

such evaluations should be established.

The principles, procedures, and ideas contained in this manual could--and, in my opinion, should--be adopted for rural and small urban transit services. I would encourage federal and state agencies to seriously consider such an effort. If professional transit planners and operations consultants are called on to assist in the development of rural transit systems, consideration should be given to developing a performance evaluation procedure at that time.

Planning for planning's sake will not contribute to the development of rural transit. However, when

the real needs of an area are considered and incorporated in the planning process, progress can be made. More important, the planning effort can serve as a means of establishing a framework for the measurement and evaluation of operating and financial performance.

The results can yield major benefits to transit riders, funding agencies, and transit system managers. It is hoped that, through these efforts, rural transit services will be established and operated long after federal transit aid is terminated.

Organizational Planning for Contracted Rural Public Transit Services

ROBERT A. ROBLIN

A framework for organizing a transit authority to contract with the private sector for service delivery is presented. It is based on a case study of the Franklin County, Massachusetts, Regional Transit Authority. Public pressure is mounting for a reduction in the size of government and the return of many functions to the private sector. Transit authorities in rural and small urban communities can meet this challenge by contracting with private-sector organizations for the delivery of transit services. Use of contracted services will change the focus of the authority's management. Based on a clear division of functional responsibilities between the authority and the contractor, planners must construct an organizational framework to reflect the authority's functions and to provide the managerial skills required to direct the contractor and evaluate performance. Overemphasizing any single area of skill will diminish the effectiveness of the authority in meeting local transportation needs.

Organizers of new rural and small urban transit systems have as major tasks in the planning process the evaluation and selection of a service-delivery mechanism and the definition of an organization to manage the service. Since the enactment of the Urban Mass Transportation Act of 1964, transit service has increasingly been delivered by public transportation authorities. These authorities, under the direction of appointed governing bodies, have not only established overall operating policies and service goals and objectives but have also assumed responsibility for the operation of the transit system. Consequently, private operators have been reduced in number and now primarily provide intercity and highly specialized transportation services.

A large number of rural communities have extended this precedent to their service areas, where they have assumed the responsibility for delivering transit service under the aegis of an existing unit of government (e.g., municipality or county) or a special-purpose agency such as a regional transit authority (RTA). As a result, the number of privately owned and/or operated rural transit systems is limited. For example, a 1981 directory of the U.S. Department of Transportation (1) reports 91 private operators, which represents only 26.8 percent of all transit operators.

However, implementing transit service by using private operators under contract to a transit au-

thority should not be discounted as a viable option by organizers and planners of new systems since it affords a number of benefits:

1. The size of the organization responsible for transit within the governmental structure of the service area is minimized.
2. Private operators may already be providing service, and their experiences can be tapped to improve the quality of transit.
3. Private operators may be more sensitive to the need for efficient and reliable service since the health of their business rests on providing a quality product.
4. A major source of funding for rural systems, the Section 18 funding program (Urban Mass Transportation Act of 1964, as amended), encourages the use of private operators in rural and small urban areas.

The use of private operators under contract to an RTA, however, affects many of the functions performed by the authority's staff. These changes in the functional organization of the authority should be addressed in the planning stage to enhance the likelihood of meeting the system's goals and objectives. Specifically, the transit authority must be organized and staffed to monitor and manage the contract(s) with the private operator(s). The authority must also be capable of translating transit needs into specific contractual terms. Finally, the transit authority must ensure that the private operator's organizational structure is responsive to the authority and transit users.

The purpose of this paper is to define some of the issues inherent in the organizational planning of a public transit authority that desires to provide service via contracts with private operators. Its contents are based on a case study of the Franklin County, Massachusetts, RTA (FRTA). Under the laws of the Commonwealth of Massachusetts, RTAs, with the exception of the Massachusetts Bay Transportation Authority, are prohibited from operating transit service. Therefore, each RTA must contract with a private operator to deliver transportation to

members of the service community. The experience of FRTA provides a base of knowledge from which organizers of new systems can benefit.

Prior to defining the organizational impacts of private operators on transit authorities, this paper reviews the characteristics of the FRTA organization. This is followed by a set of organizational planning guidelines for communities planning new systems to be operated by private contractors.

BACKGROUND

Franklin County, located in northwest Massachusetts, had a total population in 1970 of 59 210. The major activity center of the county, Greenfield, is centrally located. In 1976, the county received the first Section 147 grant (Federal-Aid Highway Act of 1973), which established the "LINKS" transit system. Under the grant, fixed-route transit service was established from Greenfield to major destinations in the east, west, north, and south regions of the county. Demand-responsive service was also implemented to serve the elderly and the handicapped. The service was funded locally by appropriations from the county Human Services Agency and the Department of Public Welfare [Title XIX (Social Security Act) funds]. After the expiration of the grant, service was continued with funding from the Commonwealth of Massachusetts, Title XIX, an appropriation from the county budget, and some remaining Section 147 funds that were available to support transportation services for the handicapped. Concurrently, efforts were initiated to organize and implement an RTA to ensure the long-term presence of transit services in the county. As a result, FRTA was formed in November 1978. The governing board of FRTA held its first official meeting in May 1979, and contracting for transit services commenced two months later.

In compliance with the laws of the Commonwealth, FRTA contracts for all transit services. It is therefore organized and staffed to manage private operators. FRTA currently has the following staff positions: an administrator, an assistant to the administrator, and a transportation planner. This organization, shown in Figure 1, manages the day-to-day functions of the transit authority, which includes two private operators under contract to FRTA.

The administrator and the assistant to the administrator are full-time employees of FRTA. They coordinate the transportation requirements of the service area with private operators and develop and implement annual budgets, service levels, and contracts with social service agencies purchasing

transportation. Moreover, the administrator collects and evaluates performance measures and prepares system performance reports for funding sources, the governing board, and the general public. The administrator is also responsible for procurement of vehicles for subsequent lease to operators.

The transportation planner, a member of the County Planning Department, supports the administrator in service evaluation and planning. Since service contracts with operators are restricted to one year in duration, FRTA regularly evaluates use of the existing system and plans system improvements for subsequent inclusion in annual contracts with operators.

Two private operators provide transit service under contract to FRTA. One operator provides the majority of all fixed-route service available in the county in addition to demand-responsive service in the towns of Greenfield and Montague. The remaining demand-responsive service and subscription service are provided by another corporation.

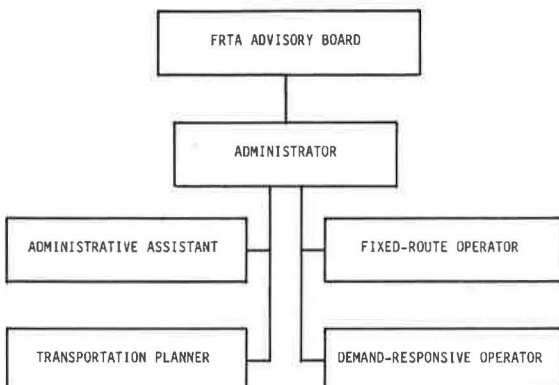
ORGANIZING THE TRANSIT AUTHORITY FOR CONTRACTED OPERATIONS

One of the basic benefits of contracting for transit service is the reduced size of management and labor required by the transit authority to conduct operations. The reduction in physical staff requirements, however, is not accompanied by a reduction in functions performed by the authority. Rather, the basic functions of RTA management are retained but emphasis shifts from operational issues such as labor management to management of fiscal resources and contract performance monitoring. In addition, the RTA staff must promote the goals and objectives of the RTA within the service community as well as have an appreciation for the environment and the organization in which private operators function.

At the outset of the organizational planning process, the functional responsibilities to be assumed by the RTA and the private contractor must be delineated. This process should stem from a definition of the major functions inherent in the operation of a transit system irrespective of the service-delivery mechanism. Three general categories of functions that represent system planning, operations, and administration are suggested as points of departure for this process. Within each of these areas, subfunctions can be defined to produce a matrix similar to the example given below (□ = prime responsibility, + = joint responsibility, and 0 = input):

Function	Transit Authority	Private Contractor
System planning	□	
Demand estimation	□	
Analysis of service options	□	0
Community involvement	□	
Operations		□
Scheduling	□	0
Route structure	□	0
Dispatching		□
Fare collection	+	+
Vehicle maintenance		□
Plant maintenance		□
Safety and security		□
Insurance	+	+
Labor relations	+	+
Service evaluation	+	+
Administration	□	
Bookkeeping	+	+
Accounting	+	+
Purchasing	□	0

Figure 1. FRTA organizational structure.



<u>Function</u>	<u>Transit Authority</u>	<u>Private Contractor</u>
Financing	<input type="checkbox"/>	
Fare structure	<input type="checkbox"/>	
Legal counsel	+	+
Marketing	<input type="checkbox"/>	
Community relations	+	+
Institutional coordination	<input type="checkbox"/>	

By using this matrix, the planner can work with the community organizers of transit to assign responsibilities to the private contractor and the transit authority.

The above matrix identifies two types of responsibility as well as provision for formal input. Prime responsibility implies that control over the implementation of the item rests within one organization through either the terms of a contract or the charter of the transit authority. Joint responsibility implies that both organizations have responsibility for a subfunction within the confines of their own organization or responsibility is shared between the two entities. Finally, formal input requires one organization to develop and submit recommendations on the implementation of the subfunction to the entity that has prime responsibility. The delegation of authority in the matrix shown above illustrates a typical division of functions for a rural transit authority that contracts for service delivery. The rationale for the assignments is explained below.

System planning is the sole responsibility of the transit authority. This assignment is recommended since the authority itself is typically charged with this function as a precondition for the receipt of funding from a number of sources. Moreover, the products of these efforts directly affect policy decisions and fiscal actions made by the RTA governing body. Once operations have commenced, however, the contractor should provide input to the analysis and selection of service options. The contractor will be sensitive to the benefits and shortfalls of each option as a consequence of meeting demand with the initial package of options.

Responsibility for operations, with the exception of the route structure and the schedule for fixed-route service, rests with the contractor. Routes will be defined within the planning process and, given their propensity to be affected by political considerations, should remain the responsibility of the transit authority. Similarly, service scheduled along fixed routes should remain within the purview of the RTA.

Four subfunctions are shared between the organizations. Fare collection includes both revenues from the farebox and payment for transportation service by groups that purchase transportation, such as social service agencies. In most situations, the contractor will be vested with the responsibility for the collection and accounting of cash from the farebox while the RTA will collect funds from groups that purchase services and disburse them to the contractor under the terms of the contract.

Insurance is a joint responsibility, and each organization is responsible for specific insurance packages. For example, the contractor may be required to carry coverage for collision and liability under the terms of its contract while the RTA will require insurance to cover the actions taken by the members of its board. Contractors should be advised of the specific coverage limits required under the contract in the bid request package to obviate any uncertainty in the type and extent of coverage necessary.

Under provisions of Section 13c of the Urban Mass Transportation Act of 1964 (as amended), transit

authorities must meet several requirements in order to be certified by the U.S. Department of Labor. Although the RTA should not involve itself with the management of labor in the contractor's organization, both parties should understand the intent of Section 13c and implement labor policies consistent with the regulation. Toward this end, the RTA and the contractor should share the burden of compliance.

Service evaluation will be the most important function performed by an RTA that contracts for services. The evaluation process will identify to what degree goals and objectives of the system are being met and to what degree the contractor is fulfilling his or her contractual obligations. The process must be a joint venture, however, since the contractor will have to collect and forward service data to the RTA to enable the analysis to be performed. Furthermore, contract reporting on cost, labor, and use of equipment will have to be integrated with service data to develop a comprehensive evaluation. Under all contracting agreements, the contractor should be required to support the service evaluation process and view it not as a necessary evil but as a constructive tool for improving service availability.

Many administrative functions will be conducted concurrently in both organizations. Routine book-keeping and accounting must be performed by each entity in a manner consistent with standard accounting principles. Both organizations will also require legal counsel. Community relations, however, should be a shared responsibility. The operator and the RTA must both remember that they are providing a service to the community and must be responsive to complaints, suggestions, and compliments from this group. Private operators should remember that they are representing their firm and the RTA to each patron and should be courteous and attentive to each patron's needs.

Purchasing of equipment can be vested with either organization. Within the case study RTA, vehicles are procured by the RTA and leased to operators. However, it is conceivable that the contractor could be required to furnish all vehicles under the terms of the contract. Policies on the use of capital assistance funds vary by state, and consequently an RTA may be required to purchase vehicles for lease to private operators. Similarly, policies and procedures at the state level may affect the ability of private operators to use the equipment for transporting other client groups. The costs and benefits of both approaches are beyond the scope of this study but should be carefully analyzed by the planner before a decision is made.

Financing and institutional coordination will be major work items to be accomplished by the RTA. Both combined could conceivably command a majority of the administrator's time. Both functions must remain within the RTA to avoid any conflict of interest. Marketing is also recommended as an RTA responsibility. Again, vesting this subfunction with the RTA avoids any conflicts of interest and also promotes the development of a long-term marketing strategy.

The next step of the organizational planning process for a new system that intends to use private operators should be the development of verifiable objectives that the management staff is to accomplish. This process should be approached by the functional areas developed in the aforementioned discussion.

Within each functional category, objectives consistent with the overall goals and objectives of the system should be developed. For example, the following objectives may be developed for the plant and equipment maintenance functions:

1. The system's average fleet age shall not exceed 4 years.

2. Vehicle downtime shall not exceed 72 h/vehicle/year.

Both objectives have measurable outputs yet provide the authority's staff with flexibility in attaining their intent through a contract with a private operator.

After basic objectives have been established, they must be rank ordered to correspond with the following factors:

1. Importance to the general goals and objectives of the RTA,

2. Level and degree of skill required to accomplish the objective, and

3. Frequency and total amount of time required to address the objective.

Organizing the objectives according to the above criteria will result in a hierarchy of objectives and functions similar to the example shown in Figure 2. In this example, the key function of the authority, contract management, would be decomposed into subfunctions such as financial management and performance management. Furthermore, each of these subfunctions would have a number of associated objectives to provide a more comprehensive portrait of the organization's mission. The relative importance of each function will be contingent on the goals and objectives of transit within the local area.

Once the functions and objectives have been defined and organized, the next stage of the planning process is the grouping of functions into clearly defined staff positions. This stage will be among the most important, and individuals with appropriate academic and experiential backgrounds for each position must be sought. Therefore, functions should be combined into positions for which there are likely to be qualified applicants. An important overriding consideration is the responsibility to be vested in the private operator. Many of these responsibilities should not be duplicated in the transit authority organization since they represent an unnecessary redundancy of roles.

SELECTING AN ADMINISTRATOR

Undoubtedly, the key position on the authority staff

will be the administrator/executive director. The individual who fills this position will be vested with the authority to manage and direct the contract(s) with the private operator. Moreover, he or she will represent the transit authority to the citizens in the service area. In light of this important and highly visible role, the following guidelines are offered in developing the job description for the administrator/executive director:

1. The administrator should have an academic and/or experiential background in management. Emphasis should be placed on financial management, including budget development, cost estimating, cash-flow analysis, and basic accounting.

2. Whenever possible, the administrator should be familiar with the process of contracting for services (as opposed to equipment). Specific experience in the preparation of bid requests and/or requests for proposals and contract negotiating skills is recommended.

3. A familiarity with public transit policy at the state and federal level is recommended since it will enhance the authority's ability to use the resources available to the system.

4. The administrator should be required to have proven written and oral communications skills. Both skills will be required to conduct the affairs of the authority.

5. The help-wanted sections of transit trade publications should be reviewed, and the attributes and skills required for managing transit systems of similar size should be inventoried. It should be recognized that the authority will be competing for applicants with other transit systems.

6. The need for a broad-based understanding of public transit operations and planning should be emphasized. Overemphasizing one area may result in a manager who is too narrowly focused.

7. There should be no attempt to acquire a "transit expert". Many small systems are well-managed by individuals who have a strong managerial background gained from experience in such organizations as social service agencies, local government, and small businesses. Specific transit expertise can be enhanced through enrollment in training programs such as the Small Urban and Rural Transit Manager's Workshop of the National Highway Institute.

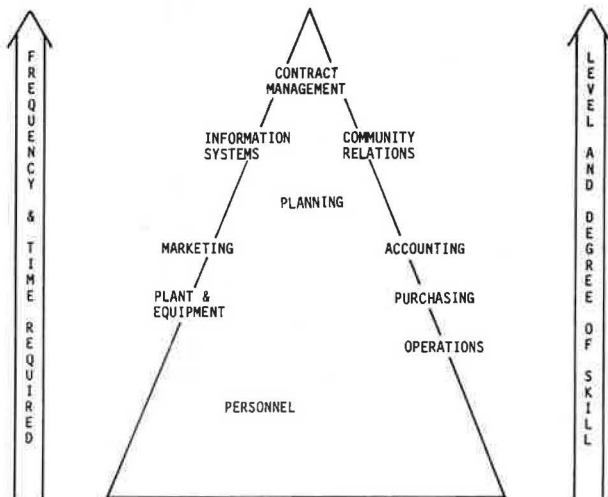
These guidelines, in conjunction with the hierarchy of functional objectives, can be used as a measuring rod against which applicants called for an interview can be evaluated.

SUPPORT STAFF

Often, administrators become overburdened with the recordkeeping inherent in the operation of an RTA, especially an authority that contracts for transit services. Financial records, meeting minutes, progress reports, and other related items of data may cause an administrator to focus on data organization and storage rather than on the impacts of the information on the transit system. These data management functions can be efficiently and effectively carried out by an administrative assistant.

In addition to performing information management functions, the administrative assistant should be capable of temporarily assuming the administrator's job. Rather than leaving a void during the administrator's annual leave or unexpected illness, the administrative assistant should be trained to perform the administrator's basic functions under the guidance of the administrator. A key benefit of having an administrative assistant familiar with the administrator's duties will be realized when the

Figure 2. Hierarchy of functional objectives.



administrator resigns his or her position. The assistant will be able to temporarily assume responsibility for the operation of the RTA and enable the RTA board to conduct a comprehensive and systematic search for a replacement while the RTA remains fully operational. It should be noted, however, that the administrative assistant should be given equal opportunity to compete for the administrator's position when a vacancy occurs.

A variety of other functions will have to be performed by the RTA. Perhaps one of the most noteworthy is planning for future transit needs. However, budgets and the need to minimize the number of staff positions in contracting for service delivery often prohibit the acquisition of a full-time planner. Organizers of new transit systems can overcome these problems by imaginatively tapping the pool of resources already available in the community. For example, most counties support a planning department that typically performs transportation planning functions. Transit organizers should strive to construct an agreement whereby the RTA has access to a certain percentage of a planner's time. The agreement may call for specific annual projects to be conducted, such as an annual transit development plan that includes ridership projections. The value of these services could be applied against the county government's contribution to the RTA budget, or a formal contractual agreement could be consummated in which the costs of such services would be reimbursed by the RTA.

Similarly, organizers of new systems should identify the range and extent of support services offered by their state departments of transportation. Current federal assistance programs allow states to retain up to 15 percent of their Section 18 appropriation for program management. Many states have provided RTAs with planning assistance, vehicle procurement guidelines, and other selected functions that the RTA cannot support on its own. Tapping this resource during the early stages of new system planning will enhance the system's quality of operations.

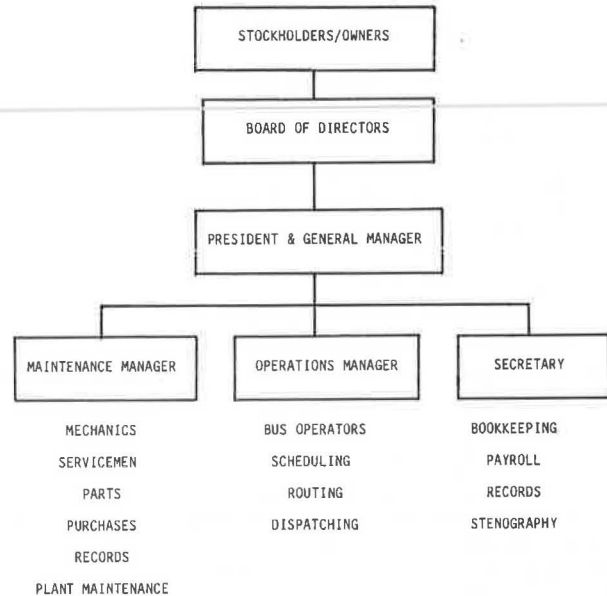
Finally, the RTA board itself can be a valuable source of specific expertise in a number of functional areas. Appointing individuals who have backgrounds in some of the skill areas required by the RTA will foster better policies and provide a ready source of advice. For example, an accountant on the board could provide the administrator with assistance in establishing contractual cost-reporting requirements. Although it is unlikely that a "panel of experts" will be selected as board members, the backgrounds and talents of those chosen should be applied whenever possible.

ORGANIZATIONAL INTERACTIONS

The effective and timely completion of the functions of the RTA depends on the establishment and perpetuation of clear lines of communication between the transit authority and the contractor. The administrator must be given the authority to deal directly with the contractor. Without this control, the administrator will be handicapped in attempting to respond to problems that occur between regularly scheduled meetings of the governing board. Specifically, the administrator should be capable of directing (a) financial matters within the scope of the contract; (b) contract reporting requirements, including service evaluation; (c) conflicts in resource allocation (scheduling); and (d) resolution of patron complaints.

Any issue beyond the scope of the contract, however, should be directed to a committee of the governing board or the board itself for resolution.

Figure 3. Organizational structure of private, for-profit transportation firm.



Although an RTA should avoid imposing an organizational structure on a private contractor, it is important that the communication link between the RTA and the contractor be formalized. The RTA administrator should have a counterpart within the contractor's organization through which all contract direction is channeled. Ideally, this individual should be the general manager or president of the contractor's organization [see Figure 3 (2)]. Communications with individuals below this level can result in misinterpretation and potential conflicts between management and operating departments. In light of this, requests for bids and/or proposals should clearly indicate that the contractor will be required to appoint a contract manager who is capable of acting on behalf of the corporation in all matters relating to the contract.

CONCLUSIONS

Continued pressure to slow the growth in public-sector employment while continuing to provide essential services will cause many rural communities to seek alternative methods of delivering transit service. Private contractors will be increasingly turned to for the actual operation of the transit system while the public sector focuses on the establishment of overall policies. Public transit authorities will therefore have to be organized and staffed to develop policy recommendations and evaluate contract performance.

The shift from operational issues to contract management must be reflected in the organizational planning process when new systems are conceived. Planners must clearly define the roles of the RTA and the contractor prior to developing specific position descriptions for the RTA staff. Generally, the critical skill area will be management. Over-emphasizing specific skills, such as vehicle maintenance programming or even planning, may be disastrous. The administration must be capable of interpreting performance measures and taking action to correct problems before they affect the health of the transit system. Although specific transit experience may be beneficial, demonstrated management ability should remain the dominant force shaping the staff.

Finally, the key staff position, the administrator, must be given the authority and the flexibility to direct the contractor within the bounds of the contract. Without this flexibility, problems will go unsolved and overburden the RTA governing board. More important, members of the service community will not perceive the transit system to be responsive to their needs and consistent with the cost of service.

ACKNOWLEDGMENT

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Planning for Transit Development in an Era of Fiscal Scarcity

DAVID J. FORKENBROCK

An approach to transit development planning is presented that grew out of a research effort to formulate planning guidelines for the Iowa Department of Transportation for application to small urban and rural areas. A critique of the transit planning process is presented. It is concluded that planners must act not only as technical experts but also as facilitators who strive to ensure that local preferences and needs are reflected in the service ultimately provided. A "budget-constraint" approach to transit development planning is then laid out. Through surveys of transit users, the general public, business leaders, and political officials, views regarding goals and objectives are obtained. The results of the survey are discussed in a public meeting, where those in attendance may express their views. Out of these contacts with the public, the planner formulates and ranks a series of social objectives for transit in the area. The objectives constitute a basis for generating developmental alternatives. Each of the several alternatives is aimed at attaining the same objectives, but they vary in scale and, hence, in cost. Decision makers are thus able to perceive the incremental benefits and costs of moving from the smallest to larger alternatives. The approach allows citizen views to become the basis for the transit plan, and decision makers are enabled to make informed choices rather than merely respond to a finalized plan.

During the past decade, public transportation in small urban and rural areas has made major strides forward. As we enter the 1980s, however, the future of transit assistance programs at the federal level is not favorable. The impetus for starting new systems as well as for continued transit development, then, will increasingly have to come from the local and state levels of government.

This paper presents an approach to planning that aims at maximizing the ability of transit to respond to local needs, preferences, and desires. In the simplest terms, the rationale for this approach is that, since transit is a public service, it must be accountable to public choice. Taxpayers are more likely to support local expenditures on a transit system when they (a) have participated in the planning process from the beginning and (b) ultimately receive the level and nature of service they desire.

The approach to transit development presented in this paper grew out of a research effort to formulate planning guidelines for the Iowa Department of Transportation (1). Because the service environment and federal requirements for larger urban systems (those that serve cities of 50 000 population or more) are very different from systems found in small

urban and rural areas, the planning needs differ as well. The approach suggested here is geared toward the latter types of services, both for new systems and those already in operation.

In the first section of the paper, common deficiencies of the transit planning process are considered. Transit development plans (TDPs) for numerous localities across the United States were reviewed as part of this evaluation. In the second section, a participatory approach to preparing transit plans for small urban and rural areas is suggested. This method, called the "budget-constraint" approach, is offered as a means of facilitating greater involvement in the planning process by citizens and decision makers.

CRITIQUE OF TRANSIT DEVELOPMENT PLANNING

A review of documents on transit development planning indicates several common shortcomings. These deficiencies include (a) overemphasis on descriptive presentations, (b) failure to arrive at a real statement of purpose for transit, (c) limited involvement by citizens, and (d) lack of clear choices for decision makers. Each of these difficulties is discussed in turn, and then an approach to transit development planning that seeks to avoid them is presented.

Overemphasis on Descriptive Presentations

Most TDPs place heavy emphasis on a comprehensive description of the area: its population, geography, economic base, and the various forms of transportation available. There is no question that existing conditions must be understood before meaningful plans can be formulated; unfortunately, many TDPs amount to little more than a regional description. This description implicitly becomes the basis for requests to the state for transit assistance, as much as to say, "Because of the conditions existing within our region, we request...."

The point is that careful analysis of the region is often lacking in terms of transportation needs