

EFFECTIVE TRANSIT POLICY-MAKING AT THE LOCAL LEVEL

Frank W. Davis, Jr., Department of Marketing and Transportation, University of Tennessee, and Member, Knoxville Transit Authority Board

THE purpose of this conference is to identify the criteria that we as an industry believe ought to be used for evaluating public transportation. We have, of course, already substantially changed our approach toward evaluation. In 1964, when UMTA funds first became available, we were convinced that it was only a matter of a few years until federal seed money for new equipment and sophisticated planning studies would bring urban travelers back onto the buses and rail services in droves so that deficits could be eliminated. As ridership continued to decline, however, we began to direct our attention to the social responsibility toward the captive rider as being much more important than total ridership. As deficits continued to grow, we even began to compare transit with libraries, schools, social security, and public highways and to say that it is only logical to expect that not only capital costs but also operating deficits should be covered by public funds.

Without ridership and cost standards that can be used to evaluate our activities, however, we as an industry are in the very difficult position of not knowing how to justify our activities or how to respond convincingly to criticism that has appeared in recent popular magazines. We do not restore public support by simply indicating that we "learned a lot at Morgantown".

This conference has been designed to stimulate thinking and to set the direction that we as an industry feel should be followed. Speakers have been selected to present different perspectives, and they have been asked to generate controversy and to challenge firmly entrenched concepts and accepted standards. We expect the speakers to act as gadflies who sting us into reevaluating our current thinking.

Participants will be separated into small workshops to discuss the ideas presented here. Participants have been assigned to workshops with people of different backgrounds, interests, and perspectives and are asked to determine the steps that are necessary to evaluate effectively the performance of our industry. Because our time is limited, even this very knowledgeable group will not have time to completely develop new evaluation measures. Consequently, the workshop chairmen have been instructed to identify each of the areas that appear promising and to specifically define the way that each of these areas should be investigated. These then become the basic research statements that will serve as guidance for future research in this area. Hence the knowledge of this group can be used to define and direct future research.

The workshops have been segmented by perspective, since each level of decision-making has different perspectives and evaluation needs. The workshop chairmen have a list of questions to start the discussion and to ensure that the need of each level of decision-making is considered. Each participant has voiced concern about the direction that UMTA, public transportation, or research is taking. We are now assembled to set the direction that it should take.

Leaving this charge for a moment, I would now like to discuss the role of the frequently maligned Transit Authority Board and the informational needs for effective decision-making at this level. Many people do not understand the role of the Transit Authority Board. The Transit Authority Board has two major responsibilities:

1. It serves as the focal point of citizen input to the urban public transportation planning process; and
2. It is responsible for seeing that an adequate level of public transportation

service is provided to the community.

The first responsibility is similar to the public hearing process as conducted by the facility planners. Unlike a facility plan, however, transit management does not have one plan to which public reaction is needed but a constant stream of decisions each week to which citizen reaction is needed. Consequently, a citizen advisory board is selected to receive citizen petitions, to gather citizen response, and to react to management and planning proposals on a continual basis.

The second responsibility is to provide the level of service that in the opinion of the authority is needed by the urban area and that the urban area can afford. The authority can accomplish this objective in four ways:

1. By using a publicly owned and publicly operated service;
2. By using a publicly owned and contractually operated service;
3. By using a contractually owned and contractually operated service; or
4. By using a privately owned and operated but publicly regulated service.

In many of the larger cities the transit systems are publicly owned and operated, and in some cases the Transit Authority Boards have lost their citizen orientation as the board members have become permanent full-time administrators. In these cases it may no longer function as an authority but as a permanent bureau or department of local government.

In many medium-sized urban areas, the systems are publicly owned because of the availability of federal grants but are contractually operated by a management company because the city had no talent or expertise available or because it wants to avoid the unionization of city employees. The contractual service option is frequently used by school systems, which annually negotiate contracts for bus service with many different firms. Social service agencies frequently contract for special trips in this manner. In the last case the authority becomes the regulatory agency in the urban area, just as the Public Service Commission is for intrastate service and the ICC is for interstate service. Typically, taxis, airport limousine service, commuter bus service, and various other types of carriage are provided in this way. The Transit Authority has four means of financing the service provided:

1. From proceeds of the farebox;
2. Through issuing bonds (generally revenue bonds for the purchase of capital equipment, which are expected to be repaid from farebox or tax receipts);
3. From local tax funds (which may come from the local operating budget or from special tax levies earmarked for public transportation); and
4. From state and federal grants.

Unfortunately, some Transit Authority Boards, like some regulatory agencies, have viewed their responsibilities very narrowly to include only the protection and furtherance of existing transit systems instead of examining the two major issues to which Transit Authority Boards should address themselves:

1. Is the service currently being provided the service that actually meets the needs of the community?
2. Is the desired service being provided in the best way?

In the first case the Authority Board is operating in its capacity as the focus of citizen input into the urban transportation process. In the second case it is evaluating the effectiveness with which public resources are being used to accomplish the public's goals.

Although these points may sound quite obvious, let me cite evidence indicating that the Knoxville Transit Authority, of which I am a member, has not done the job as effectively as it should have.

The KTA purchased the local transit system in 1968. Since that time ridership has

declined by 13 percent (Figure 1) and the cost of operation has increased from a \$202,000 operating profit to a \$635,000 projected deficit for 1974 (Figure 2). On a per-rider basis, this means that Knoxville has gone from a 4.7 cents/passenger operating profit to a 17 cents/passenger projected deficit for this year (Figure 3). We were convinced, therefore, that ridership and operating costs were not valid evaluation measures for the Knoxville Transit System. Although we would receive petitions for service extensions every month, very few service extensions proved successful on a trial basis. When we began surveying firms for potential car-pool programs, however, we found that 68 percent of the workers wanted express work buses. On a trial basis to both high- and low-income areas, approximately two-thirds of the workers making those trips switched to the buses when they were offered and were willing to pay almost twice the regular fare. We then experimented with midmorning senior-citizen specials that put together a package of movie, trip to the bank, cafeteria, and shopping and received an overwhelming response. None of these services has a national significance, but they do raise the question as to whether we have been offering the service actually desired by the public or are merely continuing to offer the same 1945 service that was rejected by the community when the system was privately owned. In addition, the growth of taxi ridership compared with declining transit ridership also indicates that we as a Transit Authority may have been more interested in nostalgically preserving traditional transit than in providing public transportation service.

At first I felt that this experience was peculiar to Knoxville, but an examination of public transportation in Davenport, Iowa, revealed a similar pattern. In Davenport the traditional transit ridership has declined by 45 percent in the last 5 years. The shared-ride taxi service during the same period has been growing by 138 percent, and now the taxi company hauls more than half as many people as the transit system (Table 1). Both the taxi and the transit system appeal to the same basic market segments, and the taxi rider pays the full cost of the ride because the operation is not subsidized or exempt from user charges. Unfortunately, many Transit Authority Boards may view this high taxi acceptance rate as threatening to traditional transit systems and attempt to levy restrictive regulations on the taxis to curb the competition. What is needed, however, are better techniques for evaluating each of the services offered to determine what levels and types of services are actually desired by the community instead of blindly promoting one type of service simply because it is traditional.

The Knoxville Transit Authority also found that it had not been evaluating the manner in which it was providing service to the community. The board had been directing virtually all of its efforts toward administering the contract with the management firm instead of evaluating the effectiveness of providing service in alternative ways. Again the car- and bus-pool program that the city has implemented revealed this. The surveys of Levi Strauss and Tennessee Valley Authority identified eight runs that could be made with five buses on express-type service. These five buses were started and completely covered operating costs from day one. At the next meeting we had requests for five more. The manager of the bus transit management company indicated that he could not provide these buses at that cost since he would have to hire new drivers to operate the vehicles and guarantee them 48 hours per week just to make a morning and evening express run. Under these conditions we would have to increase fares by 20 percent or subsidize each rider by approximately 20 cents apiece. Various alternatives were suggested:

1. Go to part-time labor so the drivers are paid only for the time worked.
2. Use selective selling; i.e., abandon fixed routes and offer express service to a plant for the 7 a.m. shift, to the professional area at 8 a.m., to the downtown shops at 9 and the shopping centers at 10.
3. Promote alternative forms of peak-hour service—car pools, taxis, contract carriage using private vehicles, intrastate bus companies, employer work buses, church buses, jitneys, etc.
4. Reduce non-peak service such as on Saturday or Sunday; this would free drivers for peak-hour service and would allow off-peak service to be contracted to taxis or

Figure 1. Ridership trend on Knoxville transit system.

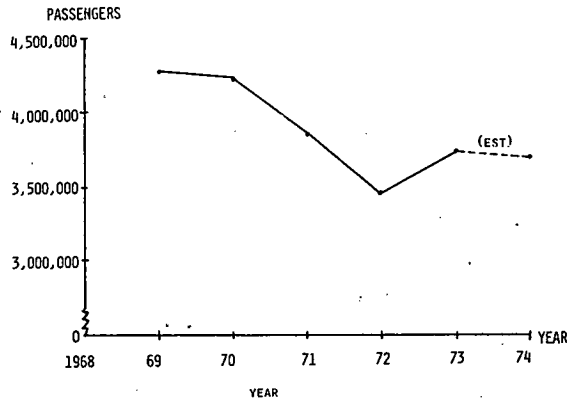


Figure 2. Knoxville Transit Authority operating deficit.

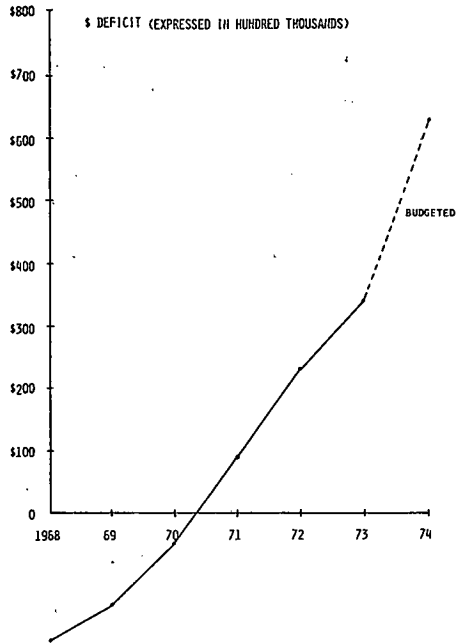


Figure 3. Knoxville Transit Authority deficit per rider.

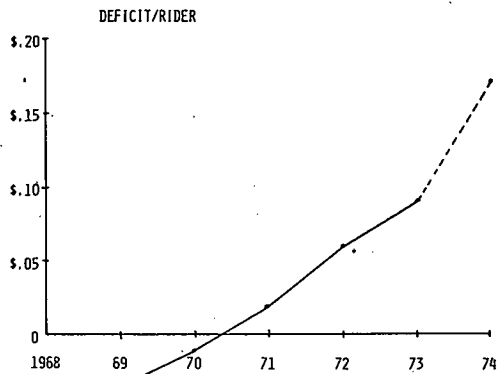


Table 1. Traditional transit versus shared-ride taxi ridership, Davenport, Iowa.

Mode	1968	1972	Percent Change
Traditional transit	1,326,895	734,176	-45
Shared-ride taxi	203,157	485,246	+138
Taxi as percent of transit	15	66	

other private companies who can operate at less than half the cost of operating the buses.

5. Take no action and thus encourage greater use of private automobiles.

Each of these alternatives is fraught with special-interest pressures. Labor unions are adamant against part-time drivers, and work rules make selective selling difficult. The transit management firm points out that their contract protects them from competition from alternative forms of peak-hour service and gives them the exclusive right to provide all service in the urban area. Although there appears to be substantial demand for peak-hour express service, the Transit Authority is faced with many institutional barriers and special interests unless we provide the service in a most inefficient and wasteful manner or do not provide express commuter service at all. The federal grant program compounds this problem by providing grants for publically owned, traditional transit systems utilizing full-time labor.

As a citizen who is a member of a Transit Authority Board, I am asking you to provide evaluation measures that will help me determine whether we are providing the service desired and needed by our community and whether we are providing the service in the most effective way.

I know that you did not come to this conference to solve Knoxville's problems alone, but I am convinced that other transit authorities throughout the country have similar problems and have not thoroughly evaluated the options available to them. Research needs to be conducted because, if transit authorities are ineffective, unimaginative, or overly restrictive in setting policy, it is difficult to have viable, effective public transportation.

If urban public transportation is to become more user-oriented, the Transit Authority Board must initiate and promote the change. Existing transit operators will only implement changes that benefit their company. As long as deficits are acceptable or are covered by federal operating subsidies, there is no reason for labor to change work rules. Likewise, transportation planners design systems to meet the needs of their clients, and if the Transit Authority Board is reluctant to outline these goals forcefully then the existing transit supplier becomes the client. Unfortunately, change will come slowly from the Transit Authority Boards, since many are reluctant to address the major issues because they feel that they are not "professionals". But in many cases the Transit Authority Board members are professionals in banking, business, or other areas. They feel that public transit is a different type of business that they do not understand, instead of simply another make or buy decision with which they are so familiar. Once they realize that there are many ways in which transportation service can be obtained for the community, they will begin to evaluate each of these as "arm's length" transactions, and the mystery of public transportation becomes much more understandable.

In summary, our charge is to develop effective evaluation measures by which our industry can gauge its effectiveness and efficient use of public funds. We must be careful, however, to openly develop means of evaluating various combinations of public transportation and not simply to develop measures to justify our current activities and vested interests.