systems was mixed. While the majority of the systems exhibited improvements in passengers per revenue service hour, a number of the systems experienced declines. Performance in the trend of passengers per capita was evenly split, with eight of the Group 4 transit systems exhibiting declines in this indicator. Of the remaining seven, most experienced moderate to substantial improvements in passengers per capita.

## ASSESSMENT OF GOALS AND OBJECTIVES

While reviewing peer performance and historical trend data is important in determining a transit system's past and present performance, it does not indicate what the system's own performance expectations are. Organizations need a set of goals, objectives, performance measures and standards to guide the day-to-day activities and to establish a road map for future direction.

A well defined system of goals, objectives, performance measures, and standards should meet the following criteria:

- A system's goals and objectives should be comprehensive. That is, all areas of concern to a transit system should be addressed– cost efficiency, cost effectiveness, service effectiveness, safety, productivity and service quality.

- A system of goals and objectives should follow a hierarchical structure. From the bottom up, measures should be classified according to the objectives they support. Objectives, in turn, should support broad policy goals, and goals should support the organization's mission statement.

- Goals, objectives, performance measures, and standards should be consistent. Over time, an agency's goals and objectives should not vary greatly. Furthermore, performance standards, or targets, should be internally consistent. For example, the standards for cost per hour and passengers per hour should be consistent with the standard for cost per passenger.

- A system's goals and objectives should adequately support its mission statement. Objectives should be supported by quantifiable performance measures by which a transit system can adequately assess its achievements.

- Lastly, a system's goals, objectives, performance measures and standards should address areas in which a transit system has a certain amount of control. For example, controllable performance measures include those that address the efficient and effective use of available resources as opposed to absolute measures such as total ridership.

These criteria are the basis for the qualitative assessment of goals, objectives, performance measures and standards for transit systems in the State of Washington. The source documentation used in this assessment included the WSDOT 1994 Summary Report as well as transit development plans, annual reports, and periodic monitoring reports for each agency.

## WSDOT 1994 SUMMARY REPORT

Contained within the WSDOT Summary Report are profiles of each of the state's transit systems. As part of the profile, each agency provides information related to service standards, recent accomplishments, and future objectives. The results of the assessment of each of these elements is presented in Exhibit 4-7 by group on pages 4-24 and 4-25. The findings for each group of systems is discussed below.

- *Group 1*

  In its system profile, King County Metro does not provide any specific information regarding performance measures and standards. Furthermore, in highlighting its accomplishments and objectives, King County discusses specific projects, but does not provide any discussion of quantifiable measures or performance targets.

- *Group 2*

  Generally the Group 2 systems mention specific performance measures that are used to assess route-level performance. However, none of the systems adequately relate these measures to the achievement of any specific goals or objectives.

- *Group 3*

  Of the four systems in Group 3, only two define specific measures that are used to assess performance. While the remaining two systems discuss efficiency, effectiveness and productivity, no specific measures are defined. Furthermore, none of the systems discuss their achievements and objectives in terms of quantifiable measures and standards.

- *Group 4*

  While about half of the Group 4 transit systems discuss specific measures used to assess route-level performance, the remainder discuss measures and standards in general terms, with no specific definitions. Furthermore, performance measures were not related to achievements or objectives in nearly all cases.

**EXHIBIT 4-7**
**WSDOT 1994 SUMMARY REPORT**
**ASSESSMENT OF TRANSIT SYSTEM GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STANDARDS**

| | ELEMENTS OF TRANSIT SYSTEM PROFILE | | | |
|---|---|---|---|---|
| | Service Standards | | 1994 | 1995 |
| | Route | Other | Accomplishments | Objectives |
| GROUP 1 | | | | |
| King County Metro | ◗ | ○ | ○ | ○ |
| GROUP 2 | | | | |
| Pierce Transit | ● | ○ | ○ | ○ |
| Community Transit | ● | ○ | ○ | ● |
| Spokane Transit Authority | ◗ | ○ | ○ | ○ |
| GROUP 3 | | | | |
| Kitsap Transit | ● | ○ | ● | ○ |
| Intercity Transit | ◗ | ○ | ○ | ◗ |
| C-TRAN (Clark Co.) | ◗ | ◗ | ○ | ○ |
| Ben Franklin Transit | ● | ○ | ○ | ○ |

LEGEND:
● Specific mention of performance indicators
◗ Mentioned but not defined
○ Not mentioned

**EXHIBIT 4-7**
**WSDOT 1994 SUMMARY REPORT**
**ASSESSMENT OF TRANSIT SYSTEM GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STANDARDS**
*continued*

| | ELEMENTS OF TRANSIT SYSTEM PROFILE | | | |
|---|---|---|---|---|
| | Service Standards | | 1994 | 1995 |
| | Route | Other | Accomplishments | Objectives |
| GROUP 4 | | | | |
| Everett Transit | ● | ● | ○ | ○ |
| Grays Harbor Transp. Auth. | ○ | ○ | ○ | ○ |
| Clallam Transit System | ◗ | ◗ | ○ | ● |
| Whatcom Transp. Auth. | ◗ | ○ | ◗ | ◗ |
| Yakima Transit | ● | ● | ○ | ○ |
| Valley Transit | ● | ○ | ○ | ○ |
| Pullman Transit | ● | ● | ● | ○ |
| Pacific Transit System | ◗ | ○ | ○ | ○ |
| Cowlitz Transit Authority | ○ | ○ | ○ | ○ |
| Island Transit | ● | ◗ | ○ | ○ |
| Jefferson Transit Authority | ◗ | ○ | ○ | ○ |
| Twin Transit (Lewis County) | ● | ○ | ○ | ○ |
| Prosser Rural Transit | ○ | ○ | ● | ○ |
| Mason County Transp. Auth. | ● | ○ | ○ | ○ |
| Link (Chelan-Douglas Cos.) | ◗ | ○ | ○ | ◗ |
| Skagit Transit | ◗ | ○ | ○ | ○ |

LEGEND:
● Specific mention of performance indicators
◗ Mentioned but not defined
○ Not mentioned

## TDPs AND OTHER REPORTING SYSTEMS

In addition to the WSDOT Summary Report, other documents published by each agency also were reviewed in order to assess goals and objectives. These documents include transit development plans, annual reports, and other periodic monitoring reports. Using the aforementioned criteria as a guide, the goals and objectives contained in these documents were assessed qualitatively as adequate, marginal, or inadequate. The results of the assessment of these documents are presented in Exhibit 4-8 on pages 4-27 through 4-29. Based on these results, an overall assessment was conducted for each agency by group. The results of the overall assessment is presented in Exhibit 4-9 on pages 4-30 and 4-31 and discussed below.

- *Group 1*

  Based on the review of available documents, Metro does not have an adequate set of goals. Despite the existence of some objectives supported by marginal measures and standards, the overall hierarchy and structure of its goals and objectives is upset by the lack of adequate goals.

- *Group 2*

  Generally, the Group 2 systems have an adequate set of objectives supported by specific performance measures. However, with respect to standards, the results are mixed. From among this group, Community Transit stands out as having the most adequate set of goals, objectives, measures and standards.

- *Group 3*

  Most of the Group 3 systems lack goals and objectives for these measures to support. While these transit systems generally have well defined performance measures, practically no information related to performance standards could be found among the documents reviewed.

- *Group 4*

  Approximately half of the Group 4 transit systems have adequate goals. From here the results get worse with fewer of the systems having adequate objectives and still fewer having well defined performance measures. Of the systems for which information was available, the majority have performance standards that are less than adequate.

Based on the findings of this qualitative assessment, the majority of Washington transit systems have not established a set of goals, objectives, performance measures and standards that meet the criteria that were described previously.

## EXHIBIT 4-8
## ASSESSMENT OF TRANSIT SYSTEM GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STANDARDS

| Transit System | Document | Goal | Obj. | Meas. | Std. |
|---|---|---|---|---|---|
| GROUP 1 | | | | | |
| King County Metro | Six Year TDP 1996-2001 | ○ | ● | ◗ | ◗ |
| | GM's Report | ✗ | ✗ | ✗ | ✗ |
| GROUP 2 | | | | | |
| Pierce Transit | Six Year Program 1996-2001 | ✗ | ● | ✗ | ✗ |
| | 1995 Year End Report | ✗ | ✗ | ● | ✗ |
| Community Transit | Six Year TDP 1996-2001 | ● | ● | ● | ● |
| | 1996-2001 TDP/1995 Annual Report | ✗ | ✗ | ✗ | ✗ |
| | Monthly Report | ✗ | ✗ | ● | ✗ |
| | Quarterly TDP Measures Report | ✗ | ✗ | ● | ✗ |
| Spokane Transit Authority | TDP 1996-2001 | ● | ○ | ◗ | ◗ |
| | Annual Report 1995 | ● | ✗ | ✗ | ✗ |
| | Monthly Report | ✗ | ✗ | ✗ | ✗ |
| GROUP 3 | | | | | |
| Kitsap Transit | Long Range Plan, March 1996 | ○ | ◗ | ● | ● |
| Intercity Transit | TDP 1995-2000 | ○ | ● | ● | ✗ |
| | 1995 TDP Update | ✗ | ✗ | ✗ | ✗ |
| C-TRAN (Clark Co.) | 1994-1999 TDP | ○ | ○ | ● | ✗ |
| | 1996-2001 TDP | ○ | ○ | ● | ✗ |
| Ben Franklin Transit | 1996-2001 TDP/1995 Annual Report | ✗ | ✗ | ✗ | ✗ |

LEGEND:
- ● Adequate
- ◗ Marginal
- ○ Inadequate
- ✗ No information

## EXHIBIT 4-8
## ASSESSMENT OF TRANSIT SYSTEM GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STANDARDS
*continued*

| Transit System | Document | Goal | Obj. | Meas. | Std. |
|---|---|---|---|---|---|
| GROUP 4 | | | | | |
| Everett Transit | 1995 Service Plan | ● | ✗ | ✗ | ◗ |
| Grays Harbor Transp. Auth. | 1996 TDP | ○ | ○ | ✗ | ✗ |
| Clallam Transit System | 1996 TDP | ● | ● | ✗ | ✗ |
| | 1993 Comprehensive Trans. Plan | ● | ● | ✗ | ✗ |
| Whatcom Transp. Auth. | Quarterly Report | ○ | ○ | ● | ○ |
| Yakima Transit | 1993 Comprehensive Plan | ● | ● | ● | ◗ |
| Valley Transit | 1996 Workplan and Goals | ○ | ◗ | ◗ | ◗ |
| Pullman Transit | 1993 TDP | ● | ● | ✗ | ✗ |
| | 1994 Annual Report | | | ◗ | ✗ |
| Cowlitz Transit Authority | 1996-2001 TDP/1995 Annual Report | ○ | ○ | ○ | ○ |
| | CUBS Service Standards | ✗ | ✗ | ✗ | ✗ |
| | TDP Update, Nov. 1995 (COG) | ● | ● | ● | ✗ |
| Island Transit | 1992 TDP | ● | ◗ | ✗ | ✗ |
| Jefferson Transit Authority | 1992 TDP | ◗ | ◗ | ✗ | ○ |

LEGEND:
- ● Adequate
- ◗ Marginal
- ○ Inadequate
- ✗ No information

## EXHIBIT 4-8
## ASSESSMENT OF TRANSIT SYSTEM GOALS, OBJECTIVES, PERFORMANCE MEASURES, AND STANDARDS
*continued*

| Transit System | Document | Goal | Obj. | Meas. | Std. |
|---|---|---|---|---|---|
| GROUP 4 | | | | | |
| Twin Transit (Lewis County) | 1996 TDP | ✗ | ✗ | ✗ | ✗ |
| Prosser Rural Transit | | ✗ | ✗ | ✗ | ✗ |
| Mason County Transp. Auth. | 1995 Comprehensive Plan | ● | ● | ✗ | ✗ |
| Skagit Transit | 1996 TDP | ○ | ◗ | ✗ | ✗ |
| | 1995 Financial Plan | ◗ | ◗ | ◗ | ○ |

LEGEND:
- ● Adequate
- ◗ Marginal
- ○ Inadequate
- ✗ No information

## EXHIBIT 4-9
## OVERALL ASSESSMENT OF TRANSIT SYSTEM GOALS AND OBJECTIVES

| | Goals | Objectives | Measures | Standards |
|---|---|---|---|---|
| GROUP 1 | | | | |
| King County Metro | ○ | ● | ◗ | ◗ |
| GROUP 2 | | | | |
| Pierce Transit | ✗ | ● | ● | ✗ |
| Community Transit | ● | ● | ● | ● |
| Spokane Transit Authority | ● | ○ | ◗ | ◗ |
| GROUP 3 | | | | |
| Kitsap Transit | ○ | ◗ | ● | ● |
| Intercity Transit | ○ | ● | ● | ✗ |
| C-TRAN (Clark Co.) | ○ | ○ | ● | ✗ |
| Ben Franklin Transit | ✗ | ✗ | ✗ | ✗ |

LEGEND:
- ● Adequate
- ◗ Marginal
- ○ Inadequate
- ✗ No information

*Source(s): Transit Development Plans and periodic monitoring reports*

## EXHIBIT 4-9
## OVERALL ASSESSMENT OF TRANSIT SYSTEM GOALS AND OBJECTIVES
*continued*

| | Goals | Objectives | Measures | Standards |
|---|---|---|---|---|
| GROUP 4 | | | | |
| Everett Transit | ● | ✗ | ✗ | ◗ |
| Grays Harbor Transp. Auth. | ○ | ○ | ✗ | ✗ |
| Clallam Transit System | ● | ● | ✗ | ✗ |
| Whatcom Transp. Auth. | ○ | ○ | ● | ○ |
| Yakima Transit | ● | ● | ● | ◗ |
| Valley Transit | ○ | ◗ | ◗ | ◗ |
| Pullman Transit | ● | ● | ◗ | ✗ |
| Pacific Transit System | *(a)* | *(a)* | *(a)* | *(a)* |
| Cowlitz Transit Authority | ● | ● | ● | ○ |
| Island Transit | ● | ◗ | ✗ | ✗ |
| Jefferson Transit Authority | ◗ | ◗ | ✗ | ○ |
| Twin Transit (Lewis County) | ✗ | ✗ | ✗ | ✗ |
| Prosser Rural Transit | ✗ | ✗ | ✗ | ✗ |
| Mason County Transp. Auth. | ● | ● | ✗ | ✗ |
| Link (Chelan-Douglas Cos.) | *(a)* | *(a)* | *(a)* | *(a)* |
| Skagit Transit | ◗ | ◗ | ◗ | ○ |



LEGEND:
- ● Adequate
- ◗ Marginal
- ○ Inadequate
- ✗ No information

*(a) Information not available.*
*Source(s): Transit Development Plans and periodic monitoring reports*

## COMPARISON OF REPORTING REQUIREMENTS

This section presents a comparison of the reporting requirements at the state and federal levels, or more specifically a comparison of WSDOT's Annual Summary Report to the National Transit Database (NTD, formerly known as Section 15) Report. The reporting systems are compared based on the contents of each report, as well as the submission schedules. Based on the findings of the comparison, the advantages of each reporting system are weighed against the disadvantages.

### REPORT CONTENT

In the State of Washington, transit systems report their financial data to WSDOT according to the Budget, Accounting, and Reporting System (BARS) established by the state Audit Office. Prior to 1995, BARS financial codes did not directly correspond to NTD categories. However, in December 1994, the State of Washington revised the BARS to provide greater consistency between it and the NTD definitions. The revised BARS became effective in 1995.

Currently, non-financial data are provided to the state by each system according to definitions established by WSDOT. Definitions for those data items compiled by WSDOT in its annual summary are consistent with FTA definitions.

In comparing the data items contained in each reporting system, it is clear that not all data items reported to FTA are contained in WSDOT's Annual Summary Report. An item by items comparison between the NTD and WSDOT's reporting systems is presented in Exhibit 4-10 on pages 4-33 and 4-34. For simplicity, this exhibit uses the structure of the NTD report to compare each data item.

The following findings are based on the comparison presented in Exhibit 4-10.

- Much of the financial data reported in the NTD report also is reported in WSDOT's Annual Summary. The only exceptions are revenue related to purchased transportation agreements, which are found on NTD from 203, and several reconciling items (i.e., depreciation, amortization, lease payments, etc.) found on NTD form 301.

- Very little of the non-financial data found in the NTD report is contained in WSDOT's Annual Summary. Only full-time equivalent employees (FTEs), revenue hours, revenue miles and unlinked passengers are reported in WSDOT's report. In addition to these statistics, the NTD report contains data related to total hours and miles, roadcalls, accidents, and vehicle inventory.

In summary, the NTD report contains considerably more information than does WSDOT's Annual Summary. However, not all of the transit systems in the State of Washington are required to submit an NTD report to FTA.

## EXHIBIT 4–10
## COMPARISON OF NATIONAL TRANSIT DATABASE TO WSDOT ANNUAL SUMMARY REPORT

| NTD Form | Description | Data Items | NTD Report | WYSDOT Report |
|---|---|---|---|---|
| 103 | Capital Funding Form | Federal Government | X | X |
| | | State and Local Sources | X | X |
| 203 | Operating Funding Form | Passenger Fares | X | X |
| | | Special Transit Fares | X | X |
| | | School Bus Service Funds | X | X |
| | | Freight Tariffs | X | X |
| | | Charter Service Funds | X | X |
| | | Auxiliary Transportation Funds | X | X |
| | | Non–Transportation Funds | X | X |
| | | Taxes Levied Directly by Transit Sys. | X | X |
| | | Local Cash Grants & Reimbursements | X | X |
| | | Local Special Fare Assistance | X | X |
| | | State Cash Grants & Reimbursements | X | X |
| | | State Special Fare Assistance | X | X |
| | | Federal Cash Grants & Reimb. | X | X |
| | | Purchased Transportation Revenue | X | |
| | | Returned Revenue (Contractor) | X | |
| | | Retained Revenue (Contractor) | X | |
| | | Contributed Services | X | |
| | | Subsidy from Other Sectors | X | |
| 301 | Operating Expenses Form | Labor Expense | X | X |
| | | Fringe Benefits | X | X |
| | | Services | X | X |
| | | Materials & Supplies | X | X |
| | | Utilities | X | X |
| | | Casualty & Liability Costs | X | X |
| | | Taxes | X | X |
| | | Purchased Transportation | X | X |
| | | Miscellaneous Expense | X | X |
| | | Expense Transfers | X | X |
| | | Interest Expense | X | X |
| | | Leases and Rentals | X | X |
| | | Depreciation and Amortization | X | |
| | | Purchase Lease Payments | X | |
| | | Related Parties Lease Agreements | X | |
| | | Other Reconciling Items | X | |
| 321 | Operators' Wages Form | Operating Time | X | |
| | | Non–Operating Paid Work Time | X | |
| 331 | Fringe Benefits Form | Fringe Benefits | X | |
| 402 | Revenue Vehicle Maintenance and Energy Form | Service Interruptions | X | |
| | | Labor Hours for Inspec. & Maint. | X | |
| | | Number of Maintenance Facilities | X | |
| | | Energy Consumption | X | |
| 403 | Transit Way Mileage Form | Directional Route Miles | X | |
| | | Miles of Track | X | |
| | | Number of Crossings | X | |
| | | Number of Stattions | X | |
| | | Average Monthly DRM | X | |

## EXHIBIT 4–10
## COMPARISON OF NATIONAL TRANSIT DATABASE TO WSDOT ANNUAL SUMMARY REPORT
*continued*

| NTD Form | Description | Data Items | NTD Report | WYSDOT Report |
|---|---|---|---|---|
| 404 | Transit System Employee Form | Employee Work Hours | X | |
| | | Actual Person Count | X | *(a)* |
| 405 | Transit Safety Form | Incidents | X | |
| | | Fatalities | X | |
| | | Injuries | X | |
| 406 | Transit System Service Form | Vehicles Operated in Max. Service | X | |
| | | Vehicles Available for Max. Service | X | |
| | | Time Service Begins | X | |
| | | Time Service Ends | X | |
| | | No. Vehicles in Operation | X | |
| | | Actual Vehicle Miles | X | |
| | | Actual Vehicle Hours | X | |
| | | Actual Vehicle Revenue Miles | X | X |
| | | Actual Vehicle Revenue Hours | X | X |
| | | Scheduled Vehicle Revenue Miles | X | |
| | | Charter Service Hours | X | |
| | | School Bus Hours | X | |
| | | Unlinked Passenger Trips | X | X |
| | | Passenger Miles | X | |
| | | Days Scheduled Operated | X | |
| | | Days No Operated Due to Strikes | X | |
| | | Days Not Operated Due to Officially Declared Emergencies | X | |
| 408 | Revenue Vehicle Inventory Form | Total Vehicles in Fleet | X | |
| | | Active Vehicles in Fleet | X | |
| | | ADA Accessible Vehicles | X | |
| | | Contingency Vehicles | X | |
| | | Seating Capacity | X | |
| | | Standing Capacity | X | |
| | | Total Miles on Active Vehicles | X | |
| | | Avg. Lifetime Mileage on Active Veh. | X | |
| 901 | Section 9 Statistics Form | UZA Number | X | |
| | | UZA and Non-UZA Allocation | X | |
| | | Actual Vehicle Revenue Miles | X | |
| | | Passenger Miles | X | |
| | | Operating Expense | X | |
| | | Fixed Guideway Directional Route Mi. | X | |

*(a) WSDOT annual statistical summary reports full-time equivalent employees.*

## REPORTING SCHEDULES

The State of Washington's statutory deadline for receiving data from transit systems is April 1 of each year. Since many of the local governments in the state do not close their books on the previous fiscal year by this date, much of the current data reported to WSDOT is unaudited. In addition to this unaudited data, systems are required to submit audited data for the four year period prior to the most recently completed fiscal year. The submission of the current and historical data coincides with the submission of the annual TDPs.

By comparison, FTA's deadline for the submission of the NTD report is April 30 for systems whose fiscal year ends between October 1 and December 31. Furthermore, reports received within a 15 day grace period after the deadline are not considered late. As such, systems in the State of Washington that are required to submit NTD reports have from between 30 and 40 days beyond WSDOT's deadline before their NTD reports are due.

Furthermore, all data submitted to FTA must be audited. FTA reviews all data submitted for consistency and adherence to its definitions. As a result, updates are usually submitted in cases where data are found to be inconsistent with FTA definitions.

## ADVANTAGES AND DISADVANTAGES

Based on the comparison, the NTD report appears to have several advantages over WSDOT's Annual Summary. These include:

- The NTD report contains significantly more information at a much greater level of detail than the state report.
- The NTD report consist of audited data whereas, the state report consists of unaudited data for the most recently completed fiscal year.
- Data contained in the NTD report is reviewed for consistency and adherence to FTA's definitions.
- The NTD data are routinely updated in cases where inconsistencies are found.

Relative to WSDOT's Annual Summary Report, the NTD report has only one clear disadvantage. That is, not all of the transit systems in the State of Washington submit an NTD report. As such, a complete set of data for all Washington transit systems cannot be obtained through NTD data alone.

## RECOMMENDATIONS

The following recommendations have been formulated based upon the findings of this analysis:

- Require identification and development of local goals, objectives, measures and standards in individual Transit Development Plans.

- Require more specific correlation of past accomplishments and future objectives with established performance indicators in WSDOT's Annual Summary Report.

- Utilize audited data from the National Transit Database in the annual summary report to provide greater consistency in performance monitoring.

- Expand the number of performance measures used in the annual summary to include the following:

  *Cost Efficiency*

  Operating cost per hour, deficit per hour, operating cost per mile and farebox recovery ratio.

  *Cost effectiveness*

  Operating cost per passenger and deficit per passenger.

  *Service Effectiveness*

  Passengers per vehicle hour, passengers per vehicle mile and passenger per capita.

- Given the importance of the WSDOT Annual Summary, distribute the document directly to every legislator, transit board member, and appropriate mayor and county executive in the state.

- Recapitulating the recommendation in Task 2, include in the Annual Summary detailed discussions regarding the source and intended disposition of each reserve account maintained by Washington transit systems.


# 5. HOW DO STATE POLICIES AFFECT TRANSIT EFFICIENCY AND EFFECTIVENESS?

Washington State Transit Association

# 5. HOW DO STATE POLICIES AFFECT TRANSIT EFFICIENCY AND EFFECTIVENESS?

## INTRODUCTION

This section of the report outlines factors that either promote or inhibit the efficiency and effectiveness of transit operations in Washington state. It includes a description of efforts already underway to improve efficiency and effectiveness, as well as suggestions for future initiatives.

## PURPOSE

The purpose of this section is to examine these issues:

- The effect of state and federal regulations and local land use policies on transit practices.
- What transit agencies are doing, individually and collaboratively, to increase efficiency and effectiveness.

## APPROACH

A panel of representatives from various transit agencies across the state was interviewed.

## ORGANIZATION

The remainder of this section is organized as follows:

- State transit perspective
- Land use and facility siting
- Coordination of social services and school transportation with public transit
- Technology and innovation
- Conclusions

## STATE TRANSIT PERSPECTIVE

Factors that affect transit efficiency and effectiveness are complex and often function at cross-purposes. For example, local jurisdictions may practice development policies that make it difficult for transit to serve suburban and rural areas cost-effectively. Unfunded federal mandates such as the Americans with Disabilities Act improve the quality of life for disabled citizens, but raise costs and reduce productivity for transit agencies.

Overall transit performance thus reflects the trade-offs inherent in an industry that is held to business standards, but also must address unmet social needs. As a result of these conflicting agendas, attempts to establish industry-wide standards of efficiency and effectiveness have been mixed. A universal standard or peer benchmarking approach has proven not very useful since it does not adequately account for local variations in community values, economic conditions and demographics.

Excerpts from "The Role of Performance-Based Measures in Allocating Funding for Transit," published by the Transportation Research Board in 1994, reinforce this viewpoint:

- "Transit management is responsible for achieving efficiency and is held accountable for it. ... In fact, many transportation professionals are quick to point out that it is the external factors, or those beyond the manager's control, that make up the largest determinant of the public transportation performance profile. For example, inflation, unemployment, development patterns, and politically based decisions on issues such as route alignment, fares, services and hours, all weigh heavily on transit utilization and transit costs."

- "There continues to be a great diversity of opinion and approaches to the use of performance-based funding systems for public transportation by states and regional funding entities. There is widespread agreement among state departments of transportation and regional funding bodies...that local transit system performance should be tracked. Fewer agree that the results should guide financial subsidy decisions, and even fewer are doing it."

- "Two movements seem to be occurring among state departments of transportation that include performance measures in their allocation formulas. Performance measurement is being used to provide an incentive level of funding rather than as a determinant of base allocations. Other states are eliminating performance-based measures from their allocation systems entirely ...This emerges from their concern that transit systems have directed their energies toward ensuring that performance indicators remain high to secure the needed funding allocation level rather than on their mission of providing transportation."

As the experience of other states has shown, mandating a peer benchmarking system is not the way to stimulate better efficiency. Washington state's transit agencies are already working to improve efficiency and effectiveness, often in cooperation with local and regional planning bodies. More progress could be made if the state took the lead in:

- providing incentives for local jurisdictions to integrate transit and land use planning;
- coordinating social services and public transportation; and
- supporting technology and innovation by transit agencies.

## LAND USE AND FACILITY SITING

Since the state's Growth Management Act was enacted in 1990, many jurisdictions have adopted transit-supportive policies in their comprehensive growth management plans. Few, however, have yet implemented transit-supportive zoning and design regulations.

There are some exceptions. The Cities of Everett and Tacoma, for example, have recently adopted transit-supportive zoning requirements, working closely with local transit agencies. Both attempt to ensure that new development projects consider transit, while avoiding imposing new mandates on developers. In fact, the City of Tacoma simplified its zoning codes at the same time the zoning changes were made, in an effort to streamline the review process.

Integrating transit and land use means bringing transit into the heart of the community, incorporating transit into land use and road project planning from the *start* and recognizing that transit needs resources to deliver the level of services that can attract consumers.

The Federal Transit Administration, through its Livable Communities Initiative, recognizes the importance of integrating land use and transit planning:

- "The essential purpose of the Federal transit law (ISTEA) is not simply to fund the capital and operating costs of transit systems; more generally, the purpose is to improve the quality of life in urban and rural communities through the use of transit systems, recognizing them as the lifeblood of livable communities."
  *"Planning, Developing, and Implementing Community-Sensitive Transit," Federal Transit Administration, May 1996.*

## LAND USE PATTERNS THAT SUPPORT TRANSIT

### Concentrated development

Concentrated development can reduce public and private infrastructure costs and make transit more efficient, while making communities more pedestrian-friendly in general. An example is the Puget Sound Regional Council's "Centers" in its Vision 2020 concept.

### Mixed land uses

Mixed land uses:

- reduce the need to take trips by car.
- encourage transit use.
- enhance safety by keeping more people in an area.

"Research has shown that land use strategies involving mixed-use development with higher densities, suitable job/housing balance and effective parking management policies can reduce auto trips as much as 18 percent." "*Planning, Developing, and Implementing Community-Sensitive Transit,*" *Federal Transit Administration, May 1996.*

## LAND USE PATTERNS THAT MAKE TRANSIT LESS EFFECTIVE

Auto-oriented land uses encourage auto use and make walking and transit use difficult. They should be balanced with patterns that help pedestrians and transit, and offer people choices. The availability of low cost land sometimes drives development decisions. In the long run, the notion of low-cost land is often a fallacy. While initial land costs in rural or suburban areas may be low, once the costs of roads, parking, new transit operations, travel time, accidents and congestion are factored in, cost savings quickly evaporate.

Large amounts of free or low-cost parking may be the most serious problem for transit. Parking is costly and provides a relatively low return on investment. Parking lots generate much less tax revenue than developed land. Although parking will always be needed, the issues are location, scale, design and cost.

## COORDINATED TRANSPORTATION TO MAKE TRANSIT MORE EFFECTIVE

A network of connected streets can help all modes travel more efficiently and help transit connect people with their preferred destinations. A connected pedestrian network can provide people with safe, convenient routes to transit and encourage walking.

Transit agencies are already partnering with local jurisdictions to integrate transit into community planning. Some examples follow:

- Tacoma, Everett, Olympia, King County, and many cities within King County, have adopted transit-supportive design standards in concert with local transit agencies.

- The 72nd Street transit station in Pierce County was developed simultaneously with an adjacent new DSHS building.

- Clallam Transit is a financial partner with the City and Port of Port Angeles in a downtown redevelopment plan which includes a multi-modal center, the City of Sequim on the Sequim bypass, and the City of Forks on a multi-modal center.

- C-Tran, Community Transit, and other agencies review projects submitted by area developers. Last year, C-Tran reviewed 800 projects. Their comments resulted in many improvements, including bus pullouts and turnarounds, shelter locations, and lighting. A C-Tran planner wrote "A New Way to Go," a handbook for developers featuring practical suggestions for making small design changes that enhance pedestrian and transit access. Local developers regularly ask for briefings from transit agency planners on their projects.

- Community Transit and Snohomish County have reached an agreement to share a multi-purpose park. It serves as a park and ride lot on weekdays, when demand for recreational parking is low. This has saved the considerable expense of building new parking capacity.

- Many King County jurisdictions have adopted aggressive mode-split goals in their comprehensive management plans. Seven jurisdictions– Bothell, Redmond, Bellevue, Issaquah, Renton, Seattle, and Kent– have agreed to provide the local match to CMAQ grants to fund small bus circulator systems to be operated by King County Metro in 1997. Renton's circulator system began operating in October 1996.

- King County Metro is working on transfer facility improvements with several jurisdictions, including Auburn, Renton, Bellevue, White Center, and Tukwila.

- Metro is also cooperating with Seattle and Bellevue on transit-supportive improvements on arterial roadways (e. g., wider sidewalks and concrete pads and lighting for bus shelters)

## PRELIMINARY RECOMMENDATIONS

The state legislature needs to:

- Provide incentives to communities working to integrate land use and transit (e.g., seed money for innovative projects, special awards). For example, the transit-supportive provisions built into the Transportation Improvement Board (TIB) funding criteria reward cities and counties that include transit considerations in their projects.

- Continue emphasizing integrated land use and multi-modal transportation planning.

- Require public facilities that receive state funding to be located on transit-accessible sites. Such siting stimulates redevelopment by reducing the need for parking and focuses new development by providing markets for new housing, retail and jobs.

- 

- Ensure that community planners work together with transit in planning new developments from the beginning.

## COORDINATION OF SOCIAL SERVICES AND SCHOOL TRANSPORTATION AND PUBLIC TRANSIT

Fragmented transportation services provided by different federal agencies--each with its own funding and reporting requirements--inhibit efficiency. Currently, each program arranges for its own client transportation, with little or no effort made to coordinate or centralize services. In recent years, as budgets have tightened, social service agencies have increasingly shed their responsibility for transporting clients to transit agencies, but without transferring the necessary funding along with it. At the same time, transit agencies have been struggling to comply with the Americans with Disabilities Act, again without receiving funding earmarked for this purpose.

Significant cost savings to society have been realized through de-institutionalizing individuals with special needs and transferring them to community-based services. Public transportation has enabled the developmentally disabled to live in the community rather than health care institutions, reducing the annual cost per client from $200,000 to $13,000. But this shift has unfairly burdened transit.

Forums were recently convened at the national level to address this problem and to foster coordination among social service agencies and public transit. Washington state is taking the lead on this effort, thanks to the recent formation of the Agency Council for Coordinated Transportation (ACCT) by State Representatives Karen Schmidt and Tom Huff. The council includes representatives from the disabled community, transit, the education community, legislators, and the state Department of Transportation. The state is also represented at the national level.

**EXAMPLES**

Individual agencies are taking steps to improve the efficiency and productivity of costly specialized transportation service, while ensuring compliance with ADA.

- Pierce Transit cut fixed route bus service by two percent in 1995, reduced its service area and restricted eligibility for specialized transportation service. Productivity is improving due to better scheduling technology and tighter no-show policies. In 1996, Pierce Transit will equip 88 specialized transportation vehicles with Mobile Data Terminals (MDTs). MDTs will allow for instant pinpointing of exact vehicle locations for more efficient vehicle routing, as well as better tracking of on-time performance. Pierce Transit is the largest transit agency in the United States to test this system.

- Several agencies, including Jefferson Transit, Clallam Transit, C-Tran, Pierce Transit and Metro, contract with private operators to provide specialized transportation, as a means of controlling costs.

- King County Metro is working with social service agencies in Seattle's International District to develop routes linking agency clients with local hospitals.

**PRELIMINARY RECOMMENDATION**

Legislative incentive should be provided to ensure commitment by all affected agencies at the highest levels to coordinate services and share resources. A logical starting point is inventorying resources and identifying needs through the new Agency Council for Coordinated Transportation (ACCT). A financial commitment on the part of the legislature will be needed to sustain this effort.

## COORDINATION OF SCHOOL SERVICES

School districts have used public transit for part or all of their transportation needs in many communities in the past, including Seattle, Tacoma, Yakima, Spokane, Ocosta, Olympia, Bellevue, and Vancouver. Results have been mixed. Typically, these arrangements have not yielded the hoped-for cost savings. The education community also has expressed several concerns about combining transit and school transportation. These include differing vehicle design standards; funding, training and certifying of drivers; different labor contracts for transit and school bus operators; safety and parental concerns. In addition, the Federal Transit Administration (FTA) places restrictions on the ability of transit agencies to provide student transportation.

A demonstration project is underway in the Selkirk school district in Ione, Washington, funded by a state rural mobility grant, to use school buses to provide public transportation during mid-day hours.

## PRELIMINARY RECOMMENDATION

Legislative impetus and funding should be provided to conduct a comprehensive feasibility study of coordinating transit and school transportation. A starting point could be identifying demonstration projects at the secondary (high school) level. The Office of the Superintendent for Public Instruction will be actively involved in the newly formed Agency Council for Coordinated Transportation.

## TECHNOLOGY AND INNOVATION

Most transit systems maintain route productivity standards, regularly monitor performance and make modifications accordingly. Many systems use innovative service strategies and new technology to provide better service at lower cost.

## EXAMPLES

- **Route deviation:** King County Metro, Mason Transit, Intercity Transit and Community Transit operate route deviation services that combine fixed route and on-demand dial-a-ride services to better serve customers in rural and suburban areas. Buses serve all regular bus stops on a fixed timetable, but also have the flexibility to deviate within a certain distance of the route to pick up or drop off passengers. Other transit agencies are exploring this type of system for their communities.

- **Automated customer comment system:** Both Community Transit and Pierce Transit recently computerized their customer comment system. This has reduced paperwork, improved reporting capability and allowed for faster response to customer concerns.

- **Design/build:** Community Transit has saved $10 million by using a design/build approach to building its new base.

- **Signal priority and pre-emption projects:** Kitsap Transit's demonstration project in Bremerton resulted in the necessary legislative change to allow transit systems to explore signal priority and pre-emption. Since then, King County Metro, Community Transit, Ben Franklin Transit and Pierce Transit all have been working with local jurisdictions to install transit signal priority equipment along busy corridors, with the goal of improving speed and reliability of service. Metro has agreements with Kirkland, Bellevue, Seattle and Renton to install transit signal priority systems. In Pierce Transit's pilot project with the City of Tacoma, bus travel times were trimmed by as much as 13 percent under ideal conditions, although a five-to-seven percent reduction was more typical. Signal priority is a promising technology for transit agencies to use in adding more service without adding buses or personnel.

- **Innovative service design to reduce congestion:** King County Metro is working with the developers of the Kingdome-area baseball stadium on pedestrian and street improvements to encourage use of transit. The project is patterned after Metro's bus service to University of Washington football games, which now transports 14,000 passengers to each game (22 percent of the total attendees). A similar service to the baseball stadium would favorably impact congestion and reduce the need to build costly parking.

- **Internet access:** Metro, C-Tran, Pierce Transit, and several other agencies have recently launched web sites on the Internet. The Internet is a tool for providing comprehensive customer information and soliciting customer feedback. The Washington State Transit Association is also working with WSDOT on a joint project to electronically link all transit and paratransit agencies in the state.

## LABOR PRACTICES

Transit agencies continue working with their local unions to achieve efficiency gains. Labor and management are responding to new demands being placed on transit for more cross-jurisdictional service integration and for a greater variety of services:

- Many agencies are shifting to collaborative bargaining techniques to forge new relationships with labor that focus on working together to achieve shared goals.

- Community Transit has contracted out all commuter services since 1985 (ATU local) and has contracted out paratransit service since 1981.

- Pierce Transit contracts out 60 percent of its Shuttle specialized transportation operation.

- King County Metro and its union reached an agreement for a 15 percent lower wage scale for operators driving the small 25 foot buses.

- King County Metro's union and management have agreed to jointly develop all work rules at the new Bellevue annex, essentially starting from scratch.

- Using a total quality management process, Pierce Transit's maintenance department realized an annual savings of more than $45,000.

- Community Transit has a lower wage rate for its small bus operations than for its large bus fleet.

## PRELIMINARY RECOMMENDATIONS

The state can provide financial and policy incentives for transit agencies to pursue technology and service innovations. One example that has already worked is the legislation allowing transit agencies to participate in signal prioritization and pre-emption development, as mentioned above.

## CONCLUSION

Washington state's transit agencies continue to make progress in efficiency and effectiveness, despite conflicting agendas created by local development policies and unfunded mandates. The state will foster improved transit efficiency and effectiveness by:

- providing incentives for local jurisdictions to integrate transit and land use planning;
- coordinating social services and public transportation;
- supporting technology and innovation by transit agencies; and
- continuing to support the intentions of the Growth Management Act.


## 6. HOW ARE STATE INTERJURISDICTIONAL ISSUES BEING ADDRESSED BY TRANSIT AGENCIES?

# 6. HOW ARE STATE INTERJURISDICTIONAL ISSUES BEING ADDRESSED BY TRANSIT AGENCIES?

## INTRODUCTION

Washington State is home to some of the fastest growing counties in the nation. And, in keeping with a trend that has emerged throughout the country, its citizens' travel habits correspond less and less to political boundaries that have evolved over the years and more to daily commuting needs. Transit agencies throughout Washington have responded to these changing market conditions with unique and innovative programs and by changing the traditional ways they have viewed transit operations and jurisdictional boundaries.

Cross-jurisdictional issues have been addressed to the greatest degree in the Puget Sound Region, necessitated perhaps by the unique nature of this region. Comprised of 78 cities and towns, Puget Sound holds 56% of the state's population. Its transit agencies provide an excellent study of cross-jurisdictional cooperation and the issues that surface in the face of this change.

Public transit in the Puget Sound region is provided by Community Transit and Everett Transit in Snohomish County, Kitsap Transit, Pierce Transit, and King County Metro. These transit systems are moving increasing numbers of people across system boundaries. Yet this trend challenges these same systems to address issues involving traditional service such as vehicle usage, labor contracts, schedule compatibility, fare coordination, and non-traditional services including paratransit service, vanpools, and ridesharing.

## PURPOSE

With a focus on cross-jurisdictional issues in the Puget Sound region, this chapter will:

- Identify and discuss existing cross-jurisdictional service.
- Outline the issues and challenges facing transit systems that provide this service.
- Suggest several very general recommendations.

## APPROACH

Much of the information in this section was gathered from a panel of the board chairs of the three largest transit systems in the Puget Sound Region who had gathered to make presentations to the Legislative Transportation Committee. The information they presented had been researched by their respective staffs, who, in turn, had collected information from other transit agencies in Washington state, with a focus on the Puget Sound Region.

## ORGANIZATION

The remainder of this section is organized as follows:

- Existing Situation
- Issues and Challenges
- Recommendations
- Conclusion

## EXISTING SITUATION

Transit systems throughout Washington State are addressing cross-jurisdictional service issues anywhere that two or more systems adjoin. For example, one can travel from Astoria, Oregon all the way around the Olympic Peninsula via transit thanks to coordinated service agreements between Pacific, Grays Harbor, Jefferson, Clallam, Kitsap, Mason, and Intercity Transits.

In the urban I-5 corridor from Pierce to Snohomish County, the transit systems are also approaching the growing demand for cross-jurisdictional service. The most visible examples are Pierce Transit's Seattle Express, Community Transit's commuter services to the Eastside, University of Washington and downtown Seattle, and King County's service to Boeing's Paine Field.

Yet, the complex issues surrounding interjurisdictional coordination are unique (in scale) in urban areas because they are experiencing the fastest growth. And, transit systems in these growing urban areas must also address compliance with Commute Trip Reduction programs, Growth Management and the magnitude of ADA issues.

Additionally, demographics and commute patterns strain the traditional system foundations. Transit systems no longer move people solely from home to a central city and back, as was the case under the old "hub and spoke" model. Today, transportation needs are very diverse; the population is sprawled and the distances are greater. Adding more pressure, still, to transit systems is dramatic growth in urban areas coupled with rural populations that are aging rapidly.

Underlying all of the issues is the fact that Puget Sound transit agencies, the majority of which are Public Transportation Benefit Areas (P T B A), operate under a local mission and purpose which began with a need vocalized and voted into being by the public, and ultimately funded by the citizens in the various service areas. Local money has been authorized by the voters for local service. If there is a need and a desire to continue cross-jurisdictional service -- and, in fact, to expand it -- then *new* money should be identified for regional services.

The Central Puget Sound Regional Transit Authority (R T A), with its Ten-Year Regional Transit System Plan, represents a good example of how this region and its citizens have been working to address the macro issues that exist. With electoral funding of R T A in November 1996, new funds are available for increased cross-jurisdictional service.

## LEVEL OF CURRENT INTERCOUNTY SERVICE IN PUGET SOUND

Currently, more than 600 buses cross into King County on the average weekday carrying more than 15,000 daily riders. This represents roughly 4% of the transit market in King, Pierce and Snohomish counties. Walk-on passengers on the Washington State Ferry System constitute an additional strong inter-county travel market. Residents of Camano and Whidbey Island, for example, enjoy the good fortune of being able to commute into Snohomish County, the University of Washington, or down into Pierce County because of the extensive transit systems that exist.

In addition, the priority that transit systems in Puget Sound have given vanpool programs in terms of marketing and promotion has had a remarkable pay-off. This region boasts some of the very best vanpool programs in the nation. For example, Metro has 544 vanpools currently in operation. This includes 330 of the vanpools with origins or destinations that take them into Pierce, Snohomish, Thurston, or Kitsap Counties. Community Transit has almost 150 vans currently on the road. While all of Community Transit's van trips originate inside Snohomish County, 55 vans travel into King County, 6 vans travel into Pierce, and 6 into Kitsap County each day.

Additionally, rideshare programs are offered through partnerships between Metro, Community Transit, and Pierce Transit. The Regional Ridematch Service currently has 1746 participants that live in Pierce County, 1347 that live in Snohomish County and 4892 who live in King County. In addition, King County provides ridematching for 672 participants living in other areas of the region.

Other successful intercounty services abound. Metro provides 800 daily rides on six Custom Bus routes from throughout King County directly onto the Boeing Everett plant. In September 1996, Community Transit began operating local bus service into the King County portion of the City of Bothell. This is in addition to the Route 120 that connects with Metro at the Bothell park-and-ride lot also located in King County. Local Community Transit bus routes operating in South Snohomish County along Highway 99 also connect with Metro bus routes at the Aurora Village Transit Center. Metro's Route 317 runs from Northgate to Edmonds and back via Aurora Village Monday through Friday, making twelve roundtrips during peak commuter hours. And, beginning next year, Community Transit and Metro will provide a neighborhood shuttle service in the City of Bothell utilizing vans. This innovative new service will operate throughout Bothell, irrespective of the county boundary.

Joint planning efforts led by the Washington State Ferry system are also underway to expand transportation connections to Colman Dock in downtown Seattle.

## PARATRANSIT AND THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) of 1990 mandates that transit agencies "shall provide paratransit or other special service to individuals with disabilities that is comparable to the level of service provided to individuals without disabilities who use the regular fixed route bus system."

ADA also mandates that complementary paratransit service shall be available throughout the same hours and days as the agency's fixed route service and that paratransit service be provided 3/4 mile on either side of each fixed route (commuter routes excluded).

With the cost of dial-a-ride/paratransit service approaching ten times the cost of regular service and ridership steadily increasing, transit systems are experiencing grave pressures on the scope, size and investments in transportation services for the disabled.

The issue of inter-agency cooperation, in light of ADA requirements, involves the shared financial, service and legal responsibilities of paratransit services along fixed routes that cross jurisdictional boundaries. Equally important is the issue of providing services for citizens with disabilities who live within the Puget Sound region, but outside of a transit system's service area.

Discussions are well underway between Community Transit and Metro and with Everett to define each agency's responsibilities for federally mandated complementary paratransit services in those areas where bus services overlap or otherwise connect. There is a commitment among all three agencies to finalize the agreements by January 1997, as required by the Americans with Disabilities Act.

## TRANSIT AGENCIES AND THE WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

Transit agencies and the Washington State Department of Transportation have built many facilities used to provide intercounty services. Park and ride lots along the I-5 corridor, HOV lanes, the E-3 busway in the Duwamish area, Bellevue Transit Center, Aurora Village Transit Center, Federal Way Park and Ride/Transit Center are all used in intercounty service.

Construction is also underway on the Tacoma Dome Transit Station, and will begin next year on the Ash Way Park and Ride lot in Snohomish County, the Bremerton Transportation Center, and the Everett Multimodal Center.

Community Transit, King County Metro, Pierce Transit, and the Washington State Department of Transportation are working together on the Rideshare Signage and HOV Education Project. This multifaceted project will promote rideshare services available in the region, focusing on regional ridematching services and public vanpool programs. This will be accomplished through development of new and increased road signage (featuring a single 1-800 number for all of the intercounty services) and will be combined with public education efforts.

## PUBLIC INFORMATION EFFORTS

One of transit's most important missions is to provide easily understood information to patrons and potential customers. With five transit agencies and the Washington State Ferry system serving the Puget Sound region, the challenge is to convey information in a concise and quickly understandable format, and on demand. This mission is even more challenging considering the size and diversity of the population base and the need of the riders to make connections between and among the bus and ferry routes.

The five transit agencies within Puget Sound continue to operate telephone information centers and customer assistance offices. This service provides easily accessible, up-to-date information regarding route planning, service frequencies, details about where to board a bus (or ferry), and details about purchasing discounted ticket books, monthly passes and other reduced fare programs.

Each system also publishes easy-to-use books and route maps and timetables. And special efforts are made to meet the needs of those who are disabled including the availability of information via teletype for the deaf and braille formats for the blind.

Without the thorough dissemination of very clear information, the public will neither be aware of the many transit options available to them, nor be able to make the best choices in how to travel.

In terms of availing the public to cross-jurisdictional travel, transit systems in Washington have been innovative and somewhat ahead of the game both in the use of existing technology and in creating new ways of disseminating information.

For example, EZ Rider is a regional project comprised of two main components. It involves the creation of homepages on the Internet for Community Transit, Metro, Pierce, Kitsap and the Ferry system; all of the homepages will be linked to one another, creating easy access to unprecedented levels of detailed information for intercounty travelers.

The second component will be comprised of electronic kiosks at Boeing work sites that will also allow intercounty passengers to access any information necessary to travel anywhere in the Puget Sound region. After the completion of these "test" kiosks, the EZ Rider program includes the installation of electronic kiosks in shopping malls for use by the general public.

## REGIONAL AUTOMATED TRIP PLANNING

Another innovation, the Regional Automated Trip Planning (RATP) project, will in one phone call provide the user with detailed information for travel on mass transit within and between King, Pierce, and Snohomish Counties, including Everett. In 1994, a $2.4 million grant was received from the Federal Transportation Agency (FTA) to purchase a computerized trip planning system to be used by Community Transit, Metro, and Pierce Transit customer information services representatives to provide fast, accurate regional bus trip information to telephone callers.

The planned system will determine the optimum bus routing from a caller's desired origin point to their destination according to the caller's criteria. It will contain bus system data and Geographic Information System (GIS) coordinates for transit systems and streets in Snohomish, King and Pierce Counties so that all customer information services representatives in the three agencies will be able to route callers throughout the three-county area. Currently, customer information services representatives at all three transit systems must manually determine trips for callers using maps and timetables and are generally unable to plan trips that require the use of multiple transit systems.

The project is led by an 11-member Project Evaluation Board (PEB) comprised of three members each from Community Transit and Pierce Transit and five members from Metro. The PEB drafted a Request For Proposals for the project which was released in November 1995 and opened in January 1996. The PEB scored the five submitted proposals according to price, company experience, technical requirements, and product features and subsequently decided to benchmark test three vendors. Each vendor's product was evaluated by the P E B for functional features, ease of use, and accuracy of trip calculations. In addition, customer information services staff from each transit system were present at the benchmark tests to evaluate the user interface of each product.

With benchmark testing complete, the PEB's next step will be to evaluate the test results and select a vendor. Full implementation is currently planned for third quarter 1997. It is important to note that the transit systems in Puget Sound are also working together to update ridematching capabilities with a new state-of-the-art-system that will instantaneously match applicants to others interested in starting or expanding a carpool or vanpool. This system will eventually be available at worksites so that employees can easily use this service with the assistance of their company's Employee Transportation Coordinator.

## REGIONAL FARE COORDINATION

Each of the five transit systems in the Puget Sound Region is governed by a policy board that sets fares and determines appropriate levels of farebox recovery. Traditionally, for example, daily commuters who use more than one transit system must pay each system for its share of their trip. Several transfer agreements exist that are aimed at solving this issue. One such program is the U-Pass at the University of Washington which is available to faculty, staff and students and is recognized on all Metro and Community Transit buses. Remarkably, 80% of students and 66% of school employees made use of the U-Pass last year. This landmark program is now a model for successful pass programs throughout the nation.

Metro has a similar program called FlexPass that is available at 22 employers in Seattle and on the Eastside. This program provides employees with passes that are valid on all Metro buses at a reduced rate to the employer. Discussions are actively underway to add Community Transit into the FlexPass program. This program is an important part of employers' strategies to comply with the state's Commute Trip Reduction Law requiring that employees' peak travel shift to buses, vanpools, carpools or other more efficient travel modes.

Additionally, there are a number of transfer agreements in place between connecting systems. For example, Community Transit and Metro use an intercounty transfer that allows for travel on both systems after one cash payment. Metro and the Washington State Ferries sponsor the "Ship-to-Shore" Pass program which allows passengers discounted rides on the ferries as well as on Metro and Kitsap Transit. And, patrons transfer free between Community Transit and Everett Transit buses as well as between Pierce Transit's Seattle Express service and Metro's bus system. There are also discussions underway to create new programs between connecting systems for monthly pass holders.

All six transit systems in the Puget Sound region are actively working on full implementation of the smart card, a prototype of which was unveiled at Boeing's plant in Everett on October 16, 1996 and is being tested in revenue service on select Metro and Pierce Transit commuter bus routes.

This state-of-the-art technology will give all riders an "electronic purse" they can use to pay their bus fares. This single, permanently held fare medium will be used in lieu of the multiplicity of existing pass types, making it easier for customers to transfer between multiple systems and modes in their daily commute.

Full region-wide implementation of the smart card is expected beginning in October 1998. Currently, all six agencies are developing a system to collect, hold and then distribute fare revenues, a complex task when public funds are involved and there must be compliance with state and local laws and regulations.

As these solutions evolve, it will be critical to keep in mind the need to offer fare programs that meet the customers' needs, that are simple to administer and protect fare revenue earnings. Fare policies and new programs will also need to recognize that the markets being served are diverse. For example, a new discounted commuter pass system must be considered in terms of its implications for senior and disabled patrons. With this in mind, Puget Sound operators are presently working on interim fare instruments that will provide some multi-agency fare media until the smart card is fully implemented.

## COMMUTE TRIP REDUCTION

Major employers in Clark, King, Kitsap, Pierce, Snohomish, Spokane, Thurston, and Yakima Counties must comply with the Commute Trip Reduction Law. By the very nature of the requirements of the law, employers need to understand how to assist their employees in finding alternatives to drive alone commuting. This, in turn, affects the many employees who travel across jurisdictional boundaries everyday in order to get to work.

The transit systems in these counties provide affected employers with access to information and services throughout the region. In the case of the Bothell corridor, the Canyon Park work site is located in Snohomish County and the North Creek work site is located in King County. Therefore, both Community Transit and Metro work together in various instances to assist these employers with ridematching, vanpooling and other options. Transit agencies also work together to coordinate CTR outreach and marketing efforts with the County and cities.

# ISSUES AND CHALLENGES

## UNCERTAIN RESOURCES

Washington State has experienced sustained levels of dramatic growth that, in many counties, have outpaced the average growth in the rest of the nation. Transit concerns have previously focused on the need for an increase in funding keeping up with the increase in demand for transit services that this growth has created. Clearly, current demand continues to exceed available funds.

Today, transit agencies are also faced with uncertain funding sources and an increase in demand for cross-jurisdictional services.

For example, Community Transit's local service provides roughly 12,000 trips each day throughout Snohomish County. Its commuter service into King County has grown to almost 12,000 trips each day. If this ever-growing commuter service did not exist, I-5 would have to be expanded by 3 lanes in each direction. Of course, such a scenario is neither economically feasible nor environmentally desirable.

At the federal level, transit agencies have experienced a 50% cut in operating assistance and are subject to the reauthorization of Intermodal Surface Transportation Efficiency Act (ISTEA), which is due to expire in 1997. And traditional funding sources are not keeping up with inflation

Locally, while intercounty travel has increased, no regional funding has been designated to accompany these additional services. With these competing pressures, it is difficult for transit agencies to plan, with any certainty, for balanced budgets. Clearly, there must be shared costs wherever shared benefits exists.

And, in a climate where the public is watching closely how its tax dollars are spent, the question arises, "Why is the system taking riders into another county when there are unmet demands in this county?" If the first priority is to benefit taxpayers within a service area, unfunded intercounty services can be difficult to justify when they are perceived as compromising this priority.

And yet, it is important to note that transit agencies have implemented innovative programs and accomplished ambitious goals without huge expenditures. For example, since 1994, Community Transit has increased service by 29%, while its budget has increased by 14%.

Furthermore, there are costs and benefits to every action undertaken by the government. For example, sweeping policy changes regarding ADA were felt perhaps most strongly by the transit industry and, with the escalating costs of providing this service, transit agencies have had to make tough decisions as to how to comply with the legislation while working within their means. Transit agencies that have traditionally exceeded ADA requirements are, for example, discontinuing paratransit service outside of their service area.

Yet, agencies cannot simply cut less productive services in order to balance the budget. For example, it is clear that rural service is very expensive, therefore, limited resources could be shifted from less productive rural routes to higher utilization areas, ie., express service. But this would neither serve the public well, nor comply with the public mission of transit agencies.

An important issue that will need careful consideration and cooperation from from all bus systems is "empty backhaul," which describes rush hour buses that are not used in midday service. While almost all U. S. transit systems deploy more buses in the rush hour than in offpeak periods, the practice in the Puget Sound region has been to concentrate heavily on the journey-to-work trip. Metro had 962 buses in service in the peak period on the average weekday last year, but only 398 in service during the midday. Pierce and Community Transit have similar concentrations of peak period service. Labor agreements have been structured to reflect this high demand for peak period service. Roughly one-half of Metro drivers are part-time employees working only in the commuting peak period.

This high concentration on peak period work trips supports many employers facing C T R requirements and takes cars off over-crowded roads during the most congested periods of the day. Unfortunately, much of the commute oriented bus fleet must either return to base or be parked in tripper storage lots during the middle of the day. While this does not necessarily seem productive, the alternative of leaving buses in service during periods of low demand is even less cost effective and not affordable in any case. Therefore, this issue remains unresolved and can best be addressed through cross-jurisdictional service.

As the Puget Sound region continues expanding as an employment and population center, there will be a continually growing need to provide new services. Even today, when a new bus is put on the street, it is filled; when a new park and ride lot is opened, it too is soon filled to capacity.

## RECOMMENDATIONS

Through funding and policy support, the Washington State Legislature can encourage and enhance interjurisdictional transit services by:

- Supporting a strong role for transit in the reauthorization of ISTEA and full funding for the current and future program.

- Continuing to support a stable transit funding environment by limiting sales tax exemptions and preserving local MVET as a flexible local fund source for transit (though sometimes described as a state tax source, in 1976 the Washington State Supreme Court confirmed the role of MVET as a local transit tax).

- Providing a designated state funding source for the provision of regional transit services, given the growing importance of regional travel to the state economy, especially in the Puget Sound Region, and the fact that transit funding consists primarily of local taxes.

- Continuing to include transit considerations in the planning of major state facilities, given the fact that highway infrastructure greatly influences transit costs and ridership potential

- Supporting the completion of core HOV lanes on state routes including HOV-only access, and strengthening HOV policies and management to preserve transit travel time advantage in these economically important corridors

## CONCLUSION

As Washington State continues to plan for unprecedented growth and numerous opportunities in the future, it is clear that funding for transit services will need to be addressed. Transit agencies throughout the state will face challenges in preserving existing services and steeper financial obstacles in terms of expanding services to meet needs that are already being identified.

Recent legislation such as the Washington State Growth Management Act and the Commute Trip Reduction Law represent important goals and priorities of the state. And, transit agencies throughout Washington are working hard to support these efforts and to assist others in complying.

From the health of the economy to the social and environmental well-being of our communities, transit agencies have invested in serving the needs of Washington State citizens. And, in response to the growing trend of intercounty travel, transit agencies are working together with increasingly greater levels of cooperation.

The important role that public transit plays in providing mobility must be seen as part of a partnership involving not only multi- modes of transportation, but also local cities and counties, regional agencies, as well as the state and federal government. From the implementation of new technologies to appropriately designated funding to changing the traditional ways that transit agencies have viewed their operations, transit agencies will benefit the public with cross-jurisdictional cooperation that results in creative, diverse public transportation services, increased ridership and improved cost effectiveness.


## 7. WHAT ROLE SHOULD THE STATE PLAY IN IMPROVING SPECIAL NEEDS TRANSPORTATION?

# 7. WHAT ROLE SHOULD THE STATE PLAY IN IMPROVING SPECIAL NEEDS TRANSPORTATION?

## INTRODUCTION

The original purpose of the following analysis was to determine the unmet specialized transportation needs of the state in areas not served by public transportation systems. That purpose has been expanded to include all areas of the state with a special focus on coordination issues and barriers.

## PURPOSE

The purpose of this section is to analyze the following questions with respect to addressing unmet needs for specialized transportation and the coordination of programs and services that address these general needs:

- What is the problem, and what are the barriers?
- Who is involved, and who is affected?
- How large is the need?
- What strategies can best be employed to address the problem?

## APPROACH

The following describes the approach used in conducting the analysis presented in this section:

- A descriptive model is presented to help explain the causes of unmet need. The model introduces three components including people, sponsors, and service providers.
- An analysis of issues associated with unmet need is also provided. This discussion identifies coordination barriers as one critical issue. Other issues include lack of information and resources.

A series of recommendations is provided to address the problem of unmet need. These include potential service delivery models for coordination, and the development of a state-level forum for developing and implementing additional strategies.

## ORGANIZATION

The remainder of this section is organized as follows:

- The Model
- Discussion
- Recommendations
- Summary

## THE MODEL

For the purposes of this analysis, the specialized transportation population is defined in R C W 81.66.010(4) to be:

"'Persons with special transportation needs' means those persons, including their personal attendants, who because of physical or mental disability, income status, or age are unable to transport themselves or to purchase appropriate transportation."

The map in Exhibit 7-1 on page 7-3 is a representation of the areas of the state presently served by public transportation authorities. It is important to note that inclusion within a public transportation service area is not a guarantee of transportation services being directly available to persons with special needs. Service area restrictions are briefly explained in the context of the descriptive model.

To better understand the issues surrounding coordination of special needs transportation, it is instructive to examine the context in which the need and provision of services occurs. To the uninitiated, that context can be a confusing mix of laws, people, and agencies. A brief analysis, however, provides some structure to the environment that will be helpful in planning improvements. This review suggests a model that represents how peoples' needs for trips are sometimes screened out.

The proposed model contains three components. These are people, sponsors, and providers. Very simply, our context includes people with mobility needs, agencies and programs that sponsor various services, and a marketplace consisting of different types (modes) of service providers. The following is a summary of what we know about the components, and the barriers that inhibit our ability to produce trips.

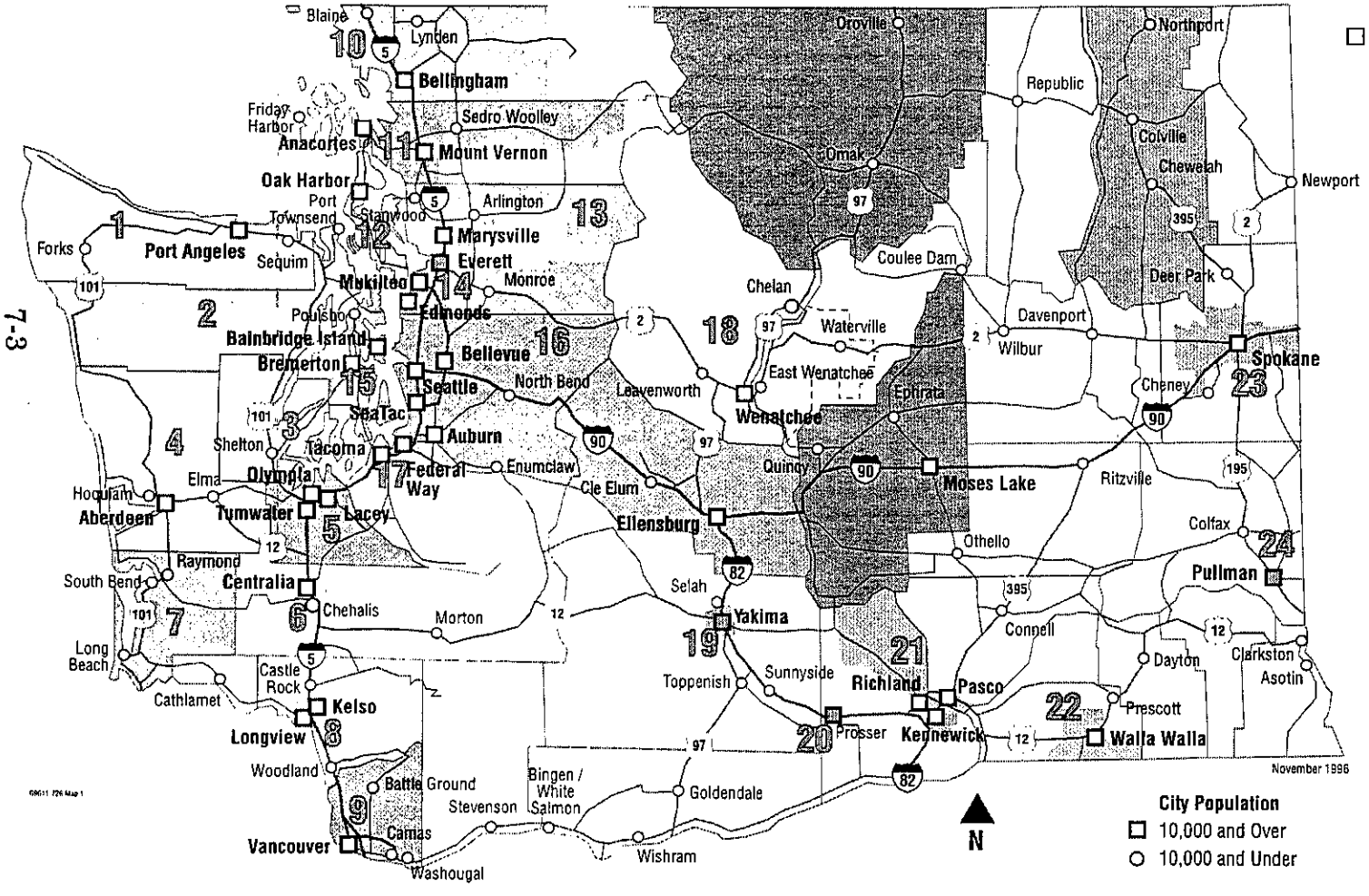
### PEOPLE

The source of need (demand) comes from people with mobility constraints. Generally, persons with special needs seem to fall into four broad groups. These are the elderly, children, the poor, and persons with disabilities.

# Exhibit 7-1

# Washington State Public Transportation

## Transit Authorities




### Legend

**Transit Systems**

- Regional Systems
- City Systems
- PTBAs that have been formed and are pending local voter approval for funding.

1 Clallam Transit
2 Jefferson Transit Authority
3 Mason County Transportation Authority
4 Grays Harbor Transportation Authority
5 Intercity Transit (Thurston County)
6 Twin Transit (Lewis County)
7 Pacific Transit System
8 Cowlitz Transit Authority (Longview/Kelso)
9 C-TRAN (Clark County)
10 Whatcom Transportation Authority
11 Skagit Transit Authority
12 Island Transit
13 Community Transit (Snohomish County)
14 Everett Transit
15 Kitsap Transit
16 King County Department of Metropolitan Services (Metro Transit)
17 Pierce Transit
18 Link (Chelan-Douglas Counties)
19 Yakima Transit
20 Prosser Rural Transit (Benton County)
21 Ben Franklin Transit (Benton-Franklin Counties)
22 Valley Transit (Walla Walla County)
23 Spokane Transit Authority
24 Pullman Transit

Different age thresholds are used by programs to identify a person as elderly, but the most conventional seems to be 60 years. Persons aged 60 years and older are qualified to receive many of the services offered by social service programs. In Washington State, approximately 816,355 people, in 1996, meet this criterion. Unfortunately, age says little about an individual's mobility needs.

Age also is a criterion to be considered a child. Again, standards vary, but for the purposes of this analysis age 16 years or less qualifies a person as a child. The Office of Financial Management (O F M) estimates this 1995 population total to be 1,392,427. Of primary interest and concern are children in client status to a variety of social service programs. This focuses our concern on those children involved in unstable or abusive family situations. This number is difficult to estimate, but, in 1991, D S H S was serving a case load approximating 12,000 a month. Mobility needs vary significantly from case to case.

Poverty is determined by comparing household income to a standard. When the household income is below a designated standard, the individuals qualify for various services. Programs use different standards in determining eligibility for services. The O F M estimate for population below poverty was 517,933 in 1990. Low income limits a person's ability to own a vehicle or to purchase services in the marketplace; thereby creating a mobility need. The Head Start Program represents a good example of the complexity of the issue of special transportation. The Program is targeted at children, but eligibility is based upon family income. Head Start is a federal program that currently serves 8,299 children in the state.

Persons with disabilities include individuals with physical, cognitive, sensory, or mental impairments that severely limit their ability to accomplish basic life functions such as trip making. Persons with an alcohol or chemical dependency who are presently seeking treatment are also qualified in this group. The Governor's Committee on Disability Issues and Employment estimates 512,299 persons living in the state have a serious disability. Exhibit 7-2 on page 7-5 provides more details as to the numbers and types of disabilities.

Persons with transportation needs are distributed throughout the state. While we can conveniently classify our populations, we can not identify the amount of overlap that exists between the groups. For example, we do not know how many children are disabled, how many elderly are poor, or how many children are poor and disabled. It is important to note that inclusion in a target group does not directly translate to a mobility need.

Finally, the number of persons in each category is only one dimension of the potential demand problem we must confront. Demand also has spatial, temporal, and modal dimensions. What are their origins and destinations, when do they need to travel, and what is their most appropriate mode for making each trip? Exhibit 7-3 on page 7-6 is a representation of the people component of the proposed model. We know the classes, and we know they overlap. We do not know their sizes, or how much they overlap, and we do not have data on the type of needs they have.

## EXHIBIT 7-2

## SPECIAL NEEDS POPULATION ESTIMATES

| Category of Special Need | Number of Persons | Date of Estimate |
|---|---|---|
| Mental Illness[1] | 73,100 | 1995 |
| Mental Retardation[2] | 40,200 | 1995 |
| Severe Disability[3] | 398,999 | 1996 |
| Vision | 23,058 | 1990 |
| Hearing | 17,196 | 1990 |
| Unable to Walk 3 Blocks | 147,910 | 1990 |
| Unable to Use Stairs | 134,480 | 1990 |
| Unable to Lift 10 lbs | 122,663 | 1990 |
| Uses a Wheelchair | 25,843 | 1990 |
| Uses Cane,Walker,Crutches | 68,432 | 1990 |
| Over 60 Years Old[4] | 816,355 | 1995 |
| Under 16 Years Old[5] | 1,392,427 | 1995 |
| Below Poverty Level[6] | 517,933 | 1990 |

[1] Estimate provided by the Governor's Committee on Disability Issues and Employment, September 9, 1996.

[2] Estimate provided by the Governor's Committee on Disability Issues and Employment, September 9, 1996

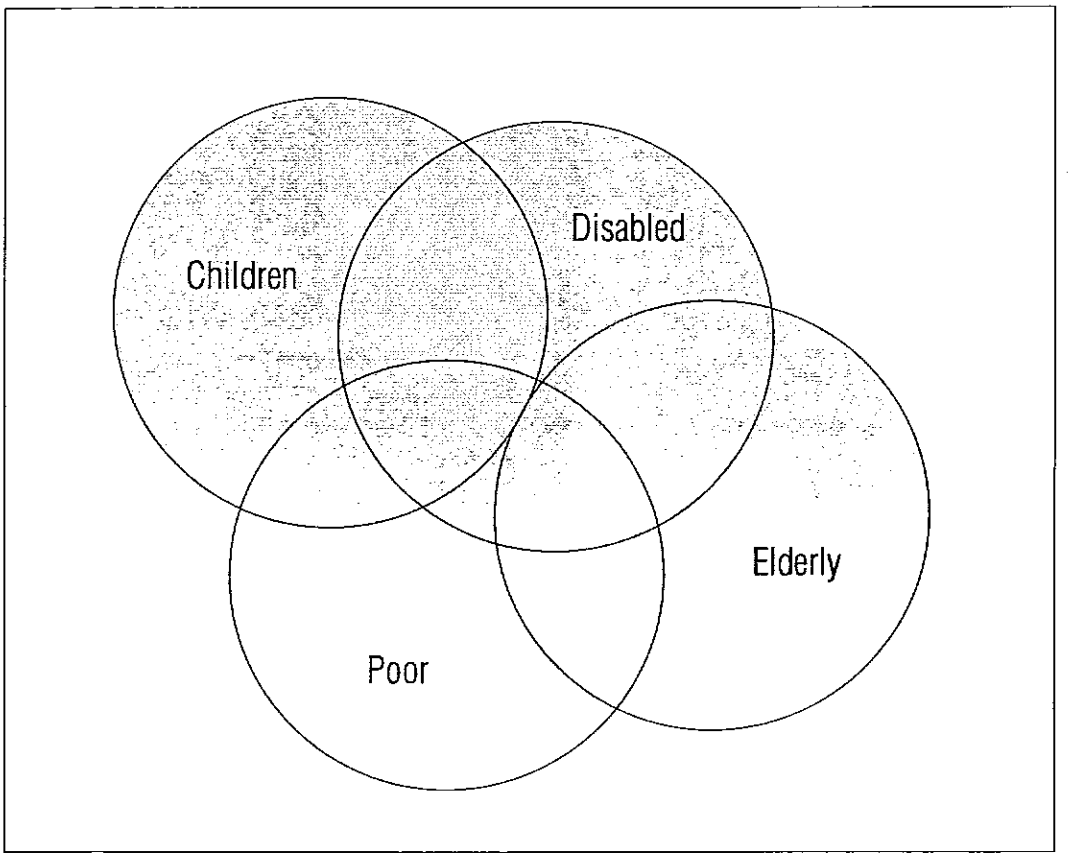
[3] Based on calculations done by the Census Bureau on data from the annual Survey of Income and Program Participation. This is an unduplicated count based on the categories listed in the table.

[4] Estimate provided by the Office of Financial Management (OFM).

[5] Estimate provided by OFM

[6] Estimate provided by OFM

# Exhibit 7-3




# People with Special Transportation Needs

## SPONSORS

There are a number of agencies and programs involved with sponsoring transportation services for persons with special needs. These programs can be logically divided into groupings or systems. Four broad systems are suggested to define this element of the model. They are Transportation, Social Service, Health, and Education. Each has three tiers corresponding to the federal, state, and local levels of government. Each tier represents the agencies, enabling legislation, and funding authorizations (i.e., programs) that permit and shape sponsorship.

For example, one can look at the three levels in the transportation system. At the federal level, a key agency is the Federal Transit Administration; the key legislation is the Federal Transit Act of 1991; and the programs funded include Sections 5310 and 5311.

At the state level in Washington, the key entity is WSDOT; key legislation includes the related group of laws passed that permit the development of local transit systems; and the funding includes the Rural Mobility Program. At the local level, responsibility is vested with transit authorities to make day-to-day policy and prioritization decisions. Funding comes from locally generated taxes and fareboxes.

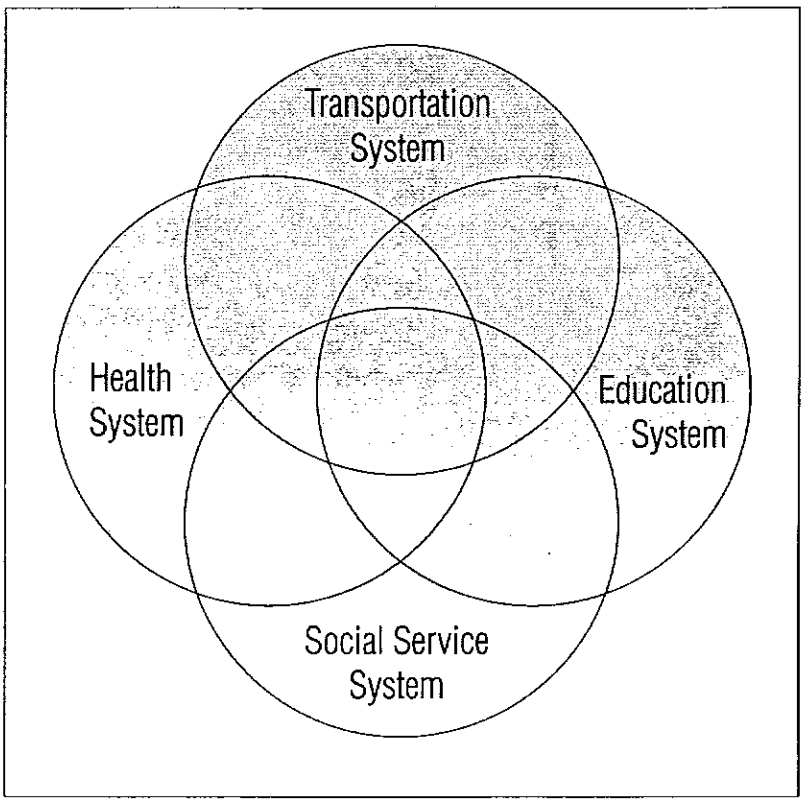
The social service system is more complex. The lead federal agency is the Department of Health and Human Services, including several administrations within the Department; key legislation includes the Social Security Act, the Older Americans Act, and the Rehabilitation Act of 1973, as amended (and a host of others); and key funding sources include Title XIX of the Social Security Act and the Head Start Program.

At the state level, D S H S is the lead agency, but the Department of Community Development also plays a role. Important legislation includes the Mental Health Reform Act, the Alcohol and Drug Addiction Treatment and Support Act, and the Senior Citizens Service Act. Funding authorizations are included in these and other state programs.

Locally, area agencies on aging, community action agencies, and county human services offices play critical roles in setting local policy and funding priorities. Local general funds are used to supplement and match state and federal programs. Similar structures can be defined for the Health and Education systems.

It can be observed that existing systems have overlapping responsibilities, and it is suggested that these systems may create gaps of responsibility as well. Within each system, similar patterns of overlapping programs may also exist. Exhibit 7-4 on page 7-8 is a representation of the sponsor component of the proposed model.

# Exhibit 7-4




# System Sponsors

## SERVICE PROVIDERS

Service providers are found in the marketplace. They are private and public organizations, and they can be grouped as formal or informal markets. The formal market is distinguished by a higher level of regulation or accountability. As a result, more is known about this class of provider. The formal market includes local transit, nonprofit organizations (registered with the Washington State Utilities and Transportation Commission), and for-profit companies such as taxis, cabulances, and intercity carriers. The informal market includes volunteers, church groups, social service staff, and service organizations that provide transportation services incidental to other activities. This group also includes situations where the clients are reimbursed for meeting their own needs.

Some information exists regarding the number of vehicles and providers operating within the formal market. Information from the informal market is not available. Exhibit 7-5 on page 7-10 provides examples of the provider component of the proposed model of special needs transportation in Washington State.

## THE PROPOSED MODEL

Given the three component parts, a preliminary model structure is suggested, in which people with special needs rely on existing sponsors and arrange trips using providers found in the marketplace. Unfortunately, this model does not yet explain the existence of unmet need. What is missing from the model are the barriers that explain why some groups and individuals are unable to meet their mobility needs. Three types of barriers are proposed: eligibility, program, and market barriers. These can be represented within the model.

Eligibility barriers are obvious, but sometimes subtle. To be sponsored by particular system programs, individuals must usually fit a profile. They must be over or under a particular age; have a particular impairment; earn a particular income; or have a particular residency or nationality. If they are on the edge of eligibility (i. e., one year too young, insufficient severity of impairment, or live in the wrong city), they may not qualify for sponsorship. Even eligibility for sponsorship from public transit can be narrowly defined (i. e., ADA eligibility for complementary paratransit services).

Program barriers are not so obvious, but can include funding limitations, trip purpose restrictions, geographical limits, or a lack of authority to sponsor access to services. A few examples will help to explain. DSHS provides a statewide brokerage program for persons eligible for Medicaid services. Under Medicaid, access to medical services is considered to be an entitlement. This means DSHS must ensure that all eligible persons have access to the medical services they need. Location, therefore, can not be a barrier. However, if the medical need (i.e., chiropractic services) is not an eligible service, then the broker program can not serve the individual. Further, if the trip need is for a non-medical purpose (i.e., grocery shopping), the broker program can not serve the individual. Finally, if the individual's income status were to improve, even briefly, they would not be eligible for the brokerage program services.

# EXHIBIT 7-5
# PROVIDERS

- FORMAL
  - Transit
  - Paratransit
  - Taxi
  - Intercity
  - Ferry
  - Carpool
  - Vanpool
- INFORMAL
  - Volunteers
  - Church Groups
  - Program Staff
  - Self-Drive
  - Service Groups
  - Carpool
  - Vanpool

Transit authorities are also operating with program barriers. The most obvious being recent decisions by many systems to limit their complementary paratransit services to the regulatory limits required by the Americans with Disabilities Act (ADA). These limits include restricting services to corridors associated with existing fixed routes, and limiting service to existing jurisdictional areas.

Market barriers include inappropriate or insufficient providers, language and cultural issues, costs, regulations, liabilities, and labor restrictions. This also includes a lack of information about available services. Many otherwise eligible persons are unaware of services because programs and providers are unable (due to a lack of funds), or unwilling (due to a lack of capacity), to advertise their services.

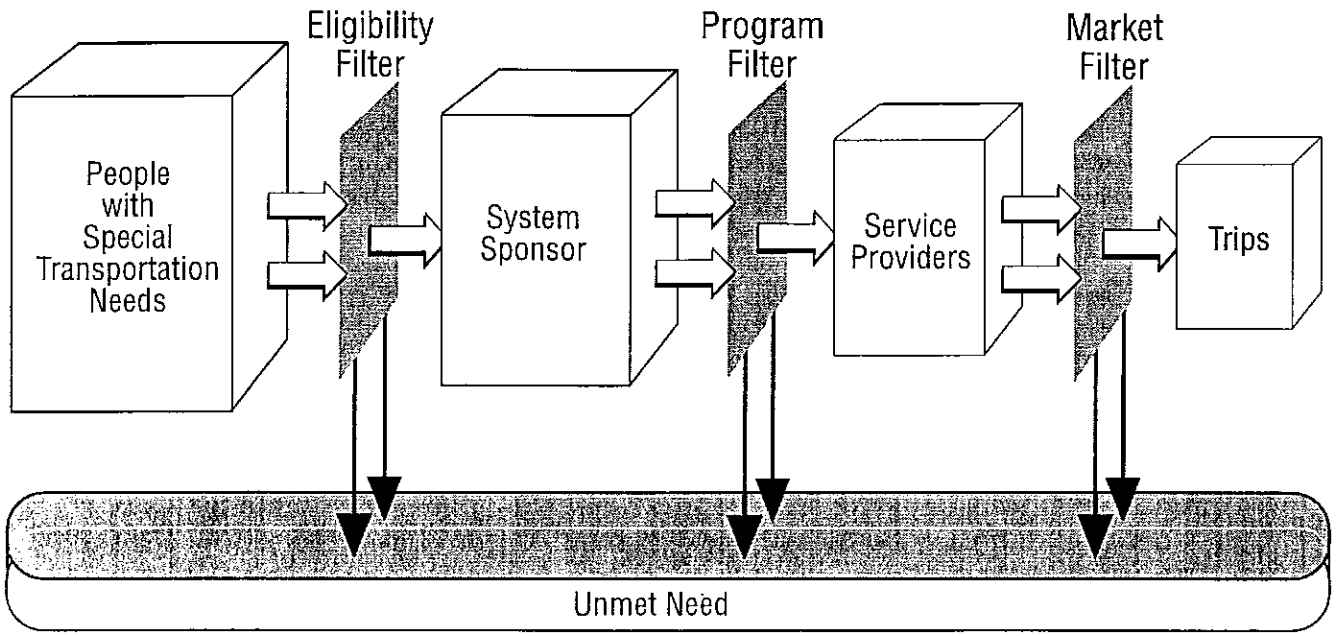
Examples of these barriers include rural areas where no programs exist, or where limited funding causes resources to be stretched very thinly. In some communities, providers often lack the appropriate types of equipment; most often they do not have wheelchair lifts or other appropriate level changing equipment on their vehicles. This problem, however, is not strictly rural. In urban communities where transit has been providing services, many community-based programs have abandoned their transportation programs and re-directed their resources to other needs. With the subsequent withdrawal of transit services due to ADA, there have been no community programs available to pick up the demand.

Cultural barriers also create service problems. The most obvious example is caused by language differences, but other factors also have an impact.

Insurance liability is a problem in several ways. First, the issue and cost of insurance for volunteers makes them difficult to recruit and to keep. Insurance cost is a problem for many providers, and the issue of risk assignment, in contracting situations, creates a key barrier. The traditional labor issue has been about contracting for services. Some existing labor agreements have restrictions that limit opportunities to contract.

The addition of the barriers as filters completes the model. Exhibit 7-6 on page 7-12 illustrates the complete model. One other issue must be identified before completing this discussion. The goal of the model is to accommodate trip needs; therefore, trips are the desired product. It is important to understand that the production of a trip does not necessarily mean complete success. Consideration must also be given to the level of effort (i.e., transfers and travel time) needed by the individual to undertake the trip. The ultimate goal is to make the process safe, convenient and appropriate to the circumstances of the individual given the reality of resources that are available.

# Exhibit 7-6




# Proposed Model

## DISCUSSION

A review of the model leads to identifying three key issues that need to be addressed. In looking at the people component, it is apparent there is a lack of sufficient information and data from which effective planning and policy making can be done. It is clear that the sponsor component highlights the need to consider the issue of responsibility and the need for improving coordination. The market component identifies several issues, the most pressing being that of resources and funding. Further analysis of each of these issues will lead to recommendations for further action.

## INFORMATION

Success at reducing unmet needs turns directly on the availability of good information for planning and policy making. There are three major information gaps that must be addressed.

The first gap is identifying the population with specialized transportation needs. There seems to be a general perception that those needs represent a black hole of demand that will suck up all available resources. The result has been a reluctance to measure the potential demand. While the relative sizes of the targeted special needs groups can be estimated, it is important to note that these numbers do not translate directly into an estimate of transportation need. Many of these people own their own vehicles, or have other resources available to handle their mobility needs.

What is not known is how many people have mobility needs. Further, the types of need are also unknown. For example, it is not known how many people need wheelchair lift assistance, evening service (i.e., to jobs, school, or social events), attendants or animals to assist them, or how many may require portal-to-portal service versus curb-to-curb.

The second gap is not knowing how much and what kinds of services are currently available. Within the formal marketplace, data exists regarding programs and available capacities. There is, however, some duplication of information resulting from multiple sponsorships. There is limited knowledge about the amount and location of the informal market. The critical issue here is that no baseline has been developed. Without a meaningful baseline, it is difficult to measure the success or failure of any new initiatives that might be proposed. The baseline is also important in identifying current gaps and opportunities for coordination.

The final information gap is about resources. The level of public and private support of special needs transportation can not be currently determined. Some data does exist, including local transit funding, the Medicaid Brokerage Program, Special Education, and Head Start. There are numerous other programs that spend funds on special needs transportation, but their accounting systems do not track the actual costs as separate, and identifiable line items. Again, this information is essential to calculating the current baseline as a means for determining additional resource needs.

The collection of resource data will be hampered because some program managers will be reluctant to identify their transportation resources. The fear exists that when the resources are identified, they will be taken away. The likely result of seeking this information is an underestimation of the actual costs and resources involved.

A challenging component of the discussion of unmet need lies in trying to distinguish between needs and wants for service. This distinction seems rooted in the assumption that some trip purposes are necessary (i.e., medical trips) while others are discretionary (i.e., social trips). Concern exists that resources are limited, and that essential trips should have a higher priority. There is no easy resolution to this issue.

Assume, for example, that an individual decides to go to the local mall and has no personal transportation available. Assume, further, that person intends to meet friends at the mall for social purposes. It is not reasonable to assume this trip is necessary or not on the basis of trip purpose alone. If the person making the trip was a teenager planning to hang out with friends, it might be assumed the trip was discretionary, and therefore not a need.

If we assume, however, that the person was elderly, and that the trip permitted the person an opportunity to escape from their residence and to get exercise with their friends, it could be argued the trip was needed.
The bottom line is that getting good information about needs, inventories, and resources is needed to present a clearer picture of the existing situation. With better information, policy-makers can decide what elements of the need can and should be addressed; and planners can better design the programs and distribute the resources to meet those needs.

## RESPONSIBILITY

The survey of stakeholders, accomplished at the start of this study, determined that the state interest in public transportation was focused in two areas: mobility and economic development. The question of unmet specialized transportation needs fits easily within the mobility interest. But who is the state, and how is that state interest expressed? When the sponsorship of public transportation programs is examined, the answers are unclear. It seems clear that the state includes all state agencies and their respective missions. Many agencies have transportation programs, but there is no clear state vision for special needs transportation. Instead, there exists a variety of inconsistent, and unrelated policies and programs. Who is in charge; that is to say, which agency or program has overall responsibility?

The current situation finds many program sponsors, but few agencies that recognize transportation as a prime responsibility. Accountability is spread widely over the agencies, and, as has been noted above, information and records are incomplete. Neither the Legislature, or the Governor's Office can definitively identify the level of commitment that has been made to special needs transportation.

Informal relationships have developed between state agencies, and partnerships have been in place between the state and local providers. Nonetheless, duplication exists. The classic example is that of multiple vehicles, sponsored by different agencies, following each other up and down local streets. Given the limited resources that exist, the idea of improving coordination would seem to promise improved services and better use of those resources. The informal relationships and partnerships that are in place imply opportunities for developing better service models to improve coordination and service delivery.

Improved coordination has been the subject of numerous meetings and studies over the years. Progress has been slow, impeded by a lack of resources to develop and demonstrate effective models, a lack of role definition including the designation of a lead agency, and the lack of a mandate from the Legislative and Executive branches to make it happen.

The cause and effect of this lack of coordination are the same. While the need for transportation services transcends program boundaries, funding is allocated in categorical streams. Studies and analysis report that nothing in program authorizations restrict the pooled use of resources, yet the categorical structure persists. One reason is that the allocation of funds by programs creates an expectation amongst program stakeholders, and the use of those funds by other stakeholder groups is perceived as a threat to those programs. Advocacy groups closely monitor and defend their program resources.

Competition within programs for limited resources also contributes to the problem. For many social service programs, transportation is considered a secondary function, and the amount of resource targeted for that purpose is often inadequate. This leads to "client shedding," where program managers attempt to pass the transportation responsibility (and costs) to other program budgets. This often creates a ripple effect as the impact of the "new" clients on the second program impacts the second program's ability to meet its own objectives. When other program budgets are assessed for transportation, there is also less incentive to control demand and costs within the original program.

While there may be no prohibition to coordination, a number of programmatic rules have been identified that inhibit, or restrict, coordination activities. Some examples include the following:

- Head Start is proposing new regulations that would require yellow school buses be used in transporting their clients. This would eliminate opportunities for local transit and nonprofit providers to provide coordinated services.

- The Older Americans Act prohibits testing and the charging of fares for transportation services. This creates potential discrimination issues for transportation systems that charge fares for their services. It also eliminates a potential revenue source that could be very important for smaller providers with limited financial resources.

- Many programs insist that their program funds should be the payment of last resort; other available program funds should be used first. This is a variation on client shedding and creates major administrative burdens for the local providers.

- FTA rules prohibit the use of transit vehicles for pupil transportation. School kids can ride regular routes that are open to the public, but transit authorities cannot operate buses exclusively for pupils. School buses cannot be stored at transit facilities unless it is done on a temporary basis.

- The Job Opportunities and Basic Skills (JOBS) Program sets specific reimbursement rates for transportation. These rates are too low to encourage coordination.

- The Washington State Transit Insurance Pool will not insure third party contractors, even if the contracting entity owns the vehicles.

- Multiple reporting requirements place a burden on local providers.

Within the Medicaid Brokerage Program, clients needing day care services for their family may be frustrated if the day care services are not located along the route to the medical appointment. Some accommodation is possible, but limits are in place. The lack of accountability also impacts service coordination at the local level.

When a local social service manager and a local transit manager meet to discuss coordination and service issues, there is no clear authority or common set of standards to guide them. If an impasse occurs, each can appeal within their system hierarchies, but no agency has final arbitration authority to resolve the issue. If a local social service agency chooses to shed its clients onto the local transit system's budget, the local transit system has no viable "court of appeal." Likewise, if the transit system chooses to constrict its services in response to ADA guidelines, the local social service agency has limited options for negotiation.

## RESOURCES

The last issue is limited resources, or more directly, limited funding. On the surface, this issue may seem problematic, given the very real fact funds are limited and the competition for resources is very intense. Nonetheless, it is useful to analyze the problem of limited resources.

The most obvious indications of the problem are the capacity limitations found throughout the state. This is manifested by a lack of equipment and by a lack of operating funds to serve existing needs. Trip purpose and service area restrictions are often examples of this problem. Rural communities commonly face this problem, but it also exists in urban areas (i. e., ADA impacts).

The development of categorical programs targeted at specific populations was discussed earlier. Elements of that program delivery structure may cause some of the resource constraints. To the extent that each program creates its own transportation delivery system, some degree of administrative duplication exists. Further, each program typically has some additional capacity that it does not use during certain times of the day.

For instance, a senior program may have peak hours around lunch time, while a program run by a sheltered workshop might have peak hours at the morning and evening commute times. There may be times of the day when their vehicles are idle or unused. Finally, there is the classic scenario of two vehicles, serving two different population groups, operating in the same neighborhood. In this example, two vehicles are used where one single vehicle could possibly serve both trip needs.

One factor that directly impacts the problem of limited resources is the way programs are created and appropriations are made. Most social service programs are developed to address a program need such as health care, training, or meals. While transportation may be designated as an allowable expense, there is no consideration given to the actual costs of access to the program. This results in transportation having to compete within the program for funds that are typically limited. Because there is no acknowledgment of transportation costs in the appropriation process, the issue of access often becomes secondary. This, also encourages efforts to shed the costs.

The possibility of developing coordinated transportation programs is further hindered by the lack of a resource targeted for that purpose. Few program dollars exist for doing the planning, developing the models and demonstrations of the models, and for implementing coordinated programs. Existing categorical funds are already over subscribed, and program managers are unwilling or unable to transfer funds from other uses for the purpose of improving transportation coordination. The Rural Mobility Program is one example where funds are available to develop demonstration projects. These projects can be used to sustain existing capacity, to expand capacity, and to test various service delivery models.

The Program, however, currently receives a biennial appropriation of $1.5 million. WSDOT distributes these funds on a competitive basis which means that a successful project is guaranteed funding only for the designated biennium. Legislative direction has discouraged the Department from entering into any long term commitments to local projects. The limited amount of funding also makes it difficult to address new and on-going projects at the same time.

Lending of faith and credit restrictions in the State Constitution also create barriers to the development of capacity and resources in communities. State funds can not be granted directly to private, for-profit or private, nonprofit agencies for the purchase of capital assets. These two types of providers are all that are available in many communities of the state.

The lending of faith and credit restriction means that state funds can not be provided directly to these providers for the purpose of purchasing new or up-graded vehicles, communication systems, and other needed assets such as wheelchair lifts to ensure appropriate and sufficient capacity exists. The costs of new or up-graded equipment is typically too much of a burden for these types of providers.

Finally, there is also the problem of liability. The cost of liability continues to increase, and the issue of risk management is becoming increasingly critical. In contractual relationships, the assignment of risk can affect the availability of service.

If the risk is passed to a provider with limited resources, that provider may be unwilling or unable to fulfill the obligations of the contract. In the case of using volunteer drivers, the impact on personal insurance contracts may preclude potential individuals from participation.

## RECOMMENDATIONS

Most of the recommendations follow directly from the analysis of the issues. As would be expected, the recommendations overlap the issues and may address several problems at the same time.

It is important to also note that the recommendations include processes as well as products. There are a great many stakeholders that could be affected by implementing all the recommendations. It is important, therefore, that emphasis be given to developing processes that build trust and ownership in the outcomes. New partnerships must be created and sustained with new program procedures and guidelines.

It is also important to recognize that time must be given to enable some of the solutions to evolve and mature. Some activities can be accomplished sooner than others, and progress must be measured against realistic expectations.

## DATA COLLECTION

- *Conduct a statewide needs analysis*

  Before addressing the issue of unmet need, it is essential that some understanding of that need be obtained. It is not logical to assume that the solution lies simply in doing more of what is already being done. The issue of mobility needs has multiple dimensions that may make simple solutions unrealistic. It is important to determine the order of magnitude of the need, its distribution throughout the state, and the nature of assistance that it may require. For those reasons, a needs analysis is proposed.

  It is also proposed that the analysis be coordinated with other interests to accomplish a comprehensive census. Costs for the study should be shared between the Transportation and General funds. The cost of a survey to accomplish the analysis can vary significantly. A basic needs assessment, with a reasonable confidence rate, could cost between $60,000 to $75,000.

- *Develop a baseline inventory*

  The second step is to inventory the programs and services already in place. The goal is to determine what vehicles and services are presently in place, and to determine where there may be gaps in service availability based upon time, area, or rider characteristics. WSDOT should be the lead agency for this activity, although other state agencies will need to actively cooperate in the process. This process will assist in developing a baseline for planning purposes.

- *Develop a Mobility Index*

  WSDOT has already begun a research project to determine the viability of measuring service levels of public transportation in the state. A conceptual model was designed by a University of Washington team, and that model will be tested and modified by a consultant team. The purpose of the model is to develop an objective tool that can measure the availability and service levels of public transportation modes in counties and regions throughout the state. If this concept proves viable, then the tool can be used to identify those areas in the state that might require additional resources to serve unmet need.

- *Audit of program resources*

  The purpose of this analysis is to determine the levels and types of resources currently committed to mobility and program access. This will be problematic. Some programs track their mobility costs as budget line items and can reasonably report their levels of expenditures. Many programs do not, however, and their true costs are buried in multiple places within their budgets.

  Two strategies are suggested. The first, and simplest, is to task each agency with determining their true mobility costs. Each effort could then be confirmed by the Office of Financial Management. It is reasonable to expect an underreporting of numbers using this method.

  The second strategy is to propose an independent audit. This could prove costly and complicated. The information gained would be more accurate, but that level of detail may not be needed.

## COORDINATION

- *Create the Agency Council on Coordinated Transportation*

  With the support and encouragement of the chairmen of the Legislative Transportation and the Appropriations committees, this activity is already underway. The Council will provide the forum for developing and implementing strategies to improve public transportation coordination. This recommendation places emphasis on creating a process to ensure cooperation in the shaping of future activities. It will provide stakeholders a voice in future decisions affecting their programs and customers.

  WSDOT should be designated as the lead agency, and should chair and staff the Council. It is recommended that the Council be identified in statute to give emphasis to its mission. Two alternative locations for the Council are proposed. The first would be WSDOT, given the staffing support that would be needed. The second is the Family Policy Council which currently includes the five largest agencies with specialized transportation needs. The Secretary of Transportation could be added on an ad hoc basis concerning transportation issues. An operating budget would be needed for the Council.

- *Service delivery models*

  The Council will be responsible for developing service delivery strategies and models to improve coordination and program efficiencies. Four potential service delivery models are highlighted in the following section. The Council will also be responsible for identifying laws, regulations, and program procedures that create barriers to coordination, and for making recommendations to the appropriate authorities for changes.

  To assist in this effort, it is recommended that a representative from the federal Region 10 Coordinating Council be invited to participate to ensure open communication channels with federal agencies.

- *Development of demonstration projects*

  The Council should be empowered to design and develop demonstration projects to test new strategies for improving the effectiveness and efficiency of public transportation services. The Council may find support for the demonstrations with the participating agencies or make budget requests directly to the Legislature through its host entity. An opportunity exists to implement a demonstration project in Pierce County, for example, and the Council will work to finalize its goals and structure. This demonstration project would be proposed to the Legislature in the 1997 session. Additional projects may be proposed for subsequent legislative sessions.

- *Feasibility and planning studies*

  The Council should also be empowered to do feasibility and planning studies to improve coordination and service delivery. An example would be a proposal to evaluate the feasibility of moving the administrative responsibility for the existing Medicaid Brokerage Program to WSDOT. The purpose would be to consolidate lead agency responsibility with WSDOT and to use the broker model as a platform for coordinating other programs. This proposal could be developed by the Council and placed before the Legislature for consideration during the 1997 session.

- *Legislative policy proposals*

  As a priority activity, the Council should survey other states to determine what legislative approaches have been employed and what works and does not work. Of particular interest is the issue of creating legislation to mandate coordination. A survey of other states will provide a range of strategies that the Council can analyze from which it can create proposals to enhance efforts in Washington State. The Council should make a determination before the end of the 1997 session.

## SERVICE DELIVERY MODELS

A key element of a successful effort to improve coordination is the development of service delivery models that facilitate coordination. Given the wide variety of environments existing across the state, it is essential that a variety of models be designed and tested in recognition of the fact that "one size will not fit all."

To that end, four conceptual structures are presented and described. The common feature of each is that a point of focus, or responsibility, is defined. The models recognize that both the state and the local levels are important, and the focus for coordination can lie in either, or both levels.

It is understood that a great variety of alternatives are possible, these four concept models are intended to be points of departure for further refinements by stakeholder groups. The Council may want to test each of the concepts with a demonstration; it is certain that local communities will want to adapt them to fit their specific needs.

- *Expanded Rural Mobility*

  Currently, the Rural Mobility Program is a competitive grant program administered by WSDOT. WSDOT advertises for applications every biennium and, through an evaluation process, selects program participants. Because the program is competitive, there is no guarantee of continued funding at the end of each project period.

  The Rural Mobility Program would be modified and expanded with additional funds. An allocation process would be created for distributing part of the funds that would permit on-going support to local community programs.

  WSDOT would administer the program and provide technical support to local community services. The local projects would be required to track and report on their services. Funding levels would be subject to legislative appropriation, and the WSDOT would be the focal point for funding distribution.

  Depending upon appropriation levels, other funding sources would be displaced or supplemented, and could be delivered through WSDOT. The program is flexible, and could be targeted at special needs purposes. Program control would stay at the state level, with WSDOT, but significant latitude could be given to local projects.

- *The Brokerage Model*

  This model would be an enhanced version of the existing Medicaid Brokerage Program. It would retain a degree of control at the state level while providing great flexibility regarding providers at the local level. With this model, a state agency would identify regional brokers and administer contracts for their operation. Operational funding can come from single or multiple sources. The broker is required to develop a range of service providers in their communities, and the broker provides a single "point of entry" for persons requiring specialized services. An individual would contact the regional broker for a trip need, and would be matched to an appropriate provider in the community. The basic platform already exists with the Medicaid Program, and it would be expanded to include other programs. Accountability would be enhanced as each regional broker would be responsible for monitoring and reporting on its performance. Funding levels could be subject to the legislative appropriation process, and the model could be applied statewide or in selected areas.

- *The Special Needs Transportation District*

  This model would transfer greater control to the local level. Counties would have responsibility for ensuring specialized transportation needs are being met. Counties could either create transportation offices, or they could contract with outside agencies for the services. To fund the cost of the services, each county would receive a distribution of motor vehicle excise tax that might otherwise have been available if an appropriate public transportation agency was in place. These funds may displace or supplement existing program resources. The special district could be designed to serve only persons with special needs for transportation. Specific planning and reporting requirements could be assigned to the counties as conditions for receiving the funds.

- *The Enhanced Public Transportation Authority*

  This model would apply to communities that have made a commitment to public transportation by creating a locally funded authority. The most typical authority is the Public Transportation Benefit Area (PTBA). This model would place greater control at the local level using the existing, or modified, board of locally elected officials of the local authority. Responsibility for transportation would be vested in a single, local entity whose purpose is exclusively public transportation. State programs could be consolidated with a single agency and passed through to the local PTBA, or each state program could contract separately with each local authority for the services it requires. The local PTBA would be responsible for planning and reporting its performance.

## RESOURCES

While it may be reasonable to assume a need for increased funding to meet unmet needs for specialized transportation services, it is also clear that some preliminary activities must occur first. The recommendations made for information and coordination will assist policy makers and budget analysts in their decision making processes.

It is apparent that some duplication of resource expenditure has been occurring. It is also apparent that the distribution of resources may not be matching the needs. Finally, and perhaps most obviously, it is important to determine the levels of need and services already available.

The shortfall identified gives an order of magnitude of the problems and barriers in the current service delivery systems. These problems may be resolved through legislative or regulatory actions.

The categorical program structure lies at the heart of the problem. To create a visual image of the problem, assume each program is assigned a color. For example, senior transportation programs might be blue, Head Start programs could be red, and special education programs could be green. Assume also that the program dollars for each of these programs are colored the same. That means that senior transportation trips are paid for with blue dollars and so forth for all the other programs.

Tracking the colored money to each program creates an administrative headache for the service provider that may be contracting for many or all of these program trips in the community. This can frustrate efforts to put a senior citizen on the same vehicle with a Head Start child. If the trip is provided to both, how is the cost assigned?

Staying with this visual image for a further moment, the solution would seem to be mixing the colored dollars in some way to create "rainbow dollars" that include little pieces from each program. This outcome will require a great deal of planning and program modifications, unless an independent funding source is created. The service delivery models discussed above provide some structure and opportunity for accomplishing this.

There are several recommendations that can address the identified barriers, and the Council process can monitor future developments and make recommendations for any additional barriers that are uncovered.

- *Allocated funding programs*

  This recommendation may involve some controversy. The recommendation is to modify existing funding programs to create allocations to communities. This action will ensure a level of funding to communities upon which they can plan from year to year and sustain their programs over time.

  Fluctuating levels of service from year to year create major problems for communities and providers. The lack of reliability that occurs causes a lack of confidence in the service and people tend not to trust the service. A few turndowns will cause people not to call back. Providers have a difficult time retaining quality, trained employees because of inconsistent funding levels.

  The potential controversy concerns providing funds to communities that have not chosen to tax themselves for public transportation. There is a point of view that communities that do choose to tax themselves should be considered first, and that other communities should be required to at least attempt a local transit initiative before being eligible for state-allocated funds.

- *Planning funds*

  One area where there is clearly a shortage of funds is in planning. At the state level, no funding support has been provided to encourage planning. The only recent initiative occurred in 1990 using Federal Transit Administration funds. At the local level, no agencies have been given the scope of authority and concomitant resources to accomplish the task.

  The regional transportation planning organizations and the community public health and safety networks (sponsored by the Family Policy Council) come the closest, but they have resources sufficient only to deal with their current mandates. The recommendation is to provide the Council with a source of funds with which it can plan and distribute funds to local communities to assist with their planning.

- *Liability reform*

  This issue needs further study, and will likely require legislative action. Individual program managers have been wrestling with the issue, but often lack the expertise to do anything meaningful. The Insurance Commissioner's Office should be directed to work with the Council to clearly define the issues and make specific recommendations.

- *Lending of faith and credit*

  The lending of faith and credit prohibition is found in the state constitution. It is unreasonable, and unwise, to suggest the wholesale removal of that prohibition because of unforeseen impacts outside of the transportation venue. It is recommended that the Council work with the Attorney General's Office to see if a waiver or exception process can be formulated. This may require some legislative action. A positive outcome will greatly encourage the participation of private sector organizations in meeting the needs of special transportation populations.

- *Rainbow dollars*

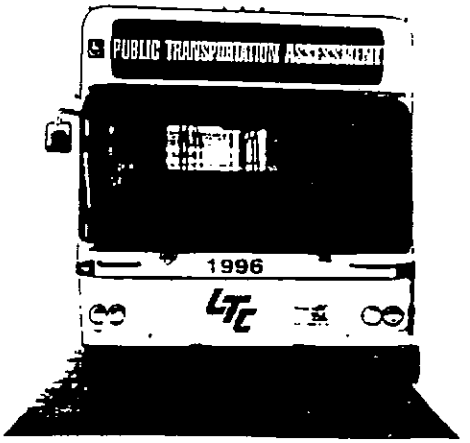
  This recommendation addresses two related issues. The first is recognizing the importance of access to the success of new and existing service programs. The recommendation is that all new programs should include funding specifically for transportation of clients to the services. To the extent possible, all future appropriations for existing programs should also identify transportation components in the budgets. The second is that the idea of "rainbow dollars" should prevail in appropriating the funds to transportation so that the money can be used in future coordinated service delivery models.

## SUMMARY

Personal mobility is often taken for granted, but for people with special needs it is often problematic. The cost of providing that mobility puts severe strains on public resources, but failing to provide needed access can create even greater costs down stream. Clearly there is a state interest in trying to mitigate the unmet mobility needs of the people in the state.

Current service delivery methods are categorical and duplicative. New, coordination strategies can stretch existing resources so that a greater level of need can be served. To develop these strategies, better data and information must be obtained for planners and policy makers. Because so many programs and stakeholders are affected, a process must be developed to create ownership in the products of those planning and policy decisions.

Finally, operational models need to be planned, tested, and implemented so that local communities and their service providers can reasonably address their needs. The recommendations identified in this chapter should help to accomplish these tasks.




# APPENDICES

COX • HORNUNG • LAHN • MUNDLE • PRESTRUD
Washington State Transit Association
Washington State Department of Transportation
Legislative Transportation Committee

# APPENDIX 1
# C P I MINUS X DETAILED EXAMPLES

# CPI-X REGULATION: PUGET SOUND REGION

## *Examples*

***Based upon MTP Financially Constrained Strategy***

### *Contents*

## Section I: CPI-X REGULATION 1997-2020: All Operators Combined

| | | |
|---|---|---|
| Annual Inflation Assumption (CPI) | 3.0% | |
| | ***1994$*** | ***1997$*** |
| Cost/Vehicle Hour: 1997 | $74.38 | $81.28 |
| CPI-X 2020 Standard | $48.29 | $52.77 |
| CPI-X Standard Required (Ave.) | -1.916% | |

| | | | CPI-X Standard | |
|---|---|---|---|---|
| Year | Inflation from 1997 | CPI-X Standard | Current $ | 1997$ |
| 1997 | 0.00% | 0.0% | $81.28 | $81.28 |
| 1998 | 3.00% | 1.08% | $82.16 | $79.77 |
| 1999 | 6.09% | 2.18% | $83.05 | $78.28 |
| 2000 | 9.27% | 3.29% | $83.95 | $76.83 |
| 2001 | 12.55% | 4.41% | $84.86 | $75.40 |
| 2002 | 15.93% | 5.54% | $85.78 | $73.99 |
| 2003 | 19.41% | 6.68% | $86.71 | $72.62 |
| 2004 | 22.99% | 7.84% | $87.65 | $71.27 |
| 2005 | 26.68% | 9.01% | $88.60 | $69.94 |
| 2006 | 30.48% | 10.19% | $89.56 | $68.64 |
| 2007 | 34.39% | 11.38% | $90.53 | $67.36 |
| 2008 | 38.42% | 12.59% | $91.51 | $66.11 |
| 2009 | 42.58% | 13.81% | $92.50 | $64.88 |
| 2010 | 46.85% | 15.05% | $93.51 | $63.67 |
| 2011 | 51.26% | 16.29% | $94.52 | $62.49 |
| 2012 | 55.80% | 17.55% | $95.54 | $61.33 |
| 2013 | 60.47% | 18.83% | $96.58 | $60.19 |
| 2014 | 65.28% | 20.12% | $97.63 | $59.07 |
| 2015 | 70.24% | 21.42% | $98.69 | $57.97 |
| 2016 | 75.35% | 22.73% | $99.75 | $56.89 |
| 2017 | 80.61% | 24.06% | $100.84 | $55.83 |
| 2018 | 86.03% | 25.41% | $101.93 | $54.79 |
| 2019 | 91.61% | 26.77% | $103.03 | $53.77 |
| 2020 | 97.36% | 28.14% | $104.15 | $52.77 |
| Change | | | 28.14% | -35.07% |

## Section II: SERVICE IMPLICATIONS: CURRENT TREND: All Operators Combined

| | | |
|---|---|---|
| 1997 Vehicle Hours | 3,876,900 | |
| 1980-1994 Annual Cost/Veh. Hr. Trend | 1.255% | Inflation Adjusted |
| 1995-2020 Revenue Increase | 40.0% | Inflation Adjusted |
| 1997-2020 Annual Increase | 1.474% | |

*Current $ (Not Inflation Adjusted)*

| Year | Cost/VH | Revs/Op Cost | Vehicle Hours |
|---|---|---|---|
| 1997 | $81.28 | $315,102,934 | 3,876,900 |
| 1998 | $84.77 | $329,338,926 | 3,885,273 |
| 1999 | $88.40 | $344,218,084 | 3,893,664 |
| 2000 | $92.20 | $359,769,465 | 3,902,073 |
| 2001 | $96.16 | $376,023,439 | 3,910,500 |
| 2002 | $100.29 | $393,011,750 | 3,918,945 |
| 2003 | $104.59 | $410,767,574 | 3,927,409 |
| 2004 | $109.08 | $429,325,585 | 3,935,890 |
| 2005 | $113.76 | $448,722,026 | 3,944,391 |
| 2006 | $118.65 | $468,994,776 | 3,952,909 |
| 2007 | $123.74 | $490,183,426 | 3,961,446 |
| 2008 | $129.05 | $512,329,355 | 3,970,001 |
| 2009 | $134.59 | $535,475,812 | 3,978,575 |
| 2010 | $140.37 | $559,667,999 | 3,987,168 |
| 2011 | $146.39 | $584,953,162 | 3,995,779 |
| 2012 | $152.68 | $611,380,680 | 4,004,408 |
| 2013 | $159.23 | $639,002,163 | 4,013,056 |
| 2014 | $166.07 | $667,871,553 | 4,021,723 |
| 2015 | $173.19 | $698,045,229 | 4,030,409 |
| 2016 | $180.63 | $729,582,118 | 4,039,113 |
| 2017 | $188.38 | $762,543,807 | 4,047,836 |
| 2018 | $196.47 | $796,994,668 | 4,056,578 |
| 2019 | $204.90 | $833,001,980 | 4,065,339 |
| 2020 | $213.70 | $870,636,061 | 4,074,118 |
| Change | 162.93% | 176.30% | 5.09% |
| Inflation Adjusted | 33.22% | 40.00% | |

## Section III: SERVICE IMPLICATIONS: CPI-X REGULATION: All Operators Combined

*Current $ (Not Inflation Adjusted)*

| Year | Cost/VH | Revs/Op Cost | Vehicle Hours |
|---|---|---|---|
| 1997 | $81.28 | $315,102,934 | 3,876,900 |
| 1998 | $82.16 | $329,338,926 | 4,008,601 |
| 1999 | $83.05 | $344,218,084 | 4,144,775 |
| 2000 | $83.95 | $359,769,465 | 4,285,576 |
| 2001 | $84.86 | $376,023,439 | 4,431,160 |
| 2002 | $85.78 | $393,011,750 | 4,581,689 |
| 2003 | $86.71 | $410,767,574 | 4,737,332 |
| 2004 | $87.65 | $429,325,585 | 4,898,262 |
| 2005 | $88.60 | $448,722,026 | 5,064,659 |
| 2006 | $89.56 | $468,994,776 | 5,236,708 |
| 2007 | $90.53 | $490,183,426 | 5,414,603 |
| 2008 | $91.51 | $512,329,355 | 5,598,540 |
| 2009 | $92.50 | $535,475,812 | 5,788,726 |
| 2010 | $93.51 | $559,667,999 | 5,985,372 |
| 2011 | $94.52 | $584,953,162 | 6,188,699 |
| 2012 | $95.54 | $611,380,680 | 6,398,933 |
| 2013 | $96.58 | $639,002,163 | 6,616,309 |
| 2014 | $97.63 | $667,871,553 | 6,841,069 |
| 2015 | $98.69 | $698,045,229 | 7,073,464 |
| 2016 | $99.75 | $729,582,118 | 7,313,754 |
| 2017 | $100.84 | $762,543,807 | 7,562,207 |
| 2018 | $101.93 | $796,994,668 | 7,819,100 |
| 2019 | $103.03 | $833,001,980 | 8,084,720 |
| 2020 | $104.15 | $870,636,061 | 8,359,363 |
| Change | 28.14% | 176.30% | 115.62% |
| Inflation Adjusted | -35.07% | 40.00% | |

## Section IV: CPI-X COMPLIANCE: Example Operator

**Example Operator (1/5 of Puget Sound Region Service)**

*Current $ (Not Inflation Adjusted)*

| Year | Vehicle Hours | Revs/Op Cost | Cost per Veh. Hr. | CPI-X Standard | Out of Compliance |
|---|---|---|---|---|---|
| 1997 | 775,380 | $63,020,587 | $81.28 | $81.28 | $0.00 |
| 1998 | 801,720 | $65,867,785 | $82.16 | $82.16 | $0.00 |
| 1999 | 805,729 | $68,843,617 | $85.44 | $83.05 | $2.39 |
| 2000 | 809,757 | $70,004,068 | $86.45 | $83.95 | $2.50 |
| 2001 | 859,645 | $71,207,915 | $82.83 | $84.86 | $0.00 |
| 2002 | 920,919 | $76,610,023 | $83.19 | $85.78 | $0.00 |
| 2003 | 947,466 | $80,139,591 | $84.58 | $86.71 | $0.00 |
| 2004 | 979,652 | $83,829,363 | $85.57 | $87.65 | $0.00 |
| 2005 | 1,012,932 | $87,686,583 | $86.57 | $88.60 | $0.00 |
| 2006 | 1,047,342 | $91,718,827 | $87.57 | $89.56 | $0.00 |
| 2007 | 1,082,921 | $95,934,008 | $88.59 | $90.53 | $0.00 |
| 2008 | 1,119,708 | $100,340,401 | $89.61 | $91.51 | $0.00 |
| 2009 | 1,130,905 | $104,946,652 | $92.80 | $92.50 | $0.30 |
| 2010 | 1,197,074 | $109,427,515 | $91.41 | $93.51 | $0.00 |
| 2011 | 1,237,740 | $114,795,290 | $92.75 | $94.52 | $0.00 |
| 2012 | 1,279,787 | $120,056,996 | $93.81 | $95.54 | $0.00 |
| 2013 | 1,323,262 | $125,557,237 | $94.88 | $96.58 | $0.00 |
| 2014 | 1,329,878 | $131,306,799 | $98.74 | $97.63 | $1.11 |
| 2015 | 1,343,177 | $135,841,874 | $101.13 | $98.69 | $2.45 |
| 2016 | 1,383,472 | $138,818,027 | $100.34 | $99.75 | $0.59 |
| 2017 | 1,512,441 | $144,523,385 | $95.56 | $100.84 | $0.00 |
| 2018 | 1,563,820 | $152,145,809 | $97.29 | $101.93 | $0.00 |
| 2019 | 1,616,944 | $159,268,648 | $98.50 | $103.03 | $0.00 |
| 2020 | 1,671,873 | $166,715,988 | $99.72 | $104.15 | $0.00 |

## Section V: PUGET SOUND TRANSIT EXPANSION FUND (PSTE Fund): Example Operator

**Example Operator (1/5 of Puget Sound Region Service)**

| *Current $ (Not Inflation Adjusted)* Year | Out of Compliance (x) Vehicle Hours | Funding Transfer to Escrow | Funding Base Transfer to PSTE Fund | Annual PSTE Funding Base | Funding Base Transfer to Operator | Operator Funding Base (Revs/OpCost) | Notes |
|---|---|---|---|---|---|---|---|
| 1997 | $0 | $0 | $0 | $0 | $0 | $63,020,587 | |
| 1998 | $0 | $0 | $0 | $0 | $0 | $65,867,785 | |
| 1999 | $1,928,916 | $0 | $0 | $0 | $0 | $68,843,617 | |
| 2000 | $2,025,811 | $1,949,825 | $0 | $0 | $0 | $70,004,068 | |
| 2001 | $0 | $2,025,811 | $1,970,961 | $1,970,961 | $0 | $71,207,915 | *Note #1* |
| 2002 | $0 | $0 | $0 | $1,992,327 | $2,069,969 | $76,610,023 | *Note #2* |
| 2003 | $0 | $0 | $0 | $2,013,923 | $0 | $80,139,591 | |
| 2004 | $0 | $0 | $0 | $2,035,754 | $0 | $83,829,363 | |
| 2005 | $0 | $0 | $0 | $2,057,822 | $0 | $87,686,583 | |
| 2006 | $0 | $0 | $0 | $2,080,129 | $0 | $91,718,827 | |
| 2007 | $0 | $0 | $0 | $2,102,677 | $0 | $95,934,008 | |
| 2008 | $0 | $0 | $0 | $2,125,470 | $0 | $100,340,401 | |
| 2009 | $334,285 | $0 | $0 | $2,148,510 | $0 | $104,946,652 | |
| 2010 | $0 | $334,285 | $0 | $2,171,800 | $0 | $109,427,515 | |
| 2011 | $0 | $0 | $0 | $2,195,343 | $341,572 | $114,795,290 | *Note #2* |
| 2012 | $0 | $0 | $0 | $2,219,140 | $0 | $120,056,996 | |
| 2013 | $0 | $0 | $0 | $2,243,196 | $0 | $125,557,237 | |
| 2014 | $1,475,081 | $0 | $0 | $2,267,512 | $0 | $131,306,799 | |
| 2015 | $3,290,389 | $1,475,081 | $0 | $2,292,092 | $0 | $135,841,874 | |
| 2016 | $810,033 | $3,290,389 | $1,491,070 | $3,808,008 | $0 | $138,818,027 | |
| 2017 | $0 | $810,033 | $3,326,056 | $7,175,344 | $0 | $144,523,385 | *Note #1* |
| 2018 | $0 | $0 | $0 | $7,253,124 | $827,690 | $152,145,809 | *Notes # 1 & #2* |
| 2019 | $0 | $0 | $0 | $7,331,748 | $0 | $159,268,648 | |
| 2020 | $0 | $0 | $0 | $7,411,224 | $0 | $166,715,988 | |

*All revenues annually increased by inflation and MTP real revenue increase assumption.*

*Note #1: Out of compliance funding place in Puget Sound Transit Expansion Fund because compliance not achieved by in next year .*

*Note #2: Out of compliance funding returned to operator since compliance achieved in next year .*

## APPENDIX 2
## PROPOSED "TRUTH IN PLANNING" BIENNIAL REPORT FORMAT

COX • HORNUNG • LAHN • MUNDLE • PRESTRUD

# PROPOSED FORMAT

*Biennial Report*
*of the*
## State Auditor

*to the*
## Governor and Legislature

*of the state of*
## Washington

## Under ### R.C.W.
## "Truth in Planning Requirement"

*Relating to*
## Public Transit in the Puget Sound Region

## For the Period Ended 1994

Submitted: November 26, 1996

### NOTES

*This is a sample of a proposed format.*

*For the purposes of this sample, it is assumed that progress toward the 2020 ridership forecast and service level target will be achieved at a constant annual percentage rate, and that "Truth in Planning" legislation was in effect at the end of 1996.*

*Actual transit ridership and service level information used for 1990, 1992 and 1994.*

# Transmittal Letter

From the State Auditor

To the
Governor
President of the Senate
Speaker of the House of Representatives

# Table of Contents

# LEGISLATIVELY REQUIRED FINDINGS:
# Puget Sound Region (All Transit Agencies Combined)

## 1. 1994 RIDERSHIP (Annual Unlinked Trips)

### A. MTP Financially Constrained Strategy

| | |
|---|---|
| -4.6% | Variance: Total actual ridership relative to forecast: 1994 |
| -56.6% | Variance: Ridership change relative to forecast: 1990-1994 |
| -76.6% | Variance: Ridership change relative to forecast: 1992-1994 |

### B. MTP Preferred Strategy

| | |
|---|---|
| -10.3% | Variance: Total actual ridership relative to forecast: 1994 |
| -75.6% | Variance: Ridership change relative to forecast: 1990-1994 |
| -87.0% | Variance: Ridership change relative to forecast: 1992-1994 |

## 2. 1994 SERVICE LEVEL (Vehicle Hours)

### A. MTP Financially Constrained Strategy

| | |
|---|---|
| -2.2% | Variance: Total actual service level relative to forecast: 1994 |
| -20.6% | Variance: Service level change relative to forecast: 1990-1994 |
| -61.4% | Variance: Service level change relative to forecast: 1992-1994 |

### B. MTP Preferred Strategy

| | |
|---|---|
| N.A.* | Variance: Total actual service level relative to forecast: 1994 |
| N.A.* | Variance: Service level change relative to forecast: 1990-1994 |
| N.A.* | Variance: Service level change relative to forecast: 1992-1994 |

* *Data not available*

# LEGISLATIVELY REQUIRED TABLES
## Puget Sound Region (All Transit Agencies Combined)

| Table #1<br>RIDERSHIP SUMMARY<br>(Unlinked Trips) | MTP: Financially Constrained | MTP: Preferred |
|---|---|---|
| 1994 Total Ridership | | |
| Forecast | 106,793,915 | 113,591,873 |
| Actual | 101,862,000 | 101,862,000 |
| Over/Under | (4,931,915) | (11,729,873) |
| Actual Relative to Forecast (Variance) | -4.6% | -10.3% |
| Change in Ridership Since MTP Inception (1990-1994) | | |
| Forecast | 8,718,915 | 15,516,873 |
| Actual | 3,787,000 | 3,787,000 |
| Over/Under | (4,931,915) | (11,729,873) |
| Actual Relative to Forecast (Variance) | -56.6% | -75.6% |
| Change in Ridership, Biennium (1992-1994) | | |
| Forecast | 4,452,266 | 8,043,197 |
| Actual | 1,042,000 | 1,042,000 |
| Over/Under | (3,410,266) | (7,001,197) |
| Actual Relative to Forecast (Variance) | -76.6% | 87.0% |

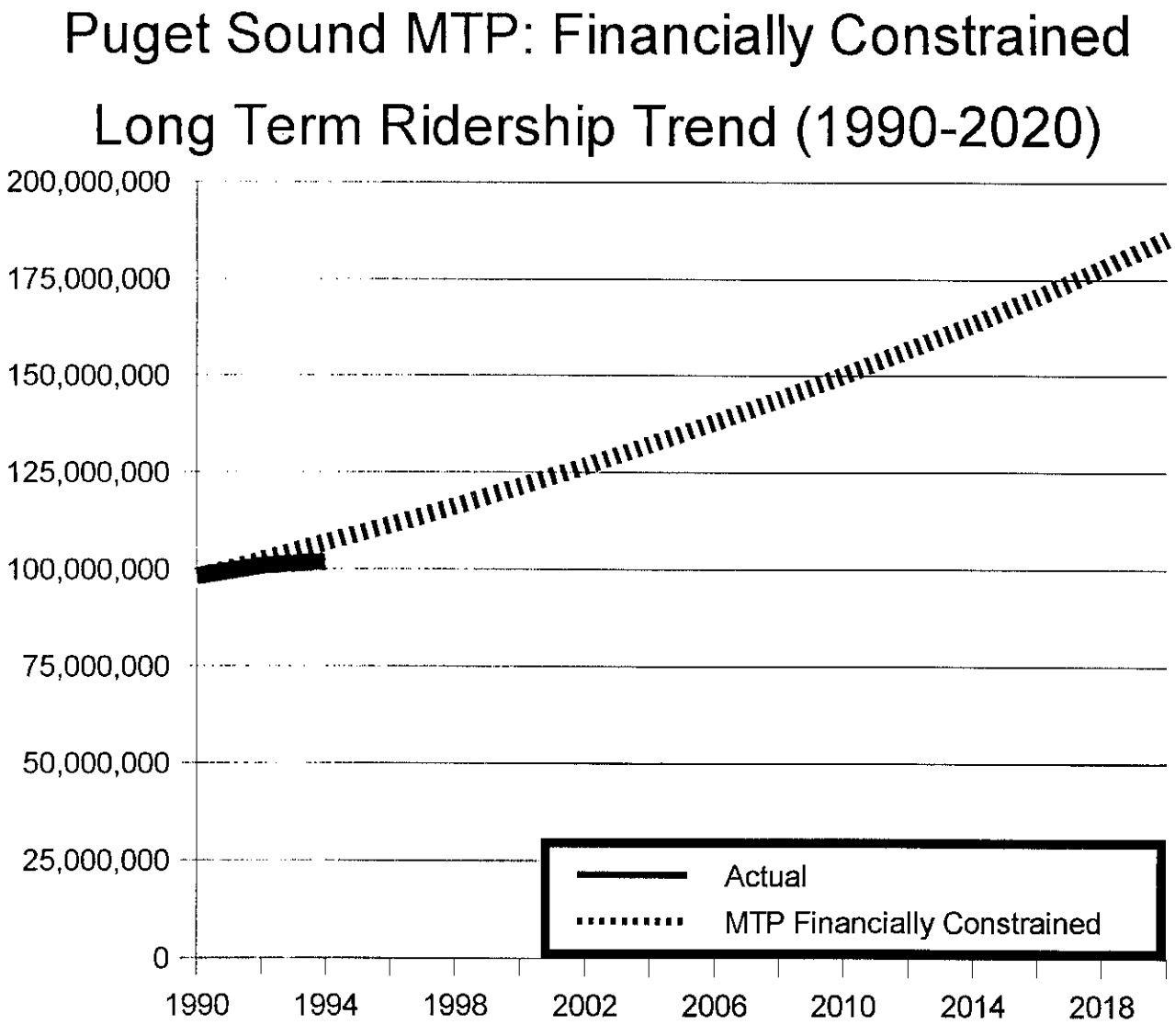
| Table #2<br>SERVICE LEVEL SUMMARY<br>(Vehicle Hours) | MTP: Financially Constrained | MTP: Preferred |
|---|---|---|
| Total Total Vehicle Hours | | |
| Target | 3,965,438 | Not Available |
| Actual | 3,876,900 | |
| Over/Under | (88,538) | |
| Actual Relative to Target (Variance) | -2.2% | |
| Change in Vehicle Hours Since MTP Inception (1990-1994) | | |
| Target | 429,838 | Not Available |
| Actual | 341,300 | |
| Over/Under | (88,538) | |
| Actual Relative to Target (Variance) | -20.6% | |
| Change in Vehicle Hours: Biennium (1992-1994) | | |
| Target | 221,082 | Not Available |
| Actual | 85,400 | |
| Over/Under | (135,682) | |
| Actual Relative to Target (Variance) | -61.4% | |

**Table #3**
**DETAILED RIDERSHIP DATA**
**(Unlinked Trips)**

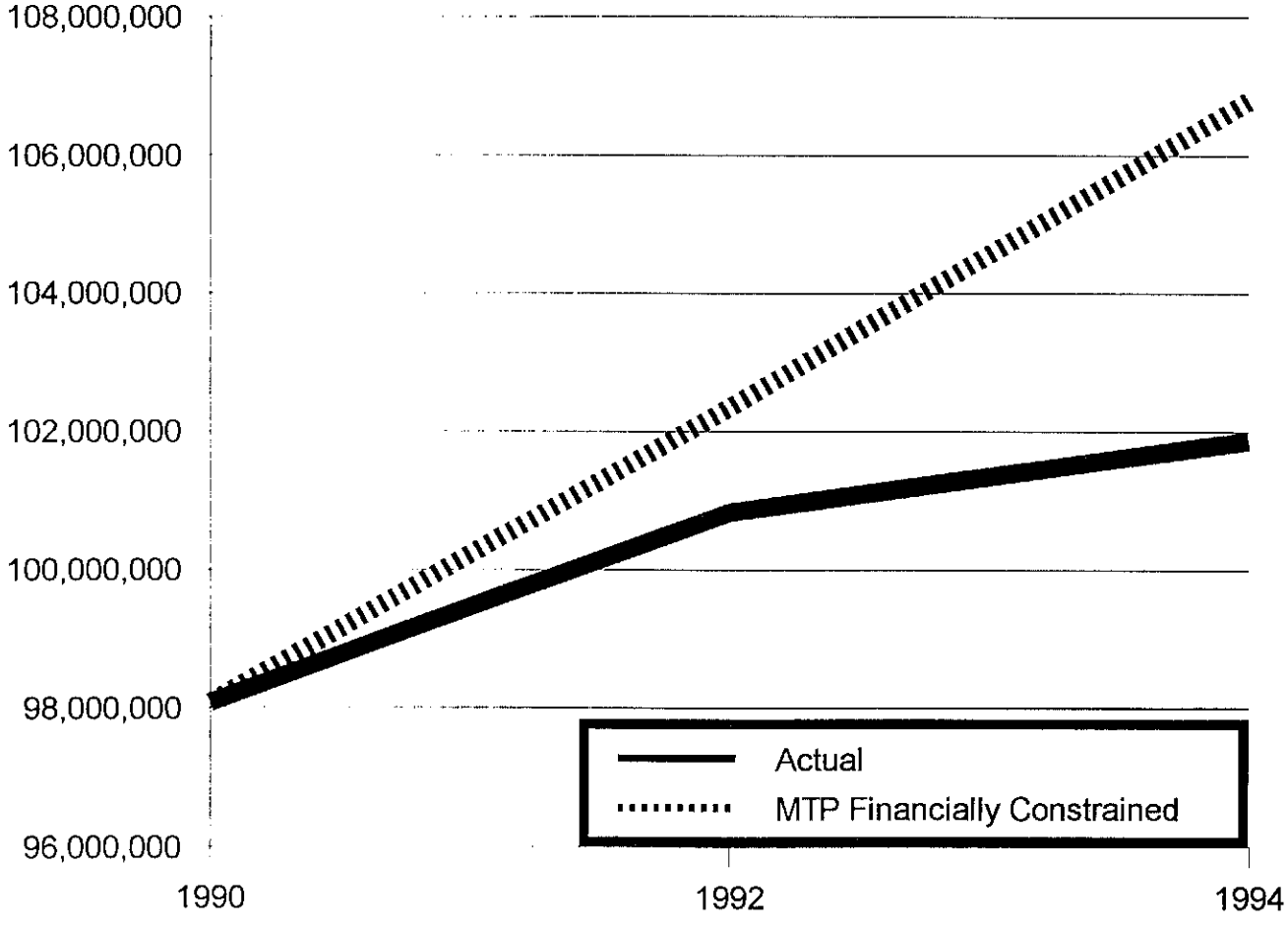
| | Performance | | MTP Financially Constrained | | | MTP Preferred | | |
|---|---|---|---|---|---|---|---|---|
| Year | Actual | Change | Forecast | Change | Variance | Forecast | Change | Variance |
| 1990 | 98,075,000 | | 98,075,000 | 0.0% | | 98,075,000 | 0.0% | |
| 1992 | 100,820,000 | 2.8% | 102,341,650 | 4.4% | -1.5% | 105,548,676 | 7.6% | -6.6% |
| 1994 | 101,862,000 | 3.9% | 106,793,915 | 8.9% | -4.6% | 113,591,873 | 15.8% | -14.3% |
| 1996 | | | 111,439,872 | 13.6% | | 122,247,991 | 24.6% | |
| 1998 | | | 116,287,946 | 18.6% | | 131,563,738 | 34.1% | |
| 2000 | | | 121,346,931 | 23.7% | | 141,589,378 | 44.4% | |
| 2002 | | | 126,626,001 | 29.1% | | 152,379,009 | 55.4% | |
| 2004 | | | 132,134,732 | 34.7% | | 163,990,850 | 67.2% | |
| 2006 | | | 137,883,114 | 40.6% | | 176,487,556 | 80.0% | |
| 2008 | | | 143,881,574 | 46.7% | | 189,936,557 | 93.7% | |
| 2010 | | | 150,140,990 | 53.1% | | 204,410,421 | 108.4% | |
| 2012 | | | 156,672,715 | 59.7% | | 219,987,246 | 124.3% | |
| 2014 | | | 163,488,597 | 66.7% | | 236,751,083 | 141.4% | |
| 2016 | | | 170,600,996 | 73.9% | | 254,792,387 | 159.8% | |
| 2018 | | | 178,022,813 | 81.5% | | 274,208,503 | 179.6% | |
| 2020 | | | 185,767,508 | 89.4% | | 295,104,199 | 200.9% | |

**Table #4**
**DETAILED SERVICE LEVEL DATA**
**(Vehicle Hours)**

| Year | Performance | | MTP: Financially Constrained | | | MTP: Preferred | | |
|---|---|---|---|---|---|---|---|---|
| | Actual | Change | Target | Change | Variance | Target | Change | Variance |
| 1990 | 3,535,600 | | 3,535,600 | 0.0% | | | | |
| 1992 | 3,791,500 | 7.2% | 3,744,356 | 5.9% | 1.3% | | | |
| 1994 | 3,876,900 | 9.7% | 3,965,438 | 12.2% | -2.2% | *Not Available* | | |
| 1996 | | | 4,199,573 | 18.8% | | | | |
| 1998 | | | 4,447,533 | 25.8% | | | | |
| 2000 | | | 4,710,133 | 33.2% | | | | |
| 2002 | | | 4,988,238 | 41.1% | | | | |
| 2004 | | | 5,282,763 | 49.4% | | | | |
| 2006 | | | 5,594,679 | 58.2% | | | | |
| 2008 | | | 5,925,011 | 67.6% | | | | |
| 2010 | | | 6,274,847 | 77.5% | | | | |
| 2012 | | | 6,645,339 | 88.0% | | | | |
| 2014 | | | 7,037,707 | 99.1% | | | | |
| 2016 | | | 7,453,241 | 110.8% | | | | |
| 2018 | | | 7,893,310 | 123.3% | | | | |
| 2020 | | | 8,359,363 | 136.4% | | | | |

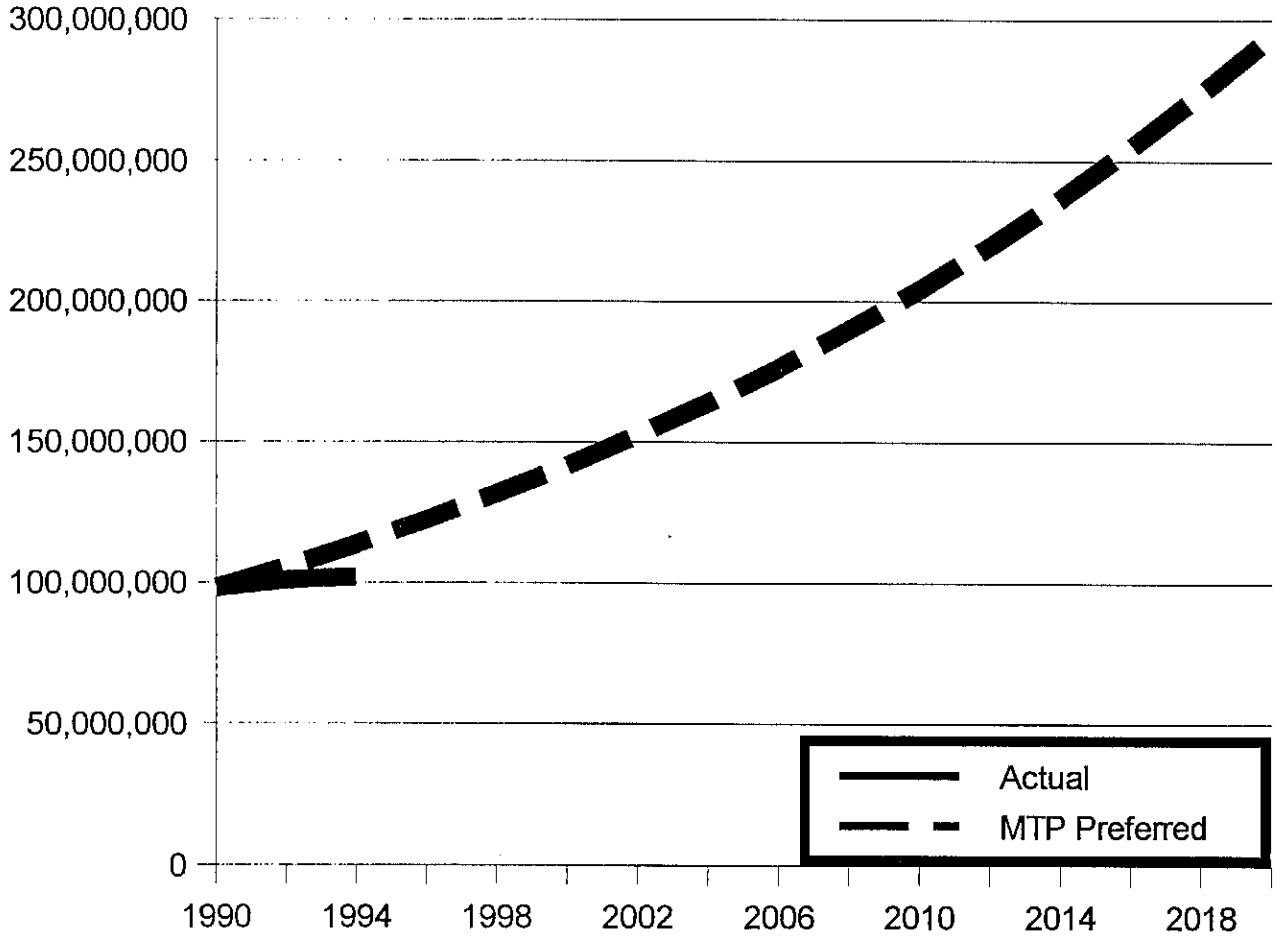

Puget Sound MTP: Financially Constrained
Long Term Ridership Trend (1990-2020)
200,000,000
175,000,000
150,000,000
125,000,000
100,000,000
75,000,000
50,000,000
25,000,000
0
1990
1994
1998
2002
2006
2010
2014
2018
Actual
MTP Financially Constrained

# Puget Sound MTP: Financially Constrained Short Term Ridership Trend (1990-1994)



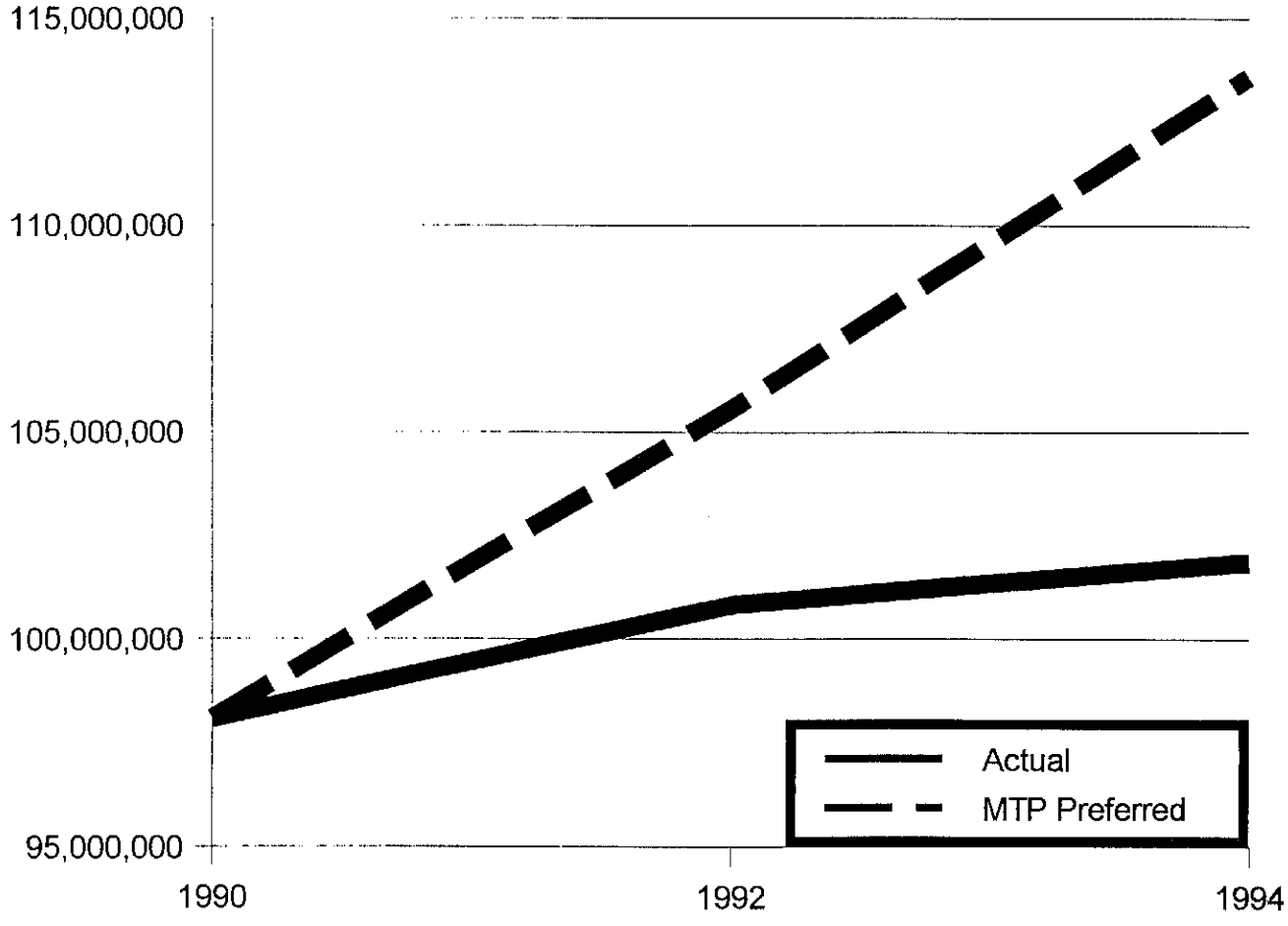
# Puget Sound MTP: Preferred

## Long Term Ridership Trend (1990-2020)

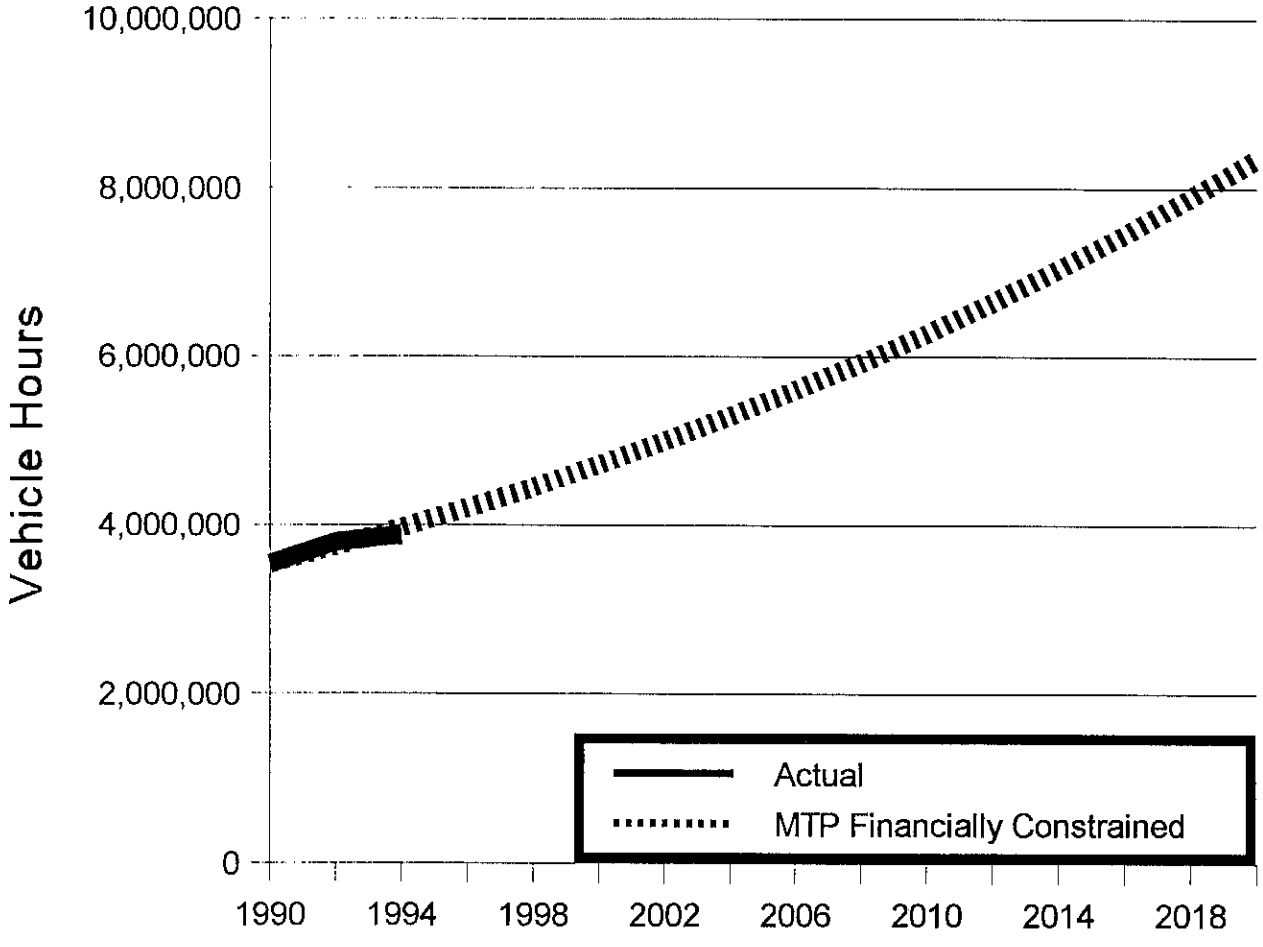


# Puget Sound MTP: Preferred

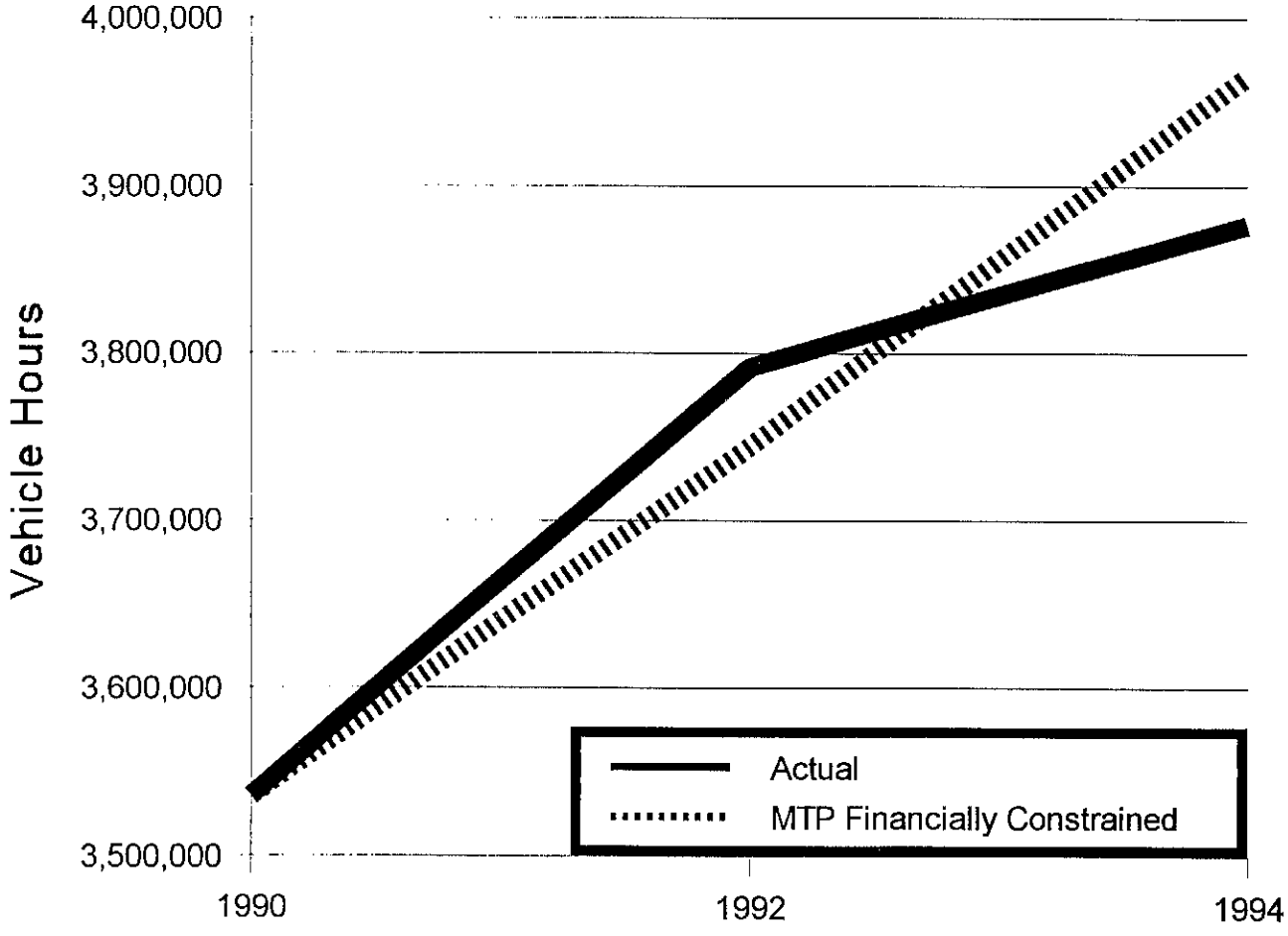
## Short Term Ridership Trend (1990-1994)



# Puget Sound MTP: Financially Constrained Long Term Service Level Trend (1990-2020)



# Puget Sound MTP: Financially Constrained Short Term Service Level Trend (1990-1994)



LEGISLATIVELY REQUIRED FINDINGS:
Community Transit

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
Community Transit

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
Community Transit

*Charts above with transit agency data*

LEGISLATIVELY REQUIRED FINDINGS:
Everett Transit

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
Everett Transit

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
Everett Transit

*Charts above with transit agency data*

LEGISLATIVELY REQUIRED FINDINGS:
King County Metro

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
King County Metro

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
King County Metro

*Charts above with transit agency data*

LEGISLATIVELY REQUIRED FINDINGS:
Kitsap Transit

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
Kitsap Transit

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
Kitsap Transit

*Charts above with transit agency data*

LEGISLATIVELY REQUIRED FINDINGS:
Pierce Transit

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
Pierce Transit

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
Pierce Transit

*Charts above with transit agency data*

LEGISLATIVELY REQUIRED FINDINGS:
Regional Transit Authority

*Findings above with transit agency data.*

LEGISLATIVELY REQUIRED TABLES
Regional Transit Authority

*Tables above with transit agency data*

LEGISLATIVELY REQUIRED CHARTS
Regional Transit Authority

*Charts above with transit agency data*

## APPENDIX 3
## STATE INTERESTS QUESTIONNAIRE

**Legislative Transportation Committee**
**1996 Public Transportation Assessment**

## State Interests in Public Transportation and Transit

### *Responsibility*

1. What is the state's concern, interest, and responsibility with regard to public transportation (i. e., publicly subsidized transportation of any kind– school buses, transit, disabled vouchers, etc.)? With regard to transit (i. e., conventional bus and van systems)? Does it differ from local or regional concerns, interests, and responsibilities?

2. What exactly is the state? Is it the Legislature, the Governor, the Department of Transportation, the Department of Social and Health Services, the Superintendent of Public Instruction, or some other state entity?

3. What are the main reasons for state support of public transportation? For transit? What is the most important of these reasons?

4. What interest or role should the state have in:

   a. urban mobility

   b. rural access

   c. coordination with federal, regional, and local public transportation organizations

5. What relationship does– or *should*– public transportation or transit have on other state efforts, goals, or programs, i. e.,

   a. commute trip reduction

   b. economic vitality

   c. education (e. g., what educational and financial benefits do student transit programs offer Washington public school districts and colleges?)

   d. employment

   e. energy consumption

   f. environment (e. g., is there a correlation between state public transportation expenditures and reduced air pollution levels, and if not, what threshold of expenditure or policy modification would be required to make a noticeable difference?)

g. growth management (e. g., concurrence, land use, level of service, zoning)

h. health services

i social services

j. transportation (e. g., under what circumstances do state public transportation investments attract sufficient new discretionary riders to demonstrably affect highway congestion?)

k. other (e. g., recreation)

***Funding***

6. What would be the impact on these efforts if the level of public transportation or transit funding were changed?)

7. Is the state spending enough to support public transportation? To support transit? Too much? Not enough? Are the funds being utilized to promote an effective delivery of service?

8. Are current state public transportation and transit funding goals clearly prioritized, or do all state public transportation and transit goals appear to have equal weight? Do state public transportation and transit goals ever differ from local or regional goals? If so, are they being achieved?

9. Do current approaches, in terms of organization and funding, insure that state public transportation and transit interests are being met? If not, how should the approaches be changed to better insure that state interests are met?

10. What percentage of state transportation and general funds is spent on transit (as opposed to highways, ferries, etc.)? What percentage of total state trips does transit carry? Work day trips? Peak hour trips? Work trips?

***Performance***

11. What significant partnerships with private firms and other public agencies has public transportation or transit in Washington created? What resulted?

12. Where do you see opportunities to reduce duplication of effort or to improve coordination or services? Specifically, what about special needs transportation services?

13. What steps should be taken to more efficiently and effectively deliver transportation services, utilizing all available state resources?

14. Should the state compile a comprehensive public transportation report from all publicly subsidized providers (i. e., local public transit, school districts, social service agencies, etc.)? How should such information be collected and used? Should the existing state transit statistical report be changed?

15. Do local transit agencies participate effectively in regional transportation processes? How could transit agency planning be better coordinated with regional transportation planning?

16. Should transit apply "least cost" criteria (e. g., cost per diverted Single Occupancy Vehicle) in analyzing modal alternatives? Should electronic and programmatic demand management techniques be given equal consideration with conventional supply side service and facility solutions like bus, paratransit, and rail?

17. What is the appropriate role of the state in regard to cross jurisdictional transit and paratransit services? Are the service policies of local transit agencies adequately addressing cross jurisdictional mobility needs?

18. Do current state High Occupancy Vehicle policies and practices enhance or inhibit transit? Would transportation policy and practice changes (e. g., implementing existing H O V warrants) enable transit to expand its market share?

**Legislative Transportation Committee**
**1996 Public Transportation Assessment**

**Transit System Reserves**
**Transit Expenditure Productivity**

*Reserves*

1. What is the purpose of any unrestricted cash balance or reserve account balance held by your agency? What balances do you anticipate requiring, and for how long?

2. Are other options available to the state and to public transit to fulfill future capital and liability needs? Should there be statewide standards for transit reserves, and if so, what should they be?

3. Should there be a state capital finance or insurance program in lieu of these levels of reserves? Should the state buy local transit buses, for example?

4. Has your agency accumulated reserves over the past several years? Were they planned, or were the surpluses unanticipated? Were revenues underestimated, or expenses overestimated, or both?

5. What methodology does your agency use in forecasting revenues and expenditures? Are reserves discussed in your agency's Transit Development Plan?

6. What chart of accounts does your agency use? How well does it meet your agency's needs? If your agency uses Budget Accounting and Reporting System or Federal Transit Administration accounts, has it deviated from those standards? If so, how?

7. Does your agency feel there is sufficient guidance from regulatory authorities (e. g., State Auditor's Office) for the reporting of reserves? What changes would your agency like to make in reporting requirements (e. g., WSDOT)?

8. Has your agency used or considered methods of financing other than reserves? If so, what has been your experience?

*Productivity*

9. Does your agency have specific goals and objectives?

10. How does your agency measure productivity? What factors affect productivity? What does effective and efficient mean in the provision of transit service?

11. How does your agency evaluate reductions or elimination of service?

12. Does your agency employ least cost planning in evaluating service changes?

13. What is the state's role in fostering productivity? What should the state be doing to ensure that state transit funds are used productively and efficiently?

14. Should the state require local systems to have procedures in place to:

    a. clearly define their objectives?

    b. establish annual performance targets?

    c. monitor actual performance against targets?

    d. take corrective actions to remain on course?

    e. remain accountable to the public?

    f. respond to state priorities and concerns?

15. Should the state provide policies or incentives to improve the productivity and efficiency of transit systems, or should those decisions be left at the local level?

16. What is your agency's experience with the use of competitive contractors in public transit?

17. Do any discrepancies exist between your agency's objectives and the growth management or commute trip reduction ordinances of the communities your agency serves?

18. How well are your agency's objectives being measured and achieved?

19. How well are the state's public transportation objectives being measured and achieved at your agency? To what extent are they different from those of your agency?

20. Should the state require periodic performance audits of local transit agencies?

21. What obstacles does your agency face in increasing productivity?

**Legislative Transportation Committee**
**1996 Public Transportation Assessment**

**State Transit-Related Accounts**

1. What is the role of state transit-related accounts? Is there a future need for these accounts?

2. What changes in the state transit account structure, including funding sources and eligibility, evaluation and selection, constraints or other requirements would your agency recommend?

3. Are your agency's goals being advanced with these accounts? Are state goals being advanced?

4. Should the state role in High Capacity Transportation continue? Should it be confined to seed money, or should the state be a continuing revenue source for regional high capacity systems?

5. How does your agency identify and develop projects to submit for state grants?

6. Does your agency have contingency funding plans for these projects in the event state grants are not obtained?

7. Given the small percentage of projects actually funded from state accounts relative to submittals, do you feel the project selection process is generally successful in identifying those projects which are most beneficial to the state?

8. Since the Central Puget Sound and High Capacity Transportation accounts are funded with Motor Vehicle Excise Taxes previously allocated directly to eligible transit agencies, would those diverted M V E T revenues have funded the same projects nominated in grant applications?

9. Have Central Puget Sound account incentives for partnerships facilitated cooperation with other agencies and jurisdictions? Has this resulted in financial participation from new sources?

10. Are there programs or projects your agency would have submitted for funding if less restrictive eligibility criteria were used?

11. Have you funded projects that were submitted for funding, but were turned down?

**APPENDIX 4**
**OUTLINE OF PROPOSED LEGISLATIVE PROVISIONS**
**PUGET SOUND TRANSIT PERFORMANCE PROGRAM**

# OUTLINE OF PROPOSED LEGISLATIVE PROVISIONS
# PUGET SOUND TRANSIT PERFORMANCE PROGRAM

**1.00 Legislative findings.** The legislature finds and declares that:

1.01 The Puget Sound region is experiencing rapid growth, which is already straining transportation capacity, and threatening the economic viability of the area. The Puget Sound region is the state's largest urban area and most important economic region, and it is in the interest of the state to establish policies that facilitate preservation and enhancement of the economy viability of this region.

1.02 The state has the primary responsibility for providing highway capacity throughout the state, including the Puget Sound region. However, state, regional and local policies do not envision construction of general purpose highway facilities to accommodate future growth in the Puget Sound region, but instead rely on a number of factors, especially attraction of single-occupant automobile users to transit and ridesharing alternatives. As a result the state has a substantial and direct interest in the success of these policies to substitute alternative modes of transport, including public transit.

1.03 Regional and local authorities have, in accordance with state and federal requirements, adopted a Metropolitan Transportation Plan which forecasts a significant increase in transit ridership both within the constraints of existing resources and with expanded resources.

1.04 The ridership trend of transit operators within the Puget Sound region falls short of the rate necessary to achieve the long term transit ridership forecasts. Correction of this trend will require substantial increases in service, which are achievable within current resource constraints. However, these service increases are unlikely to occur without a performance program that provides transit operators with incentives to improve their cost effectiveness.

1.05 Transit agencies receive a substantial amount of state and local funding, including funds from the Motor Vehicle Excise Tax, which this legislatures determines to be a state tax, and local taxes authorized under state law. The state has an interest in ensuring that these funds are used cost-effectively, especially in the Puget Sound region. It is in the state's interest to establish a transit performance program for the Puget Sound region.

**2.00 Definitions:** For the purposes of this legislation, the following definitions apply:

2.01 Vehicle Hour: As defined under the Federal Transit Administration National Transit Database as of January 1, 1994.

2.02 Unlinked Passenger Trip: As defined under the Federal Transit Administration National Transit Database as of January 1, 1994.

2.03 Operating Cost: All operating costs reported through the Federal Transit Administration National Transit Database as defined at January 1, 1994 (vehicle operations, vehicle maintenance, non-vehicle maintenance and general and administrative costs).

2.04 Bus: Motor bus and trolley bus.

2.05 Puget Sound region: King, Kitsap, Pierce and Snohomish Counties

2.06 Inflation adjustment: Adjustment of financial data using the Consumer Price Index: Urban Wage Earners and Clerical Workers (CPI-W) for Seattle-Tacoma, Washington (published by the United States Department of Labor).

2.07 Basic resource targets: Ridership, and service level targets based upon the Puget Sound Regional Council Metropolitan Transportation Plan "financially constrained" strategy 2020 forecast in effect as of January 1, 1996. (Note: Basic resources are funding rates and sources in effect at January 1, 1996)

2.08 Expanded resource targets: Ridership and service level targets based upon the Puget Sound Regional Council Metropolitan Transportation Plan "preferred" strategy in effect as of January 1, 1996 (Note: Expanded resources include basic resources and any additional funding resources or rate increases).

**3.00 Puget Sound Transit Performance Program:** A Puget Sound Transit Performance Program is established and applies to all transit operators in the Puget Sound region. The program consists of the following:

3.01 Unit cost, ridership and service level performance targets for the Puget Sound region and transit operators. (4.00 below)

3.02 Unit cost regulation (5.00 below)

3.03 Puget Sound Transit Service Expansion Fund (6.00 below)

3.04 "Truth in Planning" reporting (7.00 below)

3.05: Related reporting requirements

## 4.00 Performance Targets:

4.01 Initial 2020 unit cost target for each transit operator: $48.29 operating cost per vehicle hour (in 1994 dollars, to be converted to 1997 dollars through inflation adjustment).

> *Note:*
> *This cost per hour target is an estimate of the cost level required to achieve the 2020 basic resource ridership target under the assumptions of the Metropolitan Transportation Plan "financially constrained" strategy. A review of public transit operating costs indicates that this figure is reasonable and achievable.*

4.02 Basic resource targets: ridership and service level (2.07 above)

4.03 2020 ridership target: 185,000,000 unlinked passenger trips annually (exclusive of services funded by the Regional Transit Authority).

> *Note:*
> *This figure is the estimated Metropolitan Transportation Plan "financially constrained" strategy ridership projection, which is based upon funding resources as they existed before passage of the RTA referendum.*

4.031 Interim ridership targets: Annual unlinked passenger trip targets, allocated by transit operator, are to be established through a cooperative effort of the Puget Sound Regional Council and the transit operators requiring unanimous consent. The annual targets must be based upon achievement of the 2020 target in this legislation, and the total unlinked passenger trip targets allocated to the operators must balance to the total Puget Sound region unlinked passenger trip target. "Backloading" should be limited by a provision that requires that the total Puget Sound region ridership target in each year represent no less than 80 percent of the increase from the base year that would be required under the "straight line default" targets (4.032 below). Notice of interim target adoption would be forwarded to the State Auditor, who upon certifying consistency with the requirements of this act, would use these targets in administering unit cost regulation and in "truth in planning" reporting.

4.032 Straight line default targets: Until such time as interim ridership targets are certified by the State Auditor under 4.031 above, straight line default targets will be used by the state auditor in administering unit cost regulation and "Truth in Planning" requirements. The unlinked passenger trip target will be increased each year by 1/23 of the difference between base year (1997) unlinked trips and the 2020 target. Individual operator targets for each year will be allocated based upon the percentage of base year Puget Sound region unlinked trips carried by the operator.

4.033 Straight line default targets would apply to any year for which the cooperative process in 4.031 above did not result in certification of the interim target before the commencement of that year.

4.04 2020 basic resource service level target 8,360,000 bus vehicle hours annually.

> *Note:*
> *This figure is the estimated service level projection required to attract the ridership target (RTA services excluded).*

4.041 Interim service level targets: Annual vehicle hour targets, allocated by transit operator, are to be established through a cooperative effort of the Puget Sound Regional Council and the transit operators requiring unanimous consent. The annual targets must be based upon achievement of the 2020 target in this legislation, and the total annual vehicle hour targets allocated to the operators must balance to the total Puget Sound region annual vehicle hour targets."Backloading" should be limited by a provision that requires that the total Puget Sound region ridership target in each year represent no less than 80 percent of the increase from the base year that would be required under the "straight line default" scenario (4.042 below). Notice of interim target adoption would be forwarded to the State Auditor, who upon certifying consistency with the requirements of this act, would use these targets in administering unit cost regulation and in "truth in planning" reporting.

4.042 Straight line default targets: Until such time as interim service level targets are certified by the State Auditor under 4.041 above, straight line default targets will be used by the state auditor in administering unit cost regulation and "Truth in Planning" requirements.. The vehicle hours target will be increased each year by 1/23 of the difference between base year (1997) vehicle hours and the 2020 target. Individual operator targets for each year will be allocated based upon the percentage of base year Puget Sound region vehicle hours provided by the operator.

4.043 Future annual service level targets for an operator would be revised to reflect any revision in future cost per vehicle hour targets under 5.07. The new vehicle hour target in any year would be equal to the existing vehicle hour target for the year times the pre-existing cost per vehicle hour target divided by the revised cost per vehicle hour targets for the corresponding year. Total Puget Sound region service level targets would be adjusted to reflect such revised transit operator service level targets.

4.044 Straight line default targets would apply to any year for which the cooperative process in 4.041 above did not result in certification of the interim target before the commencement of that year

4.05 Expanded resource targets (defined in 2.08 above):

4.06 2020 expanded resource ridership target: 295,000,000 unlinked passenger trips

> *Note:*
> *This figure is the estimated Metropolitan Transportation Plan the "preferred strategy" ridership projection.*

4.061 Following the general procedure in 4.031 through 4.033 above, interim annual targets are established, submitted and certified.

4.07 2020 expanded service level target

4.071 The Puget Sound Regional Council would provide the 2020 incremental service level forecast (Metropolitan Transportation Plan "preferred strategy" service level minus "financially constrained strategy" service level). Rail service is converted to bus equivalents using the Federal Transit Administration formula used in its latest biennial "needs" report to the United States Congress. The target would be the incremental service level plus the basic service level, stated in bus vehicle hours (including bus vehicle hour equivalents of rail service).

4.072 Following the general procedure in 4.041 through 4.044 above, interim annual targets are established, submitted and certified.

## 5.00 Unit Cost Regulation

5.01 Each transit operator in the Puget Sound region (Community Transit, Everett Transit, King County Metro, Kitsap Transit, Pierce Transit and the Regional Transit Authority) is subject to unit cost regulation.

5.02 Unit cost regulation is applied to bus operating costs per vehicle hour (fixed route service open to the general public)

5.03 Unit cost regulation is administered by the State Auditor.

5.04 All calculations and certifications required under this Act are performed by the State Auditor, in compliance with the provisions of this Act.

5.05 Calculation of Initial CPI-X Factor: An initial CPI-X factor is calculated for each operator. The CPI-X factor is the annual percentage decline in inflation adjusted cost per vehicle hour necessary to reach the initial 2020 operating cost per vehicle hour target in 2020 (established in 4.01, above) .

> *Example:*
> *If a transit operator's operating cost per vehicle hour must be reduced by one-third (33.3 percent) between 1997 and 2020, an annual reduction of 1.75 percent will be required (Calculation: [1.000 minus 0.333] to the 1/23 power).*

5.051 A schedule of annual cost per vehicle hour targets is calculated for each year from the base year to 2020, with each year's target reduced by the operator's CPI-X factor (the first year's target is the base year actual cost per vehicle hour reduced by the CPI-X factor). The targets are expressed in inflation adjusted 1997 dollars.

5.052 The operating cost per vehicle hour target for each transit operator will continue to decline by the CPI-X factor determined in this section until the initial 2020 cost per vehicle hour target established in 5.01 is met. Thereafter the cost per vehicle hour target will equal the initial 2020 cost per vehicle hour target.

5.06 Compliance

5.061 In any year, an operator is in compliance if its bus operating cost per vehicle hour are equal to or less than its operating cost per vehicle hour target and its unlinked passenger trips are equal to or greater than its basic resource unlinked passenger trips target.

5.062 Each transit operator in compliance retains its state funding eligibility at the level of the previous year.

5.07 Revision of a transit operator's CPI-X factor:

5.071 If an operator is in compliance with both its operating cost per vehicle hour target and its unlinked passenger trips target, the operator's CPI-X standard for future years is reduced by 10 percent of the initial CPI-X factor.

5.072 An operator's CPI-X regulation factor may not be reduced by more than 50 percent from the initial CPI-X factor

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| *Example:*<br>*If an operator's initial CPI-X factor is -1.75 percent, the increase is 0.175 percent, with a maximum of -1.75 percent and a minimum of -0.875 percent.* |

5.073. If an operator is in not compliance with both its operating cost per vehicle hour target and its unlinked passenger trips target, the operator's CPI-X factor for future years is increased by 10 percent of its initial CPI-X factor.

5.074. An operator's CPI-X factor may not be increased to more than its initial CPI-X factor.

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|---|
| *Example:*<br>*If an operator's initial CPI-X factor is -1.75 percent, the increase is 0.175 percent, with a maximum of -1.75 percent and a minimum of -0.875 percent.* |

5.075 Future operating cost per vehicle hour targets recalculated based upon any revision in an operator's CPI-X factor (following the approach of 5.051 above).

5.08 No arbitrator, judicial officer, or any other officer or authority may impose a labor contract award that causes a transit operator to be out of compliance with its operating cost per vehicle hour target at any point during the period of such an award. A right to appeal of arbitration decisions violating this provision should be established.

5.09 With respect to any year a transit operator fails to achieve its operating cost per vehicle hour target:

5.091 Its maximum state funding level is reduced by the product of the total vehicle hours operated in the subject year multiplied by the extent to which the operating cost per vehicle hour target is missed. This reduction takes effect in the first full fiscal year following the due date of the transit operator's annual report applying to the year in which the target is missed. The state auditor must annually determine the compliance or non-compliance of each transit operator with unit cost regulation within 90 days of the due date of the transit operator annual reports.

> *Example:*
> *If a transit operator's operating cost per vehicle hour target were $65.00, and its actual operating cost per vehicle hour were $66.00, its state funding eligibility would be reduced by $1.00 per vehicle hour operated in the subject year. Thus, if the transit operator operated 250,000 vehicle hours of bus service, its state funding eligibility would be reduced by $250,000.*

5.092 The amount by which the transit operator's state funding eligibility is reduced is placed in escrow with the State Auditor.

5.093 If the transit operator achieves its operating cost per vehicle hour target in the next year, its state funding eligibility is restored to the previous year's level, and the funding that was placed in escrow is granted to the transit operator.

5.094 If the transit operator fails to achieve its operating cost per vehicle hour target in the next year, its state funding eligibility is permanently reduced, in constant (inflation adjusted) dollars, by the amount in escrow. In each year, this amount is placed in the Puget Sound Transit Expansion Fund

5.10 The Regional Transit Authority may not award service contracts to a transit operator not in compliance with its most recent annual unit cost target, as determined by the state auditor, at the time of contract award.

> *Note:*
> *This provision ensures RTA compliance with unit cost regulation*

5.11 Any bus services directly operated at any time by the Regional Transit Authority shall be subject to the initial 2020 cost per vehicle hour standard established in 5.01.

## 6.00 Puget Sound Transit Expansion Fund (PSTEF)

6.01 Administered by the State Auditor

6.02 The Transit Improvement Board (TIB) would conduct an annual competition among eligible agencies within the Puget Sound region to expand transit services using the Puget Sound Transit Expansion Fund.

6.03 Criteria for projects

6.031 Projects must be within the Puget Sound region.

6.032 Eligible projects would be limited to general purpose transit service and improvements to the high occupancy vehicle lane system.

6.033 Priority would be given to projects that maximize transit ridership.

6.034 To the extent feasible, and consistent with the above, allocations should reflect the general distribution of state funding reduction by county jurisdiction.

6.04 Eligible agencies would include:

6.041 Public transit operators in compliance with their operating cost per vehicle hour targets.

6.042 Any other unit of government in the region (state agency, county, municipality, school district, special district, or combination thereof). If necessary, the Act would provide specific authority to all such units of government.

6.05 Transit operating projects would be funded at the initial level, in perpetuity, so long as initial service levels are maintained within the original PSTEF funding level (adjusted for inflation).

## 7.00 Truth in Planning Requirement

7.01 The State Auditor would produce a "Truth in Planning" report to the Governor and Legislature by November 30 of each year that precedes a new legislative session (biennium), which provides the information below through the most recent fiscal year for which data is available.

7.02 The Truth in Planning report would include the following:

7.021 Required findings: The following findings would be published based upon the Metropolitan Transportation Plan as in effect on January 1, 1996, for both the financially constrained and preferred strategies (the basic resource and expanded resource targets). Separate findings would be made under each strategy for the Puget Sound region in total and each of the transit operators.

a.. Percentage variance: Total unlinked passenger trips relative to forecast

b. Percentage variance: Change in unlinked passenger trips from base year compared to forecast.

c. Percentage variance: Change in unlinked passenger trips during the latest biennium compared to forecast.

d. Percentage variance: Total bus vehicle hours relative to forecast

e. Percentage variance: Change in bus vehicle hours from base year compared to forecast.

f. Percentage variance: Change in bus vehicle hours during the latest biennium compared to forecast.

7.022 Summary Tables for the Puget Sound region and each operator, showing the following information under the Metropolitan Transportation Plan "financially constrained" and "preferred" strategies.

a.. Total forecast unlinked passenger trips, actual unlinked passenger trips, difference between forecast and actual, and percentage variance.

b. Total forecast change in unlinked passenger trips since base year, actual change, difference between forecast and actual, and percentage variance.

c. Total forecast change in unlinked passenger trips during the last biennium, actual change, difference between forecast and actual, and percentage variance.

d. Total forecast bus vehicle hours, actual bus vehicle hours, difference between forecast and actual, and percentage variance.

e. Total forecast change in bus vehicle hours since base year, actual change, difference between forecast and actual, and percentage variance.

f. Total forecast change in bus vehicle hours during the last biennium, actual change, difference between forecast and actual, and percentage variance.

7.023 Detailed Tables: All tables required under summary tables (7.022) for each year from 1997 to 2020 (to the extent available) for the Puget Sound region and each transit operator.

7.024 Charts: Graphics that clearly and effectively depict short term (base year to present) and long term trends (base year to 2020) in unlinked passenger trips and bus vehicle hours for the Puget Sound region and each transit operator.

**8.00 Related Reporting Provisions**: The annual transit operator state reporting system will be revised as follows:

8.01 Fixed route vehicle hours are reported by mode.

8.02 Discretionary ridership and market share relative to the total travel market in the operator's service area.

8.03 The due date for the annual report is the same as the due date for the Federal Transit Administration National Transit Database report.