Business Plan for People's Transit
Huron, South Dakota

Prepared by

Dr. James H. Miller, Faculty Affiliate
Jon Mielke, Associate Research Fellow
Marc Scott, Graduate Assistant
Small Urban & Rural Transit Center
a program of the
Upper Great Plains Transportation Institute
North Dakota State University
Fargo, North Dakota

December 2009

Acknowledgements

This research was funded by the Federal Transit Administration and the University Transportation Centers Program, both within the United States Department of Transportation, and the South Dakota Department of Transportation. It was conducted by the Small Urban & Rural Transit Center, a program of the Upper Great Plains Transportation Institute at North Dakota State University. Contributors to the preparation of this document include the management and staff of People's Transit of Huron, SD, and Jackie Mattheis of the South Dakota Department of Transportation.

The authors also acknowledge the guidance of Jill Hough of the Small Urban & Rural Transit Center and Henry Nejako, Federal Transit Administration project manager, for this research.

Disclaimer

The contents of this report reflect the work of the authors, who are responsible for the facts and the accuracy of the information presented.

North Dakota State University does not discriminate on the basis of race, color, national origin, religion, sex, disability age, Vietnam Era Veteran's status, sexual orientation, marital status, or public assistance status. Direct inquiries to the Vice President of Equity, Diversity, and Global Outreach, 205 Old Main, Fargo, ND, 58105, (701) 231-7708.

TABLE OF CONTENTS

1. Introduction and Purpose of Business Plan 1
1.1 Brief History 1
1.2 Nature and Purpose of Business Plan 6
1.3 Plan Outline 6
2. Organization and Governance 7
2.1 Purpose and Mission 7
2.2 Board of Directors 8
2.3 Organization and Management Structure 10
2.4 Goals and Objectives 12
3. Service Area Demographics and Existing Public Transportation Services 15
3.1 Demographics 15
3.2 Existing Transportation Services 18
3.2.1 Other Area Transit and Taxi Services 18
3.2.2 Intercity Bus 18
3.2.3 Commercial Air Service 19
4. Services, Operations, Vehicles, and Facilities 21
4.1 Description of Public Transit Services 21
4.2 Fare Structure 26
4.3 Scheduling and Dispatching 27
4.4 Maintenance 27
4.5 Human Resource Management 28
4.6 Financial and Management Information Systems 28
4.7 Marketing and Public Awareness Activities 29
4.8 Vehicle Fleet 29
4.9 Facilities 31
4.10 Performance Measures 31
5. Service Options and Five-Year Operating and Capital Budget 33
5.1 Proposed Service Changes 33
5.2 Five-Year Operating Revenue and Expense Budget 33
5.3 Capital Improvement Plan and Budget 38
5.4 Revenue Sources to Finance Capital and Operating Needs 40
5.4.1 Operating Revenue 40
5.4.2 Federal Funding Programs 41
5.4.3 State Funding Programs 42
5.4.4 Local Government Funding 43

6. Summary and Key Action Items 45
6.1 Organization and Governance.....45
6.2 Succession Planning.....47
6.3 Market for Transit in Service Area 47
6.4 Services, Management, Vehicles, and Facilities.....47
6.4.1 Services 48
6.4.2 Fare Structure..... 48
6.4.3 Scheduling and Dispatching 48
6.4.4 Maintenance..... 48
6.4.5 Human Resources 48
6.4.6 Financial Management..... 48
6.4.7 Marketing..... 49
6.4.8 Vehicle Fleet 49
6.4.9 Facilities..... 49
6.5 Funding 49
6.6 Key Action Items 49
6.7 Proposed Performance Measures.....51
6.8 Future Business Plan Updates.....54

LIST OF TABLES

1.1 Milestones 4
1.2 Operating and Financial Trends 2005-2010 5
2.1 Board Members (October 2009) 9
3.1 Population Trends and Densities 16
3.2 Transportation Disadvantaged Populations 17
4.1 Fare Structure 26
4.2 Vehicle Roster 30
5.1 Five-Year Operating Budget Forecasts 35
5.2 Operating Expense Unit Cost Model 37
5.3 Five-Year Capital Budget 39
6.1 Key Action Items for 2010-2014 50
6.2 Proposed Approach to Performance Monitoring 52

LIST OF FIGURES

1.1 Service Area 2
1.2 Operating Trends 2005 - 2010 3
2.1 Organizational Chart 11
3.1 South Dakota Cities and Populations 15
3.2 Beadle County Cities and Populations 16
3.3 Jefferson Lines Route Map 19
4.1 Current Service Areas and Routes 22
4.2 Ridership Characteristics 23
4.3 Ridership by Trip Purpose 24
4.4 Operating Expenses 25
4.5 Operating Expenses Per Vehicle Mile 25
6.1 Proposed Organizational Chart 46

1. INTRODUCTION AND PURPOSE OF BUSINESS PLAN

1.1 Brief History

People's Transit is the non-profit public transportation provider that serves Beadle County in east central South Dakota. Huron, the county seat, has a population of about 12,000 (2002 Census). The city is located about 125 northwest of Sioux Falls, the regional trade center. Beadle County had a population of just over 17,000 in 2000.

People's Transit evolved from senior transportation program begun by the Huron Senior Center in 1973. In 1981 it began to receive federal operating assistance and was able to offer its services to the general public. In 1997, what had been the Huron Area Senior Center Transportation program became a separate nonprofit corporation and changed its name to People's Transit. Its service area includes all of Beadle County. However, its primary service area is the city of Huron and the immediate surrounding area. It provides work and medical trip transportation to outlying areas of the county. It also provides connector service to Jefferson Bus Lines intercity service at Mitchell, which is located on I-90, approximately 50 miles south of Huron.

People's Transit began with only a few vehicles and operated a somewhat limited public transportation program until five years ago when it acquired additional funding and was able to expand its services. Since 2005 People's Transit has nearly doubled the number of vehicles it operates and more than doubled its annual vehicle mileage. Ridership has increased by more than 50%. In the past few years People's Transit has been able to respond to increasing demands for work and medical transportation as a result of new funding through the Federal Jobs Access Reverse Commute (JARC) program (Section 5316) and New Freedom (Section 5317) program. Ridership and service levels have varied from year to year, but the long-term trend has been increasing service with increased ridership.

A map of Beadle County is presented in Figure 1.1. People's Transit's primary service area includes the city of Huron and outlying areas within 3-5 miles of the city. This area receives seven-day-a-week service. The outlying rural communities of Alpena, Virgil, Cavour, Yale, and Iroquois are provided one-day-a-week service into Huron. The outlying communities of Hitchcock, Wolsey, and Wessington receive similar services one day every other week. In addition, in 2009 People's Transit began service to Mitchell to allow Huron residents to access the Jefferson Bus Lines east-west intercity bus service. More detailed information on People's Transit's market and current services is presented in Chapters 3 and 4.

Figure 1.2 depicts the growth in service as measured by vehicle miles and ridership over the past five years. While both indicators have increased over the entire five-year period, growth has been especially rapid during the past three years as service was increased to seven days a week and additional work and medical trip rides were provided. Ridership has not increased as fast as service (as measured by vehicle miles) because much of the service increase has occurred in off-

peak times and to more distant locations. Both situations result in lower productivity than well-established local services.

Figure 1.1 Service Area

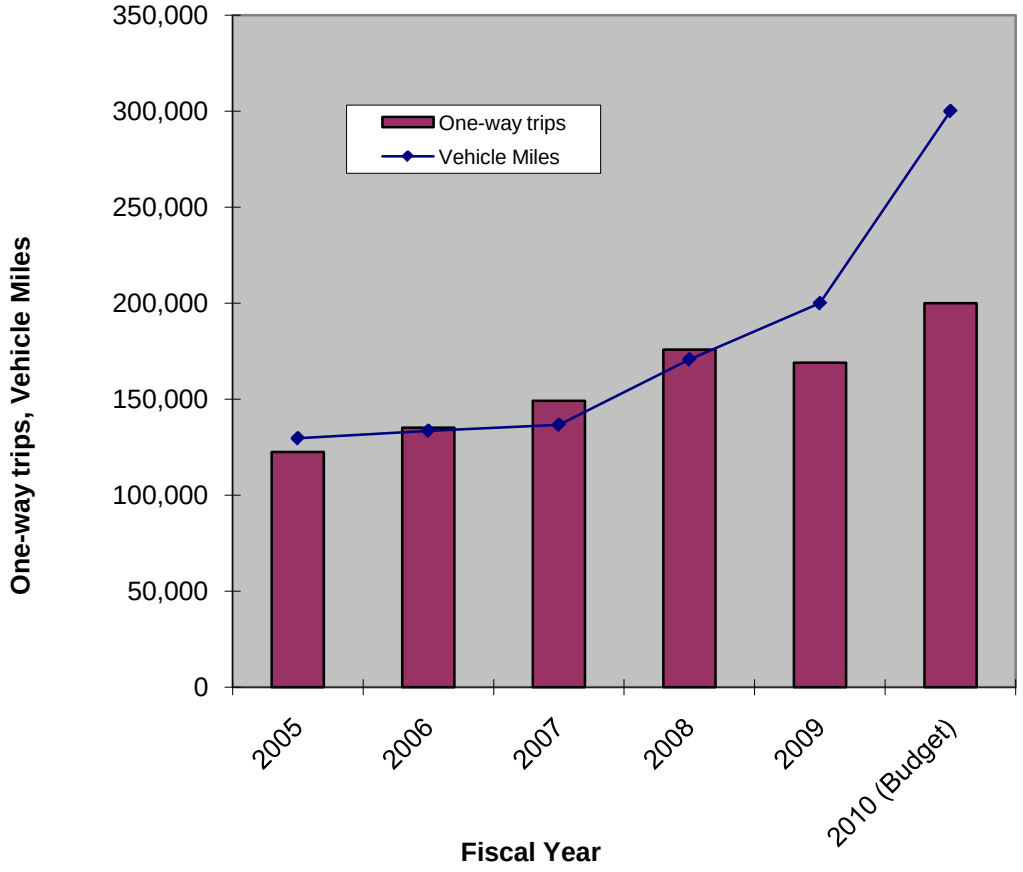

Figure 1.2 Operating Trends 2005 – 2010

People's Transit's success in recent years can be attributed to the efforts, skills, persistence and enthusiasm of the current staff and local community support. Increased state and local support have allowed People's Transit to expand services to better meet the mobility needs of Beadle County residents. Table 1.1 presents a list of People's Transit's historical milestones. As this table illustrates, the organization has grown by offering a wide range of public transportation service options including local demand-responsive on-call taxi and advanced reservation service. People's Transit's seven-day-a-week service offers a high level of transit to residents in the Huron area and this service is expected to increase as People's Transit implements new services and expands its hours of operation.

Because virtually all public transportation services in the United States cost more to provide than the revenue generated from riders, all transit systems, including People's Transit, require federal, state, and local funds to supplement operating revenue and to acquire capital equipment and facilities. Fortunately, federal and state funding for transit has grown over the past few years and

has been available to assist People's Transit. Table 1.2 summarizes key operating and financial data for the past five years and indicates the growth in revenue, expenses, and federal, state, and local support for People's Transit's operating budget.

Table 1.1 Milestones

Date	Milestone
1973	Huron Area Senior Center Transportation began service as a program of the Huron Senior Center
1981	Transportation program began to receive federal operating assistance and offered public transit service to all residents
1997	Huron Area Senior Center Transportation became a separate nonprofit corporation and changed its name to People's Transit. People's Transit office moved to old city hall
2001	Constructed new administrative, maintenance, and storage building at 120 Wyoming Ave. in Huron
2003	Received new fleet of buses as part of major South Dakota DOT initiative to update rural transit system fleets
2007	Implemented scheduling and dispatching software, mobile data computers, and automatic vehicle location technology
2008	Expanded service to seven days a week
2009	Added route linking Huron and Mitchell to connect to Jefferson Bus Lines intercity service and added service in rural areas to provide for medical trip rides
2009	Added service from Huron to out-of-county medical appointments
2009	Constructed bus storage addition to existing building using funds received through ARRA (stimulus) grant.

Table 1.2 Operating and Financial Trends 2005-2010

	2005	2006	2007	2008	2009	2010 (Budget)
One-way passenger trips	122,436	135,143	149,124	175,875	169,012	200,000
Total vehicle miles	129,607	133,519	136,616	170,654	199,927	300,000
Total vehicles	11	11	15	17	21	21
Operating revenue	$35,936	$40,709	$48,504	$51,224	$117,053	$155,000
Operating expense	$380,390	$402,883	$464,827	$611,069	$715,226	$868,200
Federal 5311 funds*	$182,730	$199,020	$232,516	$314,165	$344,709	$450,514
Title III funds	$17,733	$18,265	$18,265	$18,722	$19,096	$19,096
State funds	$35,966	$48,140	$46,001	$45,436	$51,737	$69,888
Local funds	$143,961	$137,458	$168,045	$232,746	$170,850	$206,090

* also includes 5316, 5317 for 2009 and 2010

**One-way trips and mileage for People's Transit vehicles only; SDDOT data also includes statistics for vehicles owned by People's Transit by operated by other agencies.

1.2 Nature and Purpose of Business Plan

In the summer of 2008, the South Dakota Department of Transportation (SDDOT) asked the Small Urban & Rural Transit Center (SURTC) at North Dakota State University to deliver a hands-on workshop to help transit agencies prepare a business plan for their organizations. People's Transit was one of four agencies that responded to this invitation. Following an intensive two-day workshop in August 2008, where managers and staff of the participating systems worked on their plans, SDDOT asked SURTC to assist each of the systems in completing their plans.

Though it had been successful in building an organization to respond to the most pressing public transit needs of the Huron area, People's Transit wished to obtain outside assistance to review its existing organization and operations and to formulate a detailed business plan to guide it for the next three to five years. The plan will allow People's Transit to access its strengths and weaknesses and identify additional public transit markets that it could effectively serve. Further, the plan will forecast future capital and operating fund needs and help People's Transit communicate its plans and vision to local stakeholders and funding agencies.

1.3 Plan Outline

This chapter has provided a brief overview of the history of People's Transit and a summary of operating and financial trends. The next chapter describes and evaluates the People's Transit organizational structure and governance and presents People's Transit's mission and goals.

Chapter 3 provides demographic data on the area served by People's Transit and identifies other personal mobility options available to area residents. Chapter 4 provides a detailed discussion and evaluation of current operations and functional areas within the People's Transit organization. The findings presented in this chapter provide much of the justification for the recommended plan presented in this document.

Chapter 5 presents a number of service expansion options and quantifies the impact that these additions will have on operating and financial measures. The chapter also contains a capital improvement plan that includes replacement and additional vehicles, additional maintenance and storage space, and other capital needs. Finally, Chapter 5 also presents a five-year operating and capital budget based on the proposed service changes and capital improvement plan. The last chapter, Chapter 6, presents a summary of key findings and recommendations from this plan. It also includes key issues that must be addressed for People's Transit to continue its successful operations. This chapter also includes suggestions for on-going performance monitoring and possible triggers to suggest the need for a plan update.

2. ORGANIZATION AND GOVERNANCE

2.1 Purpose and Mission

Since 1997, People's Transit has provided public transit to the residents of the Huron area. Prior to the formation of this non-profit corporation, People's Transit's predecessor organization, the Huron Area Senior Center Transportation program, provided limited public transit service and human service transportation focused on the local senior center.

Following its formation, the People's Transit board of directors adopted a mission statement that proclaimed that the agency would "Put Pride in Motion" by providing transportation to senior citizens, disabled individuals, and the general public. This mission was to be accomplished by promoting a coordinated approach to providing public transportation services to individual consumers, nonprofit social service agencies, schools, and civic organizations and by participating in public transportation planning and encouraging further development of public transportation services in South Dakota.

The current mission statement not only identifies the focus of People's Transit services, but it also highlights broader community goals of increasing coordination of services and encouraging further development of public transit throughout the state. This statement explicitly states that People's Transit is to concentrate on basic mobility so that individuals who cannot afford private transportation or who are unable to drive (senior citizens and disabled individuals) can partake of social, economic, and medical benefits within the community. This is a necessary and realistic mission for a small urban transit system.

People's Transit's service area, as defined when it was established, is Beadle County, South Dakota. Though most of People's Transit's service is concentrated in the most populous areas of Beadle County (i.e. around Huron), People's Transit considers its service area to be all of Beadle County. Since no other provider offers service in the outlying portions of the county, People's Transit attempts to respond to needs as they become apparent.

Regularly scheduled service to outlying communities is offered on a one-day-a-week or one-day–every-other-week basis. In addition, People's Transit tries to respond to needs that do not fit into this schedule if transportation can be arranged. Furthermore, People's Transit tries to meet the priority needs of persons in nearby counties. For example, it is currently transporting an individual from DeSmet in nearby Kingsbury County to Sioux Falls for medical appointments, under Medicaid.

People's Transit is successfully fulfilling its mission, especially in the past few years as its operations have matured and as it has sought opportunities to coordinate services with other agencies in the community. It contracts with several assisted living and long-term care facilities to provide transportation for their residents. Likewise, the transit agency provides transportation to preschools and schools for parents who request service.

People's Transit also responds to needs for work transportation, especially to distant locations in order to connect workers with employers needing help. One such successful contract is with Dakota Provisions, a turkey processor located 30 minutes from Huron. People's Transit operates a large bus to connect employees in the Huron area with the employer's processing facility. Dakota Provisions pays the entire cost of the service. People's Transit is open to more such relationships with human service agencies, educational programs, nursing homes, and employers as it carries out its coordination mission.

In summary, People's Transit is currently carrying out its coordination and service mission to the community. It is also seeking opportunities to promote transit in South Dakota by its active participation in the Community Transportation Association of America, the Dakota Transit Association, and participation in cooperative training and technology programs such as the consortium for the scheduling and dispatching software and hardware that was formed four years ago.

2.2 Board of Directors

As is the case for all non-profit corporations, overall responsibility for People's Transit's activities is vested with a board of directors. People's Transit's bylaws (first adopted Aug. 25, 1997) call for the board to include seven members to be appointed to the board. The bylaws state that the governing board shall be "comprised of community leaders from business, local government, riders, transportation providers and human service agencies." People's Transit's board currently has six voting and three ex-officio members. The bylaws also call for three officers including a chairman, vice chairman, and a secretary/treasurer. Current members and their affiliation are listed in Table 2.1.

Board members serve for three-year terms and may be appointed for up to three consecutive terms. New members are to be elected at the board's annual meeting and existing members may be removed if they have three or more consecutive unexcused absences.

According to its bylaws, the board of directors has all the usual powers of directors of a corporation. The board serves as the financial control body for the organization and is authorized to receive and expend funds for the corporation. It also is authorized to enter into contracts on behalf of the organization. It establishes policies and conducts studies to determine the transportation needs of the region. Finally, the board is vested with the responsibility of appointing, removing, and setting the salaries of all personnel. In practice, a well-functioning board should hire the executive director and then hold that person accountable for hiring and dismissing employees within salary and staffing levels approved by the board.

The bylaws require four meetings per year but other meetings may be called by the chairman or any three board members. The current board and executive director have a good and mutually supportive relationship that allows for good communication flexibility to respond to issues and opportunities without an overly bureaucratic structure. The board receives operating and financial updates at each meeting and approves budgets, new positions, all contracts, and major service changes.

Table 2.1 Board Members (October 2009)

Ted Haug, President Center for Independent Living 258 3rd St. SW Huron, SD 57350 Representing: Center for Independent Living	Kelly Christopherson, Secretary/Treasurer PO Box 949 Huron, SD 57350 Representing: Public
Charlotte Henley, Vice President Open Door Consulting 875 Nebraska SW Huron, SD 57350 Representing: General Public	Sandy Mack, Executive Director, Ex Officio People's Transit 120 Wyoming SW Huron, SD 57350
Rhonda Hanson 172 4th St. SE Huron, SD 57350 Representing: Medical	Kerwin Haeder, Ex Officio City of Huron Liaison 637 Lawnridge NE Huron, SD
Julie Miller 485 3rd St. SW Huron, SD 57350 Representing: Health	Denis Drake, Ex Officio Beadle County Liaison 40460 South Shore Rd Huron, SD 57350
Kim Smith 34 3rd St SE Huron, SD 57350 Representing: Community Counseling	

2.3 Organization and Management Structure

All transit systems, regardless of their size, must perform the same operations, maintenance, and administrative functions. The only difference between the largest and smallest systems is the number of individuals needed to perform each function and the degree to which a transit system outsources some of those functions. For example, a large transit system will have in-house marketing, planning, and legal staff while a small system will use independent contractors to provide these functions on an as-needed basis. Furthermore, in a large organization, functional specialization is possible while in a small system the general manager and just a few other staff members must be jacks-of-all-trades in order to keep a system in operation.

People's Transit has evolved from a very small system of just a few vehicles providing limited public and human service transportation. Since becoming a separate organization with its own facility, People's Transit has grown more rapidly as it has expanded the quantity and geographic coverage of its service. Its growth has been particularly noteworthy within the past five years as the number of vehicles operated and miles of service have doubled.

Throughout this growth period, People's Transit has maintained a relatively small administrative staff. Five years ago the entire staff consisted of a manager, a dispatcher, and several drivers. It has now evolved into a system with several administrative and dispatching positions, but it is still a small system requiring most staff members to perform multiple functions. The following section describes the existing organizational structure. Each functional area is described in more detail in Chapter 4.

Figure 2.1 shows People's Transit's current organizational chart. As can be seen, the executive director reports to the board of directors. All other employees, including drivers, report to the executive director. The executive director is responsible to the board for all aspects of the transit operation. In addition, the current executive director performs nearly all accounting functions as well as personnel activities.

People's Transit's organization chart shows the general delineation of duties and responsibilities. However, as is the case in many small transit systems, it over simplifies actual functional activities. For example, some administrative employees have commercial driver's licenses (CDL) and are trained as drivers so they may take a run or two, as needed, to fill peak trip needs. Finally, many administrative functions such as marketing, grant preparation, and administration that might be performed by distinct employee positions in a larger system are performed by the executive director. More detail on the division of duties is included in Chapter 4.

One unusual feature of the existing organization chart is the dotted line between the board and other employees that circumvents the executive director. This link reflects a decision by the board to provide employees with an avenue to the board that does not include the executive director and arose out of the situation whereby the head mechanic is the spouse of the executive director. Drivers, in particular, expressed concern that the mechanic had too much influence on how the executive director managed the drivers and therefore, the board created a committee that

could be convened to deal with perceived inequities. Since creating the committee, the board has not convened it to discuss any issues.

Explicit recognition that employees can bypass the manager and go directly to the board of directors is an undesirable situation that usually leads to management problems. If employees feel they can go around the executive director to the board, the authority of the executive director is diminished and the board is encouraged to become involved in tasks and decisions that are typically the responsibility of the executive director.

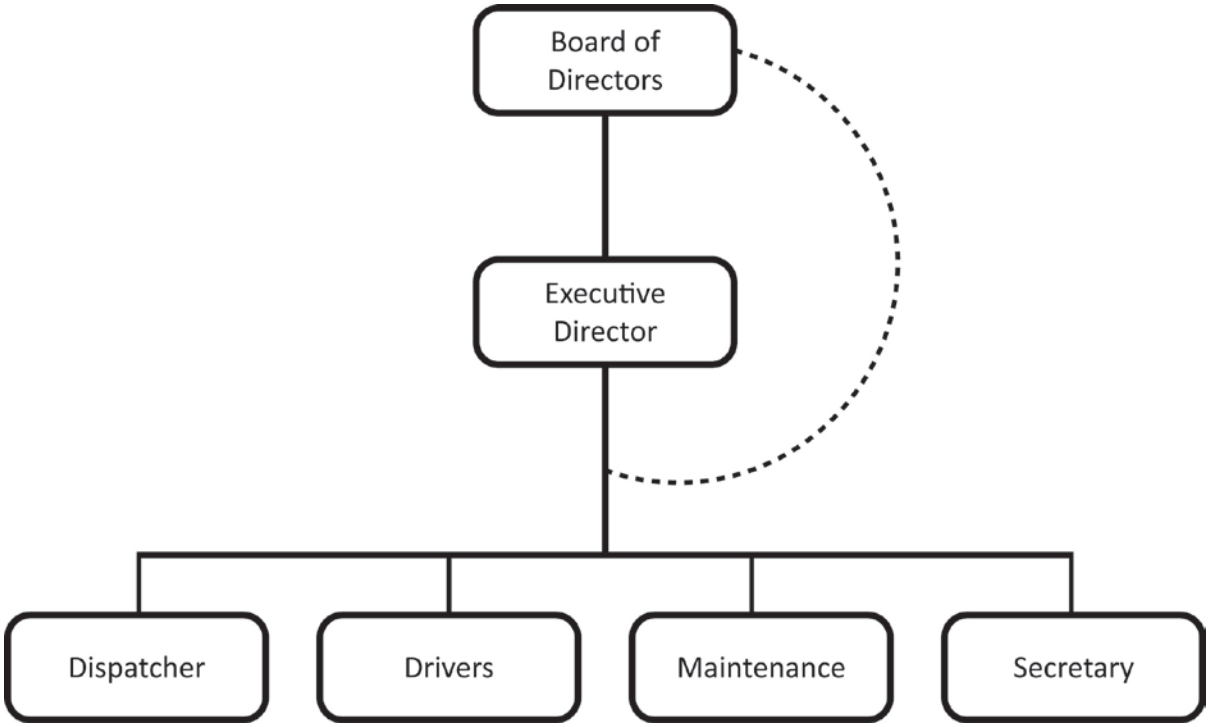

Figure 2.1 Current Organizational Chart

The current organizational arrangement appears to be working. It does, however, have several drawbacks in addition to the bypass provision of the board in the management of the system. First, under the current arrangement all employees of the system report to the executive director. This situation can lead to the executive director's involvement in too much detail of day-to-day operations including driver supervision. This arrangement also takes time away from the executive director that could be spent on matters such as fund raising or interactions within the community to build support for transit.

This flat organization structure also inhibits the development of second tier managers who might someday lead the organization. The current executive director has been with People's Transit and its predecessor organization for 31 of the program's 36 years of existence and will likely retire within the next few years. No one in the current organization would appear to have the

range of experience and knowledge to take over management of the system for either an interim period or permanently. To maximize the likelihood of a smooth transition and continued success of People's Transit, the board should consider this succession issue.

One solution that would address all three issues raised above would be to create a position of Operations Supervisor, a very traditional position in all sizes of transit organization. As further explained in Chapter 6, this position would report to the executive director. Drivers and mechanics would report to this person who would be responsible for day-to-day operations of the service including driver scheduling, training, discipline, and vehicle maintenance scheduling and performance.

The resulting organization would then have three functional areas reporting to executive director including the dispatcher, the operations supervisor, and the secretary. The insertion of the operations supervisor between the married employees would also help diffuse the driver-related problems caused by the existing direct reporting arrangement and it would give drivers another outlet for expressing concerns and suggestions.

If the position of operations supervisor is filled by a current employee such as a senior driver, an approach that is encouraged to allow for promotion from within, a key issue will be for the board and executive director to support the new position and communicate the duties and qualifications of the position. The promoted driver would also need to be coached and should attend related training to gain skills necessary for the position.

2.4 Goals and Objectives

As stated earlier, People's Transit's current mission statements calls for "Putting Pride in Motion" by providing needed transportation to elderly, disabled, and the general public; by promoting a coordinated approach in providing public transportation services to individual consumers, nonprofit social service agencies, schools, and civic organizations; and by participating in public transportation planning and encouraging further development of public transportation services in South Dakota." This mission and related objectives are appropriate for People's Transit, its market area, and its capabilities.

As People's Transit formulates its business plan, this mission statement can help determine the types and levels of service it needs to provide for its customers' needs and the way that it organizes itself to carry out its mission. Further, the mission statement can be used to formulate specific goals and objectives that can be used to evaluate future service options and the performance of the agency as it continues operations. At present, People's Transit does not formally track specific performance measures; however, tracking key performance indicators would help People's Transit assess its operations, both internally and in comparison to other transit systems. A specific set of performance measure recommendations are presented at the end of Chapter 6 to help guide this business planning process and to assist People's Transit in managing its operations.

People's Transit's mission statement is oriented toward providing and coordinating transportation services for persons without access to private transportation. The following list of specific objectives flows from this mission statement and includes additional objectives that can be used to evaluate future service options and to monitor success in achieving its mission.

- Provide high quality demand-response service seven days a week in the city of Huron and immediate surrounding area.

- Provide appropriate demand-response service to outlying communities based on need and local financial support.
- Provide medical transportation to Sioux Falls and surrounding areas in eastern South Dakota.

- Lead coordination efforts among human service agencies and others needing transportation for clients, especially persons with disabilities, senior citizens, and low-income persons.

- Provide appropriate work trip transportation via employer-directed shuttles to locations within Beadle County.

The service additions and other recommendations included in Chapter 5 support this mission and related objectives.

3. SERVICE AREA DEMOGRAPHICS AND EXISTING PUBLIC TRANSPORTATION SERVICES

3.1 Demographics

People's Transit provides public transportation in the city of Huron on a daily basis. Additional services are provided to several other cities in Beadle County on a weekly or semi-monthly basis. Daily commuter service is also provided from Huron to an outlying poultry processing facility.

Public, curb-to-curb services are provided in Huron Monday through Friday from 6 a.m. to 9 p.m. Weekend service is provided from 8 a.m. to 8 p.m. on Saturday and from 8 a.m. to 2 p.m. on Sunday. The fare for local trips is $2.75 while out-of-town trips (within a 3-mile radius of Huron) are charged $3.75. People's also provides services on a contractual basis to local pre-schools, nursing homes, and assisted living facilities. A fuller description of the services provided by People' Transit is presented in Chapter 4.

Huron, with a population of 11,893, is the ninth largest city in South Dakota. It is the county seat of Beadle County. Figure 3.1 shows the location of Huron within the state of South Dakota, its location relative to the state's other major cities, and 2000 Census population estimates.

Figure 3.1 South Dakota Cities and Populations

According to the 2000 Census, Beadle County had a population of 17,023. Census estimates from 2006 show that the county experienced an 8.1% decline to 15,643. The county has a population density of 13.5 people per square mile, slightly higher than the state as a whole. Comparative population trends and densities are presented in Table 3.1.

Table 3.1 Population Trends and Densities

	2000 Population	2006 Population	Population Change	Square Miles of Land	Population / Square Mile
Beadle County	17,023	15,643	-8.1%	1,259	13.5
South Dakota	754,894	781,919	+3.6%	75,885	9.9
National	281.4M	299.4M	+6.8%	3.5M	79.6

There are nine cities in Beadle County. Figure 3.2 shows the location and population of each of these cities.

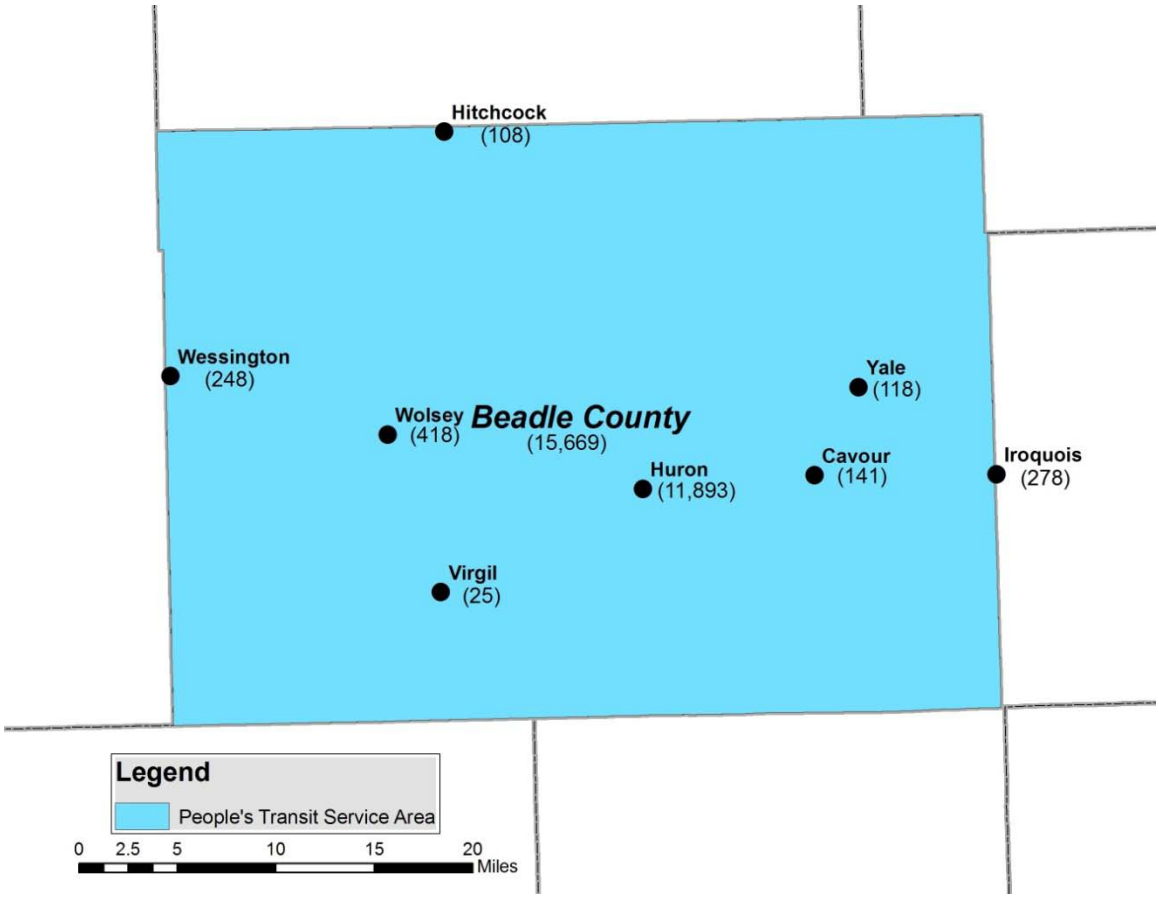

Figure 3.2 Beadle County Cities and Populations

As the map in Figure 3.2 illustrates, Huron is located near the center of Beadle County. Hitchcock and Wessington, the county's two most outlying communities are located 36 and 29 miles from Huron, respectively. All the county's other communities are between 9 and 21 miles from Huron.

Nationally, transit clientele typically includes significant numbers of minority, disabled, senior, and low-income individuals. Table 3.2 presents related census data for each of these segments of the population for both the city of Huron and Beadle County. This table also includes a comparison with national and state of South Dakota statistics.

A comparison of the county statistics in Table 3.2 with national and state figures indicates that Huron and Beadle County have significantly lower-than-average minority populations while senior populations are significantly higher than national and state averages. County disabled populations are comparable to state figures and slightly lower than national figures. The number of low-income individuals in the area is fairly comparable to state and national estimates while the number of individuals in household without automobiles is higher than state numbers but slightly lower than national estimates. This deviation is typical of rural areas, where alternative forms of transportation are limited and vehicle ownership is more of a necessity.

Table 3.2 Transportation Disadvantaged Populations

	Total Population	**Minorities**	**Age 65+**	**Disabled Age 16-64 (Able to Go Outside Home)**	**Individuals Living in Poverty Age 16-64**	**Individuals Living in No-Vehicle Households**
Huron	11,741	485 / 4.1%	2,498 / 21.3%	289 / 2.5%	790 / 6.7%	926 / 7.9%
Beadle County	17,023	522 3.1%	3,295 / 19.4%	445 / 2.6%	1,049 / 6.2%	1,155 / 6.8%
South Dakota	754,844	11.3%	14.3%	2.4	7.5%	6.1%
National	281.42M	24.9%	12.4%	4.1%	7.3%	10.3%

Note that there is some obvious overlap and possible double or triple counting related to data presented in Table 3.2. For example, a minority individual may also be low income and disabled. The data presented in these tables was compiled to minimize such occurrences but they cannot be totally eliminated. Despite these overstatements, these tables do give some indication of the size of the mobility disadvantaged populations in Huron and Beadle County.

3.2 Existing Transportation Services

Personal automobiles are used to satisfy most of the personal mobility needs of area residents. Based on the estimates presented in Table 3.2, more than 92% of the residents in People's Transit's primary service area live in households that have a personal automobile. This number is slightly lower than the statewide average (94%) and slightly higher than the national average (90%).

People's Transit's services will be discussed in Chapter 4. In addition to these services, other personal mobility services that are available to area residents include intercity bus and commercial airlines. These and other area transit services are described in the following subsections.

3.2.1 Other Area Transit and Taxi Services

Other than People's Transit, there are no other transit services in the area. There are no human service agencies that provide transportation services to their clients and there are no commercial or government-supported taxi services in Huron or Beadle County.

3.2.2 Intercity Bus

The region's only intercity bus service is operated by Jefferson Lines. Jefferson operates daily service in eastern South Dakota along Interstate Highway I-29 and across the state's southern tier along Interstate Highway I-90. Huron passengers access these services at Brookings, which is located 70 miles east of Huron, or at Mitchell, which is located 50 miles south of Huron. Service along the I-90 corridor provides connections across the northern tier of the country while the I-29 corridor reaches from Canada to Texas. Each corridor has one bus operating in each direction per day. Additional passenger connections and transfers are available in Sioux Falls.

Jefferson Lines' South Dakota routes are depicted in Figure 3.3.

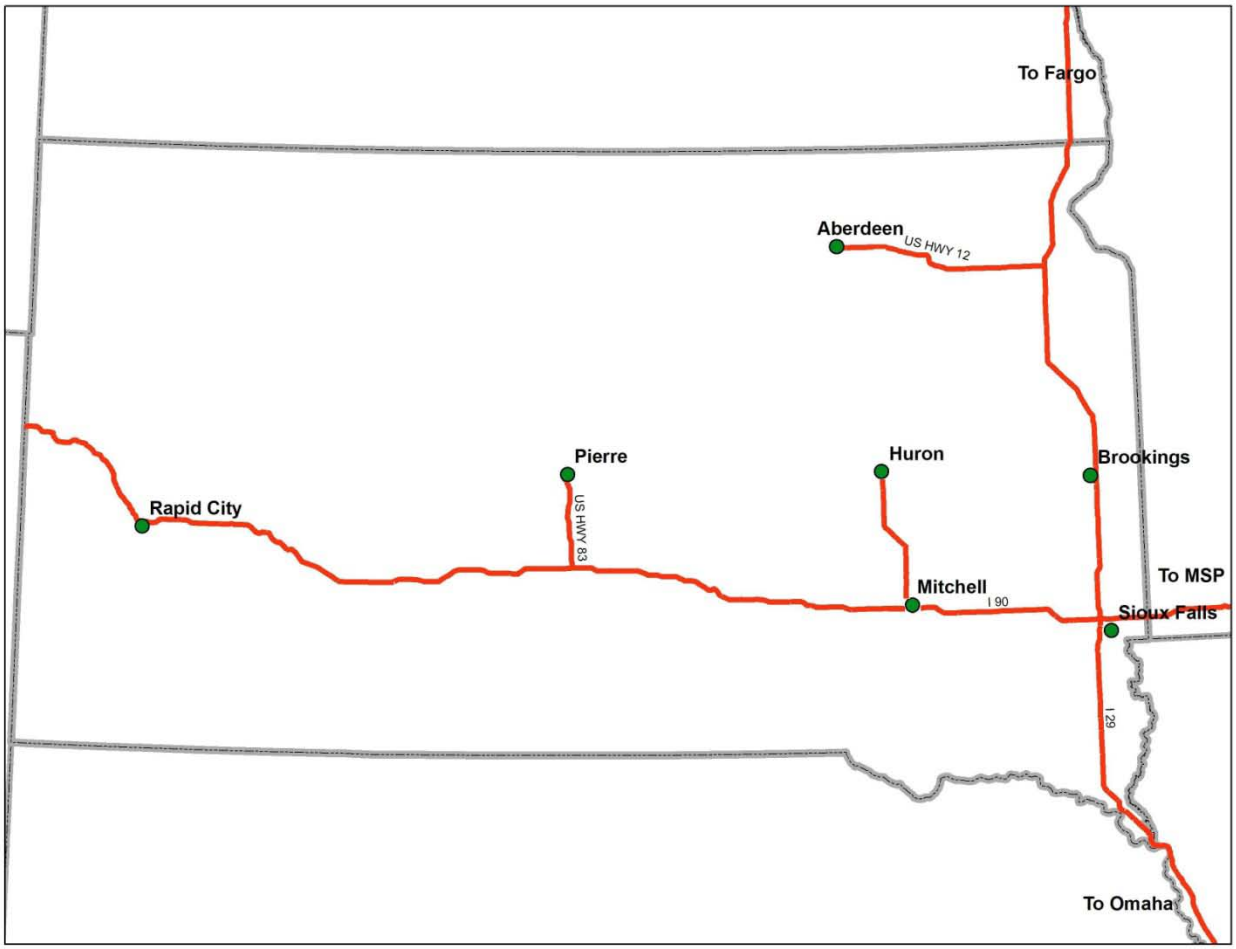

Figure 3.3 Jefferson Lines Route Map

3.2.3 Commercial Air Service

Area residents access commercial air service via the regional airport in Huron. Air service is provided by Great Lakes Aviation, a regional carrier affiliated with United Airlines. Great Lakes operates one flight daily to and from Denver.

Local air travelers also have the option of traveling to Sioux Falls to access air service. The Sioux Falls Regional Airport is located near the intersection of I-29 and I-90, approximately 120 miles southeast of Huron. Sioux Falls Regional Airport is served by Northwest/Delta, United, and Allegiant airlines and has daily non-stop service to Minneapolis-St. Paul, Chicago, Denver, Cincinnati, Las Vegas, Orlando, and Phoenix.

4. SERVICES, OPERATIONS, VEHICLES, AND FACILITIES

The purpose of this chapter is to document current People's Transit operations as background for recommendations that will be presented in later chapters. This chapter consists of three parts: a description and evaluation of existing transit services, a description and evaluation of major functional areas within the organization, and finally, an assessment of the transit system's vehicles and facilities. The chapter concludes with a summary of the key findings and recommendations.

4.1 Description of Public Transit Services

People's Transit's mission is to provide public transportation to residents of Beadle County, South Dakota. The majority of People's Transit's service is advanced reservation demand-response service and is concentrated in the City of Huron and immediate surrounding area. Service is provided seven days a week. Monday-through-Friday service is available between 6 a.m. and 9 p.m.; Saturday service is provided between 8 a.m. and 8 p.m., and Sunday, from 8 a.m. to 2 p.m. Specific shopping day trips are organized on Tuesdays, Wednesdays, and Thursdays to major stores and shopping centers in Huron.

In addition to service in Huron and the immediate area, People's Transit also provides local transportation to residents of outlying communities, including Alpena, Virgil, Hitchcock, Wolsey, Wessington, Cavour, Yale, and Iroquois. Alpena and Virgil receive service every Tuesday; Cavour, Yale and Iroquois are served on Fridays. Hitchcock receives service on the first, third, and fifth Wednesdays of the month and Wolsey and Wessington on the second and fourth Wednesdays. This rural service is designed primarily to connect the outlying communities with Huron for medical and shopping trips, but can also be used for rides within the outlying communities. In 2009 People's Transit began offering medical trip transportation to locations outside of Beadle County including Sioux Falls, Madison, Mitchell, Brookings, and Aberdeen, all points in eastern South Dakota within 150 miles of Huron. Trips to these communities are scheduled on an as-needed basis.

All People's Transit services are demand-response and provide for curb-to-curb service. Drivers are not permitted to enter private homes for any reason and will only go into the lobby of businesses or medical facilities to meet passengers. To obtain a ride, a passenger must call and schedule their trip 24 hours in advance in order to receive the lowest fare. Riders can obtain same-day rides if they pay a higher fare and if space is available. People's Transit's office is open from 7 a.m. to 4:30 p.m. Monday through Friday. To qualify for the regular low rate for weekend trips, rides must be scheduled by Friday afternoon. Riders are instructed to call a cell phone number that connects them directly to the vehicle driver if a trip needs to be arranged after regular office hours through the end of service at 9 p.m. Current routes and service areas are shown in Figure 4.1.

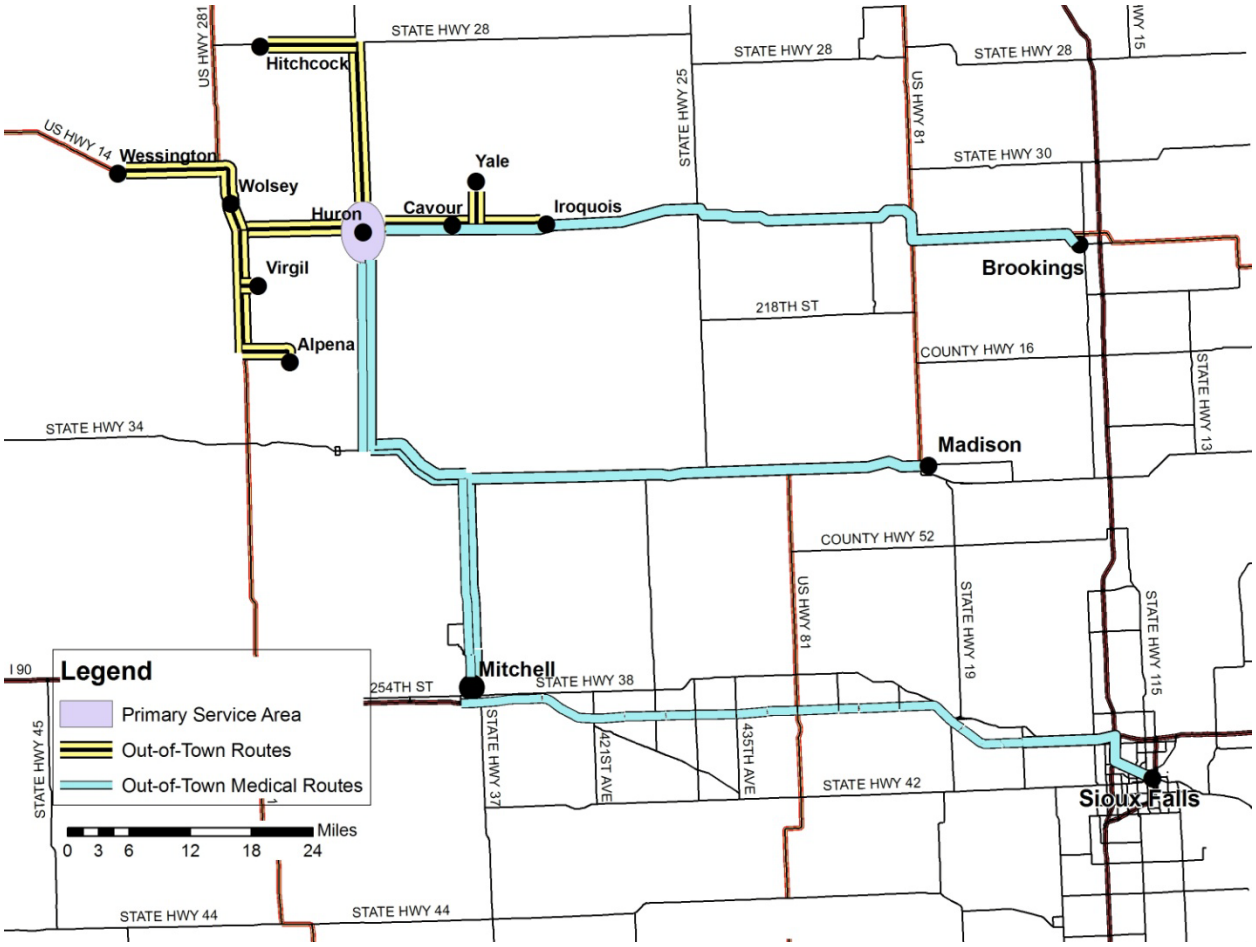

Figure 4.1 Current Service Areas and Routes)

In 2008 People's Transit provided approximately 167,148 one-way passenger trips. According to its records, about half this ridership was accounted for by elderly and disabled riders; the other half was accounted for by youth and general public riders. Figure 4.2 shows the distribution of ridership by rider characteristic. As a percentage, the proportion of youth and disabled riding People's Transit is higher than the statewide average for all rural systems. However, People's Transit's 13% general public ridership is significantly lower than the state average of 24% while the senior citizen ridership is only about two thirds (19% vs. 27%) of the statewide average. Undoubtedly, People's Transit's special focus on transportation of school age and preschool age riders, and its contracts with nursing homes and human service agencies serving disabled persons accounts for the higher percentage of young and disabled riders.

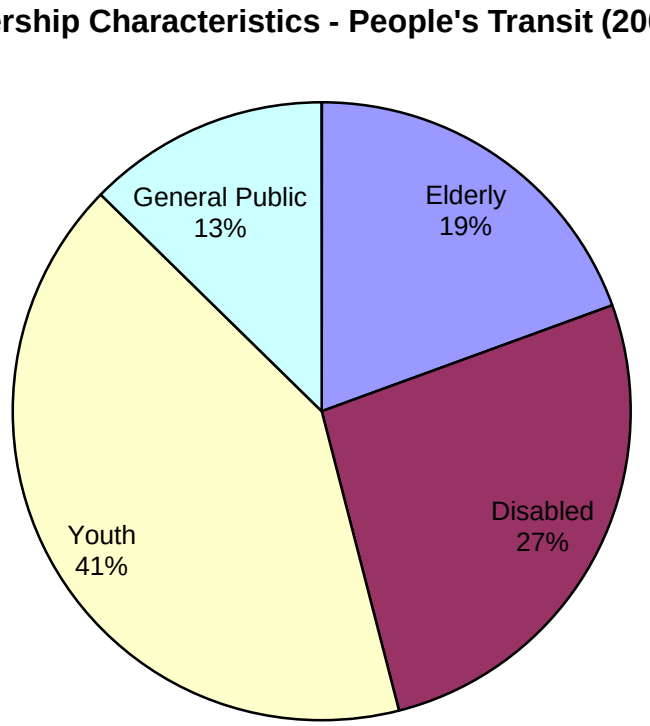

Figure 4.2 Ridership Characteristics

Figure 4.3 shows the 2008 distribution of trip purposes for People's Transit riders. People's Transit's trip pattern is similar to the statewide average except that it has significantly more trips taken for educational and work purposes than the state average. A significantly smaller share of trips are taken for nutrition purposes versus the state average.

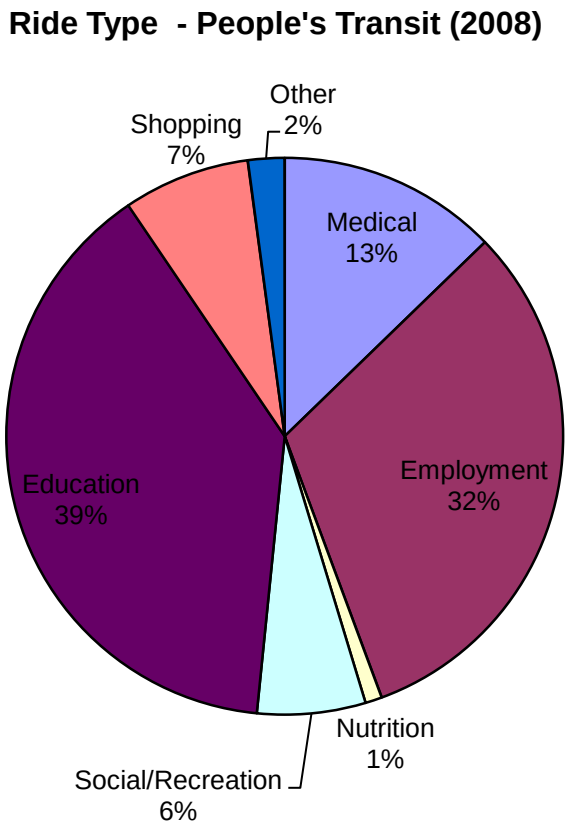

Figure 4.3 Ridership by Trip Purpose

Between 2004 and 2009 People's Transit's ridership increased by nearly 50% while its vehicle miles of service have more than doubled. This expansion in service, as measured by vehicle miles, has allowed People's Transit to respond to more trip needs both in the Huron area and throughout the county. It has also resulted in a reduction in efficiency as measured by passenger trips per mile or per vehicle hour. Nevertheless, People's Transit provides an estimated 7-8 passenger-trips per vehicle hour, a very high level of performance for rural demand-response services.

Figures 4.4 and 4.5 show recent trends in total expenses and expenses per mile, two frequently used measures of efficiency. Both total expenses and expenses per mile have increased, especially in 2008, as a result of the extraordinary fuel expense. The average expense per mile is projected to decline in 2010 because People's Transit will operate more miles, but expenses will not increase proportionately as fixed costs remain the same.

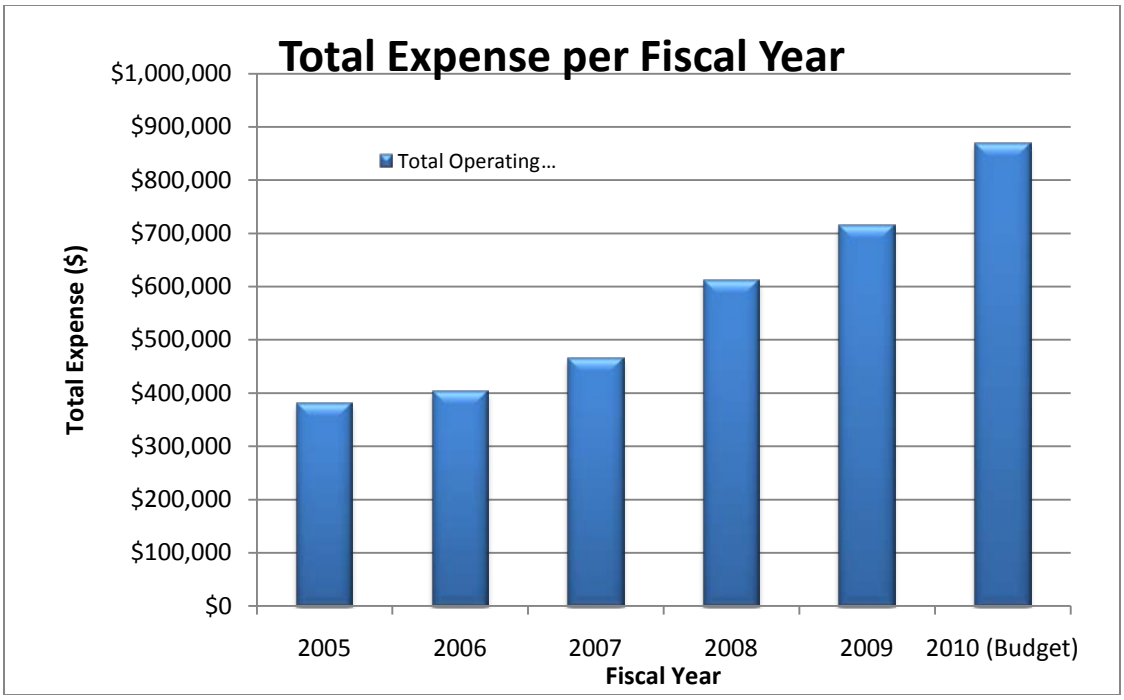

Figure 4.4 Operating Expenses (2005-2010)

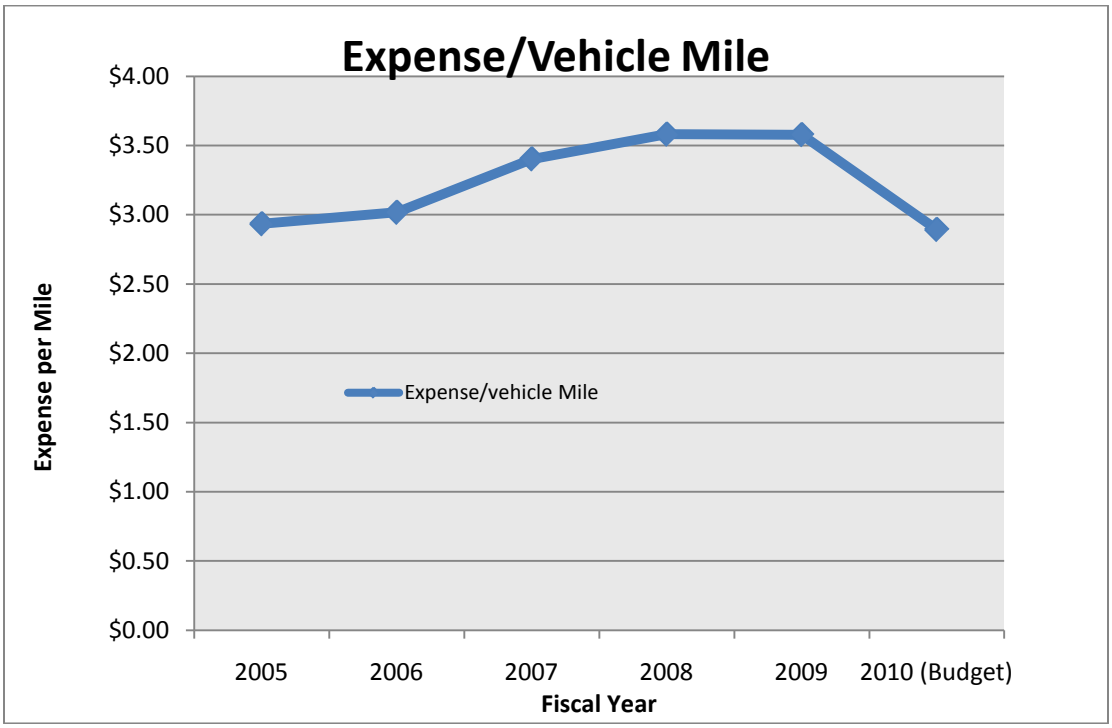

Figure 4.5 Operating Expenses Per Vehicle Mile (2005-2010)

Each of People's Transit services (in-town demand-response, out-of-town, and long-distance medical) perform differently when compared on the basis of one-way trips per vehicle hour – a key measure of performance. While People's Transit's overall performance is comparable or better than other similar systems, some of the services may be under performing. People's Transit's scheduling and dispatching software can produce reports on miles, hours and passenger trips by route, vehicle, time of day, etc. This data should be used to conduct a more thorough analysis of People's Transit's individual service performance.

4.2 Fare Structure

People's Transit's current fare structure is shown in Table 4.1 The fare charged depends on whether the rider makes an advanced reservation or requests same-day service, the length of the trip (for out-of-town trips), and the type of service. The basic advanced reservation fare is $2.75 per one-way trip but riders over 60 years-of-age are only asked to make a donation. School children when riding for group activities, receive a reduced fare of $2.50 per round trip. Nursing homes pay $7.75 per one-way trip. Assisted living centers pay a flat monthly fee for unlimited number of rides. Passengers requesting same-day service are required to pay a premium fare of $6 per one-way trip.

Trips just outside the city limits of Huron are $3.75 per one-way trip while longer distance trips are billed at $.95/mile plus $15 /hour. The work trip service to Dakota Provisions is billed on a per-vehicle trip basis.

Table 4.1 Fare Structure

Service Type	Advanced Reservation	Same Day
Local Demand Response Public Services		
Local demand-response service within city of Huron	$2.75	$6.00
Demand-response within 3 miles of Huron	$3.75	$7.00
Out-of-Town Transportation	$.95/mile + $15.00/hour	
Other Local Fares		
Youth (school and pre-school)	$2.50/round trip	
Nursing homes and other health facilities	$7.75/trip	
RSVP volunteers	$2.25/trip	
Passengers over age 60	Donation –	
Contract Rate – Dakota Provisions	$30/vehicle trip	
Churches and school age children	$2.75	
Multi-ride tickets		
10 punch ticket under age 60	**$27.50**	
20 punch ticket under age 60	$55.00	
20 punch ticket for 3 mile radius	$75.00	
20 punch ticket for over age 60	donation	

4.3 Scheduling and Dispatching

People's Transit uses state-of-the-art call taking, scheduling, and routing software and hardware to improve the efficiency of its operation and to take advantage of efficiencies that reduce expenses and increase the number of trips that can be performed within a limited number of driver hours that are available. People's Transit is one of nearly a dozen South and North Dakota rural transit systems that joined in a consortium in 2006 and 2007 to install routing and scheduling software provided by Shah Software. People's Transit can also track the location of all vehicles using the automatic vehicle location (AVL) capabilities of the Greyhawk Technologies software and onboard mobile data computers (MDC) installed on each vehicle.

People's Transit's policy is to require advanced reservations for most trips. Trips requiring advanced reservation must be called in the prior day during regular business hours of Monday – Friday from 8 a.m. – 4:30 p.m.

People's Transit employs one full-time dispatcher who take reservations and one full-time secretary who helps on the phones and also does billings and reports. After regular office hours, passengers are instructed to call a cell phone number that they are provided so that requests go directly to the driver to allow for same-day reservations and to schedule return trips; however, these drivers are not allowed to take future reservations. The weekend drivers also use a cell phone, but they do take reservations for same-day service that is provided at a premium fare.

People's Transit, as is the case with all demand-response transportation providers, must deal effectively with the problem of no-shows to maintain efficient operations. People's Transit's policy is that riders must be ready for a pick-up as much as 30 minutes before their appointment, and the bus will wait only five minutes past the pick-up time. Failure to be ready within this window results in a no-show violation. No-shows must pay the full fare for the trip they miss and may also loose riding privileges for excessive violations.

4.4 Maintenance

People's Transit provides for its own vehicle maintenance within its facility at 120 Wyoming Avenue SW in Huron. It has one bay available for bus and van maintenance. It outsources some maintenance including warranty work and major repairs. One full-time mechanic services the vehicles. The mechanic is responsible for scheduling routine maintenance and keeping maintenance records in an Excel spreadsheet.

The current maintenance arrangement works well for People's Transit and it has adequate facilities and personnel to care for the vehicles. The just-completed addition to the maintenance and storage part of the People's Transit facility allows for all vehicles to be stored inside thus reducing maintenance problems, especially in cold weather.

4.5 Human Resource Management

People's Transit is a stand-alone nonprofit corporation that currently employs 13 full-time and 2 part-time individuals. This employment roster includes one full-time manager, one full-time dispatcher, one full-time secretary, one full time mechanic and nine full-time drivers, and two part-time drivers. None of the employee groups is represented by a collective bargaining unit.

People's Transit has a personnel manual that outlines policies, rules, and benefits for all employees. Full-time employees receive health insurance, accrue vacation and sick leave plus they are eligible for People's Transit contributions to retirement savings. Part-time employees receive proportional benefits for sick leave, and vacation time

People's Transit's executive director is hired by the board and is responsible for hiring and firing all other employees. The board approves the number of positions that can be filled within each employee category

The executive director is responsible for managing the human resource function. The manager is responsible for all employee records, including employee performance and discipline records.

4.6 Financial and Management Information Systems

People's Transit's executive director is responsible for all bookkeeping operations. People' Transit uses QuickBooks software to keep its accounting records and is aided by a local accounting firm that prepares IRS 1099 forms and performs an annual audit. The secretary is responsible for depositing fares and other receipts and works with the executive director to manage accounts payable and receivables. The secretary is also responsible for preparing monthly, quarterly, and annual reports needed to obtain federal, state, and local contract reimbursement. Operating statistics and ridership records required for some of these programs are provided by the dispatchers who generate the reports using the scheduling and dispatching software.

People's Transit uses an accrual accounting system and has been able to meet all federal requirements of the National Transit Database. However, additional work is required to fine tune the collection of operating data for these reports.

People's Transit faces continued and increasing difficulty in raising the local match required for capital and operating grants. Like most other rural transit operations, the organization is not in a position to build meaningful reserves to cover future capital purchases and has difficulty with cash flow because it is unable to maintain an adequate working capital level. Because nearly all of People's Transit's funding is provided by federal, state, and contracting agencies on a reimbursement basis, People's Transit must float about two months' expenses on a regular basis.

It does not, however, have the equivalent of one-sixth its operating budget as a working capital reserve. One of the action items for this business plan is to build support through local match and increase the working capital available to the organization.

4.7 Marketing and Public Awareness Activities

The responsibility for People's Transit's marketing effort falls on the executive director with assistance from other administrative staff members. Like most small rural transit operations, the marketing function has a small budget ($18,000 for 2010). Therefore, the marketing activities must be low cost, but effective. Some of the activities undertaken by People's Transit within the past year include:

1. Project presentations
2. Job and service fairs
3. Collaboration with city, county, United Way, and Chamber of Commerce
4. Brochures (distribution to healthcare facilities, senior housing complexes, low-income housing projects, chamber of commerce, various businesses, etc.)
5. Radio ad sponsorship
6. Newspaper advertising
7. Vehicle advertising that also promotes People' Transit services

4.8 Vehicle Fleet

People's Transit operates a fleet of 17 vehicles. Approximately 14 vehicles are required during periods of maximum service so People's Transit usually has three to four vehicles in reserve. Several types of vehicles are used to meet current needs including minivans, small cutaway buses, larger buses, and, more recently, Sprinter vans.

Table 4.2 shows the current roster of vehicles. The average age of People's Transit's fleet is 4.8 years. However, if the 1996 school bus which is used only for the Dakota Provisions run is omitted from this calculation, the fleet age is 4.4. People's Transit's mix of vehicle size is sufficient for its current operations and has been greatly enhanced by the acquisition of the fuel-efficient Sprinter buses in 2006 and 2008.

People's Transit is fortunate that about half its fleet is relatively new with eight vehicles being acquired since 2008. However, the other half of the fleet is made up of mostly the 2003 cutaway buses that were a part of the statewide bus replacement program and that are now already seven years old. While most have a couple more years of service life, People's Transit needs a capital replacement plan to retire these vehicles in the next two to three years at a rate of two to four per year.

Table 4.2 Vehicle Roster (October 2009)

Vehicle ID	Year	Chassis	Body	Fuel	Accessible?	Capacity	WC Positions	Mileage*	Minimum Life Expectancy	Earliest Replacement	Desired Replacement
1	2003	Chevrolet	Astro Van	Gas	No	7	0	41,226	4	2007	2012
2	2003	Ford	Starcraft	Diesel	Yes	14	2	116,315	5	2008	2010
3	2003	Ford	Starcraft	Diesel	Yes	14	2	115,772	5	2008	2010
4	2003	Ford	Starcraft	Diesel	Yes	14	2	84,108	5	2008	2011
5	2003	Ford	Starcraft	Diesel	Yes	14	2	114,824	5	2008	2009
6	2003	Ford	Starcraft	Diesel	Yes	14	2	104,332	5	2008	2011
7	2003	Ford	Starcraft	Diesel	Yes	14	2	112,883	5	2008	2009
8	2003	Ford	Starcraft	Diesel	No	16	0	68,431	5	2008	2012
10	2002	Ford	Starcraft	Diesel	No	24	0	27,364	5	2007	2012
12	2006	Ford	Starcraft	Diesel	Yes	12	3	57,225	5	2011	2014
13	2006	Dodge	Sprinter	Diesel	Yes	11 or 3	3	33,332	5	2011	2014
14	1996	Ford	School Bus	Gas	No	40	0	148,498	5	2001	2011
15	2008	Dodge	Sprinter	Diesel	No	16	0	16,867	5	2013	2015+
16	2008	Chevrolet	Glaval	Diesel	Yes	12	2	14,115	5	2013	2015+
17	2008	Chevrolet	Glaval	Diesel	Yes	4	4	7,204	5	2013	2015+
18	2008	Chevrolet	Uplander	Gas	Yes	3	1	17,411	4	2012	2015+
19	2004	Ford	Star Eldorado	Gas	Yes	6	4	42,472	5	2009	2013
20	2008	Dodge	Sprinter	Diesel	Yes	6	2	108	5	2013	2015+
21	2010	Dodge	Caravan	Gas	Yes	4	2	coming soon	4	2014	2015+
22**	2010		Minivan	Gas	No	7	0	funded to still to be ordered	4	2014	2015+
23**	2010		Bus	Diesel	Yes	8	2	funded to still to be ordered	5	2015	2015+

* as of 10/1/09
** approved and funded with AARA funds, but still to be bid as of this writing

The major fleet issue facing People's Transit is obtaining matching funds to support a necessary vehicle replacement program. The details of a proposed replacement plan are presented in Chapter 5, but the bottom line is that People's Transit needs to acquire $150,000 - $250,000 worth of vehicles each year for several years. Assuming the usual federal funding is available, such a program will therefore require $30,000 - $50,000 in local match each year.

4.9 Facilities

People's Transit's administrative offices, bus maintenance, and bus storage activities are housed in a 113' x 62' pre-engineered building that People's Transit constructed in 2001 at 120 Wyoming Avenue SW on the western edge of Huron. In 2009 People's Transit constructed a 24' x 113' addition to the building so that all buses can now be stored indoors. With this addition, People's Transit's facilities are adequate for its current and near future administrative and dispatching office needs, and for bus maintenance and storage.

4.10 Performance Measures

One way that a public transit system can track its success in meeting its overall goals and objectives is to identify and report results of key performance indicators. These indicators can be used to track performance from one year to another and to compare the system's performance to that of other comparable service providers. These internal and external comparisons can be used to help policy board members and management monitor system performance, to establish related goals, and to modify operations, if necessary, in pursue of improved performance. Related findings can also be used to communicate the accomplishments of the system to funding agencies and the general public.

Commonly used performance measures include:

- One-way passenger trips
- Total vehicle miles
- Total vehicle hours
- Total operating expense
- Total revenue
- Expense per vehicle hour
- One-way passenger trips/vehicle hour
- On-time performance
- Number of road calls
- Number of non-policy related complaints

Some of the underlying data needed to calculate these measures is immediately available while others may require the implementation of additional data collection mechanisms.

At present, People's Transit does not have a formal performance-monitoring process. Related recommendations will be presented in Chapter 6.

5. SERVICE OPTIONS AND FIVE-YEAR OPERATING AND CAPITAL BUDGET

The purpose of this chapter is to project five-year operating and capital budgets for People's Transit. The challenge facing People's Transit and most other rural transit systems is to obtain sufficient funding to operate all of the services needed within their community because needs almost always out-strip funding. In the case of People's Transit, the ability to raise local matching funds will in large part determine the extent to which the agency can continue to operate at current or increased levels of service into the future. Without increased federal, state, and especially local funds, People's Transit will likely be required to shrink its operations.

The next section of this chapter summarizes and forecasts the financial aspects of People's Transit's existing services and the impact of future service reductions. It includes a five-year projection of operating revenue and expenses, and federal, state, and local financial support requirements based on assumptions about inflation of expenses and growth in revenue.

5.1 Proposed Service Changes

Because of severe limits on local funding for transit and because People's Transit has been able to grow over the past five years and meet the most obvious mobility needs of Beadle County residents, this business plan does not propose any service expansion over the next five years; rather, it considers service cut options if People's Transit is unable to obtain needed funds. The growth that People's Transit enjoyed over the past five years was made possible by increases in federal and state transit funding and adequate local matching funds. However, because these funding sources require local matching funds that have been increasingly difficult for People's Transit to obtain, the agency may not be able to sustain its current services into the future. Specifically, for fiscal year 2010, People's Transit will not receive any local contribution from the city of Huron or Beadle County and must meet the matching requirements by a combination of grants, fare revenue, and contract income. More detail on these funding sources is provided in section 5.4 of this chapter.

Rather than propose service expansion options, the budget presented in the next section only shows a continuation of existing services and then discusses possible reductions needed to maintain the local share at about the current level. Hopefully, increased local funding can be obtained so that cuts will not be needed.

5.2 Five-Year Operating Revenue and Expense Budget

Continuation of adequate funding is the most important issue facing People's Transit within the next five years. People's Transit has developed the capacity, in terms of vehicles, facilities, organization, and personnel, to provide a high level of demand-response transportation in the Huron area and to the outlying communities in Beadle County. People's Transit has grown rapidly within the past five years to meet the public transportation needs of its community but it may need to reduce, rather than expand, service if the local funding problem is not resolved.

The operating expense projections presented in Table 5.1 are based on assumptions that include the continuation of existing services with modest growth in ridership and expenses plus the service reduction option presented above. The capital budget presented later in Section 5.3 reflects the on-going cost of replacing vehicles.

Table 5.1 presents an estimate of revenue, expenses, and deficit shares for state, federal and local entities. The table shows two sets of projections using differing assumptions for growth in revenue, expenses, and state funding. The first, more optimistic set of assumptions assumes a 3 percent annual increase in expenses and a 2 percent growth in revenue and state funding. The second projection is more pessimistic and assumes a 4 percent increase in expenses, a 1 percent increase in revenue, and no growth in state funding. Further, since federal funding shares vary depending on type of expenses (e.g., operating versus administrative), the overall federal share is a blend of the two ratios and was about 63% in 2009. This same ratio is assumed for future years and also assumes that increased federal funding will be available to match increasing project expenses.

The projections of local share required over the next five years show that even with optimistic assumptions, People's Transit will need to increase local share by about 21% or about $37,000. More pessimistic assumptions lead to a local share requirement that would increase by 38% or about $66,000. People's Transit can cover the required increase by a combination of increased contract rates for services, because contract revenue can be counted as local match and local funding. Without an increase in local funding, People's Transit will be required to cut service. Because about 40% of People's Transit's expenses are fixed, service cuts would be substantial; perhaps as much as 20-25% based on annual vehicle miles. Chapter 6 includes an additional discussion of the options to obtain the needed matching funds.

Table 5.1 Five-Year Operating Budget Forecasts

Optimistic Assumptions	**2010 Budget**	**2011**	**2012**	**2013**	**2014**	**2015**
Total expense	$868,200	$894,246	$921,073	$948,706	$977,167	$1,006,482
Total revenue	$155,000	$158,100	$161,262	$164,487	$167,777	$171,133
Net project expense	$713,200	$736,146	$759,811	$784,218	$809,390	$835,349
Federal share	$450,514	$465,009	$479,958	$495,375	$511,275	$527,673
State share	$69,888	$71,286	$72,711	$74,166	$75,649	$77,162
Title III-B	$19,096	$19,096	$19,096	$19,096	$19,096	$19,096
Required local share	$173,702	$180,756	$188,046	$195,582	$203,370	$211,418
Total federal and local share	$624,216	$645,764	$668,004	$690,957	$714,645	$739,091
% Increase in federal share from base year	0.00%	3.22%	6.54%	9.96%	13.49%	17.13%
% Increase in local share from base year	0.00%	4.06%	8.26%	12.60%	17.08%	21.71%
Pessimistic Assumptions	**2010 Budget**	**2011**	**2012**	**2013**	**2014**	**2015**
Total expense	$868,200	$902,928	$939,045	$976,607	$1,015,671	$1,056,298
Total revenue	$155,000	$156,550	$158,116	$159,697	$161,294	$162,907
Net project expense	$713,200	$746,378	$780,930	$816,910	$854,378	$893,391
Federal share	$450,514	$471,472	$493,297	$516,026	$539,693	$564,337
State share	$69,888	$69,888	$69,888	$69,888	$69,888	$69,888
Title III-B	$19,096	$19,096	$19,096	$19,096	$19,096	$19,096
Required local share	$173,702	$185,922	$198,648	$211,901	$225,701	$240,070
Total federal and local share	$624,216	$657,394	$691,946	$727,926	$765,394	$804,407
% Increase in federal share from base year	0.00%	4.65%	9.50%	14.54%	19.79%	25.27%
% Increase in local share from base year	0.00%	7.04%	14.36%	21.99%	29.94%	38.21%

The expense estimates presented in Tables 5.1 are based on the application of a costing formula that takes into account how specific line items vary by mileage and hours of service and if they are fixed or variable. Table 5.2 shows the application of this model to People's Transit's 2010 budget. The result of the cost allocation is a formula for calculating expenses based on the number of miles and vehicle hours involved in providing a service.

As can be seen from Table 5.2, each line item in the budget is assigned to one of the three cost categories – miles, hours, or fixed. Mileage-related expenses include fuel, tires, and maintenance. Hour-related expenses include driver wages and fringe expenses. Nearly all other expenses do not vary as service is added or subtracted and therefore are considered fixed in the short run. As noted above, approximately 40% of People's Transit's expenses fall into this fixed category. Therefore, when calculating the expense associated with a service reduction, only the mileage and hour-related expenses are considered. The only exception to this is the inclusion of the cost of vehicle insurance if vehicles can be eliminated from the fleet.

Table 5.2 Operating Expense Unit Cost Model (Using 2010 Budget Data)

Budget Line Item	Total System	Cost Factor Allocation			
		1=Hours, 2=Miles, 3=Fixed	Hours	Miles	Fixed
Transportation Operations					
Driver wages	$245,556	1	$245,556	$0	$0
Driver benefits	$101,111	1	$101,111	$0	$0
Dispatcher wages	$31,167	3	$0	$0	$31,167
Dispatcher benefits	$14,611	3	$0	$0	$14,611
Jefferson Line driver salary	$12,000	3	$0	$0	$12,000
Jefferson Line driver benefits	$3,000	3	$0	$0	$3,000
Transportation expense			$0	$0	$0
Fuel	$55,167	2	$0	$55,167	$0
Other	$2,972	2	$0	$2,972	$0
Total Transportation Operations	$465,583				
-					
Maintenance Expense					
Mechanic wages	$46,111	2	$0	$46,111	$0
Mechanic benefits	$16,333	2	$0	$16,333	$0
Maintenance/repairs	$35,778	2	$0	$35,778	$0
Garage utilities/maintenance	$21,389	2	$0	$21,389	$0
Total Maintenance Expense	$119,611				
Insurance					
Vehicle	$43,806	3	$0	$0	$43,806
Workman's comp/building	$0	3	$0	$0	$0
Other	$12,000	3	$0	$0	$12,000
Total Insurance Expense	$55,806	3	$0	$0	
Administrative Expense					
Director salary	$62,000	3	$0	$0	$62,000
Director benefits	$16,000	3	$0	$0	$16,000
Jefferson Lines secretary salary	$3,000	3	$0	$0	$3,000
Jefferson Lines sec. fringe	$1,200	3	$0	$0	$1,200
Secretary salary	$28,000	3	$0	$0	$28,000
Secretary benefits	$8,000	3	$0	$0	$8,000
Assistant director	$30,000	3	$0	$0	$30,000
Assistant director benefits	$11,000	3	$0	$0	$11,000

(Table 5.2 continued)

Marketing/promotion	$21,000	3	$0	$0	$21,000
Office supplies/phone	$27,000	3	$0	$0	$27,000
Audit	$13,000	3	$0	$0	$13,000
Travel	$2,000	3	$0	$0	$2,000
Other	$5,000	3	$0	$0	$5,000
Total Administrative Expense	$227,200				
Total Expense	$868,200		$346,667	$177,750	$343,783
		Units	20,000	300,000	21
		Unit Cost Factor	$17.33	$0.59	$16,370.63

5.3 Capital Improvement Plan and Budget

The on-going operation of People's Transit will require, at a minimum, the replacement of existing vehicles. People's Transit operates a fleet of 17 vehicles (see Table 4.2 for a vehicle roster). Approximately 14 vehicles are required during periods of maximum service so People's Transit usually has three to four vehicles in reserve. Several types of vehicles are used to meet current needs including minivans, small cutaway buses, larger buses, and, more recently, Sprinter vans.

People's Transit is fortunate that about half its fleet is relatively new with eight vehicles being acquired since 2008. However, the other half of the fleet is made up of mostly the 2003 cutaway buses that were a part of the statewide bus replacement program and that are now already seven years old. While most have several more years of service life, People's Transit needs a capital replacement plan to retire these vehicles in the next two to three years at a rate of two or three per year. A capital replacement budget is presented in Table 5.3.

This capital plan calls for about $30,000 per year on average for local matching funds, or 20% of the estimated total expense of the vehicles. Raising this match is the issue facing People's Transit.

Table 5.3 Five-Year Capital Budget

Vehicle Type	**Estimated**	**2010**		**2011**		**2012**		**2013**		**2014**	
	2009 Cost*	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost
MiniVan	$36,500	0	$0	0	$0	0	$0	0	$0	0	$0
Cutaway bus 12/2	$70,000	2	$145,600	2	$151,200	3	$235,200	1	$81,200	1	$84,000
Sprinter	$80,000	0	$0	0	$0	0	$0	0	$0	1	$96,000
Mid-size bus/large bus	$100,000	0	$0	1	$108,000	0	$0	0	$0	0	$0
Total vehicles		2		3		3		1		2	
Total cost			$145,600		$151,200		$235,200		$81,200		$180,000
Federal/state share (80%)			$116,480		$120,960		$188,160		$64,960		$144,000
Local share (20%)			$29,120		$30,240		$47,040		$16,240		$36,000
*Future years increased by 4%/year											

5.4 Revenue Sources to Finance Capital and Operating Needs

This business plan outlines a five-year course of action designed to refine, but hold steady, the services provided by People's Transit and its internal operations. The challenge facing People's Transit's board and management is to attract the necessary federal, state, and local funding to make the plan a reality. The success of this plan will depend on factors beyond People's Transit's control such as the future level of regular federal transit funding, state funding programs, and special programs such as the recent stimulus efforts and congressionally designated grants. Local governments and other local agencies will also need to be willing increase their support of the transit operation.

The following sections identify the key sources of revenue available to People's Transit to implement this plan. The requirements of the funding sources and recent trends in levels of these sources are presented to provide a perspective on how People's Transit might achieve corresponding funding needs. These sources of funds are divided into two major categories including revenues that are generate by the services provided and grants, charitable donations, and local government funding that cover the match for capital expenses and most of the operating expenses incurred by People's Transit.

5.4.1 Operating Revenue

Operating revenue for a transit system such as People's Transit comes from three sources - fares and donations, other income, and third-party contracts for services. Each of these sources is discussed below along with the prospects for increasing future income.

Operating revenue, defined as income received through fares or contracts for providing rides and donations by riders and other individuals, provides a significant portion of People's Transit's non-grant income. Most of this income is received through fares paid by individual riders or third parties. For fiscal 2010, People's Transit has budgeted fare revenue to be $95,000 or about 11% of its total operating budget. The only ways to increase operating revenue from fares is to increase ridership or increase fares.

On July 1, 2008, People's Transit increased its advanced reservation fare from $$1.75 to 2.25. Three months later the fare was increased again, this time from $2.25 to $2.75; other fares were increased proportionately. The agency does not, however, want to consider another fare increase in the foreseeable future because of the negative impact such an action would have on low-income riders. Further, any significant increase in fare, while likely increasing overall revenue, will result in lower ridership – an outcome contrary to the mission of People's Transit.

Regarding contract services, People's Transit provides transportation under contract to human service agencies, educational institutions such as preschools and daycare programs, private employers, nursing homes, churches, and other nonprofit organizations. It also provides rides for Medicaid recipients. In 2009, People's transit received approximately $140,000 from contracts.

One feature of federal and state funding programs that is unique to transit operations is that transit systems may use these contracts either as operating revenue, which is the more traditional way of accounting for revenue received for providing a service, or as local match. The only requirement for transit systems is that they must cover 15% of their operating expenses from fares or local contributions (including contract income). Therefore, most rural transit systems, including People's Transit, treat a small portion of their contract income as operating income to reach the 15% threshold and then use the remainder to meet the local match requirement.

In the future, People's Transit is likely to continue to receive significant contract funding. However, if it is to obtain the required level of local matching funds, it will need to increase these contracts in future years. People's Transit is currently working with SURTC staff to rework contracts to assure that it receives sufficient funds to cover the costs of the services provided and to accumulate the needed local matching funds.

5.4.2 Federal Funding Programs

The primary source of federal support for small urban and rural transit systems such as People's Transit is federal Section 5311 formula funding that is provided to states for the purposes of supporting public transportation in areas of less than 50,000 population. Such funding for rural and small urban transit was first authorized in 1978 and was most recently reauthorized by Congress as part of the 2005 Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA–LU; Pub. L. 109–059). Of the appropriated funds, 80% are distributed by a formula that is based on the non-urbanized population of the states. The remaining 20% of the formula is based on land area.

The 5311 funds may be used for capital, operating, and administrative assistance to state agencies, local public bodies, Indian tribes, nonprofit organizations, and operators of public transportation services. Approved grantees may use these funds to pay for up to 82.82% of their system's administrative expenses and up to 51.76% for other operating expenses. Capital funding through this program provides up to 80% of the project expense. The non-federal portion of the operating or capital expense must be paid from state or local sources.

Future funding levels for the 5311 program, as well as the 5316 and 5317 programs described below, will depend on the outcome of the reauthorization of SAFETEA-LU which expired September 30, 2009. Because of other Congressional priorities, reauthorization is behind schedule and transit and other transportation funding has been extended at the 2009 levels through a series of continuing resolutions. Therefore, as this plan is written, the level of future federal funding is unknown. However, rural transit programs remain popular with the Congress and future reauthorization levels are likely to be higher than current levels.

The federal Job Access and Reverse Commute Program (JARC - Section 5316) is another revenue source for many transit programs such as People's Transit. JARC was first authorized in 1998 as part of The Transportation Equity Act for the 21st Century (TEA-21) and then reauthorized and expanded as part of SAFETEA-LU in 2005. It was established to address the unique transportation challenges faced by welfare recipients and low-income persons seeking to obtain and maintain employment. Of the funding for the JARC program, 20% is made available to non-urbanized areas through grants to individual states. The states, in turn, accept

applications and plans for these grants and decide on the transit systems that will be awarded grants. Federal funds can reimburse up to 50% of program operating expenses and up to 80% of associated capital expenditures.

Another popular funding program to transit systems such as People's Transit is the federal New Freedom Program (Section 5317). This program was authorized by SAFETEA-LU to provide funding to allow transit organizations to offer transit services that are above and beyond those required by the Americans with Disabilities Act. Like the JARC program, the New Freedom Program for non-urbanized areas is administered through the states. Federal funds can reimburse up to 50% of operating expenses and up to 80% of capital expenditures.

People's Transit was one of five South Dakota rural transit systems to receive JARC and New Freedom funds administered by SDDOT and has received $68,175 since 2007. Both JARC and New Freedom program funds must be reauthorized by Congress in order to continue beyond the current continuing resolutions. Therefore, it is difficult to project future grants to People's Transit from these programs.

One alternative being considered as part of the reauthorization process is to combine these programs with other operating grant programs and to allocate associated funds using the same formula. Under this scenario, and assuming that rural transit continues to receive favorable support, People's Transit should be able to obtain the same level, or perhaps increased levels of operating funds, for the types of jobs and accessible transportation services funded by the 5316 and 5317 programs.

5.4.3 State Funding Programs

SDDOT provides operating assistance to rural transit systems using state general funds. In fiscal 2008, SDDOT distributed $696,212 in operating assistance to the 21 rural systems eligible for the program. The state funding allocation has two components - base level funding and an incentive program. The allocation of base level funds is based on past assistance levels and the amount of funding appropriated. For the past few years, base level funding has remained constant and SDDOT has used new state monies to fund the incentive portion of the grant program. Systems receive incentive funds if they have increased ridership, added service (vehicle miles), and/or reduced operating expenses per vehicle mile. Not all systems receive incentive funds. People's Transit has, however, received extra funding for the past few years because of its efforts to significantly expand services.

The level of state funding is determined annually by the state legislature. While the transit industry continually works with members of the legislature to increase state funding, no specific legislation is pending to identify new sources of funds or to significantly increase funding.

SDDOT's Office of Local Transportation Programs and the South Dakota Department of Social Services (Division of Adult Services and Aging) work closely on matters pertaining to transportation services for elderly and disabled individuals. Each year, the Division of Adult Services and Aging allocates federal Older Americans Act Title III-B funding which is disbursed through the SDDOT to offset related transportation costs incurred by eligible agencies.

In fiscal 2008, $285,811 in Title III-B funding was distributed to the 21 rural transit operations in South Dakota. Total funding for this program has not grown in recent years and future funding is expected to remain stable. Furthermore, the amount received by each system is based on shares determined many years ago and may have little to do with the number of senior or disabled persons currently being transported. People's Transit receives just over $19,000 per year from this program and little growth can be expected.

5.4.4 Local Government Funding

While operating revenue (fares and contracts) and federal and state grants typically cover the majority of the capital and operating expenses incurred by rural transit systems, these programs also require direct local contributions for match. Obtaining these local funds is a significant problem, not only for People's Transit, but also for most rural transit systems. Fortunately, People's Transit is able to cover most of its local match requirements with contracts and charitable grants such as the one it receives from the United Way. Nevertheless, local government contributions are crucial to People's Transit's current and future success. People's Transit received $10,000 from the city of Huron when it expanded its hours of service in 2008. No additional city monies have been received since that time. Until recently, Beadle County has provided People's Transit $9,000-$10,000 annually but no money has been committed for 2010.

While all local governments have increasing demands on their often-dwindling resources and both the city and county, as well as other communities within the county, face severe fiscal pressures, the case can and should be made for continued and increasing support of transit because transit supports many other local programs and economic development. People's transit performs a needed human service by connecting individuals with jobs, medical care, and other necessary services. It also performs an extremely beneficial service to parents by transporting children to day care, school, and after school programs. Lack of transit would place an extreme hardship on Huron and Beadle County residents.

6. SUMMARY AND KEY ACTION ITEMS

People's Transit can trace its roots to a program started more than 35 years ago to respond to the mobility needs of residents of Beadle County. People's Transit, a stand-alone nonprofit corporation, was established in 1997 to expand mobility options for residents by providing public transit and also to promote coordination of all transportation services in the region. People's Transit has been successful in achieving its mission and, especially in the past five years, has experienced significant growth in ridership and the amount of service it provides.

While People's Transit has seen its ridership increase by 50% in the past five years and the number of miles travelled has more than doubled, the transit system's ability to grow and meet other mobility needs is threatened by a lack of assured local matching funds for both capital and operating expenses. The result is that, unlike other business plans being prepared for systems in South Dakota, this plan does not call for any expansion of service and, rather, focuses on maintaining current services in light of the funding limitations.

As discussed in Chapter 5, state and federal funding for rural public transportation has grown dramatically in the past 10 years, and this availability of funds has allowed People's Transit to grow and thrive. Through this rapid growth period, People's Transit was able to assemble the necessary matching funds via local cash support and service contracts that can be used to match state and federal grants. The ability to continue this matching effort is in doubt.

Federal transit programs that fund rural systems like People's Transit will be reauthorized within the next two years and it is likely that rural transit will continue to be a federal priority, thereby making additional funds available for existing and expanded services. However, these programs are also likely to require significant matching funds. People's Transit may, therefore, not be able to access this increase in federal funding without a change in the level of local contributions.

Therefore, the biggest challenge facing People's Transit is to obtain adequate federal, state, and, most importantly, local funding to continue and expand its services and to obtain funding to provide the vehicles and other capital needs to carry out its mission. The intent of this business plan is to guide these future initiatives and to aid People's Transit in communicating its vision for the future of public transportation to area residents, policymakers, and funding agencies.

The preceding chapters of this business plan included a review of People's Transit's current services, organization, management, vehicles, and facilities. That review also included an analysis of People's Transit's current financial condition and projections regarding future financial requirements for both capital and operating expenses. The following subsections present related findings and recommendations.

6.1 Organization and Governance

People's Transit is organized as a non-profit corporation – a typical and effective structure for providing public transportation services. People's Transit is governed by an active and supportive six-member board of directors that is representative of the clientele being served and leaders within the community.

People's Transit's organizational chart includes a full-time manager, a dispatcher, a secretary, a mechanic and nine full-time and two part-time drivers. The current structure has evolved over the years in response to service needs and to maximize the contributions made by existing employees. The current structure and number of positions is adequate for the present level of service, but it has several drawbacks that need to be addressed. As indicated in Chapter 2, People's Transit's organizational chart explicitly recognizes board involvement in day-to-day activities of the system as a solution to a possible issue resulting from family members reporting to other family members within the organization. Further, the current organizational chart is flat with all employees reporting to the executive director. A third problem, succession, is discussed below.

One solution that addresses all three of these drawbacks to the current structure is the addition of an operations supervisor between the executive director and the drivers and mechanics. As shown in Figure 6.1, this reorganization would result in three individuals reporting directly to the executive director - the dispatcher, the secretary, and the operations supervisor, thereby reducing the number of employees who report to the executive director. The operations supervisor would be the supervisor of the head mechanic, thus putting some organizational separation between family members. This organizational change would, in effect, create an assistant executive director (the operations supervisor) and would allow the person in that position to gain experience necessary to understand the entire transit operation and to serve as a transitional manager at some point in the future.

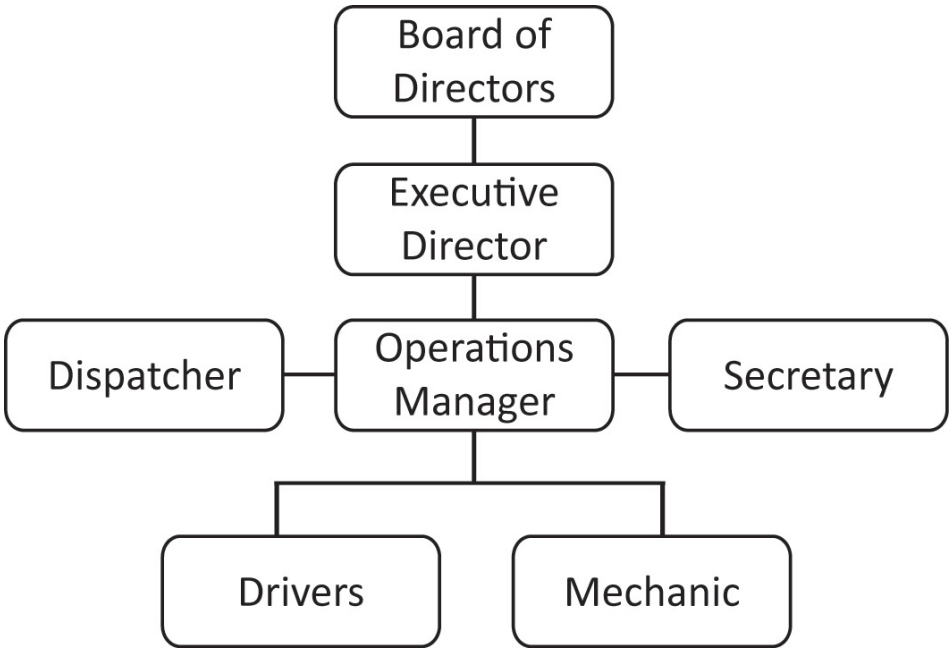

Figure 6.1 Proposed Organizational Chart

6.2 Succession Planning

The genesis of People's Transit's operations came over 35 years ago. It started as a small, local service that was created to augment a local nutrition program in Huron. Since that time it has grown to provide nearly 170,000 rides a year and operate 17 vehicles.

During all but five years of its history, People's Transit has had only one executive director. Much of the program's success can be attributed to that individual. As is the case in all long-standing organizations, executive leadership must eventually change. People's Transit needs to position itself for eventual changes and to groom other personnel to assume leadership positions within the organization. This process can be facilitated by providing related training and a restructuring that delegates authority and responsibility to future leaders. This delegation provides entrusted individuals with valuable experience and gives the organization an opportunity to observe related performance and make assessments concerning subsequent promotions.

Implementing the organizational structure discussed earlier would facilitate this leader identification and grooming process but other approaches may also be pursued to identify and prepare People's Transit's future leaders. Regardless of the approach used, steps must also be taken to provide leadership training to key management personnel.

6.3 Market for Transit in Service Area

People's Transit provides extensive public transportation services within the city of Huron and the immediate surrounding area. It also provides limited service to several rural communities and provides medical transportation between Huron, and Brookings, Sioux Falls, Mitchell, Madison, and Sioux Falls. Its services are concentrated in the Huron area because that area contains more than two-thirds of the county's population. The population density of that portion of the county also contributes to service efficiency.

People's Transit provides education-related trips and also coordinates with nursing homes and other facilities to meet their needs. Overall, People's Transit achieves a high level of market penetration as measured by one-way trips per capita as compared to other rural systems. With approximately 170,000 one-way trips and a population of about 17,000 county-wide, People's Transit achieves a trip rate of about 10 one-way trips per capita as compared to a national rural transit average of less than half that rate. Nevertheless, People's Transit still has market opportunities in rural areas for all types of trips and in Huron for general public trips. The most significant impediment to realizing the potential of these markets is obtaining funding to allow for increases in service.

6.4 Services, Management, Vehicles, and Facilities

Chapter 4 provided a review of each major aspect of People's Transit's service and internal organization for the purpose of identifying changes and initiatives that People's Transit can undertake within the next five years to accomplish its mission and objectives. The following are the key findings from each of the nine areas addressed.

6.4.1 Services

People's Transit provides a high level of demand-response service to the Huron area along with modest coverage of outlying areas throughout the county.

Overall operating efficiency, as measured by one-way trips per vehicle hour, is good and in the range of 7-8/hour. More detailed analysis of individual services and service areas should be undertaken using data available from Shah Software reports.

The availability of local matching funds will determine whether People's Transit can maintain its current level of service or even expand slightly in the future. However, without local funding, services may need to be reduced.

6.4.2 Fare Structure

People's Transit has a simple fare structure that reflects the distance traveled and whether riders make advanced reservations or request same-day service. People's Transit may need to raise its $2.75 per trip fare within the next several years to obtain additional revenue.

6.4.3 Scheduling and Dispatching

People's Transit uses state-of-the art scheduling, dispatching, routing and AVL hardware and software. No changes are anticipated in this area. However, People's Transit staff should make use of the many operating reports available through the software to better understand current operations and gain operating efficiencies.

6.4.4 Maintenance

People's Transit employs one full-time mechanic and has sufficient resources to maintain its fleet. Replacement of the 2003 buses will reduce the maintenance load on the mechanic as will the benefits of indoor storage provided by the recently completed garage addition.

6.4.5 Human Resources

People's Transit's existing administration of human resource-related activities appears to be adequate and well-suited of an operation of its size. No significant changes are recommended. However, People's Transit should review and revise its personnel manual within the next year.

6.4.6 Financial Management

As part of a transition plan, People's Transit should consider ways to shift day-to-day responsibility for accounting and financial management away from the executive director to other staff or outside support. While having the executive director perform this function is a great way to ensure that the executive director understand the financial status of the system, it is unusual for a rural transit system's executive director to have primary responsibility for this function.

People's Transit's board of directors should adopt a working capital policy that specifies a goal of having an amount equal to one to two months expenses in reserve to cover current working capital needs.

6.4.7 Marketing

The only possible change in marketing would be development of a simple website that would provide information on services available, fares, and how to use the People's Transit service. This same marketing information could be available in a pamphlet form and supplement the current brochure that focuses on rider policy and procedures, but does not focus on how to use the service, how much it costs, etc.

6.4.8 Vehicle Fleet

The current fleet of 17 buses and vans is up to date and meets People's Transit's current needs. The agency will need to plan for the replacement of two to three vehicles per year to keep its fleet up to date, efficient and reliable.

6.4.9 Facilities

People's Transit's current facility at 120 Wyoming Avenue SW in Huron is modern and adequate for its administrative, bus storage, and maintenance needs now and for the next five years.

6.5 Funding

People's Transit's operating budget is more than $850,000 and has grown rapidly over the past five years as services have expanded. This growth period for People's Transit was made possible by substantial increases in federal funding for the federal Section 5311 rural transit program and by People's Transit's success in being awarded special funding grants for job access and for persons with disabilities (Section 5316 and 5317). The agency's ability to continue its existing level of service is most severely constrained by its ability to obtain local matching funds.

6.6 Key Action Items

This business plan contains several recommendations for internal changes and for efforts to increase funding so that People's Transit can continue to accomplish its mission and deliver high-quality public transit service to Beadle County. To help focus attention on these recommendations and to provide milestones for accomplishing them, three key action items are presented in Table 6.1, along with key dates and assignments of responsibility. This table can be used to monitor the success of the plan over the next few years.

Table 6.1 Key Action Items 2010-2014

Action Item	Implementation Date(s)	Total Operating and Capital Costs	Person Responsible for Implementation	Key Milestones
1. Fine tune the internal organization by creating a position of operations supervisor and splitting accounting responsibilities	October 2010	$15-20,000 operating expense for Operations Manager (also some driving responsibility)	Executive director and board	Include in 2011 budget by summer 2010 Select person for position (give priority to internal candidate) by October 1, 2010
2. Seek additional contract services and income. Seek additional contracts	Revise and renegotiate existing contracts as they expire. Develop service options and fares/pricing for new contracts	Existing staff time	Executive director and board	Revise existing contracts by end of fiscal 2010. Obtain at least one new contract each year.
3. Obtain cash funding contributions from city of Huron, Beadle County, and other local communities	October 2010	Existing staff time	Board of directors and executive director	Use this business plan to develop presentation for local governments and to solicit community support for local funding by December 2010. Obtain commitments from Huron and Beadle County for fiscal 2011 by 12/30/10

6.7 Proposed Performance Measures

The business plan proposed for People's Transit is very challenging and will require attention to details to ensure the efficiency and effectiveness of the service it provides. One way that a public transit system can track its success in meeting its overall goals and objectives is to identify and report results of key performance indicators. These indicators can be used to help policy board members and management monitor and modify policies and procedures. They can also be used to communicate the accomplishments of the system to funding agencies and the general public.

Table 6.2 presents a suggested list of statistics and indicators that People's Transit should compile, use for internal management, and report to its board and outside organizations and individuals. Most indicators can be reported monthly, though the financial indicators require revenue and expense data that may only be available on a quarterly basis. People's Transit already collects most of the data required to develop this performance report. People's Transit only began collecting vehicle hour statistics within the past two years as a result of changes in FTA reporting requirements, but this statistic is a key to monitoring both fixed-route and demand-response services. Further, the expense-per-hour statistic, to be most meaningful, should reflect expense data reported on an accrual basis, not a cash basis, because the hours and expenses should cover the same time period.

The three quality-of-service measures identified in Table 6.2 will require collection of three new pieces of information. The complaint and road call measure will require People's Transit to develop a tracking system for these items that could be as simple as having maintenance personnel fill out a road call slip when an unscheduled vehicle switch-out occurs and then tabulating the results in the office each month or quarter. Likewise, complaint tracking can be accomplished by a short form that indicates the time, date, person complaining, and nature of the complaint along with resulting follow-up actions. People's Transit's Shah Software scheduling and dispatching system can provide the important, but typically hard to track, on-time performance information.

Table 6.2 Proposed Approach to Performance Monitoring

Key Performance Statistics	Definition and Purpose	Source of Data	Method of Comparison	Goal	Guideline or Standard
One-way trips	The number of one-way passenger trips provided during the period for the entire system. Purpose is to track growth or decline in the use of the service.	Scheduling and dispatching software reports	Time series by month for system	In line with budget and increasing	NA
Total vehicle miles	Vehicle miles driven to provide transit service. Indicates the amount of service offered and is important to compare to budget assumptions.	Scheduling and dispatching software reports based on driver logs	Time series by month for system	In line with budget	NA
Total vehicle hours	Measures the total amount of time measured as vehicle hours that were available to offer service. Because driver wages and benefits are the largest single expense, this is a key measure to track to ensure budget compliance.	Scheduling and dispatching software reports based on driver logs	Time series by month for system	In line with budget	NA
Total operating expense	Measures the total operating fund outlays reported monthly on an accrual basis.		Time series by month for system	In line with budget	NA
Total revenue	Measures total income from riders, other operating revenue, and service contracts		Time series by month for system	In line with budget	NA
Expense per vehicle hour	Total operating expense divided by vehicle hours of service provided during the period.	Financial reports and reports from scheduling and dispatching software	Time series by month, also compare annually to other peer systems	In line with budget	Increasing by less than inflation

(Table 6.2 continued)

One-way trips/vehicle hour	Key measure of overall system productivity that measure the fit between the number of hours of service provided and the demand for the service. Calculated by dividing one-way trips by vehicle hours. Can be calculated and tracked for system and for individual routes or services.	Scheduling and dispatching software reports	Time series by month, also compare annually to other peer systems	Improvement from year to year	Typical range for demand response system is 2 - 6 one-way trips/hour
Percent trips on time	Defined as percentage of trips provided within the "on-time" window for the demand response service, e.g., within + or - 15 minutes of the scheduled time. A key measure of quality of service.	Scheduling and dispatching software reports	Time series by month	100% on time is goal	Set an internal standard (example: 90%+ or - 15 minutes of requested pick-up
Number of road calls	Defined as the number of vehicle service interruptions that result in passenger delays and/or require a non-scheduled vehicle switch. A key measure of service quality and maintenance effectiveness.	Either separate paper log or from entries in scheduling and dispatching software reports	Time series by month	Zero is the goal, but not likely so reduction over time	No standard
Number non-policy complaints	Non-policy complaints relate to on-time performance, driver conduct or attitude, or other concern about the quality or safety of service. It does not include complaints such as areas not served, hours of service, or fare level.	Separately kept paper log and file	Time series by month	Zero is the goal, but unlikely, so reduction over time is the goal	No standard

6.8 Future Business Plan Updates

The information presented in this plan and resulting recommendations are based on a snapshot of People's Transit's operations. As has been apparent over the past five years, large and often unexpected changes occur in both the opportunities to serve and the challenges to assemble the resources needed to provide service. Such uncertainty about the challenges and opportunities will not change in the future.

One of the biggest uncertainties facing People's Transit and other rural transit providers is the level of funding and priority initiatives that will result from reauthorization of federal transit programs. This reauthorization should have been completed by now, but will surely occur during the first two years of this business plan. Because federal funding provides such a significant part of People's Transit's funding, the new legislation is sure to impact People's Transit's ability to implement this plan.

Likewise, other funding and service opportunities and challenges may alter this plan much like the federal ARRA stimulus funding that allowed People's Transit to add to its building and acquire vehicles without local match. Certainly People's Transit's staff and board must be ready to respond to new opportunities when they present themselves and also be able to adjust to both external and internal events. Therefore, this plan should be viewed as a roadmap for the next five years that must be constantly reviewed and revised as circumstances change.

People's Transit should review this plan at least once a year and perhaps prepare a short addendum that updates financial and operating trends and, more importantly, reports on success in accomplishing key milestones. Adjustments in the specifics or timing of key milestones can be addressed at that time.

In addition to this annual review, People's Transit should consider a major update of the plan in three to five years, or sooner if some sort of disruptive challenge or opportunity presents itself. Likewise a significant change in service priorities or new program opportunities might trigger a major revision. Such changes may result from federal or state transit legislation, significant increases or decreases in funding, new service opportunities, significant personnel changes, or local or regional opportunities related to the coordination of services.