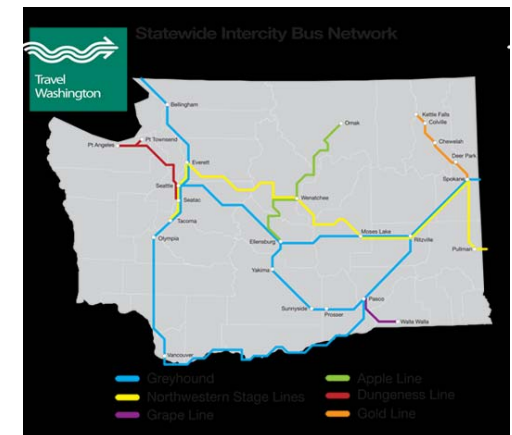


NCHRP 20-65 Tasks 20 and 25: Analysis of Rural Intercity Bus Strategy

Presentation
October 26, 2010



Prepared for the Transportation Research Board Rural and Intercity Bus Transportation Conference, Burlington, Vermont, October 24-27, 2010



Section 5311f Rural Intercity Program

- 15 percent of a state's Section 5311 program allocation is set-aside for rural intercity service unless the state certifies that there is no unmet rural intercity need ("Certification")
- SAFETEA-LU added a requirement that a state seeking to certify must conduct a consultation process involving the intercity bus operators and other stakeholders to determine unmet need ("Consultation")



Program Description

- Funding can be used for operation assistance, capital, planning and administration
- Eligible services are intercity:
 - Long distance
 - Between two or more urban places
 - Capable of carrying baggage
 - Makes a meaningful connection with the national network of intercity bus services
- Commuter service not eligible
- Service not defined by type of operator or vehicle



"Pilot Project" Funding

- FTA has allowed use of the value of capital used in connecting unsubsidized services as "in-kind" match for operating assistance.
- Projects can be redefined to include both a subsidized segment, and an unsubsidized connecting segment
- Up to 50 percent of the value of the fully-allocated operating cost of the unsubsidized segment can be used as local operating match for the subsidized segment
- The project application must include documentation that the operator of the unsubsidized segment is willing to provide their match as part of the project (so they typically want to make sure that the subsidized segment actually provides a connecting service)
- In many cases this approach can be used to develop a project without local cash match for operating assistance
- However, it utilizes the available funding at twice the rate it would with normal 5311 funding ratios
- This approach is administratively allowed through the end of SAFETEA-LU authorization



Funding for Section 5311(f)

- In terms of obligations, the Section 5311(f) program increased from \$22 million in 2004 to over \$45 million in 2007
- Authorized funding increased from \$37.65 million in FY 2005 (pre-SAFETEA-LU) to \$62.4 million in FY 2008
- Allowed states that had previously lacked resources to initiate intercity program planning
- Consultation process required to identify needs



Scope of Study: Task 20

- Survey of State Intercity Bus Programs
 - Existing Conditions
 - Use of Section 5311f funding—local match sources, issues, and policies
 - Program Outcomes
- Analysis
 - Policies and Conditions
 - Identify and Describe “Successful” Programs



Task 25: Scope

- Survey states regarding needed program changes
- Would states continue funding rural intercity services in the absence of the 15 percent set-aside?



Methodology

- Survey Development:
 - Developed survey form to address both Task 20 and 25 questions
 - Used SurveyMonkey to make response easy.
 - Requested supplemental mailing or links to program guidance, applications, studies, etc.
- Survey Process:
 - Developed List of State Program Managers/Intercity Bus Program Staff
 - E-mailed with letter and survey. If no reply, followed up with e-mail reminder, and then telephone calls.
- Used NTD to identify states reporting intercity activity, to be sure we captured it.
- Other sources used to capture activity—studies, presentations, etc.
- We e-mailed and phoned every state, if you did not reply that is why you are not included.



Survey Responses: Existing Conditions

- Key Intercity Operators:
 - National Carriers
 - Regional Carriers
 - Rural Public Transit Operators
 - States (3 identified themselves as key operators)
 - None (1 state)
- Destinations: Most respondents could identify
- Major Corridors: Interstates, Major US routes
- Terminals: 26 states identified, most conditions fair or good (7 did not comment on condition)
- Intermodal Terminals: 25 states have intermodal facilities they identified
- Recent changes in the network:
 - 21 states said no recent change
 - 19 states identified recent changes, 11 specifically identified national carrier reduction
 - 2 states initiated services, identifying that as a change in the network



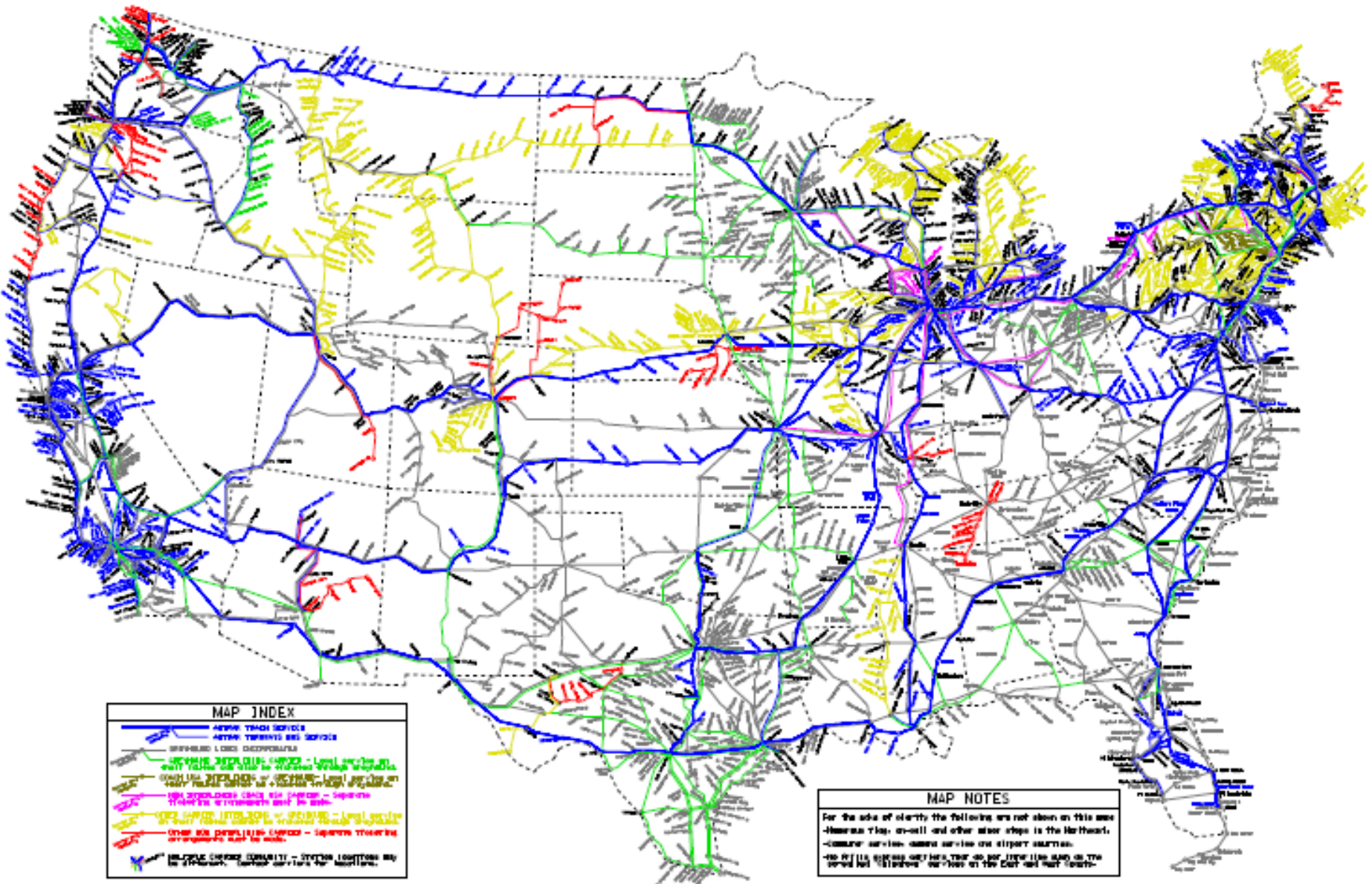
Existing Conditions: National Overview

- Greyhound Lines restructuring in 2004-6 affected services in every state, service to approximately 1,000 points eliminated
- Continuing service adjustments by Greyhound
- Regional carriers replaced Greyhound in some states, often with Section 5311f funded service (this process is continuing)



National Network:

- National Network Map provided by Michael Buiting, at www.aibra.org/pdf/usmap.pdf
- Volunteer effort, maintained up to date
- Includes Greyhound, Amtrak, independent carriers, airport ground providers providing intercity service
- Excellent resource, needs an on-going home (BTS? ABA? UMA?)



MAP INDEX	
	AIRLINE TRANSPORT SERVICE
	AIR TAXI SERVICE
	SCHEDULED LOCAL AIRPORTS
	AIR TAXI SERVICE - Local airports only - routes are shown in yellow lines
	AIR TAXI SERVICE - Local airports only - routes are shown in yellow lines
	Other air transportation services - separate drawings must be made
	AIRPORTS - AIRPORT LOCATIONS MAY BE DIFFERENT - CHECK SERVICE FOR ACCURACY

MAP NOTES

For the sake of clarity the following are not shown on this map:
 -Helicopter, on-call and other ad hoc routes in the Northwest
 -Cargo service - cargo service on airport runways
 -No ATIS service - routes that do not serve the map as the "normal" "direct" routes on the East and West coasts



Condition of Intercity Bus Industry

- Greyhound Lines now owned by FirstGroup America, subsidiary of First Group of the United Kingdom
 - Most regional carrier names eliminated: Vermont Transit, Carolina Trailways, TNM&O etc. Three remain: Valley Transit, Crucero USA, and Autobuses Americanos USA
 - New joint ventures compete in curbside markets on East Coast: Bolt bus,
 - Revenue down 22 percent September 09 compared to September 08 due to general reduction in travel
 - Revenue miles reduced 13 percent (often on least productive services-- often rural/small-town, non-interstate routes)
 - Profits down, but overall the reduction in costs (staff reduction of 1,845, fewer miles) have kept firm profitable
 - Firm is now investing in new coaches, terminal improvements



Condition of Intercity Bus Industry (continued)

- Regional private carriers showing increased interest in regular-route service, if subsidized. Examples include:
 - Burlington Trailways
 - Jefferson Lines
 - Lakefront Lines
 - Northwestern Trailways
 - Fullington Trailways
 - Capital of Alabama
 - Anchor Trailways
 - Miller Trailways
 - Black Hills Stage Lines/Arrow Trailways



Condition of Intercity Bus Industry (continued)

- Long-distance airport providers from small towns to major hub airports are the growth sector in rural areas (starting to be identified in state plan inventories, and through consultation process)
 - Use smaller vehicles
 - Require reservations—don't run if no trips scheduled
 - Usually have scheduled stop locations, but also deviate for pickups
 - Frequencies vary with demand
 - Some routes can be quite long—several hours
 - Higher fares than standard intercity bus
 - Generally don't interline or connect with the national intercity network, may be Section 5311f or Amtrak Thruway (or both)
 - May be carrying more passengers in a corridor than conventional intercity bus—very limited actual data



How many states have an intercity bus program?

- Thirty-three states responded that have a rural intercity bus program
- Five states said they do not have a Section 5311(f) rural intercity program—at least two of these have since added Section 5311(f) services (Utah, Wisconsin)
- Six states did not respond to the survey, and so are unknowns
- Programs include various combinations of operating assistance, capital, and planning



How many Certify that there is no unmet rural intercity need?

- States can use 15% intercity bus set-aside for other rural transit if they Certify.
- Nineteen states responded that they had certified at least once in the past three years
- Nineteen states responded that they have not certified in the past three years



Staffing for Section 5311(f)

- Thirteen states have staff dedicated to the program, with levels ranging from .5 FTE to 2 FTE
- Fourteen states do not have assigned or dedicated staff on a program basis—part of duties of other existing staff
- Activities of staff include program management, application process, consultation process, grants management, capital project oversight



State Program Goals

- 25 states said they use at least two of the federal program goals as state goals
- 18 have “fill gaps in the intercity network” as a program goal
- 27 states have “provide linkages between urban and rural areas” as a program goal
- Other goals vary, often include provision of a meaningful connection to the national intercity bus network (more and more), provide accessible service, some add language about intermodal connectivity



Evaluation and Project Selection

- Seven states use criteria and a committee to select projects
- Four states use a committee only
- Five states use criteria only
- Three states “pre-select” projects



Types of Projects

- Nine fund capital and operating projects
- Twelve fund only operating assistance projects
- Two states fund only capital



State Funding

- Seventeen states do not have state funding available for Section 5311(f) projects—this includes some states that provide state match for other Section 5311 projects
- Nine states have at least some funding available for match for capital or operations
- If there is no state match available, the only sources are local funds or carrier funding
- Private carriers provide match in some states (Minnesota, Pennsylvania)



“Pilot Project” In-kind Match

- Three states responded that they are using it
- Another three were in the process of negotiating the use of in-kind
- Three states said it was not needed
- Currently we believe that at seven states either use or have issued guidance permitting its use:
 - Washington
 - Oregon
 - California
 - Minnesota
 - Alabama
 - Colorado
 - Utah
- At least another two are contemplating its use:
 - Maryland
 - Kansas



Consultation Process

- 29 states do something more than simply identify operators, they believe they are complying with the consultation process requirements
- 28 states say they are pro-active in reaching out to intercity carriers and including them in the discussion of needs
- Fourteen states report they have documented the results of the consultation process
- Other states report they are gearing up to perform consultation process



Consultation and Needs Assessment Activities

- Recent needs studies in at least fifteen states:
 - Alabama
 - California
 - Colorado
 - Florida
 - Indiana
 - Idaho
 - Minnesota
 - Missouri
 - North Carolina
 - Oregon
 - Ohio
 - Tennessee
 - Utah
 - Washington
 - Wisconsin
- Consultation process initiated in at least nine states (may be more now)—some states are including it as part of the needs assessment studies



Successful Aspects of the Section 5311(f) program

- Providing funds for capital projects (five states)
- Providing funds to maintain service or initiate new service (six states)
- “Pilot Project” in-kind program (one state)
- Other successful aspects identified:
 - Improved connectivity of services
 - Consultation process
 - Project evaluation



Areas for Program Improvement

- Within state program improve intercity awareness/relevance
- Increase private carrier participation
- Identify other uses of program funds
- Program updates
- Reduce local match requirements
- Increase funding to allow increased services
- Eliminate the 15 percent set-aside



Issues with the Section 5311(f) Program

- No issues (five states)
- Dependence on adjacent states to fund their portions of interstate services
- Match requirements difficult for local communities or carriers (even with the “in-kind” option)
- May need to be a separate program from other rural transit services, or
- Some say the 15 percent set-aside is not justified



Program Outcomes: Operating Programs

- Variety of operating assistance agreements
- Request for Bids: state as grantee, no subrecipient, state determines service needs and contracts for operations (Washington State model, also used in Oregon)
- Grant application
 - With designation of priority service needs or gaps, (examples in California, Oregon, Colorado) or
 - No designation of state priorities (similar to general Section 5311 application in designating eligible applicants/eligible projects)

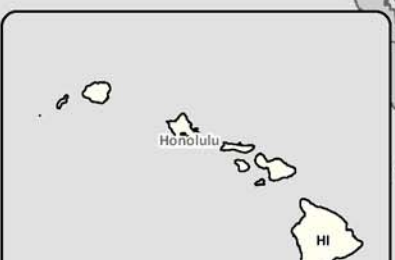
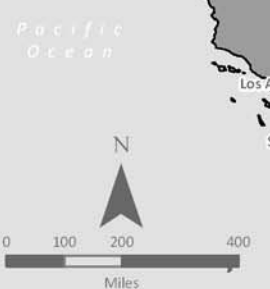


Gap-Filling Using Section 5311f

- Map of Section 5311f funded operating projects
- Individual state maps
- Note that many states have done or are doing studies to identify gaps, areas of need, or specific routes—these are then used in an RFB for service (Washington, Oregon) or in the grant solicitation (California, Alabama, Tennessee, Minnesota, etc.)
- Represents major change in state approach, contrasts with the Section 5311 offer of funds.

Legend

States with S.5311(f) Operating Program





Annual Section 5311(f) Ridership

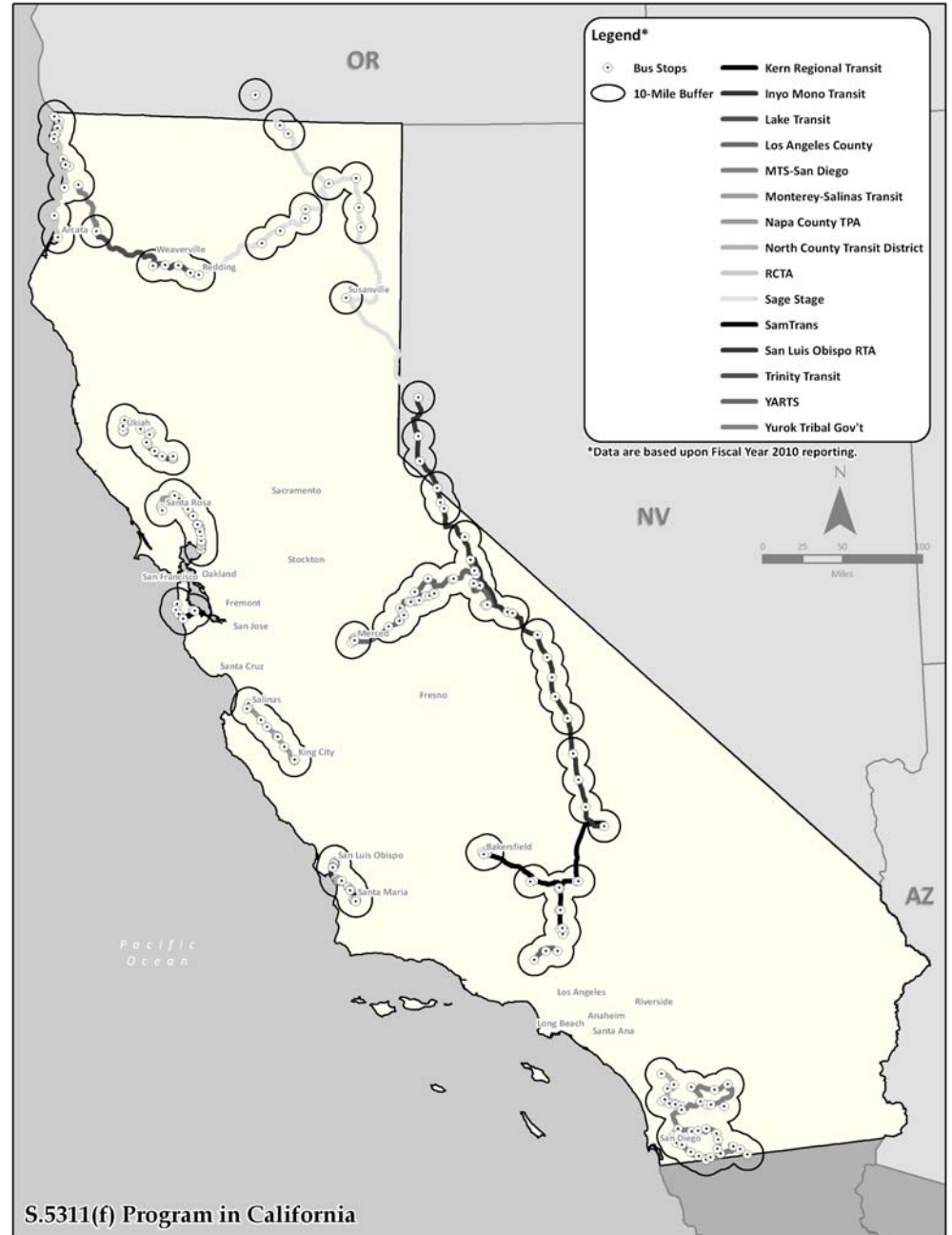
- Rural NTD for 2007: Approximately 3 million unlinked trips
- Our estimate from survey data is approximately the same



Some “Successful Programs”

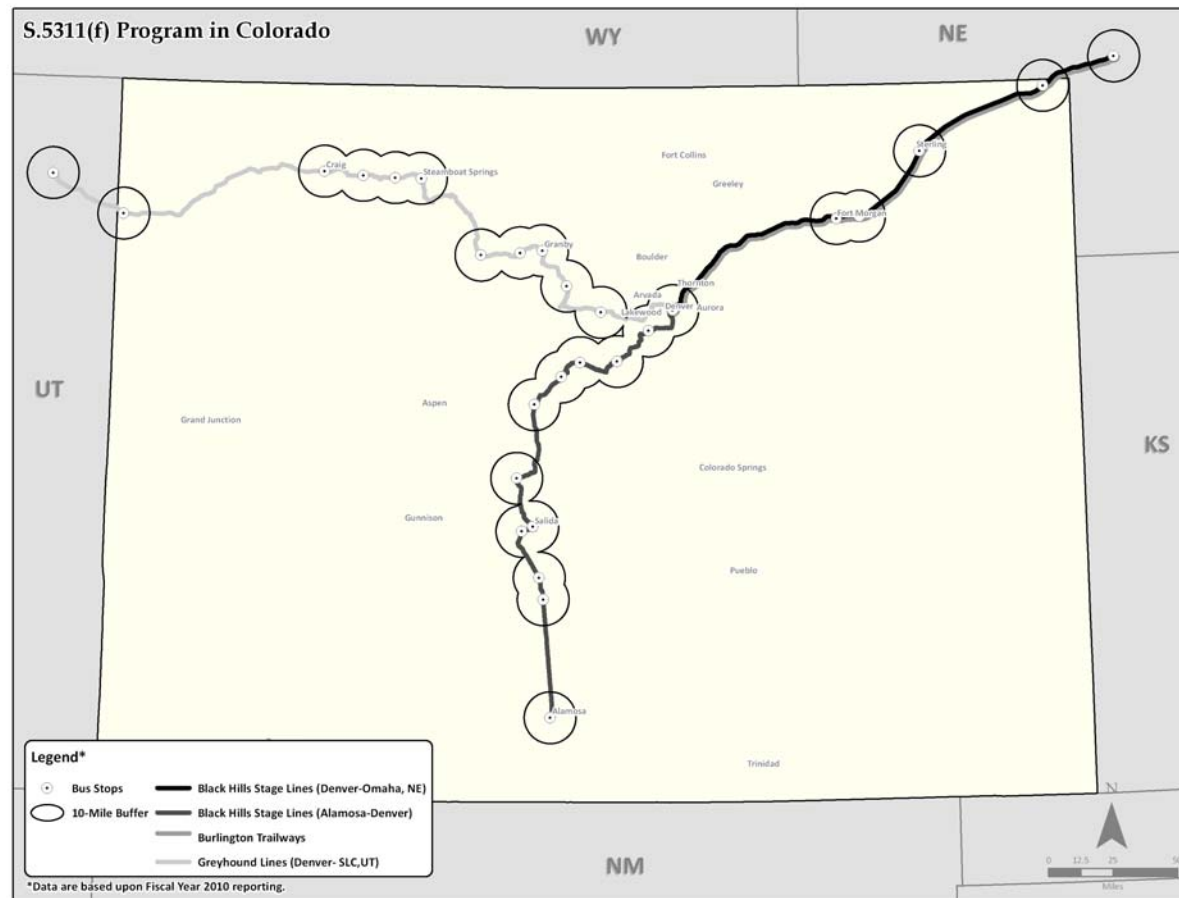
- California
- Colorado (Utah)
- Michigan
- Minnesota
- Oregon
- Pennsylvania
- Washington State

California

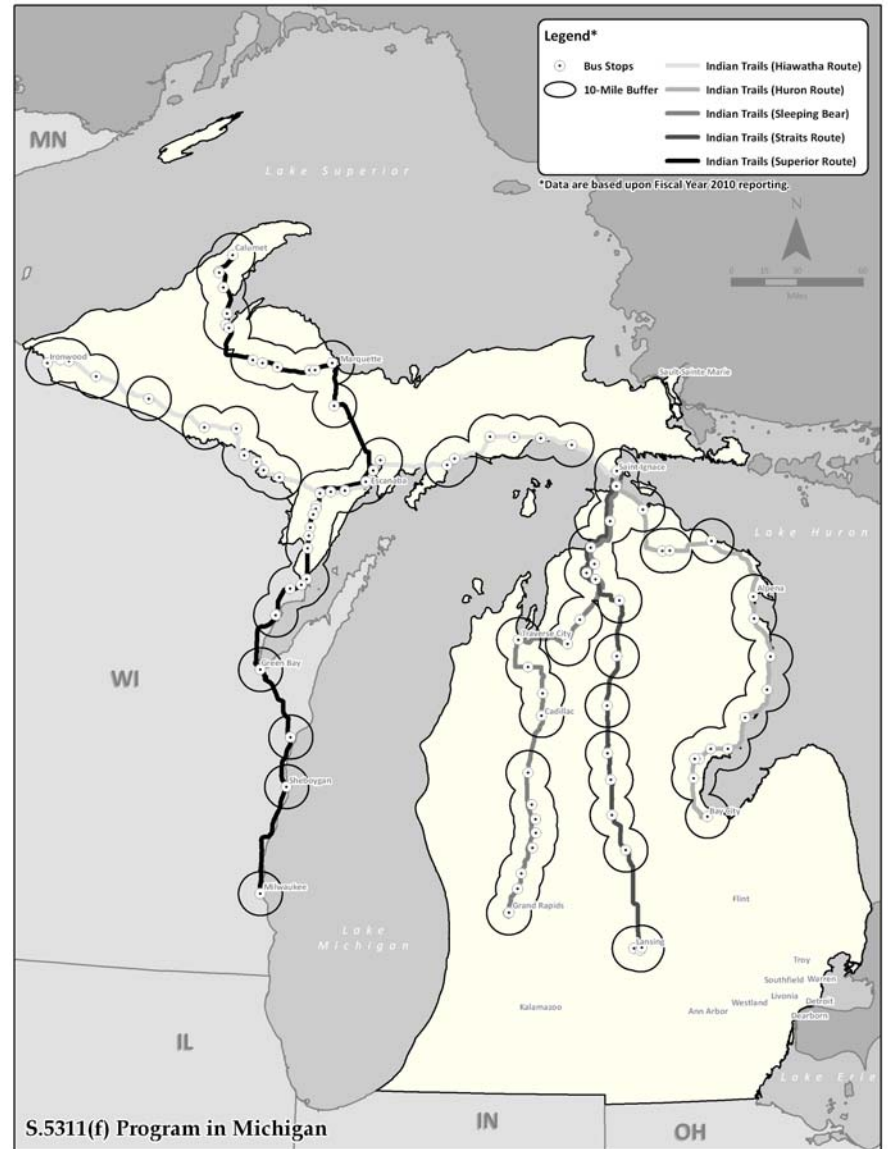


S.5311(f) Program in California

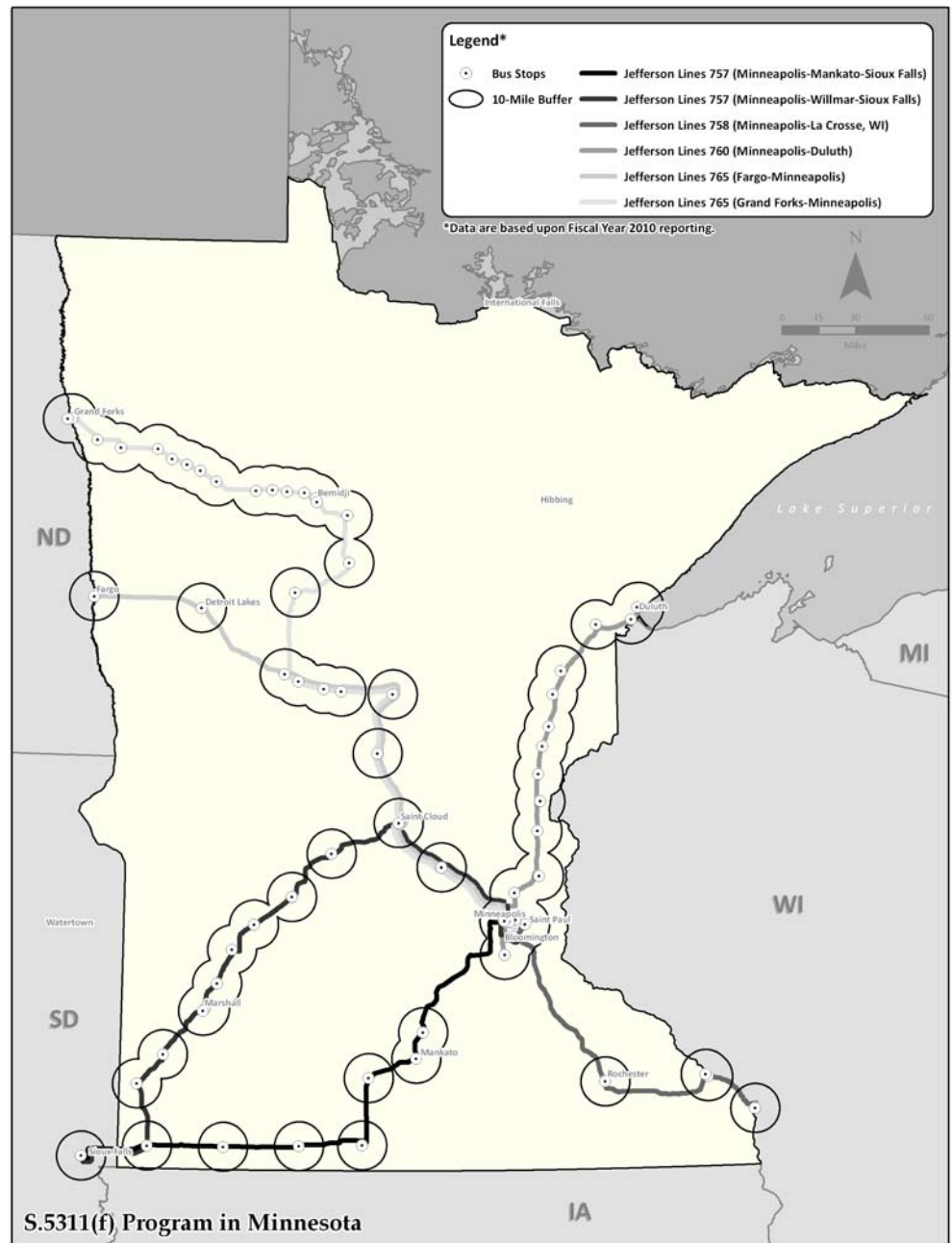
Colorado



Michigan

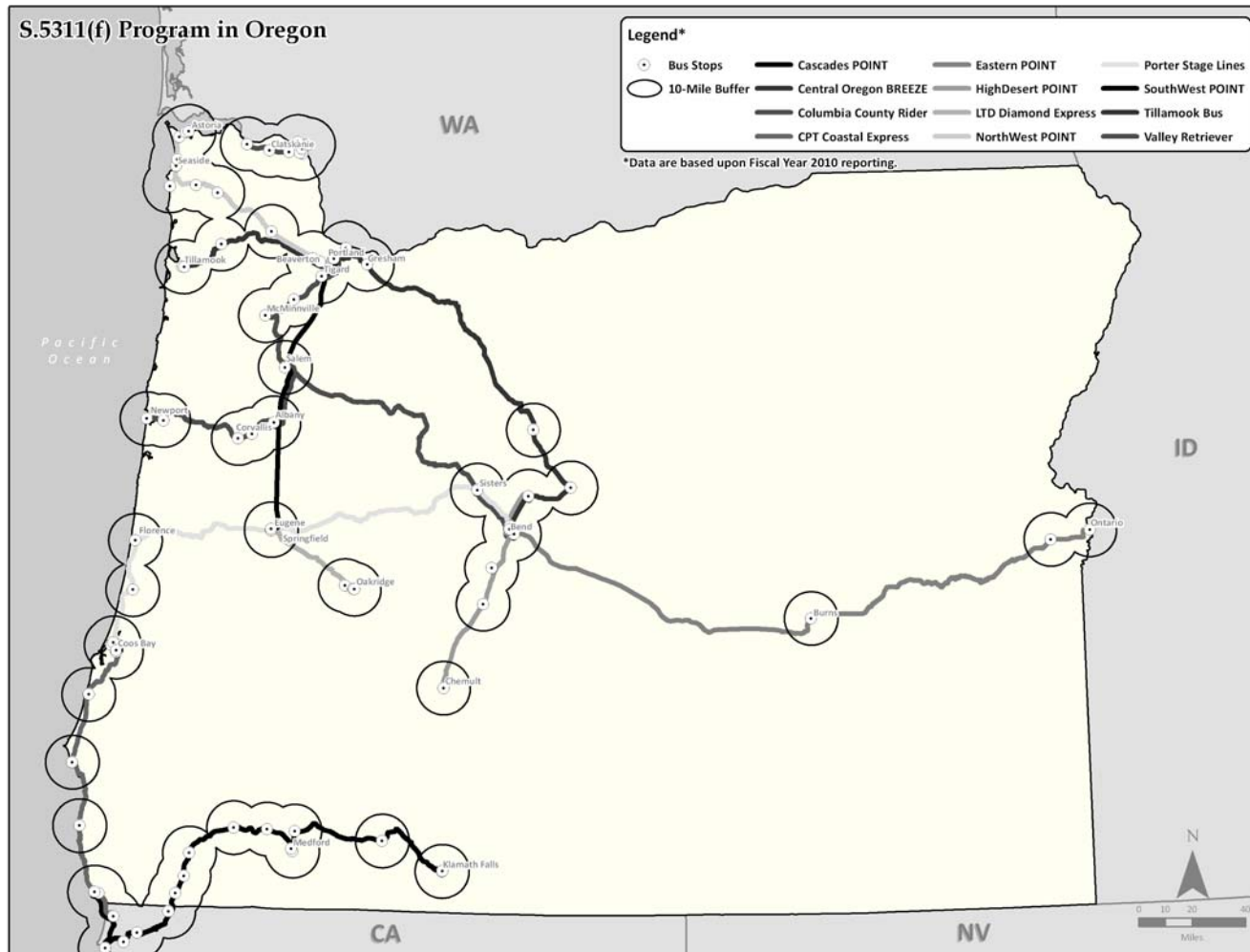


Minnesota

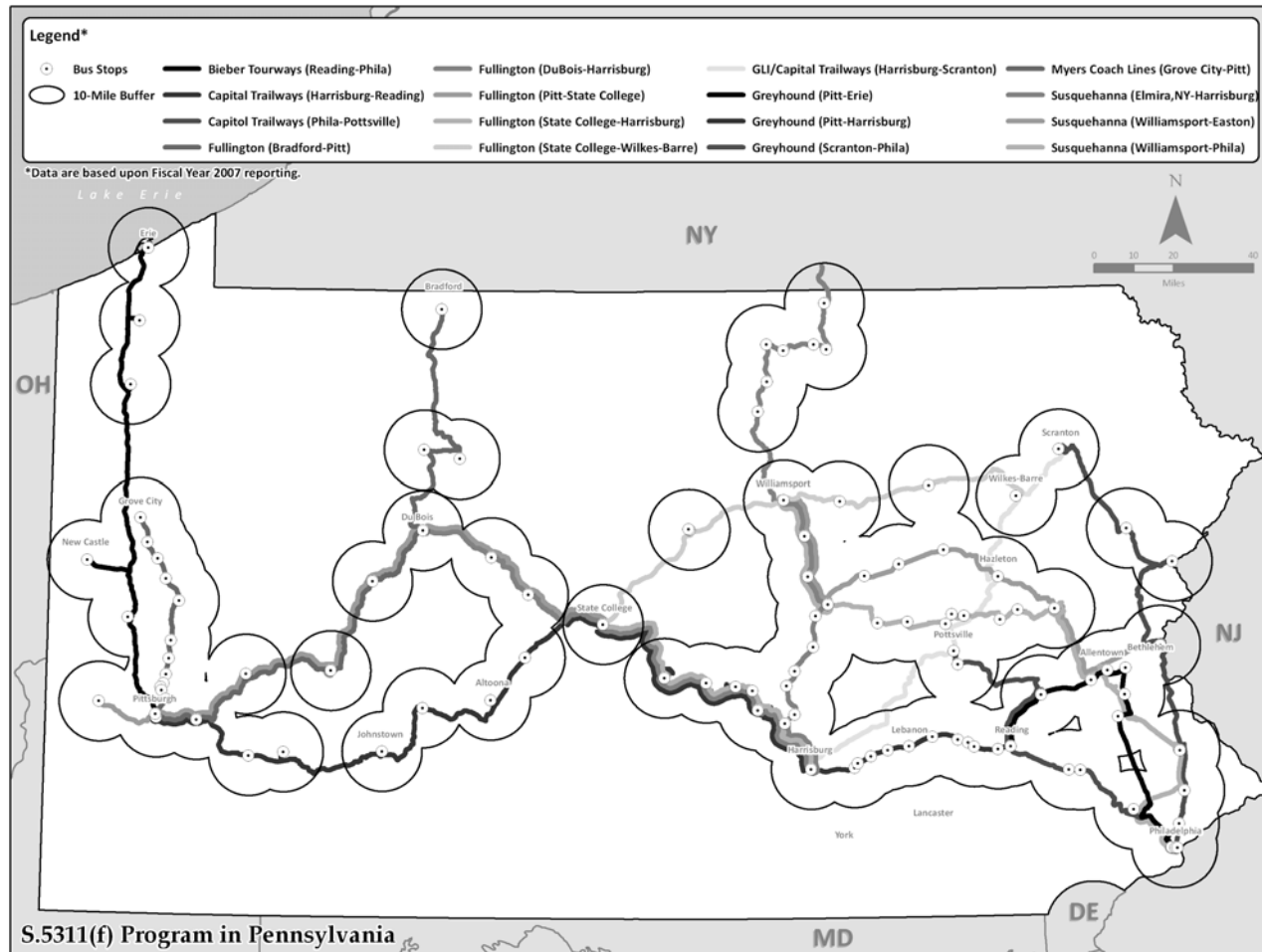


S.5311(f) Program in Minnesota

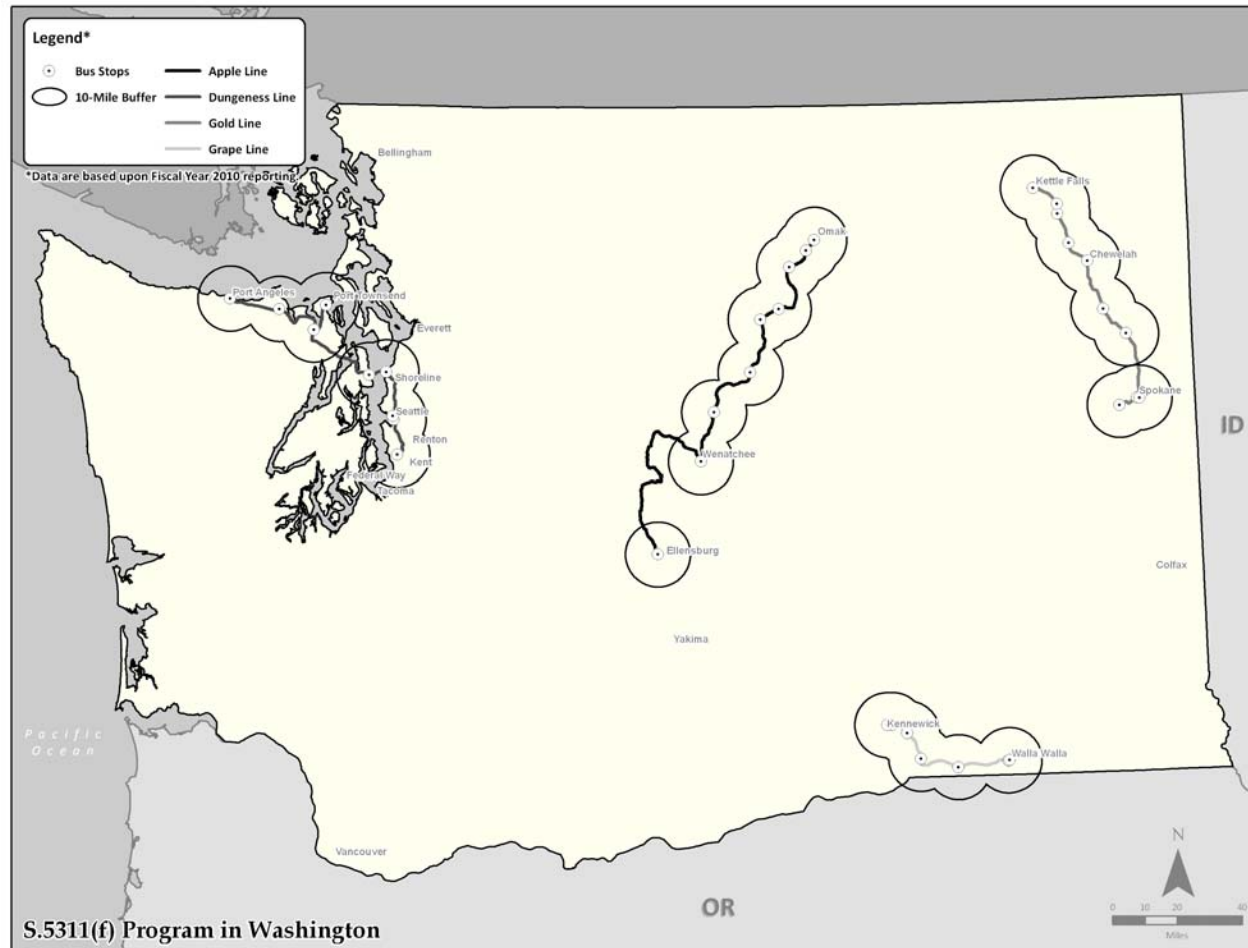
Oregon



Pennsylvania



Washington





General Characteristics: “Model Program”

- General recognition that intercity needs are one aspect of rural mobility
- Dedicated staff (may also be shared with other program responsibilities)
- Understanding of federal policy context
- Some kind of needs analysis to inventory services, identify needs or gaps, and develop program guidance (may be done by staff, state university or consultant)
- Meaningful consultation with intercity industry providers (as well as rural transit operators, airport providers)
- Policy strategy to manage program in a sustainable way, given funding levels



General Characteristics: “Model Program” (continued)

- Targets resources on identified needs/corridors--some degree of prioritization in terms of services as part of application process
 - May be a Request for Bids: very specific to particular service needs
 - May be a Grant Application with priority needs areas identified
- Provides some or all of the match (particularly for operating assistance), but
- If not, allows use of in-kind funding mechanism
- Separate intercity program application and project evaluation
- Has intercity program evaluation criteria to select among competing projects
- Has policy guidance defining goals for the program, including meaningful connection to existing intercity bus network
- Provides for continuing support for “successful” services—i.e.. Does not consider assistance as “demonstration” funding



General Characteristics: “Model Program” (continued)

- Has some thresholds for performance, such as fare box recovery, ridership, load factor, or subsidy cost per trip—to allow for unsuccessful services to be dropped, and allow for new potentially more successful service to be provided
- Is aware of program activity in neighboring states, is in consultation regarding potential need for coordination of priorities and programs
- Not limited to “traditional” intercity bus providers, but seeks to develop a network of connecting services
- Provides technical assistance in project development and budget development
- Has reporting of outcomes (transparency) in terms of reporting and public information on services funded, ridership, costs, etc. (may be part of statewide transit reporting)
- Provides public information on available intercity services—map be map, links to carriers, trip-planning, on-line timetables, Google Transit, etc.



State Continuation of Intercity Projects in the Absence of the 15 percent set-aside

- Eighteen said yes, some with qualifiers:
 - If projects selected in competition with all other rural projects
 - If we have the money
 - If there is state match
 - Possibly, but it would not be as high a priority as other 5311 projects
- Four said no or not likely, and
- Five said they did not know, or could not predict
- Three said they certify no unmet need, so it does not matter
- One said no program, so no opinion
- Remaining 19 did not reply on this question



State Position on the Set-Aside

- Slightly less than half of the states with programs said they would continue the projects if the set-aside went away
- A quarter of the states with programs said no, or they couldn't predict or say
- The overall response is not very definitive either way, but in the absence of strong positive "yes" responses it would appear that intercity projects would likely decrease significantly without the consultation, set-aside and certification process
- More qualitative discussion is needed with state program managers on this topic



Conclusions

- Trends:
 - Growth in utilization of program with additional funding, consultation process
 - Majority of states now at some point in the process of needs analysis, consultation, or program
 - The number of states certifying appears to be declining
- Issues:
 - Lack of Local Operating Match
 - Lack of State Operating Match



Conclusions (continued)

- Pilot Project
 - Need for statutory support to increase commitment
 - Need for guidance
- Consultation
- State Role in Determining Projects
- Need for Guidance and Information
 - Compliance (Drug and Alcohol, ADA, etcl.)
 - Multi-state projects



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