

# BISMARCK-MANDAN AREA TRANSIT DEVELOPMENT PLAN

April 2019

The Transit Development Plan is a guiding document for future reference and recommendations, not requirements for actions.

## CURRENT OPERATING COST RELATIVE TO FUNDING

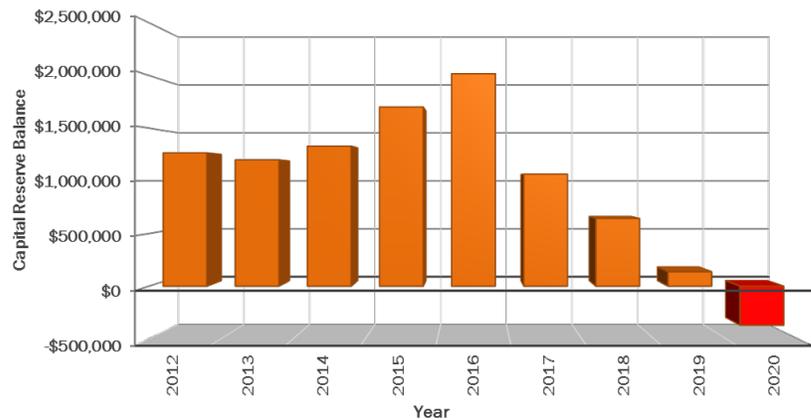
A critical challenge for Bis-Man Transit to maintain or improve current service is finding operating and capital improvement funding. For 2019-2020, annual operating costs are estimated to be approximately \$230,000 more than operating revenue from federal, state and local sources. Over the last two years, a similar situation has been observed.

The Bis-Man Transit Board has authorized use of reserve funds to offset the deficit. While this provides for a short-term relief, it cannot be a general practice as the reserve fund is limited.

## CLOSING THE FUNDING GAP

A challenge of this update to the Transit Development Plan is identifying ideas for closing the operating deficit that has occurred over the last several years. When operating costs exceed planned revenue the responsible practice is to look for acceptable operating cost reduction ideas. In the case of transit, lowering operating costs is typically accomplished through reducing the amount of service provided. Cost savings would come from fewer employees needed to provide service or employees working fewer hours.

### Reserve Fund Balance – 2012 to 2020 (Estimate)



## Alternatives Reviewed for Reducing Service Costs

**As reducing costs generally requires reducing service to persons that have few travel options, none of the options are ideal.** Through the plan update, the following potential cost reduction alternatives were evaluated:

- Reduce the level of fixed route service costs – To reduce fixed route costs an option was to convert the Brown and Purple Routes from 60-minute routes to 120-minute routes. The resulting frequency would be similar to pre-2017 times.
- Reduce paratransit service costs – Options for reducing paratransit costs included:
  - Eliminate the 70-years of age criterion for using paratransit.
  - Reduce evening paratransit hours.

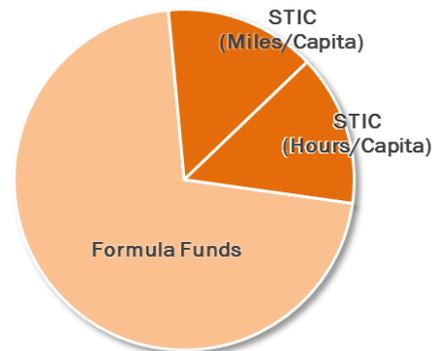
While each of the options contribute to closing the gap, none of them eliminate the gap.



## The STIC Dilemma

All public transit agencies receive federal funding to support operating and capital investment. The Federal Transit Administration (FTA) has a program referred to as STIC (stick), which stands for Small Transit Intensive Cities. STIC targets additional funding to communities like Bismarck-Mandan that provide a higher level of transit service than most communities. Funding is based on six separate tests with each category providing the potential for about \$260,000 in ADDITIONAL federal funding. Each year, Bismarck-Mandan is competitive in two of the categories that are based on the miles and hours of service provided. Service in Bismarck-Mandan does not always surpass the threshold for funding in both categories, but over the last several years at least one category has been met.

**Federal Funding – Formula Relative to Competitive Award**



Reducing service on either the fixed route network or for paratransit reduces the hours and/or miles of service provided, which can jeopardize the ability to compete for up to about \$520,000 in funding. While Bismarck-Mandan have been able to meet the award criteria in two categories for 2019, the margin over the threshold is small. A reduction in service substantial enough to close the operating deficit gap will jeopardize meeting the added funding qualification threshold in one or both categories, which impacts federal funding. Which leads to the dilemma - Reducing service to save operating costs, likely results in the loss of federal funding that could leave as large a gap as is present today. The result of making cuts and losing STIC funding is less service for those in need and a continued gap between operating funding and operating costs.

## PROPOSED PLAN

Reserve fund dollars have been used to support both capital improvements and to fill the operating cost-to-funding gap. Each year capital improvements are needed to maintain the condition of the investments, however, Bis-Man Transit and the City of Bismarck can adjust the timing of some future purchases such as replacement buses and other vehicles. While this practice would increase maintenance costs, if the delay of some replacements is kept to a short period, transfers from the reserve fund can be reduced temporarily.

The longer term recommendation is to request added funding for transit that would be used to support annual operating costs. Presently, the local investment in transit service compared to many North Dakota and nearby cities is lower on a per person basis. The attached table displays a comparison of communities in the region and it shows the investment per capita in Bismarck-Mandan is lower than most. For the 2019-2020 budget period, proposed operating costs exceed revenue by approximately \$230,000. If the added funding can be provided for the current period and going forward, draws from the reserve fund for operations can be greatly reduced or eliminated as a practice (which is Bis-Man Transit's goal). The requested transit investment increase would equal approximately \$3 per person in the metro area.

## Annual Operating Cost Comparison to Others

Peer Location	Annual Operating Cost (2016)	Metro Area Population	Operating Investment / Capita		
			Fixed Route	Paratransit	Total
Bis-Man	\$3,762,400	81,955	\$19.66	\$26.25	\$45.91
Billings	\$4,808,660	114,773	\$30.47	\$11.42	\$41.89
Fargo/Moorhead	\$9,695,692	176,676	\$45.95	\$8.93	\$54.88
Grand Forks	\$3,559,686	61,270	\$35.13	\$22.97	\$58.10
Rapid City	\$2,039,711	81,251	\$12.28	\$12.83	\$25.11
Sioux Falls	\$7,905,674	156,777	\$28.98	\$21.44	\$50.42

For more information about the transit plan see the website [www.transitplanbisman.com](http://www.transitplanbisman.com) or contact Bill Troe at [btroe@sriconsulting.com](mailto:btroe@sriconsulting.com)