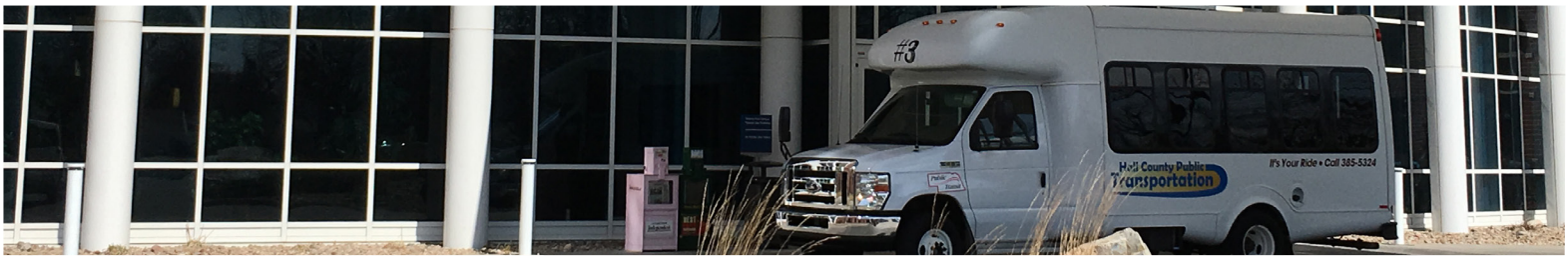


CHAPTER 4 TRANSIT ALTERNATIVES

4.1 Introduction

The future alternatives were developed and shaped by multiple factors. The factors included the vision and goals articulated early in the process, historical ridership and boarding / de-boarding data, transit need, gaps, evaluation of transit delivery in peer cities, input from the community, key stakeholders, rider and community surveys, and consideration of realistic services within the community.

4.2 Alternatives

Four primary alternatives were developed for the Grand Island and Hall County Region.

1. Status Quo
2. Same-day Demand Response
3. Flexible Route Service
4. Fixed Route Service

Five additional services were also examined for their potential application to service Grand Island area residents and employees

5. Regional Airport Service
6. Commuter Express Routes
7. Rideshare Program
8. Vanpool Program
9. Autonomous Vehicle Technology

Hall County Public Transportation

The four primary alternatives (Status Quo, Same-day Demand Response, Flexible Route Service, and Fixed Route Service) are exclusive alternatives, meaning only one of these alternatives would be implemented. Each of the additional services (Regional Airport Service, Commuter Express Routes, Rideshare programs, and Vanpool programs) could theoretically operate alongside any of the other additional services, or with one of the primary alternatives. Autonomous vehicle technology, when sufficiently developed, could also be incorporated into any of the alternatives.

To determine how each alternative met the goals of the study and the goals of the GIAMPO area, the alternatives were analyzed with a variety of criteria, including:

- Market segment comparison of service
- Projected ridership
- Operating and capital cost estimates
- Access to activity centers
- Access to job sites
- Likelihood of implementation
- Stakeholder reception

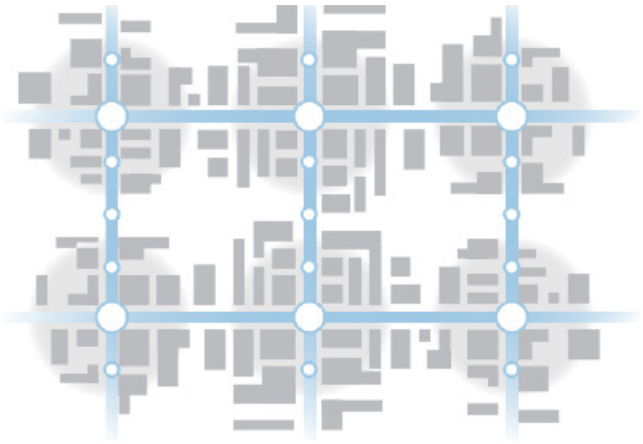
4.2.1 Status Quo

The minimum level of service for transit evaluation is to review the option, Status Quo, which involves no change in Hall County Public Transportation services. This option may be appropriate when the existing needs are met or if budget constraints are in effect during specific time periods. One of the primary factors impacting Grand Island over the next 10 to 20 year planning period is population projections for the region, which will result in an increase in the demand for transit service. Overall ridership has been constant and slowly increasing over the last few years.

The existing service is 24-hour reservation, demand-response service. The annual cost is approximately $490,000. The annual revenue hours are 14,705 and 170,500 annual revenue miles. The annual ridership is approximately 35,000, with a cost per passenger trip of $13.97.

Based on the information presented in Tech Memo 1 of baseline conditions and goals for the study and within this Tech Memo 2, the Status Quo alternative is not a long-term sustainable transit alternative that will meet the needs, goals, and objectives of the community or the stakeholders. The purpose of this analysis is to determine if there is a more effective way to have the transit system function in order to meet the needs of the community and to analyze the system impacts of developing new and additional transit services to meet the needs of the community's residents.

The advantage of maintaining the existing transit service and transportation provider is there is little or minimal additional cost for the City of Grand Island. The major disadvantage of maintaining the Status Quo is the City will only meet a few of the community's stated needs or improve the identified system issues.



Grid System

4.2.2 Same Day Demand Response

Today, residents must make reservations 24-hours in advance. Transit Alternative 2 allows residents to have same day demand response service (ability to have a bus at pickup within a three-hour notice or shorter). The Same Day service provides a higher level of service to passengers by allowing them more flexibility in scheduling trips, and the freedom of not having to schedule service a day in advance.

Hall County Public Transportation currently uses Route Match, the trip scheduling software, to assist in scheduling and dispatching service. For Same Day Service, the software will require an upgrade to accommodate last minute scheduling. Same day service requires three additional vehicles to be in service, beyond the current service.

Same Day Service in North Platte

The Same Day Service option picks up passengers at the curb and takes them directly to the curb of their destination, anywhere within the urbanized area. In addition, general public demand response service would be available for all persons outside the urbanized area of Grand Island, with required 24-hour advance reservations. Service hours would be extended to 6:30 pm, Monday through Friday. Operating information can be found in **Table 4.1**.

Table 4.1: Same Day Demand Response Operating Information

	Today	Same Day Response
Service Days	M - F	M - F
Hours	6a - 5p	6a - 6:30p
Peak Vehicles	7	10
Annual Rev Hrs.	14,377	21,089
Annual Oper. Cost	$490,000	$738,098
Local Oper. Share	$193,377	$361,668
Ridership	35,000	84,354
Cost per Trip	$14.10	$8.75

	Operating	Capital (10 Veh.)	Capital (Other)	Total Costs
Federal	$376,430	$560,000	$48,000	$984,430
State	$-	$-	$-	$-
Local	$361,668	$140,000	$12,000	$513,668
Total	$738,098	$700,000	$60,000	$1,498,098

Note: The cost does not include demand response for service outside urbanzied area of Grand Island.

4.2.3 Flexible Route Service

The Flexible Route service alternative features two routes operating in Grand Island, with the option of calling into the office for a route deviation if the rider is unable to walk to the bus stop. When trip deviation requests are made, the bus deviates off the route to pickup or dropoff passenger, then travels back to the scheduled bus route. Trip deviations must be requested a day in advance. The two routes would operate every 60 minutes.

Passengers board a bus at a designated bus stop along the route, or for an additional fee, make an advanced reservation to either be dropped off or picked up at any location within ¾-mile of the regular route. In addition, high demand locations, such as JBS, could be scheduled as regularly scheduled service at various times throughout the day, even if these locations are not on the fixed alignment. The Flexible Routes primarily serve portions of the following corridors in Grand Island:

- US 281 / Dier's Avenue
- Old Potash Highway
- Downtown, along portions of 1st, 3rd, and 4th Streets
- 13th Street
- Oak Street
- Faidley Avenue
- Webb Road
- Lincoln Avenue
- Broadwell Avenue
- Capital Avenue
- Locust Street

Service hours would be until 6:30 pm. The Flexible Route service is similar to a traditional fixed route service, with branded vehicles, brochures with route maps and service schedules, and bus stops with signs, and shelters at high ridership locations. In addition to the Flexible Route Service, general public demand response would be available for all persons outside the deviation area, which is within the urbanized area of Grand Island. Outside the urbanized area, general public demand response service would be available for all persons, with a required 24-hour advance reservation. **Figure 4.1** presents the proposed routes for the Flexible Route service alternative. **Table 4.2** shows the operating information for this alternative.

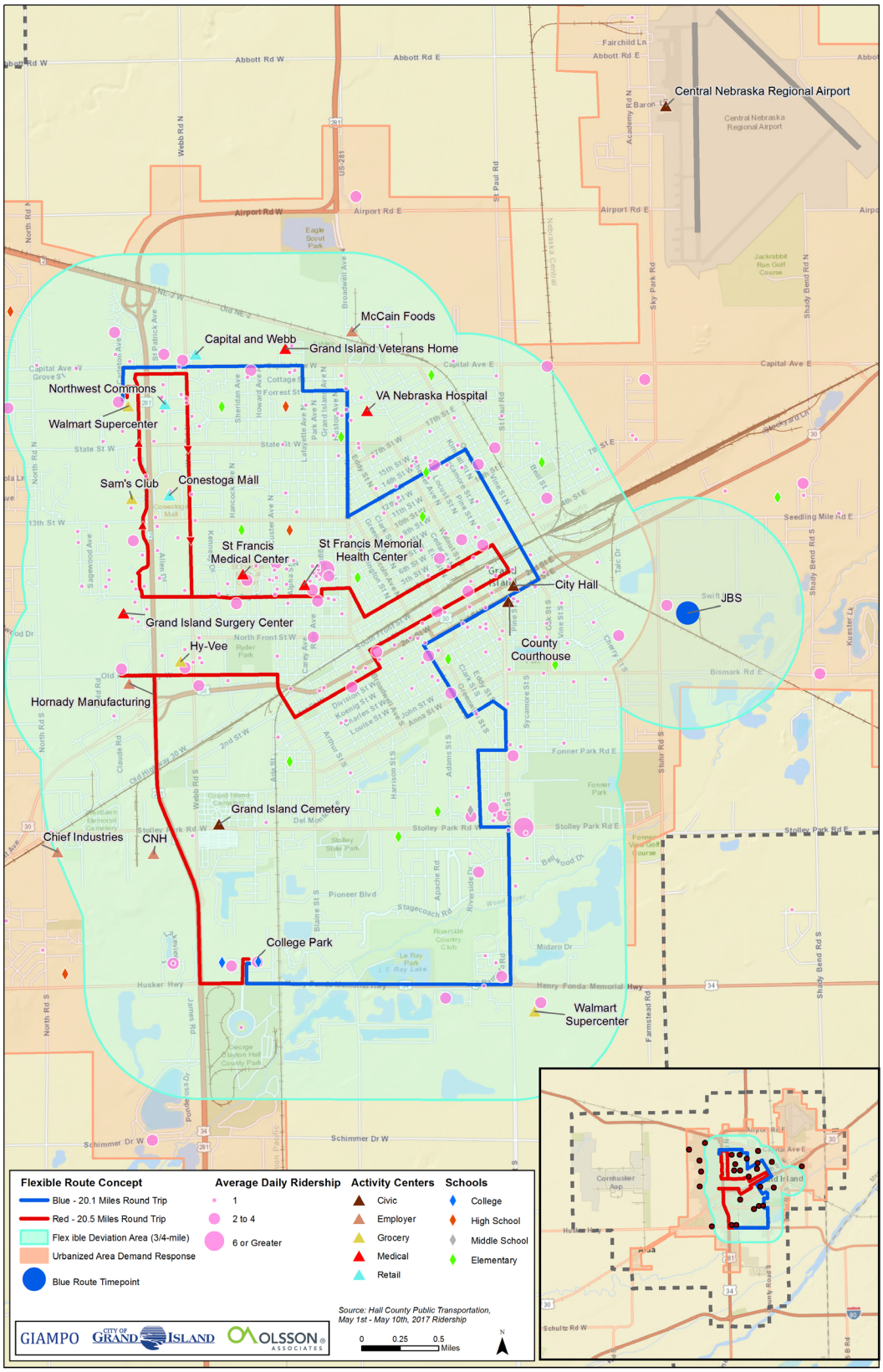
Table 4.2: Flexible Route Service Operating Information

	Today	Flexible Route Service
Service Days	M - F	M - F
Hours	6a - 5p	6a - 6:30p
Peak Vehicles	7	6
Annual Rev Hrs.	14,377	19,125
Annual Oper. Cost	$490,000	$682,549
Local Oper. Share	$193,377	$334,449
Ridership	35,000	102,000
Cost per Trip	$14.10	$6.69

	Operating	Capital (7 Veh.)	Capital (Other)	Total Costs
Federal	$348,100	$392,000	$481,200	$1,221,300
State	$-	$-	$-	$-
Local	$334,449	$98,000	$120,300	$552,749
Total	$682,549	$490,000	$601,500	$1,774,049

Note: The cost does not include demand response for service outside urbanzied area of Grand Island.

Figure 4.1: Flex Route Service Alternative



4.2.4 Fixed Route Service

The Fixed Route Service alternative has three scheduled routes throughout Grand Island, operating every 60 minutes. All passengers get on the bus and off at scheduled bus stops along each route. Eligible passengers who are unable to walk to the bus stop due to a physical or medical disability, have complementary curb-side paratransit service available to them, if the resident lives ¾-mile of the designated fixed bus route. **Figure 4.2** shows the proposed routes for the Fixed Route Service alternative.

Bus Stop in Tulsa, Oklahoma

Fixed Route Service hours operate until 6:30 pm, Monday through Friday. The Fixed Route service will have branded vehicles, brochures with route maps and service schedules, designated bus stops, and shelters at high ridership locations.

The routes serve portions of the following corridors in Grand Island:

- US 281 / Dier's Avenue
- Old Potash Highway
- Downtown, along portions of 1st, 3rd, and 4th, Streets
- 13th Street
- Oak Street
- Sycamore Street
- Faidley Avenue
- Webb Road
- Lincoln Avenue
- Broadwell Avenue
- Capital Avenue
- Locust Street
- Husker Highway

Kingman (Arizona) Area Regional Transit Bus

In addition, general public demand response would be available for all persons outside the urbanized area of Grand Island. **Table 4.3** provides a summary of the Fixed Route Service option.

Figure 4.2: Fixed Route Service Alternative

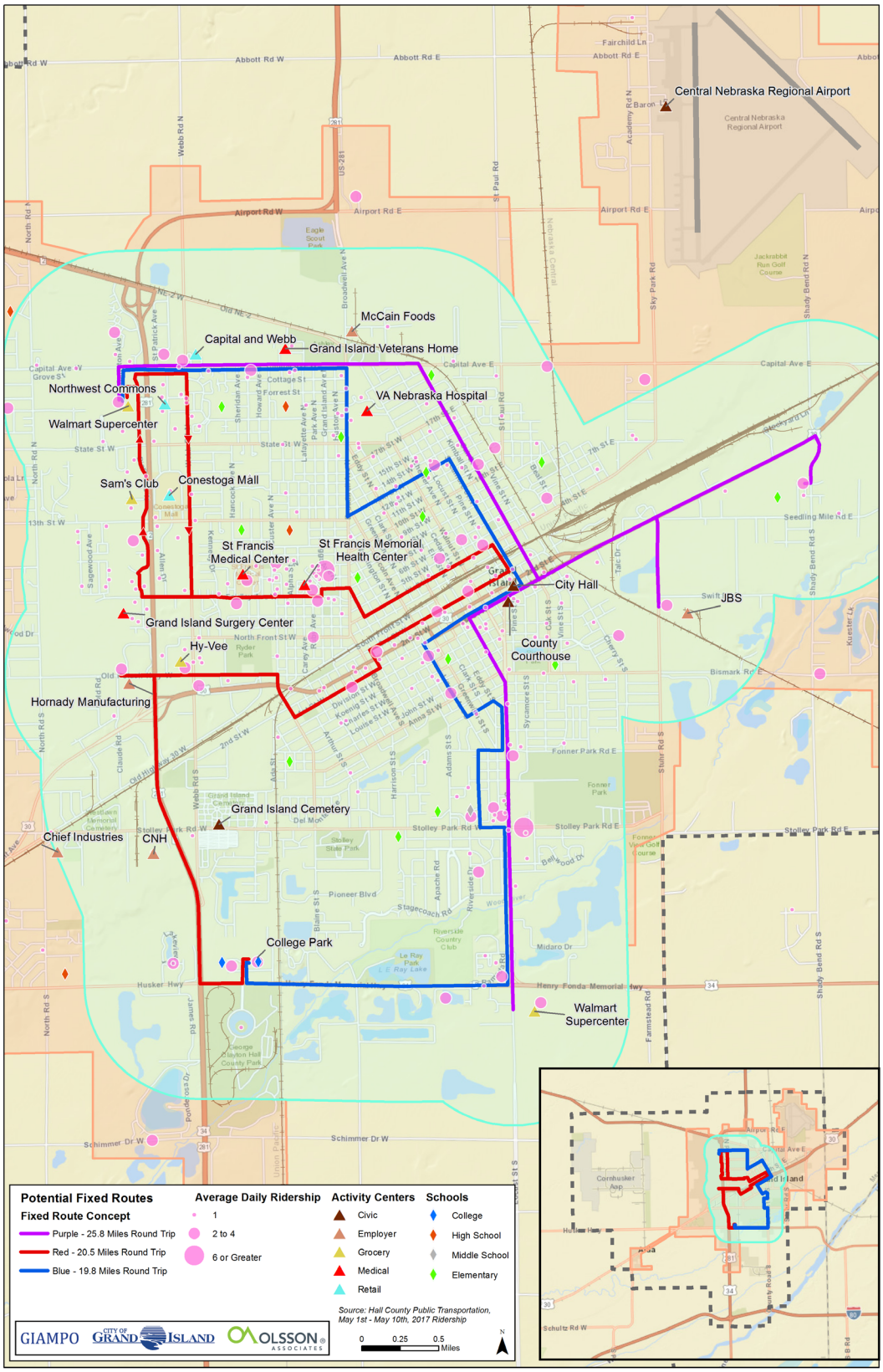


Table 4.3: Fixed Route Service Operating Information

	Today	Fixed Route Service
Service Days	M - F	M - F
Hours	6a - 5p	6a - 6:30p
Peak Vehicles	7	8
Annual Rev Hrs.	14,377	25,500
Annual Oper. Cost	$490,000	$910,066
Local Oper. Share	$193,377	$445,932
Ridership	35,000	90,844
Cost per Trip	$14.10	$10.02

	Operating	Capital (8 Veh.)	Capital (Other)	Total Costs
Federal	$464,133	$504,000	$694,600	$1,662,733
State	$-	$-	$-	$-
Local	$445,932	$126,000	$173,650	$745,582
Total	$910,065	$630,000	$868,250	$2,408,315

Note: The cost does not include demand response for service outside urbanzied area of Grand Island.

4.2.5 Additional Services

The previous alternatives discussed primary modes of public transit within the Grand Island area. The community must decide the best mode of service for the growing Grand Island region.

The transit alternatives discussed in the following sections are additional services that may be introduced with any of the primary modes of service for Grand Island. These alternatives focus on different market segments of the community where transit may be a viable and suitable mode of transportation.

Central Nebraska Regional Airport

4.2.5.1 Regional Airport Service

The Regional Airport Service option focuses on regional service to/from the Grand Island airport. Today, ground transportation companies provide service from Grand Island to airports in Lincoln or Omaha; however, no regularly scheduled transit service takes passengers to the Grand Island airport. This alternative provides regularly scheduled, reservations-required, ground passenger transit service to Central Nebraska Regional Airport from North Platte, Lexington, Kearny, and Grand Island, with one daily round trip seven days a week. Passengers have connections with daily flights to Dallas, and twice weekly flights to Las Vegas and Phoenix. **Table 4.4** provides summary data for the Regional Airport Service option. **Figure 4.3** illustrates the route map for the service.

Figure 4.3: Regional Airport Service

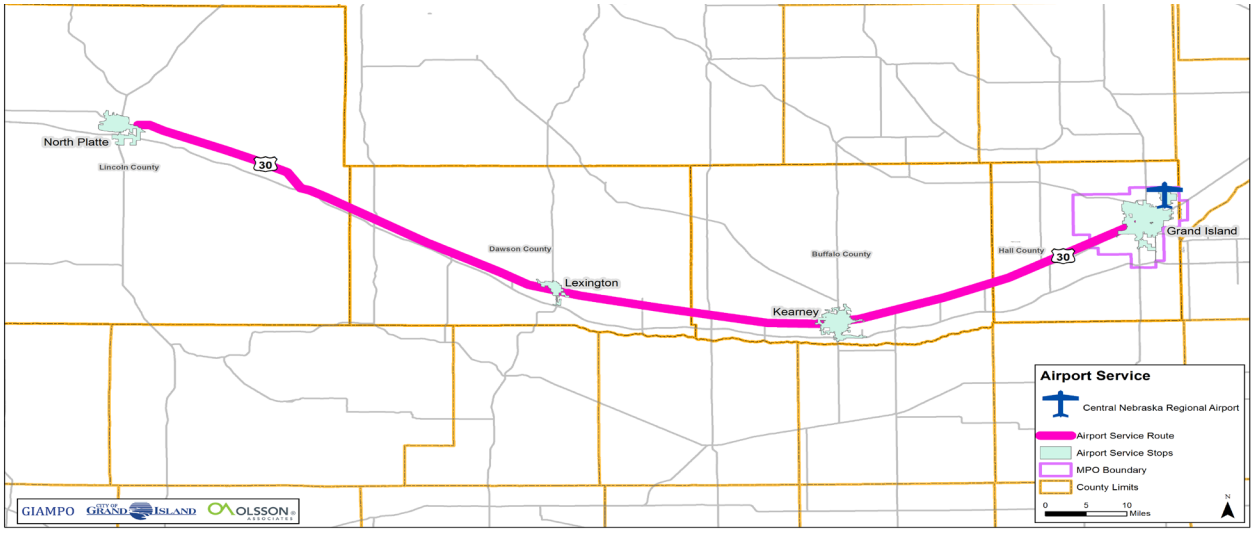


Table 4.4: Regional Airport Service Operating Information

	Today	Regional Airport Service
Service Days	M - F	M - Sun
Hours	6a - 5p	Reservations Only
Peak Vehicles	On Demand	1
Annual Rev Hrs.	N/A	1,898
Annual Oper. Cost	N/A	$67,737
Local Oper. Share	N/A	$33,191
Ridership	25	690
Cost per Trip	N/A	$98.16

	Operating	Capital (1 Veh.)	Capital (Other)	Total Costs
Federal	$34,546	$56,000	$8,000	$98,546
State	$-	$-	$-	$-
Local	$33,191	$14,000	$2,000	$49,191
Total	$67,737	$70,000	$10,000	$147,737

4.2.5.2 Commuter Express Service

The Commuter Express Service alternative focuses on commuter traffic, Monday through Friday, traveling in and out of Grand Island. **Figure 4.4** illustrates the two commuter routes. A combined 2,300 persons commute daily to the Grand Island area from Hastings, Kearney, Wood River, and Alda. Two commuter routes will operate each weekday:

- Route 1 - Grand Island/Kearney (Highway 30 Route)
- Route 2 - Grand Island/Hastings (Highway 34 Route)

The Commuter Express Service to/from Kearney would travel Highway 30 and provide transit service for commuters from Kearney and other communities along the corridor. The Commuter Express Service to/from Hastings would travel Highway 34. Both commuter bus routes would operate two round trips each weekday, one trip in the morning peak hour and a second trip during the afternoon peak hour. **Table 4.5** provides summary data for the Commuter Service transit alternatives.

Figure 4.4 Commuter Express Service

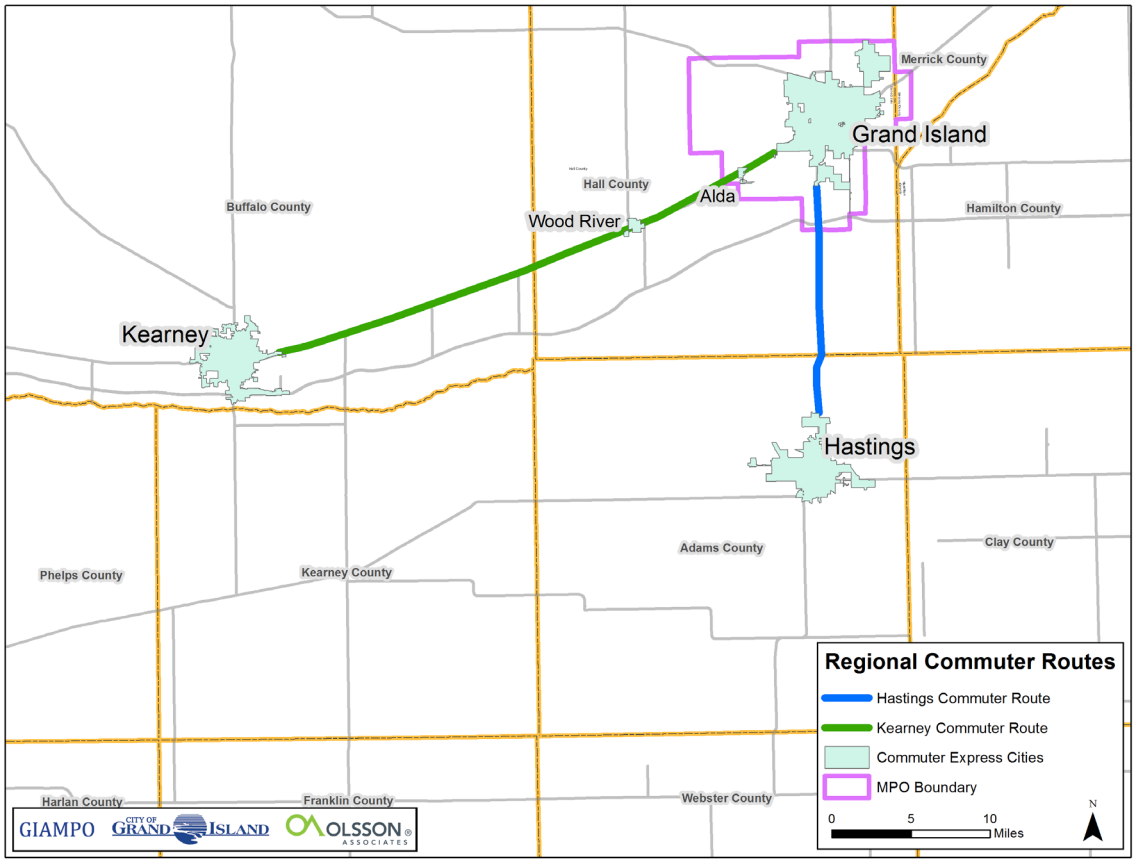


Table 4.5: Commuter Express Service Operations Information

	Today	Commuter Express Service
Service Days	N/A	M -F
Hours	N/A	2 trips per weekday
Peak Vehicles	N/A	2
Annual Rev Hrs.	N/A	1,516
Annual Oper. Cost	N/A	$53,997
Local Oper. Share	N/A	$26,459
Ridership	N/A	4,104
Cost per Trip	N/A	$13.16

	Operating	Capital (2 Veh.)	Capital (Other)	Total Costs
Federal	$27,539	$112,000	$8,000	$147,539
State	$-	$-	$-	$-
Local	$26,459	$28,000	$2,000	$56,459
Total	$53,997	$140,00	$10,000	$203,997

4.2.5.3 Vanpool

The Vanpool service alternative provides residents an option of travel besides the single occupant vehicles. In 2017, the Nebraska Department of Transportation (NDOT) entered into partnership with Enterprise Rideshare, a national firm specializing in the rideshare across the county. A vanpool program provides an opportunity for a group of residents traveling to/from similar locations to travel together and save money, along with reduced congestion, and being environmental conscious with vehicle emissions. It is common for the vanpool group to work at the same company or live in the same neighborhood and travel to/from work.

In Nebraska, the Enterprise partnership begins with a group of seven or more participants, including the driver, to register for the program. The monthly and annual costs are calculated based upon the trip distance and number of participants. Each vanpool decides the logistics of their vehicle, such as rotating drivers or one driver assignment. Vehicles range from seven passenger minivans to 15-passenger vans. NDOT provides a $400 subsidy per month to vanpools with at least seven participants.

Based upon community feedback and documented travel patterns, two potential locations for the Grand Island area include a JBS vanpool and a vanpool to/from Kearney. **Table 4.6** presents summary data for the Vanpool service alternative.

Table 4.6 Vanpool Service Operations Information

	Today	Commuter Express Service
Service Days	N/A	M -Sun
Hours	N/A	Participant Choice
Peak Vehicle	N/A	2
Annual Rev Hrs.	N/A	N/A
Annual Oper. Cost	N/A	N/A
Ridership	N/A	3,640
Cost per Trip	N/A	N/A

GoNEWhere Rideshare Program

4.2.5.4 Rideshare Service

The Rideshare service alternative provides a voluntary program for residents to register and form carpool, vanpool, school pool options within the community. The Rideshare software program matches persons traveling to/from similar locations within the community. The Rideshare software program, typically purchased by the City or the Metropolitan Planning Organization, requests travel data and matches participants based on their preferences, home/work locations, and work times. After the initial purchase and maintenance fees of the software, the primary expense is continued marketing of the program. Carpool matches are free for participants. **Figure 4.7** shows summary data for the Rideshare alternative.

Table 4.7 Rideshare Service Operations Information

	Today	Rideshare Service
Service Days	N/A	M -Sun
Hours	N/A	Selected by Participant
Peak Vehicles	N/A	N/A
Annual Rev Hrs.	N/A	N/A
Annual Oper. Cost	N/A	$12,500
Local Oper. Share	N/A	$6,125
Ridership	N/A	53,920
Cost per Trip	N/A	$0.23

	Operating	Capital	Capital (Other)	Total Costs
Federal	$6,375	$-	$48,000	$54,375
State	$-	$-	$-	$-
Local	$6,123	$-	$12,000	$18,125
Total	$12,500	$-	$60,000	$72,500

Kansas City Rideshare Program

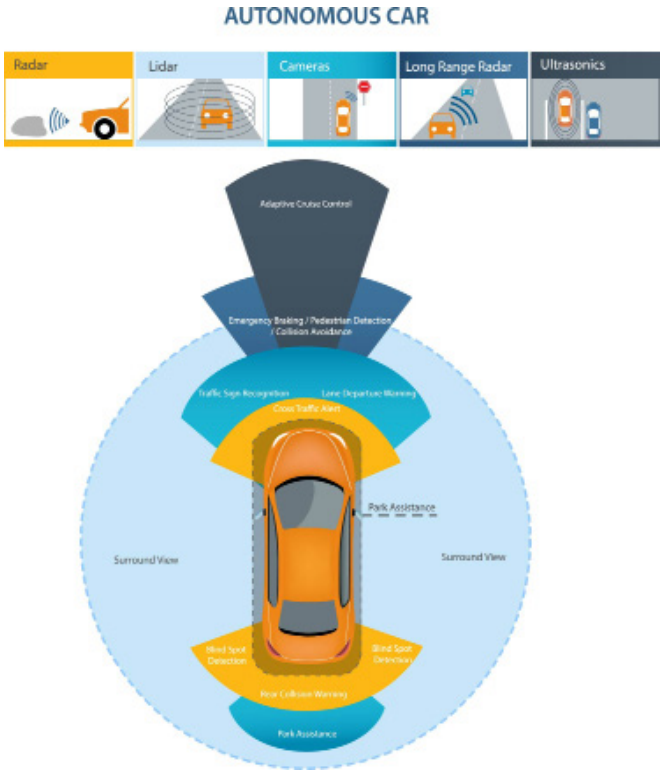
4.2.5.5 Autonomous Vehicle Technology

Autonomous vehicle technology is rapidly developing across the world and within the United States, and several major automakers are expecting to have fully autonomous vehicles for individual consumers by 2020 or 2025. Autonomous transit vehicles are currently being manufactured and rolled out as pilots or limited transit service in parts of the US and Europe. The City of Grand Island Public Works Department was approached by a community in Florida to discuss the applicability of autonomous vehicles in Grand Island. As the community continues to grow, this advancing technology provides an opportunity for all local government entities and the private sector to continue forward-thinking and incorporate infrastructure to accommodate the upcoming technological changes.

Public transportation is one piece of the puzzle for infrastructure, and would welcome opportunities to test future vehicle or software technologies. Upcoming research projects and demonstrations provide options for Grand Island to showcase its grid community, its geographical features, and forward-thinking for future developments.

Communities, such as Grand Island, are eligible to apply for grants to increase connectivity within a community with compact trip patterns. Autonomous vehicles rely on “smart infrastructure” that facilitates automatic communication between cars, roadways, bridges, and traffic signals. Legislative framework is being developed, at both the federal and state level, to define legal and liability issues surrounding autonomous vehicles. At this time, it is not legal for an autonomous vehicle to operate on the roadway in the State of Nebraska. Other states, such as Nevada and Michigan, passed state laws to support the growing industry.

Autonomous Vehicle Technology



Autonomous Vehicle Technology

4.3 Service to Different Market Segments

The previous nine service alternatives provide future transit options to the Grand Island region. **Figure 4.8** provides a summary of the services related to different market segments.

Table 4.8 Market Segment Focus

	Employers / Employees	Transit Dependent	Medical / Social appointments	Regional Travel
Status Quo	X	X	X	
Same Day Demand Response	X	X	X	
Flexible Route Service	X	X	X	
Fixed Route Service	X	X	X	
Regional Airport Service				X
Commuter Express Routes	X		X	X
Rideshare Program	X			X
Vanpool Program	X			X
Autonomous Vehicle	X	X	X	

4.4 Transit Assumptions

The delivery of public transportation service in the United States is typically paid by a combination of federal, state, and local funds. In Nebraska, the City of Grand Island is a small urbanized area, and is eligible to receive 80 percent funding reimbursement for capital projects through Federal Transit Administration grants. The remaining 20 percent of the capital cost project is funded by the local jurisdiction. Operating costs in small urbanized areas, with population below 200,000, are funded through a combination of federal grants, local contributions, and fares. The federal portion is approximately 50 percent reimbursement, with the remaining amount from fares and local funds.

To develop the cost estimates for each of the transit service alternatives,**Table 4.9** reflects the following assumptions for both operating and capital project costs.

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Table 4.9 Transit Cost Assumptions for Service Alternatives

Cost Item	Description
Operating cost per revenue hour for same day demand response, flexible route, fixed route, commuter express service, regional airport service, urbanized area demand response, and paratransit service.	$33.32 cost per revenue hour (existing Hall County Public Transportation cost per revenue hour)
Operating days/hours for same day demand response, flexible route, fixed route, urbanized area demand response, and paratransit service	Monday through Friday, 6:00 am to 6:30 pm. 60-minute service frequency for flexible route service and fixed route service.
Existing Hall County service span is 6:00 am to 5:00 pm.	X
Cost for new transit vehicle (flexible route, fixed route, demand response, paratransit, regional airport service, commuter express service)	$70,000 per vehicle
Scheduling Software Upgrade (Same Day Demand Response)	$60,000
Rideshare software	$50,000 initial cost, $2,500 annual licensing
Rideshare marketing	$10,000 annual cost
Bus stop infrastructure improvements for ADA compliance (flexible route, fixed route)	$2,500 per bus stop, every ¼-mile.
Bus Stop Equipment (flexible route, fixed route)	$250 per bus stop. Pole, pole sign, schedule and schedule holder, at each stop.
Bus Shelter (flexible route, fixed route)	$6,000 per shelter, at six locations
Year 1 Marketing (flexible route, fixed route)	$50,000. Branding, schedules, press releases, social media, website development, outreach, bus wrap design.
Bus Wrap Application (flexible route, fixed route)	$5,000 per vehicle.
Bus Stop Assessment (flexible route, fixed route)	$20,000. System-wide assessment and design of ADA Accessibility at each stop.
Vehicle bike racks (flexible route, fixed route)	$500 per vehicle.

In addition to the cost assumptions presented above, each transit service alternative had ridership estimates. **Figure 4.10** shows the assumptions used to develop the ridership projections.

Table 4.10 Ridership Projection Assumptions

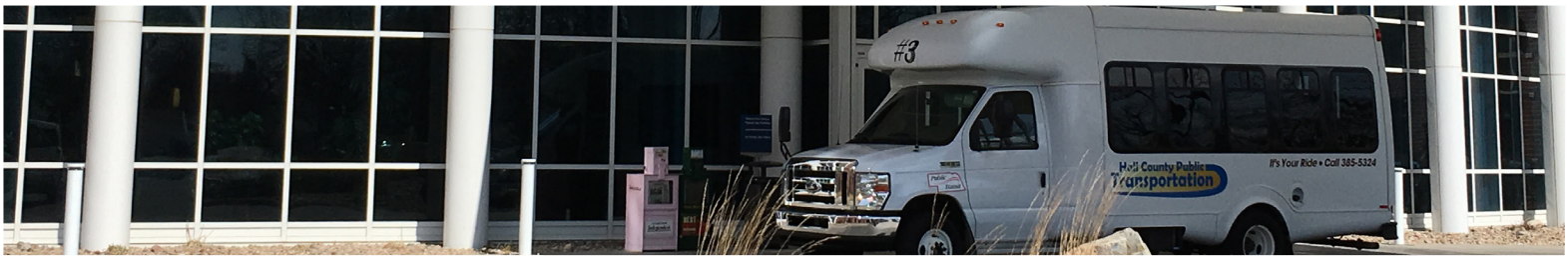
Transit Service Alternative	Forecast Methodology	Notes
Same Day Demand Response	4 Pass/trips per Revenue Hour	
Fixed Route	7 Pass/trips per Revenue Hour	
Flexible Route Service	7 Pass/trips per Revenue Hour	
Flexible Route Service (Deviation)	1 Pass/trips per Revenue Hour	
Urbanized Area Demand Response	1.5 Pass/trips per Revenue Hour	
Complementary Paratransit Service		
Regional Airport Service	1 percent Mode Share of Enplanements	Year 2016 Enplanements (flygrandisland.com)
Commuter Express Service	0.7 percent Mode Share of existing commuters	2015 American Community Survey 5 Year Estimate
Rideshare	1 percent Mode Share of existing commuters	2015 American Community Survey 5 Year Estimate
Vanpool	N/A	Assumed 2 vanpools w/ 7-passengers each; traveling 5 days/week; 50 weeks yr

4.5 Transit Alternatives Summary

Table 4.11 summarizes each transit service alternative.

Table 4.11 Transit Alternative Summary

	Status Quo	Same Day Demand Response	Flexible Route	Fixed Route	Regional Airport Service	Commuter Express Service	Rideshare	Vanpool	Autonomous Vehicle Technology
Service Days	M - F	M - F	M - F	M - F	M - Sun	M - F	M - Sun	M- Sun	Additional Cost Data Needed for Local Impact
Hours	6a - 5p	6a - 6:30p	6a - 6:30p	6a - 6:30p	Reservation Only	2 trips per weekday	Selected by Participant	Participant Choice	
Peak Vehicles	7	10	6	8	1	2	N/A	2	
Ann Revenue Hrs	14,377	21,089	19,125	25,500	1,898	1,513	N/A	N/A	
Ridership	35,000	84,354	102,000	90,844	690	4,104	53,920	3,640	
Cost per Trip	$14.10	$8.75	$6.69	$10.02	$98.16	$13.16	$0.23	Data Varies Depending Upon Trip Distances and # of Participants	
Annual Operating Cost	**$490,000**	**$738,098**	**$682,549**	**$910,066**	**$67,737**	**$53,997**	**$12,500**		
Fed Share	$296,623	$376,430	$348,100	$464,133	$34,546	$27,539	$6,375		
State Share	$-	$-	$-	$-	$-	$-	$-		
Local Share	$193, 377	$361,688	$334,449	$445,932	$33,191	$26,459	$6,125		
Total Capital Vehicles	**N/A**	**$700,000**	**$490,000**	**$630,000**	**$70,000**	**$140,000**	**$-**		
Fed Share	N/A	$560,000	$392,000	$504,000	$56,000	$115,000	$-		
State Share	N/A	$-	$-	$-	$-	$-	$-		
Local Share	N/A	$140,000	$98,000	$126,000	$14,000	$28,000	$-		
Total Capital Other	**N/A**	**$60,000**	**$601,500**	**$868,250**	**$10,000**	**$10,000**	**$60,000**		
Fed Share	N/A	$48,000	$481,200	$694,600	$8,000	$8,000	$48,000		
State Share	N/A	$-	$-	$-	$-	$-	$-		
Local Share	N/A	$12,000	$120,300	$173,650	$2,000	$2,000	$12,000		
Total Costs - Year 1	**N/A**	**$1,498,098**	**$1,774,049**	**$2,408,316**	**$147,737**	**$203,997**	**$72,500**		
Fed Share	N/A	$984,430	$1,221,300	$1,662,733	$98,546	$147,539	$54,375		
State Share	N/A	$-	$-	$-	$-	$-	$-		
Local Share	N/A	$513,668	$552,749	$745,582	$49,191	$56,459	$18,125		



CHAPTER 5 OPERATIONS MANAGEMENT

5.1 Introduction

The subject of operations management has been a long-debated question of whether it is more cost effective to operate public transportation services in-house or to contract services. Hall County Public Transportation, under the auspices of the City of Grand Island Public Works Department, currently contracts services with Senior Citizens Industries, Inc. (SCI) for all services. The contract for this service has been in place for several decades. The focus of this chapter is to identify the advantages and disadvantages of outsourcing services based upon national studies and experience in other communities.

BUDGET CIRCULAR A-76

DEFINITION OF COMMERCIAL ACTIVITY:

A COMMERCIAL ACTIVITY IS A RECURRING SERVICE THAT COULD BE PERFORMED BY THE PRIVATE SECTOR AND IS RESOURCED, PERFORMED, AND CONTROLLED BY THE AGENCY THROUGH PERFORMANCE BY GOVERNMENT PERSONNEL, A CONTRACT, OR A FEE-FOR-SERVICE AGREEMENT. A COMMERCIAL ACTIVITY IS NOT SO INTIMATELY RELATED TO THE PUBLIC INTEREST AS TO MANDATE PERFORMANCE BY GOVERNMENT PERSONNEL. COMMERCIAL ACTIVITIES MAY BE FOUND WITHIN, OR THROUGHOUT, ORGANIZATIONS THAT PERFORM INHERENTLY GOVERNMENTAL ACTIVITIES OR CLASSIFIED WORK.

Explanation of Commercial Activity

5.2 Background

Many factors play into the discussion of outsourcing services, including cost, politics, staffing capabilities, risks, expertise, etc.

In 1966, the Office of Management released the Budget Circular A-76[1], providing the definition of commercial activity. Throughout the last 50+ years, the Circular has been updated many times with the different administrations, but the fundamental principle remains unchanged – government does not compete with private enterprise. The message from the Circular states that government shall not perform or provide a commercial product or service if that same product/service can be procured more economically from a commercial source.

As mentioned previously, the concept of outsourcing has been in place in Hall County for many years. It is unknown why Hall County, many years ago, began outsourcing public transit services; however, it is likely many factors were in play, such as adding full-time employees, existing staffing capacity, little experience in public transportation services, liability and risk, cost effectiveness, and/or quality of service. In Spring 2016, as the City of Grand Island, began planning for the administration of the public transportation services, it was decided to continue contracting for services to ensure a smooth transition of services for residents in the community. This chapter provides information for the City to use as decisions are made regarding future management of the service, either through outsourcing or as an operation in-house.

[1] *https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/circulars/A76/a076.pdf*

5.3 Hire Employees vs. Contract Out

5.3.1 Research Documents

Many studies and reports are available discussing contracted services versus in-house operations. The following sections provide an overview of the documents.

1. Analysis of Transit Contracting Models and Proper Incentives for Long-term Success, National Center for Transit Research, Center for Urban Transportation Research, University of South Florida, 2013. [1]

Research Material

As transit systems are being challenged to operate in the most cost-effective manner, and budgets are being tightened and demand for services increases, there has been renewed interest in the area of contracting for fixed route service in the United States. Researchers inventoried and synthesized previous work in the types of transit operating contracts in the U.S. and Europe, assessed the benefits and drawbacks of each general approach, and developed situational guidance for Florida Department of Transportation (FDOT) to help determine if a particular model could be appropriately considered.

The investigation included a literature review. Using the National Transit Database for 2011, transit service contracting practices in five states were reviewed, focusing on the monetary nature of the contractual relationship between the agency and the contractor. Specific contracts awarded were reviewed to compare and contrast operating parameters outlined in the contracts in terms of assignment, responsibility, and oversight. Researchers turned to individual transit agencies to explore lessons learned from their contracting experience, providing valuable insight not only for agencies considering contracting some or all service for the first time, but also for agencies interested in improving their existing contractual relationships. A contracting decision tree is illustrated within the report, and several strategies to improve service in-house are detailed for agencies that decide to forego contracting. To meet the challenges of today's economy, transit agencies must understand and assess the benefits and drawbacks of each general approach to contracting for transit service.

Results Overview. The research inventoried and summarized different types of transit operating contracts in the U.S. and Europe. The discussion included the benefits and drawbacks of each general approach to contracting for transit service. The report provided guidance for FDOT to help determine if a particular model may be appropriately considered. The report provides a review of differing contract models, and discussions with industry and government officials with firsthand knowledge to assist FDOT and transit agencies as they consider the most suitable method of contracting.

[1] *https://www.nctr.usf.edu/wp-content/uploads/2015/06/77952-Transit-Contracting-Models.pdf*

2. GAO-13-782, Report to Congressional Committee. Transit Agencies' Use of Contracting to Provide Service. [1]

The Transportation Bill, Moving Ahead for Progress in the 21st Century Act, mandated the United States Government Accountability Office (GAO) review issues related to transit contracting. In this report, GAO identified: (1) the extent that public transit agencies contract operations and reasons why agencies decide to do so, (2) methods used to select and oversee contracted services, and (3) potential benefits, challenges, and disadvantages of contracting out public transit operations and other services.

GAO conducted a web-based survey of 637 transit agencies that submit reports to the Department of Transportation (DOT) and obtained 463 responses for a 73 percent response rate. The survey and results can be found at GAO-13-824SP[2]. In addition, GAO interviewed federal officials, representatives from industry organizations, and national union officials. GAO also interviewed officials from 10 transit agencies, chosen based on a variety of characteristics, including geographic diversity, population served, use of contracting, and modes operated. At each transit location, GAO interviewed private transit providers, citizens' advisory groups, and local unions. The results of the survey and interviews are not generalizable to all transit agencies. GAO also reviewed relevant studies and literature on transit contracting.

Research Material

Results Overview. Contracting is a prevalent means of providing transit services. About 61 percent of the 463 transit agencies responding to GAO's survey reported they contract out some or all operations and services, while the rest reported that they do not contract out at all. According to GAO's survey, paratransit (services for the disabled), demand response, and commuter rail service are most often contracted out, and fixed-route bus, heavy rail, and light rail service are most often operated by the transit agency. Operations are most frequently contracted out, followed by maintenance services. Transit agencies most consistently cite reducing costs as a factor influencing their decision to contract. Contracting can reduce costs because contractors' workforces are more flexible, with more employees working in part-time positions, and lower insurance costs, among other things. Transit agencies also frequently cited starting new service, improving efficiency, and allowing for more flexible service as reasons for contracting. State laws are generally not a reason for contracting, according to GAO's survey. Transit agencies that do not contract most often cited one of these three reasons: desire to maintain control over operations, no reason to change from the transit agency's providing service, or contracting was determined not to be cost effective.

[1] *https://www.gao.gov/assets/660/658172.pd*

[2] *http://www.gao.gov/special.pubs/gao-13-824sp/index.htm*

3. Effects of Contracting on Cost Efficiency in US Fixed-Route Bus Transit Service, pg 457-472. Transportation Research Part A: Policy and Practice, Volume 44, Issue 7, August 2010. [1]

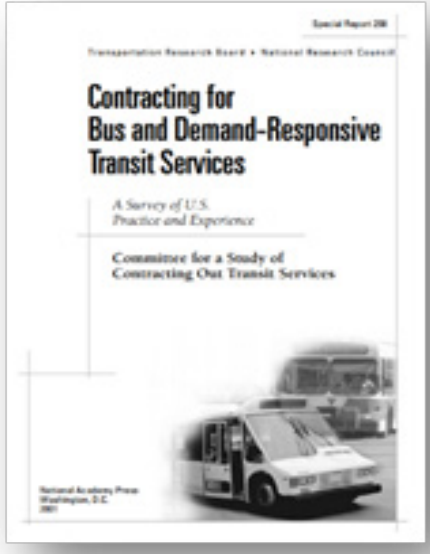
Contracted service comprises a significant proportion of total operating expenses in the provision of fixed-route bus transit service in the US. Despite its importance, the literature on the economic effects of transit service contracting has been limited to only a few studies since the mid-1990s, and is inconclusive due to problems with the nature and methodology of the past studies.

This paper examines how the cost efficiency of providing fixed-route bus transit service varies by the degree of contracting. Several improvements to previous studies by conducting a regression analysis that: (1) addresses the endogeneity problem between the contracting decision and cost efficiency, (2) differentiates between agencies that contract out only a portion of service from those that contract out all service, (3) takes into account the moderating effects of several factors on the effect of contracting on cost efficiency, and (4) uses a relatively larger set of cross-sectional time-series data constructed from the National Transit Database from 1992 to 2000.

Results Overview. The analysis results show the combined effects of contracting lower operating costs by $4.09 and $2.89 per vehicle hour for partial and full-contracting agencies, respectively, in the average case. These average cost savings translate into 7.8 percent and 5.5 percent, using the average operating cost per vehicle hour of $53.06. However, this improvement is not universal, because the effects of contracting on cost efficiency vary by factors, such as peak-to-base ratio, agency size, the wage gap between bus operators in the public and private sectors, and agency type.

[1] *http://www.sciencedirect.com/science/journal/09658564/44/7?sdc=1*

4. Contracting for Bus and Demand-Response Transit Services, Transportation Research Board, National Research Council, Special Report 258, 2001. [1]



Research Material

The study focused on fixed route bus and demand-responsive transit services. Most of the findings and conclusions presented in this report emerged from the survey of transit systems and their general managers. In the first part of the survey, transit systems from around the country were asked to provide information on the extent to which they contract for bus and demand responsive services and to describe their individual contracts and contracting programs. In the second part of the survey, general managers were asked to explain why they contract or do not, to relate their experiences with contracting, and to offer advice on how to make contracting work better.

Results Overview. The survey findings reveal that transit contracting is neither rare nor monolithic in practice. Hundreds of transit systems—of all sizes and types contract for some transit services, and many have done so for a number of years. Overall, contracting is much more common for demand-responsive than for fixed-route bus services. About 60 percent of transit systems that provide demand-responsive service contract for 25 percent or more of this service, and more than half contract for all of it. By comparison, only about 30 percent of systems that provide fixed-route bus service contract for 25 percent of more of this service, and about 25 percent contract for all of it.

Nearly 80 percent of the general managers of transit systems that currently contract reported they would do so again given their experience; about 15 percent said they would not, and 5 percent were uncertain. Likewise, more than 70 percent of the general managers of systems that do not contract reported they are not interested in adopting the practice to replace or supplement current methods of in-house service delivery; 25 percent said they are interested in doing so, and 5 percent were uncertain.

5.3.2 Common Factors For Choosing Service Contracts Vs. In-House Operations

Many factors are considered before deciding whether to contract or operate transit service in-house. The decision should be based on whether the service is performed more efficiently in-house, in which true costs would be weighed against the cost of hiring a contractor.

Contracting Services Word Cloud

[1] *http://onlinepubs.trb.org/onlinepubs/sr/sr258.pdf*

Procurement regulations and existing contract arrangements may be significant impediments to the consideration of a third-party contractor. It is critical that legal limitations and requirements be considered when evaluating or implementing contract services. Additionally, the political viability of any large-scale contract of services should also be considered. Contracts often have strong opposition from employee unions. These political factors should always be planned for and considered prior to contract consideration, with particular attention paid to employee and union concerns.

Some transit agencies find it more cost effective to reorganize and improve internal operations than turn services over to a third-party contractor. When estimating in-house costs, all true costs should be included to accurately compare contractor costs. In addition, when calculating costs and benefits of in-house versus contract service, the costs for additional contract administration must be considered due to the significant amount of monitoring and management of the contractor.

Based upon research data and firm experience from other transit agencies, a list of common factors influencing why transit agencies make contract decisions are shown in **Tables 5.1** and **5.2**. The variation in responses shows the advantages and disadvantages for each option.

Table 5.1: In-House Operations

In-House Operations	
Advantage	**Disadvantage**
Avoid waisted contract administration time	Regulations for funding expenditures through Federal funding programs
Service Quality	Limited availability to expand services/staff
Control of Operations	High maintenance costs
Low employee turnover	Limited staff training for specialty services
Vehicles well-maintained	Political influences
Potential for lower fuel expenses	

Direct operation refers to transit services that are provided "in-house" by public transit agencies that assume total responsibility for the administration and operation of services. Many public transit operators believe they can ensure more efficient service delivery by providing the service themselves. Through in-house operations they are able to ensure vehicle reliability and more efficient service delivery. Direct operation affords more control over service quality and makes it easier to integrate and coordinate different service types. The advantages of publicly operated in-house transit usually include lower insurance rates, less expensive fuel costs due to bulk purchases, and internal control over quality and demand.

The disadvantages of in-house operations center around the high costs of transit labor and benefits, and inflexible work rules. Research suggests that public sector transit wages and benefits are typically higher than those of the private sector (i.e. market). Section 13(c) of the Federal Transit Act (49 U.S.C. 5333) requires the position of existing transit workers not be diminished through projects initiated with federal DOT funds. Because local transit labor unions are concerned that contracting out transit services paid for with federal funds will lower the number transit workers, they often seek to keep transit service delivery in-house, which potentially makes contracting for services difficult.

Table 5.2: Contract Services

Contract Services	
Advantage	**Disadvantage**
Take advantage of open competitive market	Possible interruption/distraction with change of contracts
Cost savings/efficiency	Loss of direct control over services
Risk of service provision	Political ramifications
Flexible full-time/part-time driver positions	Diverting resources outside the agency
Pilot or new service flexibility	Misjudgment of true costs
Avoid administrative costs	High overhead/admin costs
Limited transit agency staff experience	High employee turnover
Political ramifications	Availability of providers
Relationships w/ suppliers for reduced costs	Oversight required from entity
Service quality	
Safety performance	
Operating costs lower	
Efficient maintenance management	
Expertise	

As shown above, common advantages of contracting may include the avoidance of administrative costs for a public agency, which results in less full-time employees. The provider typically absorbs the administrative costs into the contract bid. Another advantage of contracting service allows the transit agency to not have extensive public transit operational experience. The agency relies on the contractor for this expertise. Additionally, contracting may have positive political ramifications due to coordination between public and private sector industries. The service quality under a contractor may be an advantage to the transit agency when the contractor is able to have incentives in the contract to provide efficient service and good customer service through identified performance measures.

Disadvantages are also discussed in **Table 5.2**, in which some advantages may also be a disadvantage at some public transit agencies. For example, political ramifications, as mentioned in the table, are an advantage at some public transit agencies. However, at other transit agencies with active unions and influence in the community, there may be negative political ramifications for using outside contractors for service. By hiring a contractor, some transit agencies may have pressure to keep the transit resources (funding) within the public transit agency and not hire outside workers.

It is common across the country with private contractors that operator salaries are lower under a contractor, likely due to less benefits than a public agency. The lower wage with the contractor is typically from not having governmental pensions and/benefits and a lower hourly wage to employees. However, as mentioned earlier, this factor is also an advantage due to the overall cost saving in providing transit service. In addition, some contractors provide a low bid for services, and misjudge the true costs or have a skeleton staff to operate services. This misjudgement of costs has an indirect effect on transit services typically seen in the quality of service provided. Another disadvantage concerns the high administrative costs or fixed fees included in contractor's bid. The administrative costs should be at an appropriate level for the services provided - not overstaffed.

Recent research from the previous studies states the percentage of transit agencies in the United States using private contractors for service:

- 10 percent – regular transit bus service
- 65 percent – demand responses paratransit service
- 25 percent – school bus service.

Transit agencies enter into service contracts with private for-profit and non-profit organizations, ranging from local taxi companies to national transportation companies, for the provision of transit services. The contracts are awarded to the organization who best meets selection criteria through the competitive bid process. Contracts are awarded for a designated time period of up to five years, including renewal options. Mandatory levels of accident and liability insurance are specified. Vehicles may be privately owned, operated, and maintained, or provided by the transit agency. Contracts delineate performance standards, quality indicators, and general conditions.

Most contracts include financial penalties for unsatisfactory service and some include financial incentives for superior service delivery. Sometimes contracts include special "start-up" provisions to allow new contractors to make the transition to acceptable performance levels. Mandatory reporting and other compliance requirements, as well as monitoring strategies, are detailed.

Considered to be more economical than publicly run transit services, studies suggest an average savings of 30 percent cost savings with privately provided transit services. [1] The lower unit service cost is usually attributed to the lower labor costs of the private transportation industry and cost benefits accrue from economies of scale. Experienced private providers are often credited with having the capability to start up services quickly, as well as the resources to expand system capacity on relatively short notice.

Hall County Public Transportation

[1] *http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.554.1097&rep=rep1&type=pdf*

National transportation companies can draw additional vehicles from other localities, and private companies usually have the flexibility to buy or lease additional vehicles in less time than public operators.

5.4 Contracting Models

The previous section lists the advantages and disadvantages of partnerships between public transit agencies and private sector transportation contractors. Transit agencies vary in what they choose to contract for services, depending upon circumstances and needs. Some agencies contract all transit bus service, others do the opposite with some services contracted out, with the remaining services handled by the transit agency.

Many types of contracting models exist today, some of which are listed below. This list is not exhaustive, but provides a list of examples from the Federal Transit Administration Circular 9030.1E.

1. **Service Contract** (contractor provides maintenance and transit service; recipient provides vehicles)
2. **Service Contract** (contractor provides transit service only; recipient provides vehicles and maintenance)
3. **Vehicle Maintenance Contract** (contractor provides maintenance; recipient provides vehicles and transit service.
4. **Vehicle Lease Contract** (contractor provides vehicles; recipient provides maintenance and transit service)
5. **Maintenance/Lease Contract** (contractor provides vehicles and maintenance; recipient provides transit service)
6. **Turnkey Contract** (contractor provides vehicles, maintenance, and transit service)
7. **Vehicle/Service Contract** (contractor provides vehicles and transit service; recipient provides maintenance)

The focus of the following discussion are common contracting types most applicable to Grand Island.

1. **Traditional Transit Management Model**

The Traditional Transit Management Model has the contractor senior management typically managing the public transit budget and all aspects of the agency's performance. They also typically report to the public sector board or local overseeing governmental agency. The financial risk of the operation resides with the public transit agency. This traditional transit management model is described in the Service Contract Models above.

2. **Operating Service Model**

The Operating Service Contract Model is another common type of contracting used today. In this model, the transit agency contracts with the private sector to operate and manage its service operations, while maintaining the transit agency fleet. The transit agency continues to manage the other key functions of the service.

The contractor is typically responsible to manage all aspects of service delivery, which includes hiring, managing, training, performing all vehicle and facilities maintenance, managing vehicle parts inventory, etc. The transit agency generally maintains control of service design, scheduling, passenger information, websites, social media, ticketing, procurement, grants administration, finance, IT, legal, etc.

The contractor maintains all vehicles, facilities, and other assets, with contractual commitment of performance, defined risks assumed by the contractor, and a guaranteed cost structure. The contractor also assumes operating risk and cost associated with accidents, which is included in the bid for services.

3. **Turn-key Operating Service Contract Model**

The Turn-key Operating Service Contract Model is a partnership with a contractor and the public transit agency, who delegates the management and operation of an entire transit system to the contractor, who is held contractually accountable for all aspects and functions of the transit agency. These functions include overseeing and executing operations, vehicle maintenance, procurement, marketing, passenger information and communication, planning, scheduling, ticketing, finance, grants management, technology, human resources, and all other normal agency functions.

The public transit agency is responsible for setting transit policies, including budgets, fare structure, policy decisions, short-range and long-range planning objectives, service standards, and grant purchases. The public transit agency oversees contract compliance with agreed-upon performance metrics, which are typically reported monthly to appropriate oversight Boards.

The contractor is responsible for implementing agency policies in an efficient and effective manner. They are responsible for outcomes and have the authority to use the best methods to achieve the outcomes. The risk is on the contractor, with penalties for service failures and incentives for goals met.

4. **Purchase of Service Contract Model**

The Purchase of Service Model is a partnership with the public transit agency and the private provider, who specifically only provides service, direct operations management, and may or may not provide maintenance of the vehicles, depending upon the needs of the agency. This service model typically has payment per trip, which is different from the other models described above. The public transit agency is responsible for service design, scheduling, passenger information, websites, social media, ticketing, procurement, grants administration, finance, IT, legal, etc.

A summary of the four contract models most appropriate for Grand Island, shown in **Table 5.3**, lists different functions of the transit system and how they are affected depending upon the desired model.

The contracting model discussion provides an overview of many types of transit agency organizational management. There is no ‘One Size Fits All’ approach for each transit system due to the different dynamics, political environment, and history that forms the foundation in each community.

[1] *https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FINAL_FTA_circular9030.1E.pdf*

Table 5.3: Contract Variations in Job Functions

Contract Variations in Job Functions				
Areas of Responsibility	**1. Traditional Management Contract**	**2. Operating Service Contract**	**3. Turn-key Operating Service Contract**	**4. Purchase of Service**
Method of Payment	**Fixed Fee, plus costs**	**Hourly Rate**	**Hourly Rate**	**Per Trip**
A. Private firm provides Operations Department	Yes	Yes	Yes	Yes
B. Private firm provides Maintenance Department	Yes	Yes/No	Yes	Yes
C. Private firm handles all Human Resources issues	Yes	Yes	Yes	Yes
D. Transit agency provides facilities and equipment	Yes	Yes	No	No
E. Transit agency provides all vehicles	Yes	Yes	No	No
F. Private firm provides administration department – Grants	Yes/No	Yes/No	Yes/No	No
G. Private firm handles procurement, prepares specifications and bids	Yes/No	Yes/No	Yes/No	No
H. Private firm handles planning & scheduling	Yes	Yes/No	Yes	Yes/No
I. Private firm handles marketing	Yes	Yes/No	Yes	No
J. Private firm handles Board relations	Yes	Yes/No	Yes/No	No

5.4.1 Local Contracting Model Estimates

Using the existing contract with SCI, local estimates for the City of Grand Island for contracting transit services are shown in **Table 5.4** for the different contracting models. The table shows assumptions for one year of service, assuming the parameters stay the same. The estimates would need to be updated if additional revenue service hours are identified.

Table 5.4: Traditional and Operating Service Cost Comparison

	Today	1. Traditional	2. Operating Service
		Fixed Fee, plus costs	**Hourly Rate**
Existing Contract	$638,000		
Ridership	35,085	35,085	35,085
Annual Rev Hrs	14,705	14,705	14,705
Annual Rev Miles	170,497	170,497	170,497
Actual Budget	$490,000	$588,200	$558,790
Cost per Rev Hr	$33.32	$40.00	$38.00
Pass per Rev Hr	2.4	2.4	2.4
Operating Cost per Trip	$16.62	$22.55	$21.71
Vehicle Fleet	12	12	12
Additional Contractor Costs		$110,000	$110,000
City Cost	$93,000	$93,000	$93,000
Contractor Cost	$490,000	$698,200	$668,790
Total Transit Costs	**$583,000**	**$791,200**	**$761,790**
City Position(s)	1. City Transit Program Manager	1. City Transit Program Manager	1. City Transit Program Manager
Non-City or Contract-Related Position(s)	-/-	1. Non-City Transit Manager; 2. Non-City Asst. Mrg.; 3. Non-City Admin. Asst.	1. Non-City Transit Manager; 2. Non-City Asst. Mrg.; 3. Non-City Admin.Asst.
Facility Lease (10-12k sq.ft.)	-/-	-/-	-/-
Vehicle Expenses	-/-	-/-	-/-

5.4.1.1 Traditional Management Contract

Information in Table 5.4 describes the scenario if the City moved to a Traditional Management Contract, assuming service parameters are the same as today's operation.

It is assumed the annual cost for operations would increase due to designated management staff to oversee the services of the contract. The proposed management structure is a Transit Manager, Assistant Manager, and an Administrative Assistant. These costs are included in the Additional Costs line item.

5.4.1.2 Operating Service Contract

Table 5.4 also shows the estimated costs if the City moved to an Operating Service Contract. This contract method has the same City staffing requirements as is used today. However, the private contractor would provide dispatch and scheduling functions and direct management of the operations.

5.4.1.3 Turn-key Service Contract

The Turn-key Operating Service Contract Model, shown in **Table 5.5**, has the highest cost associated for transit program. However, it is the model with the least involvement from the City's perspective.

This model would assume the private contractor would bring 12 service vehicles into service for the City, in which the depreciation of the vehicles and the maintenance of the vehicles during the time of service would be included in the cost of the contract.

The Turn-key Model assumes a Contract Transit Manager, Assistant Manager, Administrative Assistant, and Grant Administrator for the service. In addition, a facility would be leased for the contractor to operate services and house the transit vehicles.

5.4.1.4 Purchase of Service

Table 5.5 includes information for the Purchase of Service Model. This model type, as the name suggests, is the City purchasing transit services for the transit system. This model assumes the City will have the same administration today with one Transit Program Manager. The private contractor will manage operations, drivers, hiring, scheduling, and dispatching.

Table 5.5: Turn-key and Purchase of Service Cost Comparison

	Today	3. Turn-key	4. Purchase of Service
		Hourly Rate	**Per Trip**
Existing Contract	$638,000		
Ridership	35,085	35,085	35,085
Annual Rev Hrs	14,705	14,705	14,705
Annual Rev Miles	170,497	170,497	170,497
Actual Budget	$490,000	$588,200	$632,315
Cost per Rev Hr	$33.32	$40.00	$43.00
Pass per Rev Hr	2.4	2.4	2.4
Operating Cost per Trip	$16.62	$29.53	$20.67
Vehicle Fleet	12	12	12
Additional Contractor Costs		$355,000	$0
City Cost	$93,000	$93,000	$93,000
Contractor Cost	$490,000	$943,200	$632,215
Total Transit Costs	**$583,000**	**$1,036,200**	**$725,315**
City Position(s)	1. City Transit Program Manager	1. City Transit Program Manager	1. City Transit Program Manager
Non-City or Contract-Related Position(s)	-/-	1. Non-City Transit Manger; 2. Non-City Asst. Mgr.; 3. Non-City Admin. Asst.; 4. Non-City Grants	-/-
Facility Lease (10-12k sq.ft.)	-/-	$25,000	-/-
Vehicle Expenses	-/-	$120,000	-/-

5.4.1.4 In-House Service Model

Table 5.6 includes information comparing services today and what it may be if the transit agency changes models to an In-house Service Model. The In-house Model gives the Transit Manager full control over all aspects of the transit operations, including:

- *Scheduling and personnel* – the scheduling and personnel responsibilities would be positions created in-house with daily functions for the transit operations.
- *Managing bus drivers* – The City would have direct control over bus operators and in establishing policies for the drivers. Any operational issues related to drivers could be handled directly with staff. The operating budget includes an Operations Manager for the day-to-day functions of service. In addition, scheduling and dispatching is included in the operations budget, shown in line 5 of **Table 5.6,** under 'Actual Budget.'
- *Training standards* – City staff would have the responsibility and opportunity to train drivers and staff. Strong training programs often have less risk associated with In-house Service Models. The City also has the opportunity to re-train, evaluate, and have on-going training with the In-house model.
- *Customer Service* – The City would have direct control over customer service calls, questions, complaints, commendations, etc. Staff can be contacted directly for information about a situation and/or solution.

Table 5.6: In-House Service Part-time and Full-time Cost Comparison

	Today	5. In-House	6. In House
		Admin/Ops/Full-time & Part-time Drivers	**Admin/Ops/Part-time Drivers**
Existing Contract	$638,000		
Ridership	35,085	35,085	35,085
Annual Rev Hrs	14,705	14,705	14,705
Annual Rev Miles	170,497	170,497	170,497
Actual Budget	$490,000	$661,725	$588,200
Cost per Rev Hr	$33.32	$45.00	$40.00
Pass per Rev Hr	2.4	2.4	2.4
Operating Cost per Trip	$16.62	$24.36	$22.27
Vehicle Fleet	12	12	12
Additional Contractor Costs		$0	$0
City Cost	$93,000	$193,000	$193,000
Contractor Cost	$490,000	$0	$0
Total Transit Costs	**$583,000**	**$854,725**	**$781,200**
City Position(s)	1. City Transit Program Manager	In-house wages higher due to competitive pay in other urban areas; 1. City Transit Director; 2. City Grants Admin.; 3. City Planner/ Marketing	In-house wages higher due to competitive pay in other urban areas; 1. City Transit Director; 2. City Grants Admin.; 3. City Planner / Marketing
Non-City Position(s)	-/-	-/-	-/-
Facility Lease (10-12k sq.ft.)	-/-	$25,000	$25,000
Vehicle Expenses	-/-	-/-	-/-

The In-house Model assumes the City would have a City Transit Director, as well as drivers, dispatch, scheduling, and administrative positions to operate the day-to-day services. Table 5.6, shown on the previous page, presents two options for the In-house Model:

1. Option 1 assumes the majority of drivers would be full-time staff, with some part-time drivers.
2. Option 2 assumes part-time drivers for service operations.

5.4.2 Contracting Model Summary

The contracting models described in this chapter reflect numerous methods of how to provide transit services. There is not a wrong contracting model. Each community must choose a model that works best for their environment and political culture, keeping in mind, whichever model is chosen will have the best management and use of taxpayer dollars.

The previously described contracting models are based on services within the metropolitan planning organization urbanized boundary. SCI, the current provider, currently provides the urban services for the City with Federal Transit Administration (FTA) 5307 funds, and the rural services, funded by Hall County and FTA 5311 funds. The FTA strongly encourages continued coordination among all transit agencies, as long as the specific service parameters for urban and rural services are defined, monitored, and reported separately to meet the requirements of the different federal funding sources. This is true for the revenue sources, as well as expenditure items. In the past, SCI did not have to monitor and track urban trip data verses rural trip data. However, after July 1, 2016, the City is mandated by the FTA to report the urban ONLY service data, expenses, revenues, and urban system characteristics. SCI has adjusted over the past year by breaking out the specific urban data to comply with the regulations, with guidance from the City.

Based upon the detailed cost estimates from the previous section and the longevity of successful contracting for transit services in the Grand Island area, it is recommended the City continue to use contracting in the short term. Should the service parameters and/or type of service change to a flexible or fixed route service, the City should revisit the In-house Contracting opportunities to determine if a different method of contracting may be more appropriate for management, operations, and oversight. In addition, as transit demand increases, the City should research the number of administrative staff for oversight of services and determine appropriate leveling of staffing.

In many rural and small urban areas, such as the Grand Island region, limited resources are often one challenge in providing more transportation choices for residents. An increasing number of residents in the region commute to urban-area jobs from rural or suburban communities, which by nature forces transit agencies, such as the City, to look beyond the urbanized boundary and look at the best method for providing efficient public transportation and maximizing federal and state resources. Knowing the continued growth projections for Hall County and the City, it will benefit the City to continue working towards the goal of coordination with Hall County. As the City moves into the next contracting cycle, the City's Transit Program Manager and Hall County officials should begin conversations regarding the specific services and requirements for the urban and for the rural areas. There is an opportunity with the next contracting cycle to include specific parameters expected from the City for urban services. In addition, the transit contractor will also need to provide monthly rural statistics to Nebraska Department of Transportation for the County.

The following governance discussion provides mechanisms for increasing coordination in the future, with the ultimate goal of equitable funding among local agencies to fund the public transit services.

5.5 Future Governance Structure

Chapter 4 of this Tech Memo 2 introduced several transit options for the City of Grand Island and Hall County. Some of the services are solely within the City of Grand Island; however, several of the transit options are multi-jurisdictional and do not stop at the city limits. As transit services expand over the next decade, the City of Grand Island should begin to discuss a formal governance structure, which incorporates representatives from each of the governmental entities in the region. This future structure is considered for several reasons:

- To establish fair and acceptable cost-sharing arrangements among all entities
- To establish service levels and approve budgets that are financially feasible for all parties
- To fund the service through administration of a dedicated funding source
- To plan for and approve large capital expenditures and disposal of assets
- To ensure that any service changes contemplated in the future are in the best interests of the region and are fair and acceptable to each entity involved
- To establish a long-term commitment for the provision of transit service among all entities, and to establish a framework for the withdrawal of any party that is fair to the rest
- To coordinate efforts between various types of transit services being offered or considered (e.g. express routes, flexible routes) and allocate budgets accordingly

5.5.1 Governance Today

The primary public transportation provider in Grand Island is Hall County Public Transportation, currently under the auspices of the City of Grand Island, Public Works Department. The Department has been responsible for the administration and operation of transit service within the urbanized area, since July 1, 2016. The City of Grand Island has an existing contract with Senior Citizens Industries, Inc. for an initial 12-month term, with options for a maximum of two years renewal. This contract is funded by FTA 5307 (Urban) and 5311(Rural) funds and local matching funding sources from the City of Grand Island and Hall County.

5.5.2 Governance in the Future

The most impactful change in the management and governance of transit service operations in the Grand Island region, including Hall County and Merrick County, would come from the formation of a multiple entity Regional Authority with direct taxation powers. The creation of the multiple entity Regional Authority would change the existing governance structure, which currently is with the City of Grand Island.

Through a new multi-jurisdictional Regional Authority, the current employees would likely become employees of the new organization. Creation of a new Authority presents an opportunity for a sizable expansion of the service area for transit services in the region, if adjacent entities in the urbanized area join the Authority and support transit services through a community taxation. A financial capacity assessment would need to be conducted to establish the level of transit service that could be supported given the revenue generated by a levy from all participating communities in the Authority boundary.

One viable solution for the long-term is to establish a multi-jurisdictional Regional Authority for Grand Island and Hall County. For the topic of governance structure, it would benefit the City of Grand Island to coordinate with Hall County and the surrounding counties to ensure a Regional Authority is truly regional in nature to accommodate all transit needs and services in the region.

The formation of an Authority allows the regional governance of planning, funding, and operations all under one entity, making it more efficient to provide transit service beyond the city limits of Grand Island. In the short-term, a specific study focusing on the governance of the region and an implementation strategy to get it passed should be completed.

The existing state law does not permit the City of Grand Island, nor Hall County to form an authority at this time. In 1972, the Nebraska State Legislature passed Legislative Bill 1275 “enabling” the creation of the Transit Authority, City of Omaha, a governmental subdivision of the State of Nebraska, pursuant to statute 14-1803, and the only such transit authority in the state.

No other Authority is allowed outside the City of Omaha without the change of this legislative bill. The Omaha Authority consists of a five-member Board appointed by the mayor. Under the provisions of the enabling status, the Authority shall have and retain full and exclusive jurisdiction and control over all public passenger transportation systems in the City of Omaha, excluding taxicabs and railroad systems. Funds obtained from Omaha’s tax levy cannot be used to offset transit service operating expenses incurred outside of Omaha city limits.

Today, transit service outside of the Omaha city limits is provided by contractual agreement between Metro and the respective political jurisdictions and agencies, wherein they agree to reimburse Metro for all operating expenses not recovered through farebox receipts, and federal and state subsidies. The level of service, miles, and hours of operation, are dictated by individual contracts.

A few changes have been made over the years to the legislative bill, such as the name from Metro Area Transit (MAT) to Metro; however, the statutory structure for mass transit authorities in Nebraska remain mostly the same. In 2013, the following changes/discussions were proposed to the Legislature addressing challenges to the existing Bill.

- The current legislation allows only a city of ‘metropolitan class’ to become an Authority. One example is that Omaha is a metropolitan class; however, Lincoln is designated a ‘primary class’ and not eligible under the existing language. Neither is Grand Island, the third largest community in the state.
- The Nebraska Budget Act has specific restrictions. New language would be needed to ensure inclusion of any new such entity created, including the distribution, collection, and responsibility of any tax receipts.
- Other changes would be taken at the federal and state level to facilitate the transfer of transit assets from a municipality to facilitate a regional transit authority, such as through intergovernmental agreements.
- In 2003, the Transit Authority Law was significantly amended by LB720, which modified the Transit Authority Law by permitting extension of its jurisdictional boundaries in order to allow establishment of a regional transit authority in other municipalities, villages, or counties if they wish to join. However, the statutory revisions enacted under LB720 do not truly enable the establishment of any true regional authority.

The Nebraska Transit Authority Law was amended in 2003 and now authorizes the creation of a regional transit authority covering the following: City of Omaha; Douglas; Washington; Dodge and Sarpy Counties; and Pottawattamie County in Iowa.

Today, funding is available through bonds, federal funds, fees for use (fares), sales taxes and/or property taxes from participating jurisdictions. The Authority can also access sales tax funds through interlocal agreements with participating municipalities. The Local Option Revenue Act allows municipalities to impose a sales tax, which must be approved by the voters. Voter approved tax rates over 1.5 percent must also be approved by 70 percent of the city council.

The 2003 amendment for multi-jurisdictional Authorities was a first step for coordination of regional services. However, other future potential changes to the legislation include:

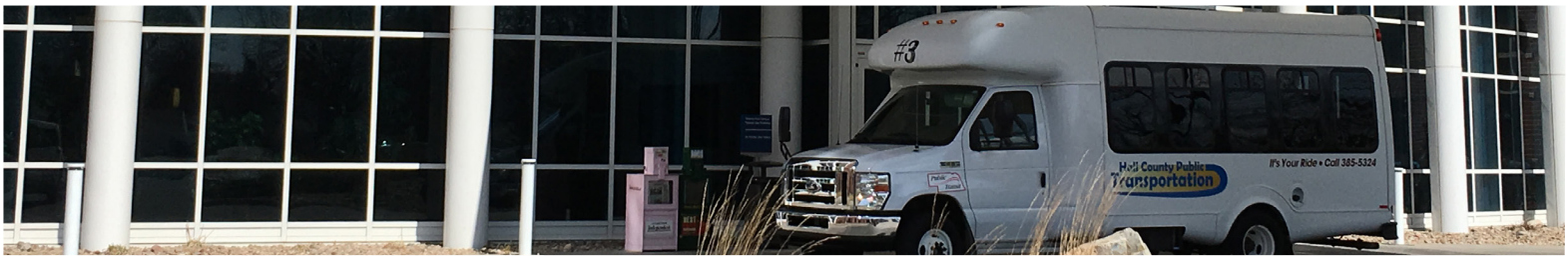
- Direct taxing authority. State legislation, recognizing the Regional Transit Authority as a separate political subdivision, could provide the authority with its own dedicated tax levy authority and its own tax cap to be determined.
- A “multimodal” entity could be created to take responsibility for road, bridge, trail and public transit improvements with the authority to raise revenue through a dedicated sales tax and/or property tax.

5.5.3 Governance Summary

The most impactful change in the management and governance of transit service operations in the Grand Island region would come from the formation of a multiple entity Regional Authority with direct taxation powers. The creation of the multiple entity Regional Authority would change the existing governance structure, which currently is a division under the Public Works Department.

Through a new multi-jurisdictional Regional Authority, the current employees would likely become employees of the new organization. Creation of a new Authority presents an opportunity for a sizable expansion of the service area for transit services in the region, if adjacent entities in the region join the Authority and support transit services through a community taxation. A financial capacity assessment would need to be conducted to establish the level of transit service that could be supported given the revenue generated by a levy from all participating communities in the Authority boundary.

A multi-jurisdictional Regional Authority for the Grand Island region would need strong partnership. It would benefit the City of Grand Island to continue coordination with Hall County and the surrounding counties and cities to ensure a Regional Authority is truly regional in nature to accommodate all transit needs and services of region. The formation of this Authority allows the regional governance of planning, funding, and operations all under one entity making it more efficient to provide transit service beyond the city limits of Grand Island.



CHAPTER 6 NEXT STEPS

6.1 Next Steps

The next step involved with this transit feasibility study is to narrow the transit alternatives into the Fiscally Constrained Transit Plan and the Illustrative Transit Plan for the next five years. The Constrained Plan will be based upon current revenue projections for the City of Grand Island, in addition to the community engagement from Round 1 and Round 2 and review of the demographic and socioeconomic data. Technical Memorandum 3 will include the Constrained Plan, the Illustrative Plan, the five-year budget, and high-level implementation strategies for moving forward.

Hall County Public Transportation

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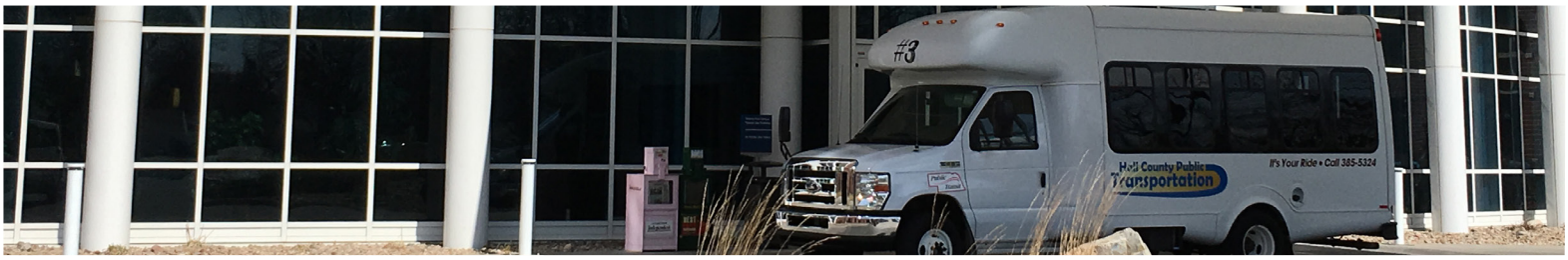


APPENDIX A TRANSIT RIDER SURVEY INSTRUMENT

Hall County Public Transportatior

Transit Rider Survey, June 2017

The City of Grand Island and GIAMPO launched the ***Regional Transit Needs Assessment and Feasibility Study*** in March 2017. The Purpose of the Study is to review existing transit services in Grand Island and Hall County, analyze transit demand, develop short-term public transportation options, and prepare a 3-5 year plan and budget. Hall County Public Transportation has provided curb-to-curb demand response transit to the community for over 30 years.

The transit survey will help the project team assess existing transit services and customer satisfaction of transit riders within the community. Thank you for your participatic

1. Please rate the following:

	Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied
A. Timeliness - ontime arrival of the bus for most trips.	☐	☐	☐	☐	☐
B. Comfort - the temperature on the bus for most trips.	☐	☐	☐	☐	☐
C. Comfort - the seats on the bus.	☐	☐	☐	☐	☐
D. Cleanliness of the vehicle.	☐	☐	☐	☐	☐
E. Information during reservation for when the bus would arrive.	☐	☐	☐	☐	☐
F. Information during reservation for how long the trip would take.	☐	☐	☐	☐	☐
G. Ease of booking or changing trip.	☐	☐	☐	☐	☐
H. Ease of finding information on Hall County Public Transportation.	☐	☐	☐	☐	☐
I. Helpfulness of the driver.	☐	☐	☐	☐	☐
J. Professionalism of the driver.	☐	☐	☐	☐	☐
K. Helpfulness of staff taking reservations.	☐	☐	☐	☐	☐
L. Overal service you receive from Hall County Public Transportation.	☐	☐	☐	☐	☐
M. Cost of the ride.	☐	☐	☐	☐	☐

7. On a scale of 1 to 5 how valuable do you think Hall County Public Transportation is for our community today? (1=Not Valuable, 5=Very Valuable)

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

8. What is the perception in the community of Hall County Public Transportation?

_____

_____

9. Which one of the following best describes you:

☐ Employed Full-time ☐ Student
☐ Employed Part-time ☐ Retired
☐ Not currently employed
☐ Other _____

10. Gender

☐ Male ☐ Female

11. Age

☐ 18 years and under ☐ 19 yrs - 35 yrs
☐ 36 yrs - 50 yrs ☐ 51 yrs - 65 yrs
☐ 66 yrs or older

12. What is your annual household income?

☐ Less than $25,000 ☐ $25,001 - $35,000
☐ $35,001 - $50,000 ☐ $50,001 - $75,000
☐ Over $75,000

13. Ethnicity

☐ African-American/Black ☐ Asian
☐ Caucasian/White ☐ Hispanic/Latino
☐ Native-American/Indian ☐ Pacific Island/Hawaiian
☐ Other _____

14. What disability or special need do you require assistance with?

☐ I do not have special needs/ I do not require accommodations.
☐ Blindness/Visual Impairment ☐ Deaf/Hard of Hearing
☐ Mobility Disability ☐ Psychiatric Disability
☐ Other _____

15. Was walking, cycling, or public transit an important consideration in your choice of where to live or work?

Walking: ☐ Yes ☐ No
Bicycling: ☐ Yes ☐ No
Public Transit: ☐ Yes ☐ No

16. Do you typically have a vehicle available for travel?

☐ Yes ☐ No

17. Do you have a valid driver's license?

☐ Yes ☐ No

18. What is the Date and Time of your ride today?

_____

18. How often do you ride public transit services in Grand Island?

☐ Every Day ☐ 1 - 4 times a month
☐ 2 - 4 times a week ☐ Rarely

19. Additional Comments:

_____

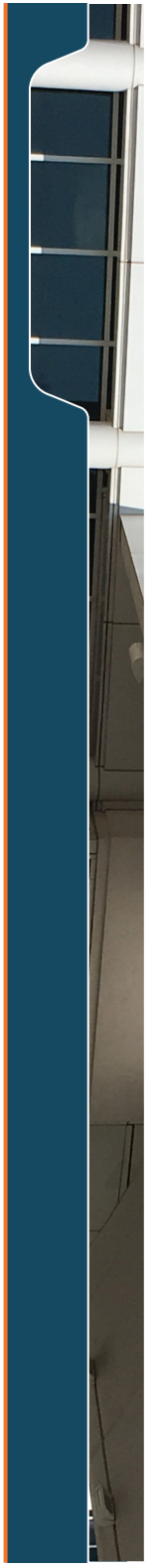
_____

_____

_____

Thank you!

CITY OF GRAND ISLAND GIAMPO OLSSON ASSOCIATES



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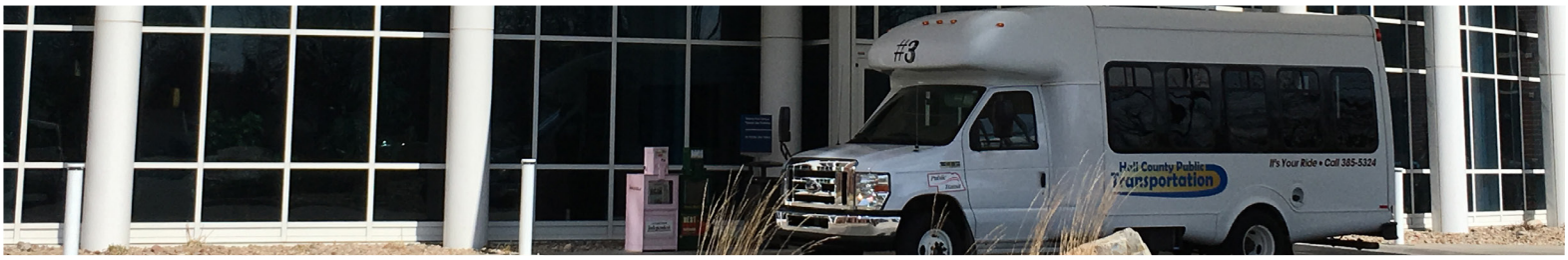

APPENDIX B ONLINE SURVEY INSTRUMENT

CITY OF GRAND ISLAND

GIAMPO

Grand Island Community Survey

Regional Transit Needs Study

Please take our short survey today and make your voice heard! Your input will help ensure Hall County Public Transportation continues to meet the needs of the community! **Thank you for your participation!**

1. How often do you ride public transit services in Grand Island?

- ◯ Every day
- ◯ 2 to 4 times a week
- ◯ 1 to 4 times a month
- ◯ Rarely
- ◯ Never
- ◯ Other (please specify)

2. If you use public transportation, what is your primary purpose? (Mark all that apply)

- ☐ Home

- [ ] Work
- [ ] School
- [ ] Medical
- [ ] Faith
- [ ] Shopping/Entertainment
- [ ] Other (please specify)

3. If you are not a bus rider, why do you NOT use Hall County Public Transportation for your transportation needs? (Mark all that apply)

- [ ] Does not go to where I need to go (Today – transit travels anywhere in Hall County)
- [ ] I have my own vehicle for transportation
- [ ] Cannot plan my trips 24 hours in advance (Today – 24 hour reservation required)
- [ ] Takes too long
- [ ] Don't know how to use the services
- [ ] Too expensive (Today – fare is $2 per one-way trip)
- [ ] Other (please specify)

4. How would you prioritize improvements to Hall County Public Transportation in the short range (1-3 years)? (1 = most important and 8 = least important)

☐	Expand service hours. (Today service is 6a-5p, M-F)
☐	Expand service days.
☐	Increase awareness of Hall County Public Transportation. How?

- [ ] Add scheduled bus routes within Grand Island.
- [ ] Leave service as it is today.
- [ ] Develop a new brand for transit service in the Grand Island area.
- [ ] Make reservation time only 4 hours in advance.
- [ ] Other

5. Please include additional description to the improvement priorities from Question #4.

How would you increase awareness of Hall County Public Transportation?

What "other" improvements would you prioritize?

6. On a scale of 1 to 5, (1 = Not Valuable, 5 = Very Valuable), how valuable do you think Hall County Public Transportation is for our community today?

1	2	3	4	5
○	○	○	○	○

7. What is the perception in the community of Hall County Public Transportation?

8. For a typical walk, what distance is comfortable for you?

- ○ 5 min - Up to a 1/4 mile
- ○ 10 min - Up to a 1/2 mile

- ◯ 20 min - Up to 1 mile
- ◯ 30 min - Up to 1.5 miles
- ◯ 40 min - Up to 2 miles
- ◯ More than 2 miles
- ◯ Unable to walk
- ◯ Other (please specify)

9. What keeps you from walking more often for short trips? (Select top 3 reasons)

- ☐ Nearby vehicle traffic is too fast and congested
- ☐ Prefer to drive and/or used to driving out of habit
- ☐ My health
- ☐ My destination is too far away
- ☐ Sidewalks/paths/crossings are missing or are in poor condition
- ☐ Weather Conditions
- ☐ Darkness, concerned about personal security or safety
- ☐ Need to transport other people and things
- ☐ Other (please specify)

10. If bike racks were available on Hall County Transit buses, would that be an incentive for you to ride transit more often?

- ◯ Yes
- ◯ No
- ◯ Unsure

11. What specific areas of Grand Island would you like to see transit service and bicycle/pedestrian connections?

12. Was walking, bicycling, or public transit service an important consideration in your choice of where to live or work? (Check all that apply)

- [ ] Walking
- [ ] Bicycling
- [ ] Transit Services
- [ ] None of the above were considered
- [ ] Other (please specify)

13. What is your age?

- ◯ 18 years and under
- ◯ 19 to 35 years
- ◯ 36 to 50 years
- ◯ 51 to 64 years
- ◯ 65 years or older

14. Do you typically have a vehicle available for travel?

- ◯ Yes
- ◯ No

15. Do you have a valid driver's license?

- ◯ Yes
- ◯ No

16. Gender

- ◯ Male
- ◯ Female

17. Please select the best option that describes you.

- ◯ Employed Full-time
- ◯ Employed Part-time
- ◯ Not Currently Employed
- ◯ Student
- ◯ Retired
- ◯ Other (please specify)

18. What is your annual household income?

- ◯ Less than $25,000
- ◯ $25,000 to $35,000
- ◯ $35,001 to $50,000
- ◯ $50,001 to $75,000
- ◯ Over $75,000

19. What is the greatest benefit of Hall County Public Transportation in our community today?

20. Additional Comments Here:

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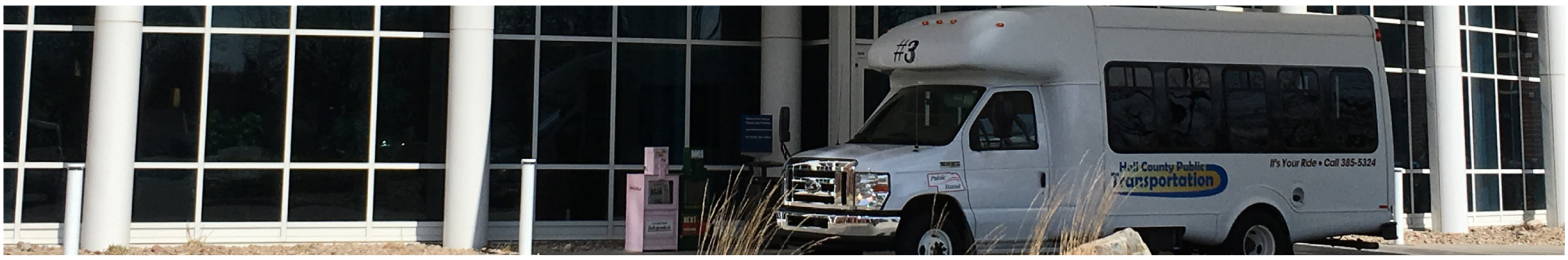


APPENDIX C TRANSIT RIDER SURVEY - FUTURE TRANSIT ALTERNATIVES

Transit Rider Survey – Transit Alternatives

1. **In the next 5 years in Grand Island, what service do you think is best for the community? (Rank #1 - best, #2 – second best)**

*Curb side pickup service on the same day ☐ 1 = Best ☐ 2 = 2nd Best

*Scheduled bus service available every hour with bus stops ☐ 1 = Best ☐ 2 = 2nd Best

---

2. **Would you prefer?**

☐ To walk a short distance to a bus stop with service every hour OR

☐ Have the bus pick you up at the curb, but may be 15 minutes early or late?

---

3. **Would a vanpool or rideshare program be a viable future option for your typical transit trip?**

☐ Yes ☐ No ☐ Not Sure

---

4. **What would you prefer to have:**

☐ Enhanced bus service in Grand Island OR

☐ Have bus service to/from Kearney/Hastings?

Why?

---

5. **How often do you need to go to an airport?**

☐ Once a year or less ☐ 2–5 times per year ☐ More than 6 times per year

---

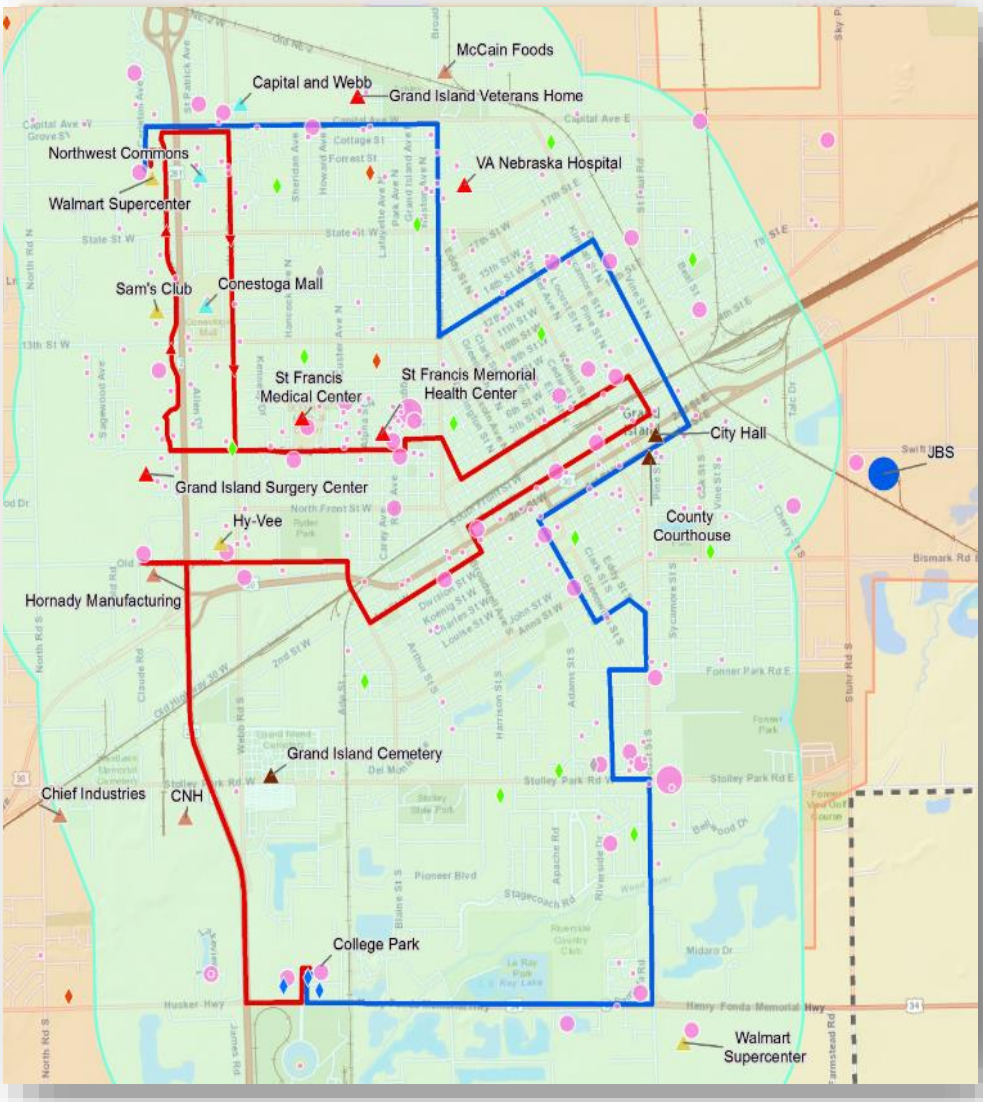
Continued Other Side

August 2017

Below are 2 bus routes in Grand Island that would operate every 60 minutes. Would these bus routes be a good alternative for you?

☐ **Yes** ☐ **No** ☐ **Not Sure**

Why or Why Not?



Thank YOU!!