



Bis-Man Transit Management Alternatives Study

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BIS-MAN TRANSIT MANAGEMENT STUDY

Evaluation of the Contractor Succession Alternatives

Completed for:
Bismarck-Mandan Metropolitan Planning Organization
221 North 5th Street
Bismarck, ND



Completed by:
URS Corporation, Inc.
12120 Shamrock Plaza, Suite 300
Omaha, NE 68154
402-334-8181





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INTRODUCTION

Public transit in the region, which includes fixed route and paratransit/demand response services, is contracted through the Bis-Man Transit Board to a local agency. Service that the Bis-Man Transit Board is to provide and the financial terms associated with the service are outlined in a contract between the City of Bismarck and Bis-Man Transit Board. The city's contract with the Transit Board requires that the Board appoint an on-site administrator who is responsible for overseeing transit service. On a five-year cycle the Bis-Man Transit Board solicits, through a Request for Proposals that is available nationally, organizations to provide qualifications and cost proposals to be the on-site administrator.

Since the format was established in the late 1980s, there has been one administrator and rarely, if ever, more than one respondent to the Request for Proposals to provide transit administration and operations. On-site administration has been contracted to Central NoDak Development Corporation, a non-profit organization. Central NoDak Development Corporation in turn contracts for service operation with Taxi 9000 (Bismarck Transportation, Inc.).

While this condition (a limited number of proposal respondents) has not been a concern as the quality of service being maintained by the present and only administrator is good, there is interest/concern on the part of the city and the MPO regarding providing for organized succession of the administrator if the present company does not pursue the management contract. The purpose of this study is to develop the succession plan for transit administration.

The sustainability of key services concern in the event that one staff person or small group of persons in key management positions are no longer available (they either leave the city's employ, retirement, or other) is not limited to transit. The city, as part of their workforce planning efforts, is presently in the process of developing a succession plan covering key positions in every department of the city. As Bis-Man Transit serves as an agency of the city and the Executive Director is a key position within the transit agency, assessment of the range of administration options and development of an action plan falls directly within the goals of the citywide management staff succession plan.

Listed below are the key steps followed in conducting the study:

- Gather input on the roles and responsibilities of staff responsible for transit administration.
- Identify a group of peer communities to interview to obtain information and prepare a profile containing the following:
 - Format for administration (city department, transit authority, contractor/broker, etc.).
 - Type of transit service provided (fixed route, paratransit/demand response, etc.).
 - Sources of local funding used to match state and federal funding.
 - Administrative staff positions and number of persons employed in the area of administration.
- Interview representatives from local human services agencies and other entities that work with Bis-Man Transit to coordinate transportation services for their constituents/clients. The purpose of these interviews is to obtain information that may factor into the administrative format decision process.
- Identification of alternate administration formats to be considered in the evaluation process.
- Document to the MPO the positive and negative aspects of each of the administration alternatives.
- Work with the MPO staff and committees to screen the alternatives and determine a recommended go-forward plan.

At key milestone points in the study public input and input from the Bismarck City Commission of obtained through open house meetings and briefings. These meetings and briefings were completed at the following milestones:

- Project initiation to provide background information on the purpose of the study and to gather input on perceptions of the current administrative format.
- Following preliminary analysis of the potential financial risks

and benefits of the initial breadth of alternatives (Bismarck City Commission briefing).

- Development of the preliminary recommendations.

CURRENT FORMAT PERSONNEL ROLES

Providing fixed route and paratransit/demand response transit service in the region is organized as two integrated task of:

- Administration: Includes short and long range planning, route analysis, financial tasks, customer service and outreach, and FTA coordination.
- Operations: Includes providing rides, maintenance of the vehicles and facilities, driver development and compliance testing.

These services are provided through two contracts that are let through the Bis-Man Transit Board. The Board is responsible for hiring an Administrator through one contract and the Administrator is then responsible for hiring an operator through a second contract.

The focus of the Transit Management Study work is on the administration portion of the integrated service and it has been assumed that no matter the recommended outcome for administration, on-street service would continue to be a contracted/ brokered service. Administration for Bis-Man Transit is awarded through a 5-year contract between the Bis-Man Transit Board and the winning proposer, which currently is Central NoDak Development Corporation, a non-profit agency. Central NoDak is in turn responsible for retaining an operator for both fixed route and paratransit/demand response

service, which is currently provided by Taxi 9000 (aka Bismarck Transportation Inc.).

Current Organizational Structure



BIS-MAN TRANSIT ADMINISTRATION STAFF

The administrative arm of Bis-Man Transit is a very streamlined operation with only three full time positions. The roles and responsibilities of the positions, which are the focus of the succession plan, are outlined below:

- **Executive Director:** When each of the positions in the organization is reviewed relative to the breadth of responsibilities, the Executive Director likely represents the greatest level of diversity. The Executive Director is responsible for:
 - Working with the Board of Directors on setting transit policy for the region.
 - Oversee the operations contract to Taxi 9000.
 - Serving as the point of contact for communication regarding the transit system.
 - Developing the service plan for demand response/ paratransit and fixed route transit representative of the policies, including establishing days and hours of operation, evaluating route paths, setting schedules,



determining vehicle frequency by route, no-show rules, etc.

- Acquiring and administering the maintenance of vehicles.
 - Managing the certification registration for all paratransit /demand response riders.
 - Coordination with private intercity carriers that are co-located in the Bis-Man Transit building.
 - Working with the Marketing Director to set up and implement the outreach program for both fixed route and paratransit/demand response.
 - Hiring, firing, discipline and acknowledgement of administrative and supporting these responsibilities for operations staff.
 - Budgeting and accounting.
 - Financial and ridership reporting to the City of Bismarck and the Federal Transit Administration.
 - Working the Board to identify sources and secure the local match for federal and state transit grant funding that is reasonably available to the region.
- **Marketing Director:** The position of Marketing Director is new to the organization (2009) and has been added since the last Transit Development Plan was approved in 2007. Currently, the Marketing Director position is funded at the 50 percent level through a Job Access Reverse Commute (JARC) grant. Over the last year, the benefit observed in ridership change and in expansion of community/regional partnerships that the Marketing Director has provided has resulted in the desire to retain following expiration of the current grant. The Marketing Director is responsible for:
 - Developing the outreach material used to promote use of paratransit/demand response and fixed route transit.
 - Meeting with various groups throughout the region to educate them on the opportunities that transit provides and on how to use the range of services provided.
 - Working with groups and organizations (public and private schools, Bismarck State College, University of Mary, and United Tribes Technical College, larger employers, city and county governments) throughout the region in promoting Bis-Man Transit services.
 - Coordination of the advertising program for vehicles and other areas.
 - **Administrative Assistant:** The general roles and responsibilities for the office Administrative Assistant are:
 - Answer telephone calls and customer questions.
 - Handles incoming and out-going mail
 - Filing.
 - Processes rider qualification applications.
 - Processes Medical Assistance charges.
 - Other administrative tasks as directed by the Executive Director.
 - **Maintenance Staff:** One maintenance staff person with the following responsibilities is included in the management contract:
 - Interior maintenance of the Bis-Man Transit building.
 - Exterior maintenance of the Bis-Man Transit building.
 - Miscellaneous errands.

TICKETING AGENTS

The annual Bis-Man Transit budget assessment also includes the two ticket agents that sell for Rimrock Stages, Newtown Bus and North/South Shuttle, whose depot stops are located in the Bis-Man Transit building. Ticketing staff do not have direct responsibilities in public transit service, but their annual salaries and the commission review from ticket sales are included in the annual budget. Thus, they have been identified in this section. As these staff members do not have responsibility in the public transit system, their positions would not be integrated into the city or public regional agency administration alternatives. It has been assumed that their positions would be integrated into one of the carriers or would be transferred to the operator as part of that contract.

By not including these staff in a transition plan to a city department there are cost implications as annual ticket commissions typically



exceed the cost of salaries. The net positive revenue is used to match federal and/or state grants and this revenue would need to be replaced by other sources. Additional information on the revenue implications is included in the Private Carrier Revenue Assessment section.

PEER COMMUNITY ASSESSMENT

Characterizing the stability and potential sustainability of the existing transit management format was addressed, in part, by conducting interviews of peer communities in the Midwest. The goal of reviewing practices and structures in other areas was to provide input into identifying whether the current conditions in the Bismarck-Mandan area are fairly unique or relatively common. In this analysis it was assumed that more unique administration formats would likely have more limited sustainability over time as finding adequate staff/competitive bidders would be more difficult.

The range of peer communities were selected as they represent similar population bases, are the home of a college/university, are located in a similar climate, and the more basic demographic descriptors such as average household income, persons per household, age distribution by cohort are similar.

Questions asked in telephone conversations and information gathered from published reports that went into the peer community characterization included:

- Type/format for administration – Peer community representatives were asked to about the agency responsible for administration (i.e. the city, the county, a private

provider, a regional authority, etc.).

- If transit is located in a city/county department, is it a separate transit department or a division or part of another department.
- Types of transit service provided in area.
- The sources for local funds used to match state and federal dollars.
- Number of administrative staff and their general positions.
- Who does the transit director report to for key decisions?

A summary of the information gathered through the interviews and from the various transit system reports that are available through the agencies is provided in **Table 1**. Listed below are a number of the key findings and conclusions developed through the surveys:

- There is not a “standard” practice for the administration format and/or service provision concept. Of the 11 communities surveyed, as many that locate transit in a city department obtain their service through an authority or contracted to a private for profit or private non-profit organization.
- Establishing separate contracts for administration and operations, as is the practice in Bismarck-Mandan, is unique. In general, when contracted administration and operations are typically considered as one integrated function.
- If transit administration is located in a city department, Public Works is the department selected most often. Community Development, or Planning, is the other option for locating transit administration. Using Cheyenne, WY and St. Joseph, MO as examples, which department houses transit can also change over time. Over the last five or so years, both of these communities have changed the city department that houses transit. In both cases, transit administration has been located in either the Community Development/ Planning Department or in the Public Works Department.
- In at least one of the communities, St. Cloud, MN, the public transit provider also is the ticketing agent for a private intercity carrier and intercity carriers use a publicly owned building as their depot. Bis-Man Transit staff is presently the ticket agent for an intercity carrier and private carriers use the Bis-Man Transit building as their local depot. One of the concerns raised early in the study was the ability to retain this relationship if administration was to be migrated to a city department. Of concern is the perception that the specific private business located in the building (and paying rent) are provided some level of a benefit/competitive advantage that similar businesses in the community are not. From the interview process, at least one other location allows co-



TABLE 1: FINDINGS FROM PEER AGENCY INTERVIEWS

Location	Administration	Operations	Services	Service Providers	Local Funding Source	Administration Staff	Comments
Billings, MT	Contracted to MET Transit	MET	Fixed Route Bus Paratransit	All thru MET	Property Tax Contract revenue is very limited	8 - Transit Mgr / Planning Coordinator Admin Coordinator / Para-transit Coordinator Office Assistant/Dispatchers (3)	Administration is one of 3 Divisions that also includes Operations and Special Transit
Rapid City, SD	City - Public Works	City	Fixed Route Bus Dial-A-Ride City View Trolley	City organization	City General Fund	6 - Transit Manager Transit Operations Manager Route Supervisor (2) Transit Dispatcher (2)	Between 2004 and 2008, Administrator transferred from and Black Hills Council of Governments (MPO) employee to city employee.
Eau Claire, WI	City of Eau Claire Transit Commission (ECT)	ECT	Fixed Route Bus Paratransit	Fixed route through ECT, Paratransit thru Tender Care Transport	Eau Claire General Fund	6 - Transit Manager Driver Supervisor (2) Shop Supervisor Gen Clerk / Account Clerk	Transit Manager reports to PWD Operations Administrator, who reports to Public Works Director. Finance department assists with annual budgeting, payroll, cost allocation and cash management.
Grand Forks, ND	City	City AND Grand Forks Taxi	Fixed Route Bus Paratransit Night Ride Senior Ride / Taxi	City for all but senior ride and taxi (Grand Forks Taxi)	Property Tax	3 - Bus Supervisor Clerical, Office(2)	Paratransit service is through GF Taxi – A private provider.
St. Joseph, MO	Contracted to First Transit	First Transit	Fixed Route Bus w / deviation	First Transit	Local Sales Tax	9 - General Manger Maintenance Mgr / Clerical Road Supervisor (3) Dispatcher (3)	Downtown transit hub – shared with intercity carrier service. All employees are First Transit (not city employees)
Fargo, ND	Cities of Fargo and Moorhead	City	Fixed Route Bus Paratransit	All through City	City General Fund	6.85 FTEs (from 2007-11 Metro Transit Plan) Mobility Manager Route Coordinator Transit Admin/Manager (2) Office Assistant (2)	Fargo – Transit Administrator reports to Director of Planning and Development Moorhead – Transit Manager reports to Director of Community Services Moorhead – Transit Manager “acts more like a department head” than in Fargo. (2007-11 Metro Transit Plan)
Sioux City, IA	City	City AND Siouxland Regional	Fixed Route Bus Paratransit	Fixed route through City, Paratransit thru Siouxland Regional	Transit Tax mill levy Contract Revenue – All connected to number of rides provided to a particular group or groups (Administration format does not influence participation). Student Fees at 2 local colleges	4 - Transit Supervisor (2) Admin Assistant Clerical, Office	City Manager form of government. Transit Board reports directly to City Council Airport Transit Fleet Director – Reports to City Manager Transit Supervisor – Reports to Airport/Transit/Fleet Director Transit Supervisor – Oversees both Administration and Operations Coordinates maintenance with Fleet Supervisor
Casper, WY	Contracted to Casper Area Transit Coalition and The Bus (both are private non-profits)	CATC	Fixed Route Bus w / deviation Dial-A-Ride	CATC	Sales Tax and Property Tax from multiple towns	4 – Director Admin Assistant Driver Supervisor Receptionist, Office, Clerical	The Bus – Fixed Route (with deviation) CATC - Paratransit



TABLE 1: FINDINGS FROM PEER AGENCY INTERVIEWS

Location	Administration	Operations	Services	Service Providers	Local Funding Source	Administration Staff	Comments
Cheyenne, WY	City – Transit is a Divisions within Public works Department	City	Fixed Route Bus Paratransit Contracted Transit Service	All through city	City General Fund	6 - Director / Assistant Director Transit AND Load Dispatcher (2 pos) Driver Outreach Coordinator Operations Assistant	Director reports to Public Works Director (Department Head) whom reports to City Manager.
St. Cloud, MN	Contracted non-profit Metrobus Regional Transit Authority	Metrobus	Fixed Route Bus Paratransit	All Metrobus	Transit District Property Tax Levy	Unknown	Metrobus – Is Greyhound agent in agency-owned facility
Missoula, MT	Contracted to Mountain Line	Mountain Line	Fixed Route Bus Paratransit	All Mountain Line	Property Tax allocation to MUTD	General Manager One additional manager 5 office/administrative/customer service staff	General Manager reports to MUTD Board of Directors

Obtained Thru Interview
Obtained Thru City Budget Research



location of private providers in a public building and allows city employees to be the ticketing agent for a private carrier.

- No other community specifically lists allocations from charitable organizations as a source of funding.
- The staff of four positions at Bis-Man Transit is reasonably consistent with the size of the staff and reflects similar positions as most other communities.

LOCAL PUBLIC TRANSPORTATION PARTNER INTERVIEWS

In assessing the range of alternatives for looking to the future of transit administration input from the key organizations that were either a part of the original coordination effort that created Bis-Man Transit in its current structure, are human services partners with transit in addressing the needs of transit customers, and/or provide funding to transit. This step is critical to better understanding why the structure is as it is today, how partnering agencies may view a change relative to their organization mobility goals, and how the financial partners view the current structure and how a change to the structure may impact their financial commitment.

Obtaining input from the key partners took a very straight forward approach of interviewing representatives from each agency one-on-one. In these interviews a consistent list of questions about how the agencies work together with Bis-Man Transit, the financial commitments in place, and the positive and negative aspects of the current brokered administration. In the interviews the range of alternatives being considered were also discussed and input as to how

the alternatives might impact the partnering agencies was gathered.

The specific questions asked are listed below:

1. Describe the current interaction between your agency and Bis-Man Transit relative to addressing your customers' needs.
2. What are the strengths of the current service administration?
3. What are the weaknesses of the current service administration?
4. If administration was to be provided as a city department, would there be any change in your agency's support of Bis-Man Transit?
5. How many of your customers use Bis-Man Transit Services or how many rides do you fund in the typical month or year?
6. What is your financial commitment to transit?
7. How are service payments made (farebox, purchase passes, monthly invoice for service, other)?

A summary table of the information gathered through the surveys is provided in **Table 2**. Listed below are the general findings from the surveys:

- The greatest strength of the current transit service format is the ability to be a transportation/mobility advocate for seniors, persons with disabilities and low-income residents. These groups, many of which are transit dependent, comprise much of the Bis-Man Transit ridership.
- Personnel from Bis-Man Transit demonstrate a personal interest in the quality of service.
- The majority of the agencies that participate financially in transit service through Bis-Man Transit are partially or fully subsidizing rides for their clients. Payment is generally through monthly billing.
- The following agencies provide funding to Bis-Man Transit that is not directly tied to providing a specific number of rides:
 - Missouri Slope Area United Way
 - Burleigh County Senior Center
 - Mandan Golden Age
- Retired and Senior Volunteer Programs Plus (RSVP+) negotiates a quarterly stipend for transportation service for their volunteers that are assisting seniors and persons with disabilities. The negotiated fee is not necessarily tied to the specific number of rides taken in a quarter, but it is based on an estimated number of rides typically taken in the period.
- Changing from the present contracted non-profit administrator would influence, at least in part, the decision by the agencies that provide charitable allocations. Bis-Man Transit is able to successfully solicit allocations from many of



TABLE 2 – SUMMARY OF DEPARTMENT AND AGENCY INTERVIEWS

Organization/Agency/Department	Connection to Bis-Man Transit	Financial Interaction with Bis-Man Transit	Input Received from Each Agency Regarding the Current Transit Administration Structure		Discussion of Management Alternatives
			Strengths	Weaknesses	
City of Bismarck – City Administration	<ul style="list-style-type: none"> City is the official recipient for federal grant dollars. City is the owner of all capital property (buildings/rolling stock/other assets). City is the owner of the property on which the offices sit. 	<ul style="list-style-type: none"> A 3.00 mil levy is supported by the city for generating local matching dollars for federal grants. Total city of Bismarck property tax mil levy – 80.63 	<ul style="list-style-type: none"> City staff/officials are removed from day-to-day management issues (which are labor intensive). Limited/No responsibility for operations labor/maintenance/addressing disputes – Manager’s responsibility. Have assets on books, but others are responsible for maintaining at an appropriate level. Have transit service – Limited day-to-day commitment. Limited financial risk for city. 	<ul style="list-style-type: none"> Constituents still perceive transit as a “city” service and may contact Commissioner – No Commissioner has transit in portfolio – Must play catch up if need to get involved. Oversight of city assets is disconnected. Limited control over service and financial priorities) – Board controls many of the service decisions. 	<ul style="list-style-type: none"> City department – The city does not presently operate services that annually run a deficit and transit does (supplemented by grants). Success of getting transit started and expanding is attributed in part by not having the burden on the city. City department – Will commissioners desire to take on the added responsibilities/burden? City department – As there are few employees in administration, not a substantial issue from a labor perspective. Authority – Would not be substantially different than current – possibly less potential liability for the city.
City of Bismarck – Fiscal	<ul style="list-style-type: none"> Required by FTA to provide financial oversight. Provides audit material to FTA. Monitors financial transactions. 	<ul style="list-style-type: none"> Expend staff time each month to enter transactions into the city’s electronic process. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Finance Department’s involvement is always “after the fact” (i.e. transactions are entered/monitored at the end of the month not as they occur/prior to occurring). Initially all bookkeeping is on paper and then entered by finance staff (time consuming). Required to be involved, but there is limited integration (this does not work well in the financial world). 	<ul style="list-style-type: none"> City department – Results in better integration into the city’s financial systems that provide monitoring and consistent practice to other departments. City department – More staff available to perform the oversight and separation of responsibilities that cannot effectively be provided today (i.e. it would be desirable to have more people observing as money is being counted – Not enough staff in current situation). Authority – Best of the alternatives as it would remove all responsibility from the finance staff.
RSVP	<ul style="list-style-type: none"> Encourage/direct their volunteer staff to use transit service if they do not have access to private transportation. 	<ul style="list-style-type: none"> Negotiate a flat fee payment for transportation service for the volunteer staff. What is the amount?? Number of trips is not a large percent of all their volunteer trips (most still drive or get a ride). Current Rate: \$3500/Qtr. 	<ul style="list-style-type: none"> Level of advocacy for persons with disabilities relative to level of service. 	<ul style="list-style-type: none"> Limited back-up systems due to small staff (if one person is out, it can leave a pretty big hole in getting something done) 	<ul style="list-style-type: none"> City department or Authority – As long as there is a similar cost per ride or a similar quarterly fee, administration format is not of much concern. City department – Would there be/could there be a similar level of rider advocacy?
Burleigh County Senior Center	<ul style="list-style-type: none"> Senior clients use transit service (principally demand response service) to access Senior Center for activities. Clients/customers pay a reduced cost for their ride (in periods where the county allocates requested funds). 	<ul style="list-style-type: none"> Annually, Bis-Man Transit has requested funds from the Senior Center, but it is not specifically tied to a certain number of trips. The Burleigh County Council on Aging receives funding from a one mil property tax levy. Requests for COA revenue is funneled through the County Commission. Annual request has typically been \$8,000. 	<ul style="list-style-type: none"> Reliability. Advocacy for senior customers. 	<ul style="list-style-type: none"> Most comments were on service not administration – Waits are too long, spend too much time enroute. 	<ul style="list-style-type: none"> City Department – The Senior Center would not likely continue to request funding stipend. (assumes would have access to other funds). If for profit operator – Would not likely continue to request funding stipend. City Department – Would service levels stay the same (demand response) or would other needs result in loss of transit funding/service?



TABLE 2 – SUMMARY OF DEPARTMENT AND AGENCY INTERVIEWS

Organization/Agency/Department	Connection to Bis-Man Transit	Financial Interaction with Bis-Man Transit	Input Received from Each Agency Regarding the Current Transit Administration Structure		Discussion of Management Alternatives
			Strengths	Weaknesses	
Morton County Social Services	<ul style="list-style-type: none"> Work with clients in need of transportation to get them to use transit service (primarily for medical trips). Clients almost always are responsible for making their own arrangements and paying 	<ul style="list-style-type: none"> No direct payment to transit. Transportation is an element of any monthly stipend that is provided to clients. 	<ul style="list-style-type: none"> Reliability of the service (Primary exposure is to dial-a-ride services). Personnel demonstrate a personal interest in the quality of service. 	<ul style="list-style-type: none"> Primarily identified as with service (travel time, wait times, quality of the ride). Rigidity to some policies (specifically No-Show) and the effects on client mobility. 	<ul style="list-style-type: none"> No perceived pluses or minuses associated with any MANAGEMENT option as long as service is similar or more extensive than current.
Burleigh County Social Services	<ul style="list-style-type: none"> Clients without access to vehicles or cannot drive are encouraged to use transit services. Referral only – No role in payment 	<ul style="list-style-type: none"> None – Client is responsible or Medicaid is billed directly by Bis-Man Transit. A select number of stipends are provided to clients as part of Temporary assistance to Needy Families and transportation is included in the budget estimate (as part of an employment plan). 	<ul style="list-style-type: none"> Well organized administration Scheduling is relatively convenient Reliability of the service Demonstrate that can be flexible from basic schedule (within limits) 	<ul style="list-style-type: none"> Coverage – Some clients are outside the service area (bigger issue with elderly and handicapped clients that need door-to-door service) 	<ul style="list-style-type: none"> No perceived pluses or minuses associated with any MANAGEMENT option as long as service is similar or more extensive than current.
PACE	<ul style="list-style-type: none"> Use Bis-Man Transit (demand response) service for client transportation to PACE center (which is intended to be full-service, self-contained operation). PACE staff makes the trip reservation. Bis-Man Transit Manager is a member of each client’s Interdisciplinary Team (IDT). Moderate to longer term plan is to internalize transportation for clients (consistent with the PACE model). Likely 2 years. 	<ul style="list-style-type: none"> Billed monthly by transit for the rides provided in the period. Billed at the full cost of the trip rate (\$6.50) as reimbursed by Medicare/Medicaid. Monthly use/billing is about \$2,500. 	<ul style="list-style-type: none"> Experience level of the staff. Quality of the equipment. Good facilities. “Handful” of good drivers 	<ul style="list-style-type: none"> Rigidity to transit policies. PACE is very client-oriented and the range of client needs is broad. Goal is to prepare a client-specific plan. Rigidity to transit policies is inconsistent with the PACE client-based orientation. Closure to complaints (feedback on remedy is not generally observed). Number 1 complaint by clients is transportation – supposed to be door-to-door, but not always following through. 	<ul style="list-style-type: none"> Preference would be for a more autonomous non-profit as the perception is that this form of organization (like Bis-Man Transit is today), demonstrates a more client-driven quality of service. A transit authority or the current format are preferable to city department. Can a city agency/department provide the flexibility that is desired in the PACE client-oriented concept? There are concerns. Intent is to provide own service in future. Limited reliance on public transit service.
Mandan Golden Age	<ul style="list-style-type: none"> Clients without access to vehicles or cannot drive are encouraged to use transit services. Organization sells tickets from their office to their clients. 	<ul style="list-style-type: none"> Sell Bis-Man Transit tickets (buy at regular rate and then discount to customers) Provide an additional \$1500/Qtr stipend to transit. 	<ul style="list-style-type: none"> Quality of the service. 	<ul style="list-style-type: none"> Wait times. 	<ul style="list-style-type: none"> Stipend element of Golden Age revenue would likely be at-risk if migrated to city/county/ other government department.



the agencies because of the non-profit corporation status of the administrator. Changing administration to a city department would not automatically eliminate transit's eligibility for allocations, but it would likely negatively impact how the providers assess transit relative to other non-profit organizations requesting funds. The assumption is that as a city department there would be other avenues to local dollars for transit relative to the situation today. The organizations would still see the benefit of ensuring that transit is funded, but may see a more acute need for their limited dollars in other non-profit organizations.

CURRENT ADMINISTRATIVE COSTS AND REVENUE

Public transit service discussions in communities almost universally become divided into the defining the mobility benefits to users, who in most communities are over represented by seniors, low-income residents and persons with disabilities, and the cost of service that is provided to provide the mobility. While it may be desirable from the community good perspective to make the critical transit service decisions based on the public service aspects that transit provides and then decide how to pay for it, this approach is more difficult to support in tough economic times. The difficulty comes in to the discussion because the economic benefits/costs are less prominent in the decision process.

2010 ADMINISTRATIVE COSTS

In the Transit Management Study there was the goal/desire to balance the community service expectation with the financial implications of an action. The 2010 budget prepared by Bis-Man Transit staff for the Transit Board's

consideration was the source of the information on administrative costs and the sources and levels of revenue. Staff provides the Board with an annual budget that outlines:

- Administrative expenses.
- Operating expenses – Covering the service provider contract and fuel surcharge.
- Capital expenses - Focusing primarily on preventative maintenance for the building and fleet.
- Income - Divided into each of the federal, state and local sources.
- Rental income.

Current Bis-Man Transit Administration Labor Costs

As the focus of this study is on alternate administrative concepts, while retaining contracted/brokered operations, of particular interest are the administrative expenses and the sources of income that support the expenses. While it would nice, from a study standpoint, to have a specifically identified relationship between expenses and funding source (for example: revenue from these specific sources typically is used to support administrative activities and revenue from these other sources is used to fund operations), this relationship does not exist. Revenue is only divided into local and federal/state and is essentially placed in a "general fund" that is allocated to the expenses associated with administration and operations. **Table 3** outlines the expenses for administrative activities and transit service operations and the level of funding by source that supports administration and operations. Proposed administrative costs from the 2010 budget and information gathered through conversations with Bis-Man Transit staff total approximately \$388,000 (\$348,000 listed in the budget and \$40,000 for the Marketing Director funded through grant) of a budget that totals approximately \$3.2 million. Key elements of the administrative budget that were individually evaluated as to whether they would still be applicable costs or would be higher or lower in the alternate management scenarios are:

- Employee salaries and benefits for the Executive Director and an Administrative Assistant that total \$130,810.00.
- Marketing Director salary and benefits of approximately \$40,000. Currently, the Marketing Director's salary and benefits costs are covered by a federal grant. Following expiration of the grant, it is anticipated that the annual salary and benefits costs will be incorporated into the annual budget (as opposed to eliminating the position).
- Administrative use vehicle insurance totaling \$55,000.
- Miscellaneous building maintenance and other costs of approximately \$50,000.
- Marketing costs of \$30,000.



TABLE 3: APPROVED 2010 TRANSIT BUDGET

EXPENSES		INCOME	
Administrative Expenses		Local Income	
Management Contract	\$130,810.00	City of Bismarck - Mil Levy	\$570,000.00
Audit/Accounting	\$10,000.00	City of Mandan - Mil Levy	\$118,000.00
Dues/Membership/Subscriptions	\$900.00	State Aid - 1337	\$368,000.00
Registration Fees/Training	\$200.00	RSVP	\$12,000.00
Postage	\$5,000.00	Mandan Golden Age	\$6,000.00
Supplies	\$15,000.00	Burleigh County Senior Center	\$8,000.00
Telephone	\$2,000.00	United Way	\$35,000.00
Printing/Copies	\$11,000.00	Interest	\$4,900.00
Travel	\$1,500.00	Medical Assistance	\$60,000.00
Insurance	\$55,000.00	Advertising Income	\$48,000.00
Advertising	\$15,000.00	Subtotal Local Income	\$1,229,900.00
Fundraising	\$2,000.00	Rental Income	\$86,160.00
Miscellaneous Building	\$50,000.00	Subtotal Rental Income	\$86,160.00
Vehicle Costs	\$5,000.00	Fare Revenue	
Computer Costs	\$5,000.00	Demand Response Rides	\$427,500.00
Shelter, Bench Maintenance	\$3,500.00	Fixed Route Rides	\$71,000.00
Marketing	\$30,000.00	No Shows	\$1,500.00
Miscellaneous	\$5,904.42	Subtotal Farebox Revenue	\$500,000.00
Subtotal Administrative Expenses	\$347,814.42	FTA	
Operating Expense		City of Bismarck - Operating	\$957,940.00
Transit Contract	\$2,150,625.58	City of Bismarck - Preventative Maintenance	\$192,000.00
Fuel Surcharge	\$100,000.00	City of Bismarck - Capital	\$204,000.00
Subtotal Operating Expenses	\$2,250,625.58	JARC and New Freedom	\$30,000.00
Capital Expenses		Subtotal FTA Income	\$1,383,940.00
Preventative Maintenance	\$495,000.00	Subtotal Total Income	\$3,200,000.00
Subtotal Capital Expenses	\$495,000.00	Bus Terminal Expenses	
Total Expenses Plus Capital	\$3,093,440.00	Salaries	\$56,000.00
Facilities		Supplies/Western Union	\$2,000.00
Utilities	\$57,000.00	Novelties	\$500.00
Rodent Control	\$960.00	Subtotal Bus Terminal Expenses	\$58,500.00
Waste Management	\$2,700.00	Bus Terminal Revenue	
Janitorial Services	\$3,800.00	Rimrock-Trailways Bus Commissions	\$58,000.00
Wages	\$42,000.00	Newtown Bus Commissions	\$3,000.00
Miscellaneous Expenses	\$100.00	N/S Shuttle Commissions	\$300.00
Subtotal Facilities Expenses	\$106,560.00	Novelties	\$20.00
Subtotal Transit Expenses	\$3,200,000.00	Subtotal Commissions	\$61,320.00



The budget information has been reviewed with the goal of determining if certain expenses are specifically associated with the current administrative format and would not be required or specifically assigned to administration under another format. The conclusion of the individual element assessment/review was that little, if any, of the current \$388,000 would not be carried through to the other administration alternatives. This conclusion/finding is based on:

- Each of the positions would still be needed no matter the administration format (i.e. contracted, a city department, or other). This assumption is based in part on keeping administration located in the Bis-Man Transit Building rather than moving it to City Hall or the Public Works Building.
- The Marketing Director position (which is new and is being covered by a federal grant) is retained. The marketing efforts completed by transit are maintained separately from efforts conducted by other entities of the city and/or the Chamber of Commerce. There is a community marketing program that is conducted jointly between the city and the Chamber of Commerce. Through this program the benefits of locating your business, re-locating your residence and/or holding your event in Bismarck are distributed externally. This marketing effort is substantially different than the campaign administered through Bis-Man Transit where the focus is on transit education, the environmental benefits and rider training.
- All of the larger dollar value line items listed above would remain as administrative costs in each of

the scenario alternatives and they comprise the bulk of the estimated administrative expenses.

- The labor associated with the larger maintenance efforts (more than the daily janitorial activities), would not be transferable to city staff and would not be transferred to the operator. Adding maintenance of the 43,500 square foot building (which will increase by approximately 25,000 with the on-going garage addition) to the responsibility of those city staff presently maintaining other city facilities would likely require adding staff. If the city needs to expand the present staffing for maintenance transit administration costs would increase relative to the current conditions.

It should be noted that administrative costs are eligible uses of the same mixture of public dollars from federal funds, state transit grants/aid, grants from the counties, and local mil levy dollars. Altering the management format would not eliminate administrative costs as eligible expenses. Thus, the city, or other entity, would not be responsible in the future for a substantial additional cost burden outside the local match to federal and state dollars in the future if they are responsible for transit administration.

Comparison of Current and City Benefits Costs

The range of transit management alternatives that were addressed throughout the project are outlined in the Bis-Man Transit Administration Alternatives: Definitions and Assessment section of this report. An assumption for the options that would move transit management to a city department is that the four Bis-Man Transit administration employee positions would be added as City of Bismarck employees. As City of Bismarck employees they would be offered benefits consistent with those provided to other city staff in similar employee categories and with similar tenure. Relative to this study the purpose of reviewing benefits provided by Bis-Man Transit and the City of Bismarck is to determine whether there would be a dollar cost difference that would need to be addressed. For example, if the city benefit package is more costly than the Bis-Man Transit benefit package, additional local dollars would be needed to offset the added costs. As Bis-Man Transit already accesses all of the federal and state dollars available for operations, the added costs of a more expensive benefits package would need to be borne locally.

The intent is not to conduct an exhaustive audit of the benefits plans to better understand why one may be more or less costly than the other, the intent is to identify the costs of the alternate fringe benefit packages relative to the consistent direct labor rate. From this comparison, a general estimate of labor cost implications of a change can be estimated and factored into the overall assessment of the most appropriate go-forward approach.



The previous section stated that the current mix of federal, state and local sources could still be used to pay administration costs even if transit was a city department or similar regional agency. Approximately 50 percent of the local costs could be funded using dollars from federal sources. As some of the activities conducted by administrative staff fall into the category of preventative maintenance, the federal share of total costs increase to 80 percent of the eligible costs.

Labor costs for administrative staff can be divided into the following general categories:

- Direct Labor
- Benefits

Direct labor is the annual salary of each of the positions. Labor rates have been provided by Bis-Man Transit and reflect 2010 salaries.

Benefits encompass the following general items:

- Health Insurance
- Holidays
- Vacation Days
- Sick Leave
- Works Compensation Insurance
- Disability Insurance

To simplify the analysis, benefits have been expressed as a percentage, or multiplier, of director labor. In drawing conclusions, the larger multiplier reflects a higher cost benefit package.

Listed below are the multiplier values of the current Bis-Man Transit benefits package and the City of Bismarck benefits package:

- Bis-Man Transit: 1.40
- City of Bismarck: 1.37

Using this more simplified assessment, it can be concluded that the benefits package provided by the city relative to the package currently provided by Bis-Man Transit have essentially the same costs. Thus, there would not likely be:

- A need to provide “added benefits” to the transit staff in order to provide them with equitable packages.
- Enough of an inequity in the city benefits package to result in Bis-Man Transit staff leaving their positions due to a substantially lower level of benefits being provided through the city.

Both of these statements are based on the relative consistency between the labor rate to benefits multipliers between the current city and Bis-Man Transit plans. If the Bis-Man Transit multiplier was substantially greater than the city’s multiplier, it could be argued personnel migrated to city positions would see a loss of total income (wages plus benefits) and decide to leave their position in search of a better personal situation or the city may find it needs to provide additional compensation to offset the difference in the benefits packages. As the multipliers are very similar, it is likely that no adjustments would be warranted to retain the experienced personnel.

In addition, as long as the roles of these four positions remain consistent with the current and federal rules on what activities can be funded with FTA-derived dollars are consistent with the current rules, a transfer of administration to the city would be cost neutral from a labor cost perspective.

The results of this review will be incorporated into the assessment of the range of alternatives that are documented in future sections of this report.

ASSESSMENT OF CURRENT REVENUE SOURCES

One of the goals of the revenue assessment is to evaluate the potential risks to retaining the current level of revenue from each of the current sources if the administration of transit services was changed to another format (from a non-profit). The focus of the assessment was on local revenue sources as most federal revenue is allocated to the region based on formulas that are not influenced by the administrative format. The level of federal funding that is accessed by Bis-Man Transit is, however, highly influenced by the ability to provide local matching funds. Thus, it is essential to scrutinize the potential for impacts to the local commitments that may be associated with an alternate management format.

The revenue assessment relative to risks/sustainability of the source incorporates information from the series of interviews with local human services agencies that provide local funding to support



transit services. In general, funding from human service agencies can be divided into the following categories:

- Funding specifically connected to the provision of a specified level of transportation or number of rides in a period.
- Funding allocations from a human services agency to Bis-Man Transit as transit services support the agency’s community goals. These allocations are not connected with a specific level of transportation service or a pre-negotiated number of rides.
- Rent paid by the private transportation carriers that are co-located in the Bis-Man Transit building. A specific monthly rent is not paid by the carriers; however, commissions from local carrier ticket sales are paid to Bis-Man Transit in-lieu of monthly rent.

From the initial assessment of the revenues, it was concluded that as long as the level of service under one of the alternate management scenarios was consistent with the current, there would be little or no risk to retaining a revenue commitment from those sources that are essentially “buying rides”. As Bis-Man Transit was organized in the 1980s to consolidate the individual transportation providers there are no viable transportation systems providing the same level of service for the price. Thus, there is a very low likelihood that there would be a reduction in the ride commitment associated with a change in administration format.

Human Service Agency Allocations

Based on input received from the human services agencies that support Bis-Man Transit service through allocations based on the financial need of the

provider (Bis-Man Transit) and the idea that Bis-Man Transit service supports the human services agency goals and allocation criteria, there is the potential for these dollars to be at risk under one or both of the alternate management formats. The potential at risk dollars by source are listed below:

RSVP+ -	\$12,000
Mandan Golden Age -	\$6,000
Burleigh County Senior Center -	\$8,000
<u>United Way -</u>	<u>\$35,000</u>
Total:	\$61,000

It should be noted that identifying the dollars from these sources as being “at risk” under the alternate management formats is not a reflection that the listed agencies would not approve of an alternate management format. The finding is based on:

- If the transit is not managed through a non-profit organization (501(c)3 eligible), it may no longer meet the human services agency/organization’s guidelines for being eligible to receive an allocation.
- The perception that as a city department there are other avenues open to transit to obtain local revenue and the human services have substantially more requests for assistance than they have dollars to provide. In the city department scenario, human service agencies may conclude that there are other more needy organizations and chose to allocate their limited resources to other organizations.

Private Carrier Commissions

As the 2010 budget in Table 3 documents, expenses and revenue from the bus depot/terminal are incorporated into the Bis-Man Transit budgeting process as Transit plays as the ticket seller. In the current management format, relatively modest net positive revenue is typically budgeted from intercity carrier ticket sales. Net positive revenue from intercity carrier ticket sales is included as local matching funds in the overall financial process. The largest cost element associated with serving as the local ticket agent for the carriers are salaries/benefits for the agents. The 2010 budget information reflects revenue from ticket sales that is slightly greater than expenses.

While the annual transit budget suggests that the potential profit from ticket sales (commission revenue less ticket agent salaries) assumes a relatively small amount of profit (approximately \$2,700 in 2010), the actual annual total has generally be considerably greater. A modest net profit is budgeted as the annual revenue is not guaranteed as it relies on future ticket sales actually occurring. In a typical year, ticket revenue brings in a profit of approximately \$40,000, which is used as local match money to federal and state



grants. In alternatives where agents are not employees of the administration agency (as they are now) it is likely that a negotiated rental fee would need to be collected from the carriers in lieu of commissions. The rental fee would likely need to be in the range of \$40,000 to \$50,000 per year. If this fee is not attainable from the carriers alternate revenue sources for local match money would need to be identified. Carriers were not interviewed to determine whether it is or is not reasonable to obtain a fee of \$40,000 to \$50,000. As revenue in this range is presently collected it has been assumed that private carriers would pay this fee for depot access on some pro-rated scale.

The amount of ticket commission revenue, as long as it exceeds costs, is not the only focus for transit and its customers. The larger benefit gained is providing the nation-region-local mobility connection available with co-locating local transit with intercity transit and creating a seamless transfer condition. Thus, a Bismarck resident could take the CAT to the depot and get on an intercity bus that would provide connectivity to surrounding towns, distant metro areas and essentially anywhere else in the county. It has been assumed that in any of the alternate administration scenarios carrier-public transit co-location would continue and whether or not transit staff sell tickets is relatively immaterial (as it is essentially a break even condition) as long as co-location would still be feasible.

PRELIMINARY REVENUE ASSESSMENT FINDINGS

From the preliminary assessment of the costs and revenue sources, the following findings have been developed:

- Annual administration costs for Bis-Man Transit total approximately \$388,000 (2010). The \$388,000 figure includes

those administration costs listed in the budget (\$348,000) and an additional \$40,000 for the Marketing Director position.

- In any of the alternate administration scenarios (administered through a city department or other stand alone entity), the costs of administrative services likely would be consistent with the current costs. This finding is based on the assumption that the salaries currently paid to the Executive Director, the Administrative Assistant and the Marketing Director are competitive within the industry and would produce candidates from which a local selection committee could choose.
- Federal grants that are currently accessed would be available to Bis-Man Transit in any of the alternate management concepts.
- State aid received by Bis-Man Transit would still be accessed within any of the alternate management scenarios.
- Mil levy funding received through the City of Bismarck and the City of Mandan would still be available under any of the alternate management scenarios.
- Funding received through local human services agencies that is directly tied to a negotiated level of transportation/or number of trips, would still be available under any of the alternate management scenarios.
- Approximately \$61,000 in "allocations" from human services agencies/organizations would be at-risk if administration were to be migrated to a city department or other non-501(c)3 agency.
- It needs to be noted that the \$61,000 in local revenue is used the match federal and state grants and without the local funding, Bis-Man Transit cannot access the federal and/or state dollars. Thus, if administration is modified and the funding from these sources is lost and not replaced (which is not a given), the transit service impacts range from a total of \$122,000 (at a 50/50 match for operations) of service to approximately \$305,000 (at an 80/20 match for capital purchases).

BIS-MAN TRANSIT ADMINISTRATION ALTERNATIVES: DEFINITIONS AND ASSESSMENT

Working with MPO staff, three alternate transit management/administration concepts have been developed for review. The alternates are:

- Retain the current brokered/contracted concept.

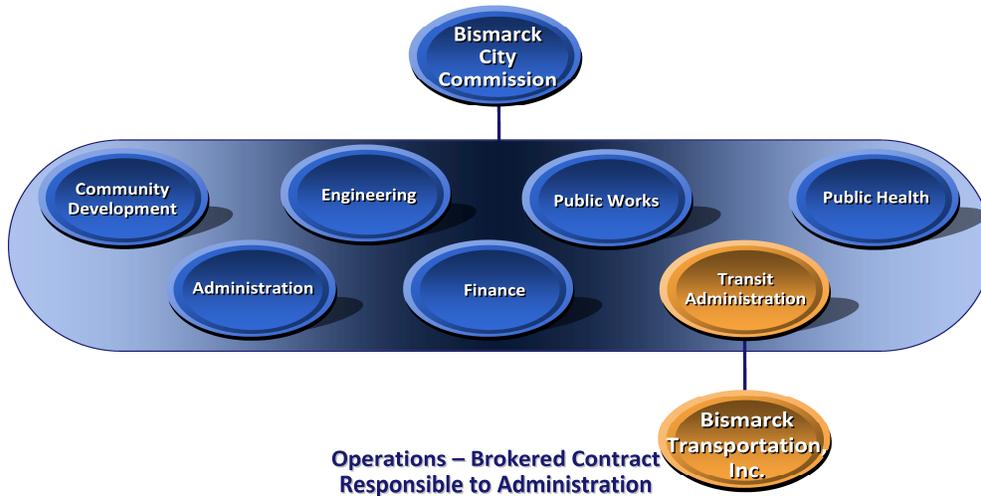
- Migrate transit administration to a Bismarck city department while retaining operations as a contracted service. Each of the current departments is displayed in **Figure 1**. Two subalternatives are included in this alternative:
 - Locate transit within an existing city department.
 - Create a new department to manage transit service.
- Establish a regional transit organization covering the two county area. In this alternative it is assumed that the organization would be governed by a board made up of representatives from each of the local jurisdictions that choose to be involved. Participation in the regional transit organization assumes that an equitable level of transit service relative to cost is provided.

ALTERNATIVES ASSESSMENT/REVIEW ASSUMPTIONS

The purpose of this element of the study is to identify the positive and negative aspects connected to each of the alternatives and document them so the city and the MPO can make an informed decision for succession of the transit director, should it be needed at some point in the future. At this stage in the analysis/review there are a number of unknowns about the status of the financial and political climate at the time that action is needed. Thus, the intent of this analysis is to document the key considerations that will likely need to be addressed as part of the local decision making process. These considerations include:

- Are there differences in the costs (employee labor, funding sources, etc.) of one alternative relative to the others that would influence the recommendations?
- Are there governance considerations between the alternatives that suggest one alternative is superior/inferior to the others and would influence the decision process? For example, would the current administration contract terms and conditions need to be altered in order for one or any of the alternatives to be selected for implementation?
- Are there institutional considerations between the alternatives that would influence the decision process and impact selection of one alternative over the others? An example of an institutional issue is whether there are FTA requirements that would influence the decision as to the alternative to select.
- Are there significant local/ community support differences between the alternatives? If there are differences, are they significant enough to influence the decision which alternative is selected?
- Are there organizational issues of having separation of staff between the Bis-Man Transit building and the Department Head of between or between the transit administrator and transit operations? Most city department administrative

FIGURE 1: BISMARCK CITY DEPARTMENTS





offices are located in City Hall. If transit administration is migrated to an existing city department, it would be desirable to locate the transit administrator in City Hall. This condition then separates transit administration from transit operations for day-to-day interaction. This arrangement may negatively impact smooth service provision.

To simplify documentation of the alternatives review, a decision tree process was used. In the decision documentation, a schematic tree-shaped diagram is prepared with each "branch" displaying a decision, a result that is anticipated if the course (branch) is followed or a key consideration in the decision process. Also, the tree structure shows how one choice/action may lead to the next, and the use of branches indicates that each option is mutually exclusive.

The decision tree is a convenient process for clarifying and/or finding an answer to a complex problem. The structure allows a problem with multiple possible solutions to be displayed in a simple, easy-to-understand format that shows the relationship between different events or decisions.

DECISION TREE ASSESSMENT

The initial branches of the tree, displayed in **Figure 2**, highlight the three identified alternative concepts that could be followed in providing the administrative services for transit service.

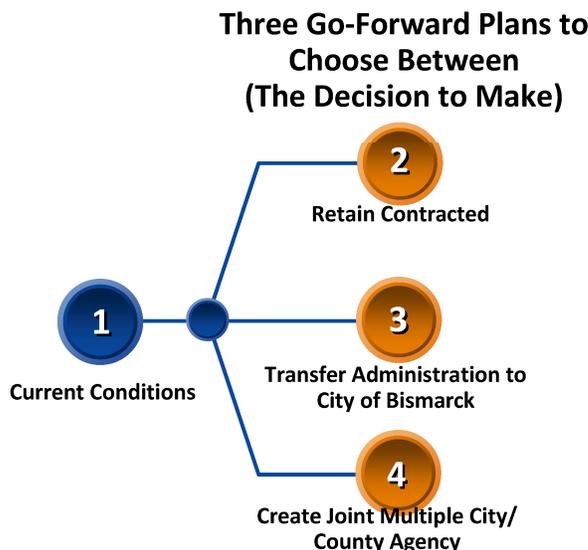
Branching out from each of the initial alternatives "trunks" are the potential implications (positive and negative) of each that result from selecting the alternate course of action. To enhance the level of clarity as to whether the statement reflects a positive, a negative or a neutral finding, the following symbols have been added:

- The alternative results in a positive finding - (+)
- The alternative results in a negative finding - (-)
- The alternative results in a neutral finding - (0)

The complete decision tree has been separated into each of the three primary trunks that represent each of the alternatives:

- Retain the current contracted administration.
- Migrate transit administration responsibilities to the City of Bismarck.
- Organize a regional transit agency that has the responsibility to administer the transit program, including managing the operations contract.

FIGURE 2: INITIAL TRUNKS OF THE DECISION TREE





Initially the tree divides into three primary trunks to represent the three mutually exclusive alternate paths that can be followed in providing transit administration/management. A unique branch structure has been prepared for each of the three trunks. In each of the unique structures statements regarding the potential result of selecting this particular alternate are provided. Next to each statement, when appropriate and available, a determination as to whether the finding is a positive or negative has been added. Including the symbols enhances the ability to compare each of the alternatives relative to the others.

Figure 3 displays the complete decision tree connected to the alternative of retaining the current format of contracted/brokered service. Key findings from the assessment of this alternative are:

- In conducting this study the MPO/city is not saying that the present brokered administration format is not working well. In reality, there is substantial support for this format from city administration and the City Commission. Support is tied to the idea that the present brokered format is at least partially responsible for cost control in the operations contract. The present brokered administration and operations format (in separate contracts) essentially requires the administrator and the operator to work very closely to balance service quality, service levels, capital expenditures and service costs on a day-to-day basis. This close relationship is established because the financial responsibility that the administrator bears relative to the level of service provided.
- Brokered management, including retaining all of the requirements

of the current contract, minimizes financial risk to the cities where service is provided. In the current contract the transit administrator/ manager has the responsibility to secure the local matching dollars for federal and/or state funds outside the limits of the annual property tax levy revenue. From the city's perspective this requirement of the manager establishes a firewall between transit financial management and city resources. This requirement should not be interpreted as a lack of commitment to transit service, but rather an annual commitment of a certain dollar amount (from the transit levy) with the very upfront stipulation that the committed dollars are all that is available from the city.

- Continuation of brokered administration through a 501 (c)3 non-profit corporation provides Bis-Man Transit with the ability to receive contributions/allocations from charitable and human services organizations. In 2010, the Bis-Man Transit budget included a total of approximately \$61,000 in allocations from human services organizations and from Morton and Burleigh Counties. The county funds were considered to be allocations similar to charitable organization contributions, as there was not a provision of a set number of transit trips attached to the funding. The other alternatives remove the 501(c)3 designation from transit service and may negatively impact Transit's ability to compete for charitable organization funds. As a city organization Transit would not be specifically precluded, but in the funding application review process preference is placed on charitable organizations.
- In the brokered administration format the entire focus of the organization is providing transportation services to address the needs of the customer. With this essentially singular focus, Bis-Man Transit plays the role of an advocate for addressing the mobility needs of transit users. In the Bismarck and Mandan area the primary users are seniors, persons with a disability that does not allow them to drive themselves and lower-income persons that cannot afford the costs of driving themselves. For these groups transit serves as a mobility life line, which places Bis-Man Transit in the role as mobility advocate for persons in need of transportation. While the administrator could continue to play the role of advocate in the other alternatives, as transit is the sole role in this alternative and that the administrator is not a city employee there is a greater freedom afforded to the administrator in the present brokered format.
- The primary concern, or negative, with this alternative is the uncertain nature of whether there will be a reasonable number of qualified respondents to the Bis-Man Transit administration Request for Proposals. In late 2011, the current five-year contract will expire and throughout the late summer and fall the city/MPO will be soliciting for



respondents to the next 5-year contracting period. Historically, there has been only one respondent to the Request for Proposals. While historically there have been a number of inquiries by potential administrators, when proposals are ultimately received the number is very low. Speculation as to why the number is low generally focuses on the administrator's responsibility for securing the local matching funds outside the property tax levy to support operations at the established level.

- It is possible for the city to loosen this funding responsibility such that alternate funds outside the current property tax levy would be considered to assist the administrator. The administrator, not the city, is responsible for contracting for operations and creating too much of an assistance subsidy through the city raises concern over being able to manage the operations contract cost, without also taking over this contract. As the current contracted format has been working well from a service and cost stand point, there is much reluctance by the city to take on more responsibilities for the day-to-day administration and operations.

Figure 4 displays the decision tree elements connected to providing transit administration through the City of Bismarck. This tree addresses both options of creating a new department or migrating transit administration to an existing department in the city structure.

FIGURE 3: DECISION TREE – RETAIN CONTRACTED MANAGEMENT ALTERNATIVE

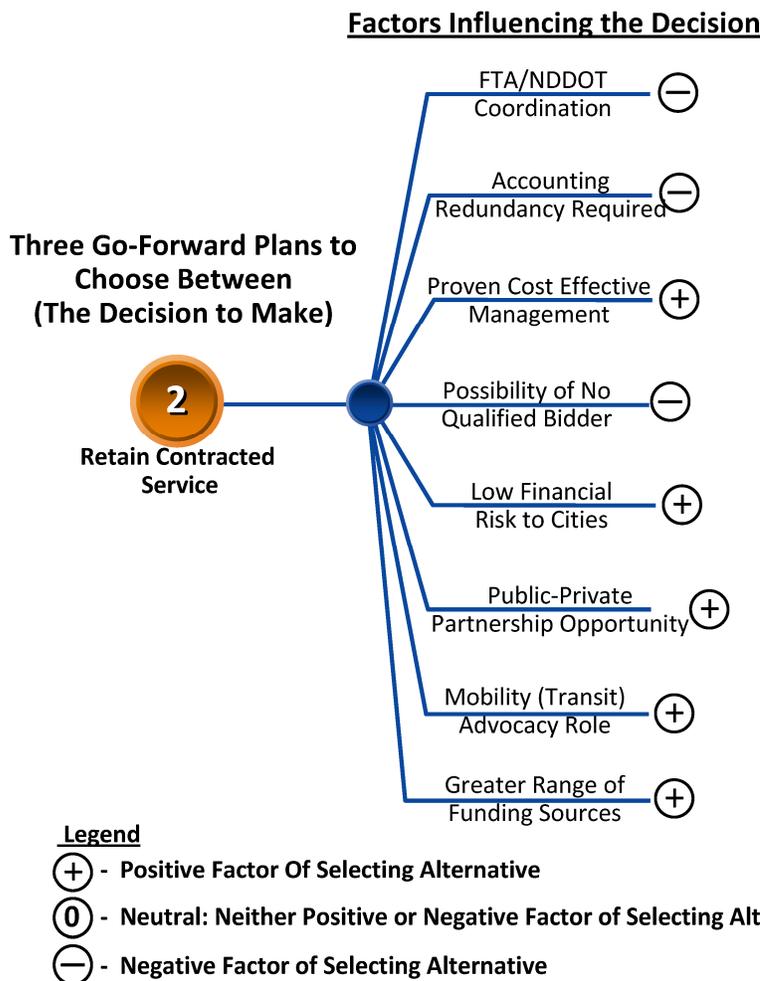
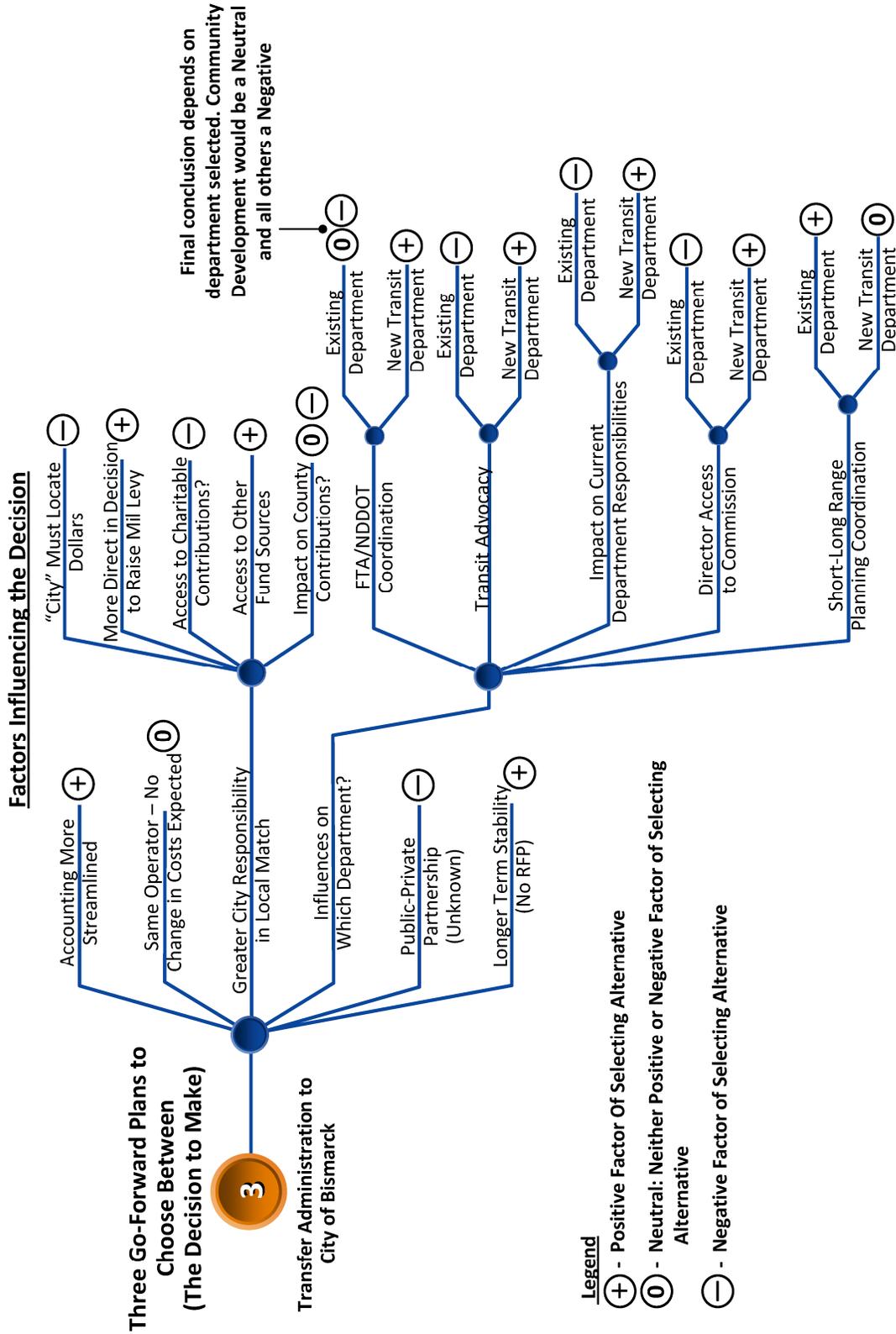


FIGURE 4: DECISION TREE – MIGRATE TRANSIT MANAGEMENT TO A BISMARCK CITY DEPARTMENT





The key findings from the review of the positives and negatives of this alternative are:

- In migrating transit service “in-house” the city will almost inherently take on a greater responsibility for financially supporting transit service, relative to the current. As has been stated previously, in the current format the Bis-Man transit administrator is responsible for locating and securing local funding beyond the property tax levy revenue. The ability to maintain this requirement is very much associated with contracted administration. The rules are written that if you want the administrator role, you are responsible for the local matching funds and the administrator candidate knows this going in. It is then up to the administrator to manage the contract with the operator to the budget they can support with local matching funds. In this relationship the city’s obligation is known upfront to be for the property tax levy revenue and some administration time for coordination. With transit as a city department or located in a city department, the firewall to being able to manage the city responsibility to only the property tax revenue, without cutting service, would be reduced. Thus, there may be more exposure to increasing costs or to being the organization that cuts service if additional funding is not readily available.
- Monthly accounting information that is ultimately reported to FTA in the current conditions requires handling by both Bis-Man Transit staff and staff from the city’s Fiscal Department. Bis-Man Transit provides their monthly

revenue and expenditure information to the city and Fiscal Department staff enters the information into the city’s electronic bookkeeping system. Migrating transit administration to the city will streamline the process as the administrator (who would be a city employee) would have more convenient access to the electronic system, which would eliminate the redundant handling of the data.

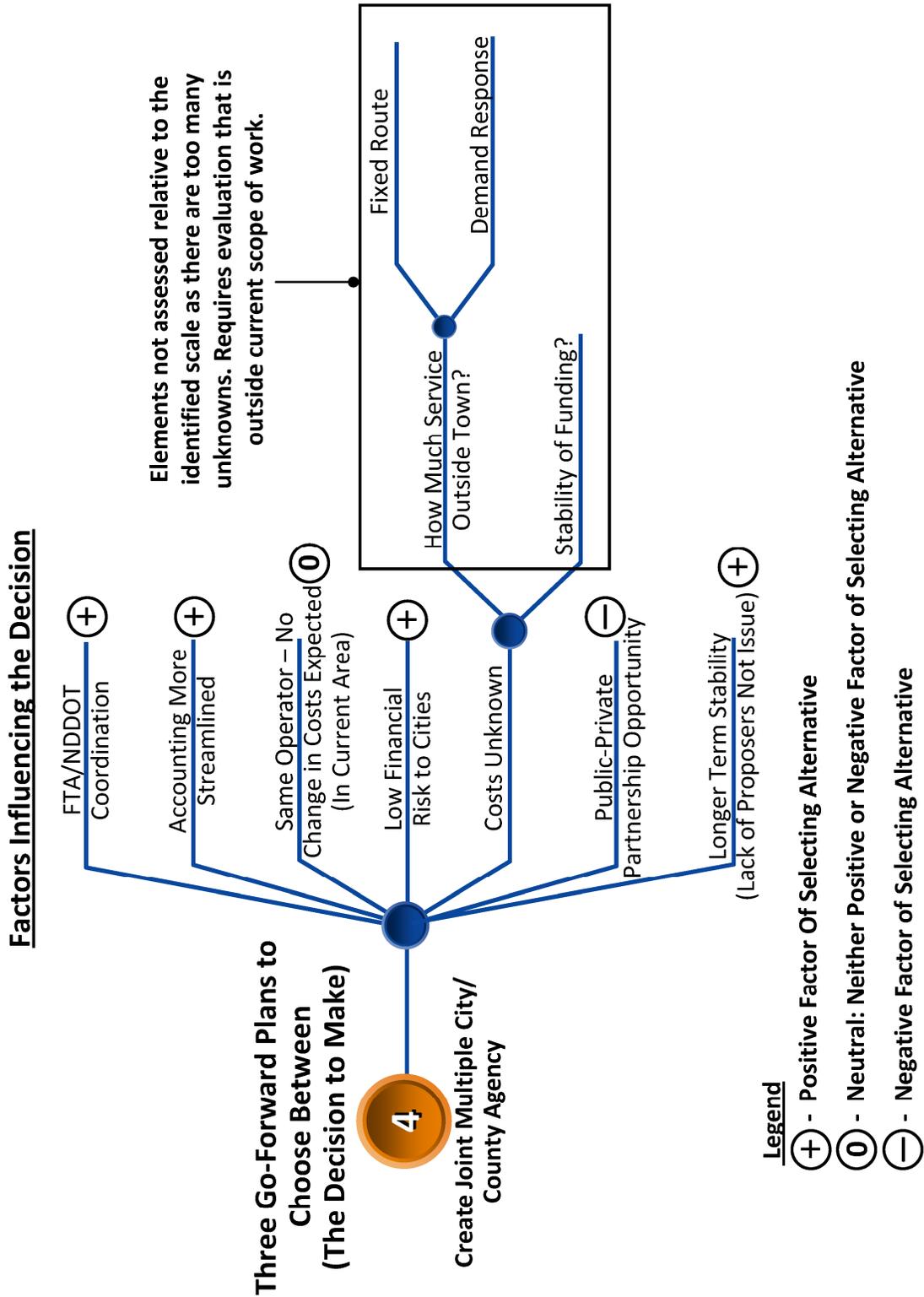
- Co-locating with intercity carriers at the Bis-Man Transit Building. Presently, Coach America, Rimrock Stages and Taxi 9000 are co-located with Bis-Man Transit in the city owned transit building. Coach America is the local transit providers, but also operates intercity carrier travel from the Bis-Man Transit Building. Rent, in the form of commissions on ticket sales, is paid to Bis-Man transit by Rimrock Stages, Newtown Bus and North-South Shuttle. While city administration is aware of the co-location relationship and the city accepts the condition in the current format where administration is not a city entity, there is some concern that co-location may not be allowed with a city department administrator. Co-location of the private companies is accepted in part because the administrator is directed to develop a transit system that works for the money provided. Co-locating private carriers in the building and collecting rent help makes the transit program work financially. If transit administration is migrated to a city department there may be the perception that a greater level of separation between the public agency and the intercity carrier arm of the company providing transit service is needed.
- Locating transit in an existing department will create a supervisor-report disconnect or would result in a remote transit administration-transit operations condition. Most city departments are housed in City Hall. Those that are not (Public Works) have all, or at least most, of their administration and operations staff in one location. From a Department Head perspective it would be preferred to have all of their staff in the same location, which in most situations would be City Hall. If the transit administrator is in City Hall there would be a negative impact on day-to-day interaction that is needed between transit administration and transit operations that is needed to provide effective/efficient service. The conflict created is a substantial barrier to the existing city department alternative.

An overview of the alternate city department assessment is provided in the section following documentation of the regional agency alternative.

The decision tree for the final alternative of establishing a regional transit agency covering the two county area and then relocating public transit administration to this new organization is displayed in **Figure 5**. In many ways, from an administration perspective this



FIGURE 5: DECISION TREE – ESTABLISH A REGIONAL TRANSIT AGENCY





alternative looks very similar to the current contracted service. Similarities include:

- Both reflect a single focus of transit administration as the organization responsibility. A key of this single focus, along with not being a city department, is the freedom to be an advocate agency for the mobility provided through transit.
- Both would be governed by a Board of Directors, even if the composition of the boards was somewhat different.
- Both would afford city administration and the City Commission the opportunity to establish a funding and responsibility firewall that would limit city staff's day-to-day financial and operations coordination responsibility.
- Both provide a similar ability to retain the public-private partnership between Transit and the private carriers. This conclusion is based on the assumption that the agency would be given similar direction on the day-to-day management, which is make transit work within the identified budget and be compliant with FTA rules and guidelines.

As the agency has been identified as a regional agency, there are several substantial considerations (unknowns) that must be addressed if this is the alternate selected. These include:

- What is the cost-effective level of transit that can be supported within the region but outside the current service area? Does this service include both fixed route and paratransit/demand-response service or just

paratransit/ demand-response service?

- What is the cost of service outside the present area?
- What are the options to pay for the incremental local cost of service in the area outside the current service area but inside the assumed regional service boundary? Would the property tax levy at the current three mil level provide the local revenue to support the desired level of service?

While the scope of this study does not include addressing the service needs, options and funding plans for the portion of the region outside Bismarck and Mandan, the following were reviewed as they contribute to the feasibility of a regionally administered service:

- Population Density Outside Bismarck and Mandan: The feasibility of providing a sustainable level of transit service outside the current boundaries requires balancing the service plan with the density of development. Attempting to implement a high level of fixed route service in a low density area will not likely generate the ridership required to support the cost of service. **Figure 6** displays the average population density for the portion of the two county region located within the corporate limits of Bismarck and Mandan and that of parts of Morton and Burleigh Counties located outside the cities.

As is displayed in the figure, the average population density of the areas located outside the corporate limits of Bismarck and Mandan are approximately one to two percent of the areas within the corporate limits. In reviewing the present level of transit service relative to the population density, it can be concluded that areas outside Bismarck and Mandan would not support fixed route service.

- Increment of Property Tax Revenue: the primary source of local funding is the transit property tax that is levied within the corporate limits of Bismarck and Mandan. The 2010 Bis-Man Transit budget assumed approximately \$570,000 and \$118,000 would be generated in Bismarck and Mandan, respectively. The potential increment of transit funding that could be generated by extending the levy to the entire county was estimated by quantifying the residential valuation in the portion of the counties outside the corporate limits and then applying the current 3 mil levy rate. Based on the 2009 property assessment summaries for Burleigh and Morton Counties, extending the public transit property tax mil levy throughout the county would generate an additional:
 - \$193,000 annually in Burleigh County.
 - \$106,000 annually in Morton County.

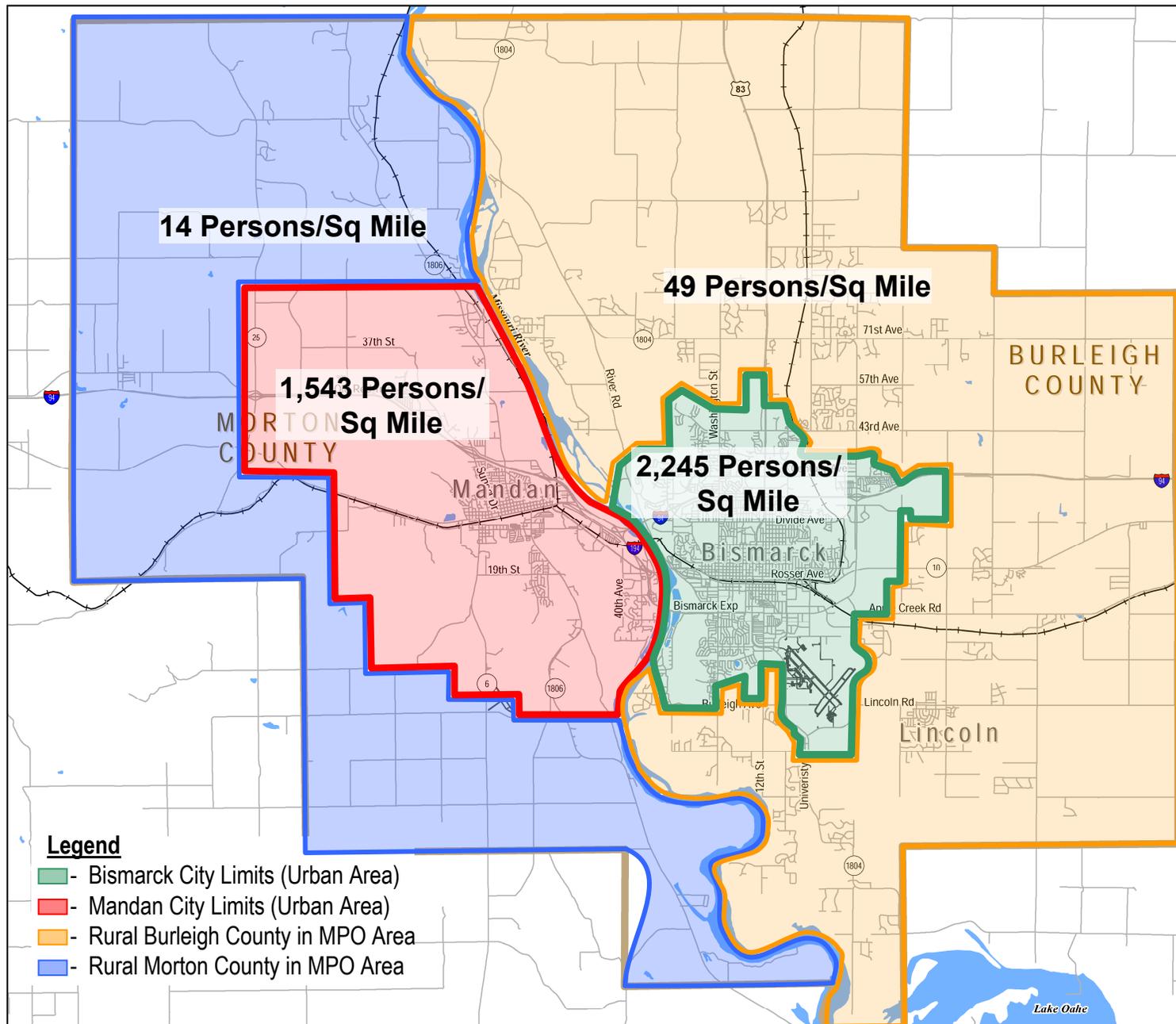


Figure 6: Urban and Rural Area Population Density for Areas with the MPO Boundary



Assuming that these local dollars could be matched with available federal funds for operations (50-50 matching), an additional \$380,000 in service could be provided in Burleigh County and an additional \$212,000 in service in Morton County. At the present cost of paratransit trip a countywide levy would support an additional 38,000 trips and 21,000 trips annually in Burleigh County and Morton County, respectively. Relative to the current ridership, extending the public transit property tax levy throughout the counties would support a 22 percent increase in rides offered. Note that this assumption is likely a high estimate as the miles per trip in the rural areas is likely to be more than in the urban area. Thus, the cost per trip in rural areas would be more than in urban areas and we have not made an adjustment to account for this cost variation. Additionally, the increment of trips also assumes there are federal funds to match at a 50-50 ratio. If federal funding capacity is not available to match, the increment of trips that could be funded through the countywide levy falls to less than a 10 percent increase from today.

CITY DEPARTMENT ALTERNATIVES

An assumption inherent to this analysis/review is that all current staff and their respective responsibilities would be transferred in whole. Currently, administration staff is comprised of the Executive Director, one administrative staff, and the Marketing Director. Thus there could be the assumption that the administrative staff position could be transferred into the department where transit would be located. A key assumption set out in this study was that transit administration would be cost neutral to the city because staff positions would still be fundable from the same sources as today (which includes no city General Fund dollars which are used, at least in part, to pay city staff salaries) and would not add to the

current salary budget for the city. In support of the “all staff retained” assumption, we provide the following:

- It has been assumed that Bis-Man Transit administrative office would remain in their current location in the transit building at 3750 Rosser Avenue. Thus, the administrative assistant responsibilities could not reasonably be absorbed by others in the city administration building or at the public works building providing similar functions.
- Marketing transit is critical to the sustainability of the service and will be instrumental in continuing the goal of transferring as many current demand response riders to fixed route service as is possible. In addition, the marketing being provided is substantially different than the promotion and marketing of Bismarck that is presently supported by staff in other departments. Thus, it is unlikely that this role could be absorbed by others in the city.

A list of reasonable city department siting locations was identified by reviewing the tasks completed by Bis-Man Transit administrative staff relative to the functions supported by each of the city departments. The departments included in the initial list to evaluate relative to including them as candidates or not were:

- Community Development/MPO
- Public Works
- Finance
- Engineering
- Administration

Other city departments (Airport, Civic Center, Library, Attorney, Fire, Human Resources, Municipal Court, Police, and Public Health) were dismissed as there was not a logical connection between the transportation role that transit plays and the responsibilities of the listed departments.

Following a cursory review of the responsibility areas listed for each of the departments, administration was removed from consideration. The primary reason is listed below:

- Administration: Responsibilities of the Administration Department are:
 - Provides the public information needed to transmit the city’s message to the community and to gather input from the citizenry for reporting to the Commission.
 - Answer questions on public finance, ordinances and public records.
 - Licensing done at the city level.
 - Provide the technical and clerical support that the city boards and commissions need to conduct their business.



- Coordination of city elections with Burleigh County.

The listed responsibilities do not demonstrate a good connection with the responsibilities of the transit administration group.

Based on the cursory review of responsibilities of the various departments relative to the activities conducted by transit administration, it was concluded that the following departments warrant continued consideration as possible locations where transit could be migrated:

- Community Development/MPO
- Engineering
- Public Works
- Finance

In addition to the listed departments, a new Transit Department was also considered.

REVIEW OF THE BENEFITS BY DEPARTMENT

The goal of this study is to provide a recommended course of action to the MPO Policy Committee for their consideration regarding administration of the transit system, or at a minimum provide the committee with the information they need to review in making their decision. One of the options listed from initiation of the project is migrating administration responsibilities to a city department. Conducting a reasonable and logical assessment of the options requires that the responsibilities of transit administration be outlined and then each of the departments can be reviewed relative how good of a fit the department might or might not be. Unlike with a corridor study where we can review the level-of-service impacts of an alternative, there are no real metrics to use as benchmarks or goals to measure the impact of the transit administration

decision. Thus, a more qualitative approach is required.

There are no dramatic disadvantages associated with selecting any one of the departments. Thus, the screening that was conducted looked more to addressing the inquiry of “is there a noticeable **benefit** of selecting one department over any other department relative to successfully supporting the specific transit administration responsibility listed”. The responsibilities of transit administration are listed in the first column of the attached **Table 4**. From the list, it can be seen that the responsibilities are very broad and require a greatly diversified staff. This statement cannot be over emphasized and should be a key consideration in any decision that is made.

In reviewing the range of responsibilities for transit administration and the current responsibilities of the departments still in consideration, it could be concluded that selection any one of them would likely work out fine in the long run as each has some nexus with the activities completed by transit administration. In each department, however, there would be some level of adjustment that would need to take place (i.e. the Department Head would be taking on at least one more direct report and this would require some adjustment). The significance of the adjustment would likely vary quite a bit from a minor adjustment in Community Development (staff is already serving the FTA and NDDOT liaison role for Bis-Man Transit and is integrated into transit planning) to a more significant adjustment in Finance. While Finance has a connection in the accounting and procurement areas, there is not an identifiable connection or exposure to those elements that influence transit planning and operations (i.e. where development is proposed, identifying low income populations to serve or current and future roadway construction locations that will impact route daily operations).

In developing the list of responsibilities included in the table the goal was to be as comprehensive as possible, but the listing does not address the relative importance of one of the responsibilities relative to the others. In making a final determination, this prioritization of responsibilities will need to be addressed by the decision-makers. From URS’ perspective, the following are the more critical responsibilities to consider in the decision-making process:

- FTA grant coordination: Over 43 percent of the operating and essentially all of the capital funding is from federal grants and programs. Thus, understanding and being cognizant of FTA rules and requirements will be critical.
- Establishing and revising (also deciding to not revise a route) Routes: Providing a service that is complementary to demand is critical in the sustainability of the program.



TABLE 4: COMPARISON OF ALTERNATE CITY DEPARTMENTS FOR TRANSIT ADMINISTRATION

Administrator/Administration Responsibility	Department				
	New Department	Community Dev/MPO	Public Works	Engineering	Finance
FTA Coordination/Grant Administration		MPO is FTA and NDDOT Transit Liaison			
Establish Routes/Make Adjustment as Needed		“Direct” Connection to Early Knowledge on Development Impacting Planning		Day-to-Day Knowledge of Road and Other Construction Impacting Operations	
Develop Annual Budget/Set Fares					
Address Staff Discipline/Drug Compliance			Currently Administer Drug Tests		
Coordinate with Operations (Vehicles)			Access to Mechanical Staff (If Needed)		
Coordinate with Operations (Facilities)			Access to Facilities Maintenance Staff (If Needed)		
Develop and Implement Customer/Client Outreach Program					
Financial Reporting/Bookkeeping/ Audit Preparation					Have Staff with Understanding of Requirements/Inherent Nexus
Cash Counting					Inherent Nexus
Capital Purchasing					Staff with Purchasing Requirement Knowledge
Coordination with Commission	Administrator is Department Head – More Direct Commission Interaction (Not Department Head in Others)				
Ticket Sales (Direct and Coordination with Outlets)					Could be Some Accounting Reporting Streamlining (Minor at Best Benefit)
Finding Local Match for Federal and State Funding	Supporting Mobility is Only Department Role. Argue Allocations from Local Sources Go Only to the Transportation that is Needed by Contributing Agency Clients				
MPO Participation/Coordination	Autonomous Representative for Transit				



- **Coordination with Operations:** The administrator is responsible for the condition of the vehicles and city-owned facilities, even though the operation of the vehicles and use of the facilities is contracted to a vendor. If the vehicle are not maintained and/or if facilities are not maintained, the quality of the service on the street will be negatively impacted, which reflects on the administration.
- **Develop and Implement Customer and Client Outreach.**

Assuming that the decision-makers will also consider the listed responsibilities as the most critical in the alternatives assessment process, Community Development or Public Works would be the most logical of the existing departments. There is a greater direct association between these departments and transit administration. The key benefits of locating transit administration in the Public Works Department are the ability to provide emergency support for vehicle and/or facilities maintenance/repair. As operations would continue to be contracted to a vendor, the overall significance of these benefits is more minor compared to the benefits associated with FTA coordination and an understanding of future development. These two areas will directly influence the sustainability of transit. Thus, if one EXISTING department was to be selected, it would likely make the most sense to locate transit administration in the Community Development department.

The responsibilities assessment likely shortchanges the new department concept because the department does not exist today so there are no opportunities for “existing staff” to provide support to transit as there is in the other departments (i.e. Public Works has staff to support in vehicle repairs if

needed, which may not ever be needed). The benefits highlighted for New Department focus more on transit being able to retain some of its present autonomy or individual standing in the community. The concern may be that if transit is integrated into another department, its visibility may be diminished as the department head will have the responsibility to champion transit AND those functions/programs for which they are already responsible. If there is a new Transit Department, the Executive Director would likely be the department head and have only the transit cause to champion.

SUMMARY OF THE POSITIVE AND NEGATIVES ASSOCIATED WITH THE RANGE OF ALTERNATIVES

To supplement the decision tree material, the advantages and disadvantages of each of the transit management alternatives has been developed in a table format and is displayed in **Table 5**. As the number and level of explanation listed as the positives and negatives for each alternate are not identical in nature (some items simply take more words to explain), at first blush it may not seem as though each is addressed to the same level of scrutiny or that one or more alternatives is clearly a better or worse idea. This is not the case. While all of the items listed are important to the discussion, selected items will likely be defined by decision-makers as the critical determinants. Those items that are typically the most critical in the decision-making process have been highlighted as bold. Highlighting them in bold also adds to the balance between the number of pros and cons for each alternative.

The goal of the Transit Management Study is to provide for succession of the Executive Director and other key staff more consistent with the city’s desires that are outlined in the on-going Workforce Planning Program project. Through the Workforce Planning Program succession planning efforts the goal is to “have individuals ready to replace supervisors and managers at retirement or simply upon their departure [from the city]”. As public transit in the region is provided through a contractor/broker, the concept of succession planning must be addressed somewhat differently than the planning for one of the departments (i.e. Community Development, Public Works, Administration and others). Through the Transit Management Study the information needed to formalize a succession plan for the current Executive Director and key staff has been developed, including:

- Identifying alternatives for relocating the administration positions into a non-brokered condition, while retaining brokered service operations.
- Documenting the potential risks to current funding sources if administration was to be moved from the current non-profit organization status held by Central NoDak Development Corporation (the transit administrator).



TABLE 5: SUMMARY OF THE BIS-MAN TRANSIT ADMINISTRATION ALTERNATIVES

Alternative	Positives	Negatives	Comments
No-Action (Retain the Current Contracted/Brokered Format)	<ul style="list-style-type: none"> • Limited level of city/county day-to-day responsibility • City's ability to control community cost burden is very high (All cost control (and liability if cannot control costs-revenue balance, is administrator's responsibility) • If provided by non-profit organization – meets criteria for a larger number of charitable agencies that could provide allocations (revenue). • As the recipient of federal funds, the city retains ultimate financial oversight. 	<ul style="list-style-type: none"> • Limited number of bidders – Will there be one (or more) in the future without changing bidder's responsibilities? • Somewhat of a two-step FTA reporting/oversight process – City has some responsibility and operator has some – monitoring responsibility for city could be seen as an overlap 	<ul style="list-style-type: none"> • No-action assumes that over time city and provider address bookkeeping (paper versus city electronic system) platform/ coordination issues. Current conditions do not affect service provision nor are they questioned by FTA. (Have Steve review language here). • In No-Action alternative – If for-profit bidder wins contract, there is also the potential for charitable agencies to reduce/ eliminate their allocation to transit. Many have rules/policies that include non-profit status as a selection criterion for allocations.
Add As City Department/ Existing Department Responsibility	<ul style="list-style-type: none"> • City has direct control/oversight of administration • Would streamline reporting/ auditing practices (currently have redundancies as city enters/ "checks" agency monthly activities • FTA recipient is the administrator • As long as have support, there are more avenues to revenue sources than current. • Adds few employees (relative to including operations) – Not large labor burden and current transit revenue sources could pay salary/benefits. Cost neutral to city. 	<ul style="list-style-type: none"> • Likely lose "contribution" revenue (approx. \$65,000/year) ties to non-profit status • As costs increase, city could have more responsibility for finding more dollars/ modifying service (or this could be the operator's responsibility). Does the city want this responsibility? • Principal customer – elderly/ handicapped – Some human services agencies question city's ability to be "flexible" enough for customers (within the rules of good practice). Example: Some customers may need more assistance with regards to getting to/from the vehicle and on/off the vehicle. Demand response service is generally defined as curb-to-curb service and there is the perception that more door-to-door or door-through-door service is needed. • Building revenue from Coach America, Rimrock and Taxi 9000 may be in jeopardy (would city retain Coach America in building – CA is building tenant – revenue source?) – If lose building rent revenue, city would need to "make it up" • If Taxi9000/Coach America – Provide vehicle maintenance service. If they are not co-located with transit, additional mechanical staff or outsourcing will be required. Vehicle maintenance costs would likely increase if Coach America/Taxi9000 is not providing services with co-location. Bis-Man Transit does not employ any mechanics, but through the city owns the buses. Thus, is ultimately responsible for them and their condition. • Likely requires changing the Board's role and responsibilities (to be more advisory) 	<ul style="list-style-type: none"> • Perception of inflexibility by selected customer groups is based on the concern that as organizations grow there has to be more rules. As the "city" is a bigger organization than Bis-Man Transit there will be more rules. More rules means less flexibility to address the unique needs of specific groups. • Presently, significant revenue that is used as the local match comes from private contracts (Coach America, Rimrock Transit, etc.). The administrator is responsible for maintaining/retaining this income. Can the relationship be maintained as a city administered organization? If not, local match funds will need to be found. • Buses could be maintained by the city at their shop. Shop proximity is close and skilled labor is available. The potential issues are is the added vehicle burden to staff capacity an issue and is the turn around time requirement an issue?



TABLE 5: SUMMARY OF THE BIS-MAN TRANSIT ADMINISTRATION ALTERNATIVES

Alternative	Positives	Negatives	Comments
Establish Regional Transit Agency	<ul style="list-style-type: none"> • Retain the present limited day-to-day responsibilities (for city) • City’s ability to control community cost burden is very high (All cost control (and liability if cannot control costs-revenue balance, is administrator’s responsibility) • Creates an entity whose sole purpose is to provide transportation/mobility service. City alternate – cannot say the same thing. • City would not be required to review bookkeeping • If covers Burleigh and Morton Counties, expand taxing authority and revenue potential – More revenue opportunity at lower per household burden – 	<ul style="list-style-type: none"> • Need state enabling legislation (Century Code does not <u>specifically</u> provide for a regional transit authority) or Joint powers agreement between participating jurisdictions. • Likely lose “contribution/allocation” revenue (approx. \$65,000/year) non-profit status • Requires changing the Board’s role and responsibilities. The present board represents human services organizations, elderly populations and persons with disabilities – which is consistent with the current ridership. A regional transit board will need to have a more community-wide representation. Current board could be retained in an advisory role (could be considered similar to the MPO TAC – which is advisory. • Most other locations that implement county-wide authority/agency and county-wide taxing for revenue, experience demand for rural service. Rural service costs per revenue mile relative to return are much higher than in urban area. Tax revenue generated in rural areas generally does not keep up with service costs. Thus, must also collect more from urban areas, resulting in equity discussions. 	<ul style="list-style-type: none"> • Many non-transportation authorities exist (principally for addressing water resources). Thus, the authority concept and a process for establishing through legislature is not new • Expanding the geographic coverage of the mil levy, will create the argument for expanded service – Extended county service will be costly on a per-ride basis (compared to current) • The role of the counties could increase dramatically as the amount of service in rural areas will be a greater discussion item. Support by county commissioners will be critical.



- Outlining the transit operations benefits and risks connected to migrating transit administration from the currently contracted/brokered position to a city or other public entity position.
- Comparing and contrasting the range of city departments where administration could be relocated if the move to a city department alternative were selected.

The purpose of this section is to provide the MPO and other stakeholders with key findings and preliminary recommendations regarding where to locate transit administration in the governmental structure of the region. Please note that the range of alternatives includes retaining the current concept of contracting the position outside the traditional city department structure. This alternative, from the perspective of cost and day-to-day interaction with operations responsibilities has some very positive aspects. The key downside or concern associated with this alternative is the historical limited number of proposers to the city issued administration/operations RFP, which results in concern regarding the readiness status of the city/region to act on providing administration if no acceptable RFP response is submitted in the next period.

FINDINGS AND PRELIMINARY RECOMMENDATIONS

RECOMMENDATION NUMBER 1 (PREFERRED)

The current format of brokered transit administration has served the region well. As with any organization, success relates to the personnel. Historically, Bis-Man Transit staff has been an advocate explaining the mobility benefits provided to the region's transit

dependent population. Thus, if there was not the concern regarding the limited number of responders to the 5-year contract Requests for Proposals the primary recommendation of this study is to retain the current structure. In this current structure administrative services for public transit are brokered on a five-year schedule to a qualified bidder. The primary benefits of retaining this structure are:

- The city is able to benefit from the social and economic positives that the public transportation system brings to the community, but the Commission and other department heads are able to maintain a certain distance from day-to-day decision-making and operations.
- Limit/control of the local financial responsibility to funding transit. The Request for Proposals for transit administration, and ultimately for providing service, states clearly that the contractor is responsible for securing the local matching funds required to access all of the federal dollars reasonably available to the region. This responsibility includes accessing all eligible Section 5309, and Section 5307 funds and as much funding as possible from New Freedom and JARC programs. The cities (both Bismarck and Mandan) support transit through property tax mil levies, however, funding from these sources will not provide the local match needed to access all available federal funds. The transit administrator is responsible for identifying sources and securing local funding to bridge the gap between the levy revenue and the local revenue needed to access all reasonable federal funding sources. In the past, Bis-Man Transit has gone so far as to hold bake sales to raise local funds to support transit service. Through the current contractor format the city has been able to reduce the exposure to providing additional funding through either raising the property tax transit levy or tapping other sources, as the responsibility for locating funding falls to the contractor.
- More autonomy in developing a service plan that is likely more focused on the needs of area seniors and persons with disabilities than in other communities. Many of the customer eligibility rules for accessing the demand responsive/paratransit service in Bismarck-Mandan are more liberal than federal rules require or rules set for many similar communities. For example, the senior rider eligibility age is set at 60 years rather than the federal limit of 65 years old. This policy is controlled by the Bis-Man Transit Board and represents one example of the advocacy for seniors afforded through the present contractor format. The contractor is responsible for working with the Transit Board to set service policies and through this close relationship cost and funding implications (areas of contractor responsibility) can be more actively discussed and more readily integrated relative to a condition were the City Commission is brought into the discussion.



- More potential to access charitable organization funding allocations. Funding allocation eligibility rules set by many/most charitable organizations require, or at a minimum give more consideration to, non-profit organizations. As the Central NoDak Development Corporation holds non-profit status as a 501(c)3 organization, transit can better compete for allocated funds from charitable organizations relative to for-profit organizations or the city. Removing the non-profit status from transit in the region has the potential put at risk approximately \$61,000 in local dollars that are used to match federal dollars. Losing \$61,000 in local dollars impacts the overall transit budget by between \$120,000 (if all the loss is assigned to 50-50 matching programs) to approximately \$300,000 (if all the loss is assigned to 80-20 matching programs).
- Lower effective operating costs relative to for-profit and/or city managed systems. The current contracted administration and operations format for transit has provided the freedom to establish and maintain a public-private partnership within the Bis-Man Transit building. Within the one building, that is owned by the City of Bismarck, management and operations for public transit services, Taxi 9000 service, and private intercity carrier services work cooperatively to maintain the storage building for Bis-Man Transit and private fleet vehicles, maintain a service department for Bis-Man Transit and private fleet vehicles and provide a passenger depot for private intercity carriers. This public-

private partnership benefits Bis-Man Transit by reducing the need to retain mechanics and building maintenance personnel, but essentially having all the access to these types of service personnel that is needed to reasonably maintain the public transit fleet and facilities. Removing the ability to retain the public-private partnerships (which is a concern in non-contracted service conditions), will result in an increase in the cost of service. It is estimated that the increase in costs would total \$500,000 to \$750,000 per year. This increment would need to come from local sources and the increment exceeds the amount that could be generated by the property tax levy.

ALTERNATE 1 TO PREFERRED RECOMMENDATION

If a change from the current contracted service format needs to be made (i.e. there are no acceptable responders to the next or future Requests for Proposals), it is recommended that a Transit Department be organized within the City of Bismarck. Selecting this alternative over the others of locating transit in an existing department or creating a stand alone regional transit organization, is based on the following:

- Transit advocacy groups in the region have been responsible for establishing and maintaining the commitment to the demand response/paratransit and fixed-route service provided through Bis-Man Transit. These advocacy groups make up much of the current Bis-Man Transit Board and represent seniors in need of transportation to retain their mobility/access to critical medical and social services, persons with disabilities that restrict their ability to drive themselves and lower income populations. The Board has a history of direct access to the City Commission as the Commission is responsible for the Board's existence as part of the transit contract. The Bis-Man Transit Executive Director has been the voice of the Board to the Commission. Placing the Executive Director in a department position where they are reporting to a Department Head who then reports to the Commission is perceived as distancing the advocacy capabilities of the Board from the Commission. This distancing perception is a negative perception on the concept of relocating transit administration to an existing city department. Creating a new city department with the Transit Executive Director as the Department Head retains a reasonable level of connectivity to the City Commission.
- As a Department, rather than a service area within a department, there is a greater potential to retain funding allocations from some charitable organizations. For most of the charitable organizations, there is not a REQUIREMENT that allocations be provided to non-profit organizations, but for most (if not all in question) there is a substantial PREFERENCE for the allocated funds to go to non-profits.



As a unique department, transit has a greater ability to focus their department message on promoting mobility rather than mobility being one of several messages. The Transit Department could still be the advocate for mobility for the focus constituents of the charitable organizations (low-income residents, persons with disabilities, and seniors without the personal means of driving themselves), which results in a greater potential for the charitable organizations to view transit in a similar light as they do today. Thus, there is a greater likelihood of retain some share of the present charitable organization annual allocation to transit (\$61,000).

- Relative to migrating transit administration to an existing department, creating a new department better contains the number of city staff and departments that need to adjust workload to accommodate the responsibilities. In the New Department alternative added responsibilities fall primarily to the City Administrator. Placing transit administration in an existing department would likely also result in added responsibility for the City Administrator, as well as the receiving department. By establishing a new Transit Department, the responsibility adjustments of migrating transit administration to a city office would be more contained to one department (Administration) rather than the receiving and the Administration Department.

ALTERNATE 2 TO PREFERRED RECOMMENDATION

City administrators for Bismarck have historically been averse to the idea of adding new departments to the current structure. The primary concerns are the added management costs and potential for inefficiencies that typically come with expanding an organization. An example of the potential inefficiencies is that more administrative staff for the day-to-day tasks such as filing, answering phones, etc. would likely be needed (relative to the number of staff today). These administrative tasks are not unique to the new department, but rarely does it work out that current staff can simply add duties brought on by the new department. In the case of creating a Transit Department it has been assumed that transit administrative offices would remain in the Bis-Man Transit building and not in City Hall. Thus, it would not be feasible to have current administrative staff support a new transit department.

An additional concern is that adding a new department expands the responsibilities of the City Administration Department, which is one of the smallest staffed departments in the city. From an organizational perspective, City Administration has a certain amount of responsibility of managing every other department in the city. Thus, adding a new department ultimately impacts the amount of time that every other department has to work with City Administration to address the community's needs.

Taking these points into account, it is prudent in the succession planning assessment to include an alternate of identifying an existing department in case Alternate 1 proves in the future to be infeasible. It is recommended that if transit administration were to be migrated to an existing department that the most logical would be Community Development. Reasons for selecting Community Development are:

- FTA grant coordination: Over 43 percent of the operating and essentially all of the capital funding is from federal grants and programs. Thus, understanding and being cognizant of FTA rules and requirements will be critical. The MPO Transportation Planner is the city liaison with FTA, NDDOT and Bis-Man and is critical to maintaining the working relationship. The MPO is a division of the community development Department.
- The short and long range land use planning information that is used in developing transit planning documents is developed and housed in the Community Development Department. Locating public transit administration in Community Development would streamline the land use-transportation coordination process.
- Transportation planning in the region, which includes the transit system, is managed within the MPO, which is a division of the Community Development Department. Similar streamlining of information benefits derived from closely



locating land use planning and transit planning would be derived through closely locating transit planning with planning for all other modes.

It should be noted that all of key reasons for identifying an existing city department and Community Development Department in particular, as the preferred existing department are related to the day-to-day functions of transit administration. They do not reflect any of the factors that provide for the sustainability of transit service in the region. Obtaining stability in factors such as access to local funding, transit advocacy as the sole voice of the department and a more direct route to the Commission are what provides for the sustainability of transit service in the region. It is a finding of this assessment is that these factors are all better provided through a Transit Department rather than a Transit Division of the Community Development Department.

CHARITABLE ALLOCATIONS – ADDRESSING THE POTENTIAL FOR LOSING FUNDING

As part of the Transit Management Study each of the funding sources presently used by Bis-Man Transit was reviewed relative to the alternate management concepts. One of the reasons for conducting this assessment was to determine the potential for risk to the funding received so that risk could be incorporated into the decision. Highlighted through the assessment was the funding currently received as charitable contributions to transit, which in 2010 totaled \$61,000. In any of the alternatives that remove the non-profit status of the administrator, there is the potential to lose this funding and in order to retain the current level of service, alternate funding sources need to be identified. In all likelihood the primary source would be city revenue. In the city’s overall budget, \$61,000 may not

be considered a substantial amount of money, but providing the replacement funding out of sources other than the transit levy would be a big change from historic conditions. Questions regarding funding that will need to be fully addressed by the commission are:

- Would the need to replace approximately \$61,000 in revenue with "city" money be a small, moderate or very large negative connected with migrating transit to a city department?
- Does the idea that the \$61,000 in local money is used to match another at least \$60,000 to \$240,000 in federal funding for service weigh heavily in the decision of replacing the funding or not?

In the decision process, it is unlikely that non-city sources could be located for replacing the \$61,000 in local matching funds identified as at risk (for example, it is unlikely that the county or human service agencies would be a sustainable source for replacement funding).

OVERVIEW OF A CITY TRANSIT DEPARTMENT

Staffing

The general concept of the city transit department would be to essentially migrate all of the administrative staff and their current responsibilities to the new department. The department should continue to be located in the Bis-Man Transit building and should include the following staff:

- Executive Director: Responsibilities would retain consistent with current responsibilities, including:
 - Developing service plans and routing analysis.
 - Coordination and oversight of the operations contract(s).
 - Oversight of the building maintenance.
 - FTA and State of North Dakota reporting.
 - Financial record keeping and reporting.
 - Obtaining local matching funds.
 - Hiring and firing of administrative staff.
 - Addressing complaints and discipline.
 - Capital purchasing.
 - Coordination with Mobility Manager.
 - Represent transit interests in the region to the Technical Advisory Committee and the Policy Board of the MPO.
- Marketing Director: It is assumed that the Bis-Man Transit Director and Board of Directors perceive that the Marketing Director position funded through a grant has proven worthwhile to include as a part of the annual budget. The responsibilities of the Marketing Director include:
 - Expanding advertising income opportunities for Bis-Man Transit services.



- Development and implementation of rider services programs that promote transit education and awareness.
- Development of the range of tools for disseminating the Bis-Man Transit message to constituents, non-users, businesses and institutions with the goal of enhancing transit use.
- Administrative Assistant: Responsibilities include:
 - Answering and directing on-coming calls.
 - Incoming and outgoing mail.
 - Application processing.
 - Processing Medical Assistance charges.
 - Selling tickets.

migrate transit administration as well as one where the Department Head has the capacity to take on the added responsibilities, without compromising their current responsibilities, may be difficult.

Adding staff to the city, or most any organization, brings with it management time commitments to:

- Address staff scheduling and workload planning on a daily or weekly basis.
- Address personnel issues that may arise.
- Conduct annual personnel reviews.
- Address new budgeting areas that will come with the added responsibilities.

Of interest in this study is whether there is sufficient capacity at the city to add transit administration responsibilities without needing to add staff to handle the incremental management responsibilities that will come with adding transit.

A move of the type being addressed in this study is a relatively rare occurrence in Bismarck, which makes quantifying the potential increase in staff management time difficult. Historically, when city staff has been added the desire has been to, at least in the short term, get by without adding more management staff. Then at the end of a period, such as the first year or so of the change, the management time impacts of the change would be evaluated. If it is determined that the influx of staff has created enough of an added time commitment, more management staff has been added.

CITY DEPARTMENT INCREMENTAL MANAGEMENT COSTS

Migrating transit administration to the city, through either a new department or by integrating staff/responsibilities into an existing department, will increase the management time of either the City Administrator and/or the Department Head taking on additional employees. In the alternative where a new department is created the increased personnel management commitment would be assigned to the City Administrator as the Administration Department is responsible for oversight of all city departments.

With past history in mind, it is recommended that the added management time be tracked (for either the City Administrator or the appropriate Department Head) for a period following integrating transit into the city (if required). Based on an assessment of increment of management time a determination would be made whether new management staff is needed. As the management staff time could be tracked, it would be reasonable then to allocate these costs to transit service, which would allow up to 50 percent of the cost to be included in federal operating grants. The remaining 50 percent of the cost would need to be made up from local sources. This scenario of being able to allocate a portion of the costs assumes there is adequate federal funding available to the city for administration costs. Presently, Bis-Man Transit accesses all of the federal operating funds that are available to the region.

While there are several existing departments where it is reasonable to locate transit administration (Community Development, Public Works, Fiscal) the added level of staff development and oversight responsibility that would be assigned to the receiving department head is considerable. Identifying a department where it would be logical to

BIS-MAN TRANSIT BOARD OF DIRECTORS

From a day-to-day perspective of transit operations in the region, the most dramatic change connected with migrating administration to a city department is that the functional composition of the Board of Directors. Presently, the Board is heavily weighted to advocacy groups for seniors, persons with disabilities and low income populations. In the city department scenario the City Commission



will first need to determine the degree of autonomy and functions to be assigned to the Transit Board. Following defining the board function and role, a preferred method of communication should be established. A board that is more representative of the transportation needs of all travelers in the region should be considered. Interests to expand on the board to enhance the balance are:

- Commuters or the interests of the person traveling to work each day.
- Environmental groups (promoting increasing vehicle occupancy to reduce emissions).
- Employers.
- General public.
- Development interests.
- Schools (public, private and post-secondary).