Chapter VI

TRANSPORTATION
CONSULTANTS, INC.

CHAPTER VI

Institutional Alternatives

INTRODUCTION

The purpose of this chapter is to discuss institutional structures that are available to ECO Transit. This chapter also identifies those institutional alternatives that have proven successful for transit services similar to ECO Transit in Colorado. An institutional structure is charged with handling the administrative, financial, operational, and governmental duties needed to operate a public transit system.

INSTITUTIONAL APPROACHES

This study approaches the institutional alternatives from a practical standpoint rather than a theoretical one. As the population in Eagle County and the region changes, so will the demands on the existing agencies. The following section examines the alternatives the region could use to provide public transit service.

Criteria for Institutional Structures

The history of transit organizations indicates that the following criteria should guide the selection of the institution for managing and operating transportation services in the area. The institutional structure should be an entity:

- Whose structure is legitimate and whose policy-making actions are authorized and defensible;
- Which can limit the exposure of the participants to suits and claims of liability;
- Which can be responsive to the complete policy-making and management needs of the transit organization;
- Which has political and financial support and can endure more than one year at a time; and
- Which can annually perform proactive planning to improve the system and effectively identify and implement improvements regularly and easily.

INSTITUTIONAL STRUCTURES

County Transit Service

ECO Transit currently operates under a county transit institutional structure. This is a structure where the transit service is operated by a county. Normally the transit service is set up as a department of the county or is a division within a department. In many counties across the country, the transit service is part of the Public Works Department as is ECO Transit. Listed below are some advantages of being within a county institutional structure.

- **Existing Governing Body:** As with other county departments, the transit service will be governed by the County Board of Commissioners which alleviates the need for the transit service to develop a Board of Directors or other form of governing body. The County Commissioners will make decisions on how the transit service is to be funded, approve the annual budget for the transit service, and approve performance factors for the service. The County could also enter into intergovernmental agreements with local governments to increase revenue for the transit service or expand service outside the county boundary.

- **Existing Departmental Agencies:** Placing the new transit service in an existing county department will provide clerical and administrative assistance. It may also alleviate the need to develop new facilities for the transit service since administrative space may be available within the department's facilities.

- **Possibility of General Fund Revenue:** Taxes that the County collects can be used to help fund the new public transit service. This is an important source of operational funding and also allows for local revenue to match any funding received from federal or state grants. It is important to note that the majority of funding needed to operate the service and to pay the labor and non-capital costs will be from local sources of revenue.

- **Possibility of Generating Revenue from a County Sales Tax:** In Colorado, counties have the legal right to increase existing sales tax through the ballot process and approval of the citizens of the county. A petition could be made to have this increased sales tax revenue be used to operate service.

- **Existing Facilities:** Transit needs relatively large facilities to maintain the bus fleet. Generally a county has a maintenance facility to take care of sheriff vehicles, fire trucks, and large public works vehicles. This facility can be used to maintain the transit buses as well, thus alleviating the need to construct a new facility.

- **Shared Resources:** Having transit service within the county government structure will allow for accounting, payroll, grant application development,

and legal services that the county government generally has within its institutional structure to be shared by the transit service. Again, this will save the transit service considerable administrative costs.

The county government institutional structure has many advantages for implementing a public transit service and is used in resort communities within Colorado. Summit Stage in Summit County is an example. In Eagle County, a sales tax increase was approved by the residents of the county dedicated to developing ECO Transit. This dedicated tax generates approximately $6,000,000 per year.

There are some disadvantages to the county institutional structure as well which are listed below.

- **Possible Higher Labor and Benefit Costs:** County governments generally provide a higher wage for drivers and mechanics and almost always provide better and more costly benefit packages than the private sector. This may call for a greater demand on the general fund.
- **Transit may not be a High Priority with County Decision Makers:** Unless the County increases sales taxes and dedicates this increase to the public transit service, the transit service will be vying for scarce public funds and will compete with existing county departments for these limited funds. The County Commissioners may not see transit as an essential service when it is competing with traditional governmental services such as highway maintenance and construction, the sheriff's department, or the fire department.

Intergovernmental Transit Agency

An Intergovernmental Transit Agency is a quasi-governmental agency that is developed by local governments to operate regional transit service. It is possible to create this institutional structure through intergovernmental agreements. Intergovernmental Agreements (IGAs) are where the governmental institutions agree to establish the transit agency and provide support (both financial and non-financial) for public transit service. This type of institutional structure is relatively quick and easy to organize as compared to the development of a Regional Transportation Authority. Listed below are the advantages of this form of institutional structure.

- **Can Provide Revenue and Assets from Local Governments:** Local governments that agree to enter into an IGA can bring to the table financial, administrative expertise, and capital that can be of great benefit to public

transit service. Assets such as maintenance equipment, facilities, administrative services, personnel expertise, legal services, and funding allow the new agency to be very efficient and not create redundancy. ECO Transit already has many of these assets either in-house or provided by Eagle County. Therefore, the emphasis of developing IGAs should be to gather additional revenue.

- **Provides a Level of Financial Stability:** Generally IGAs have a contractual period of at least three years which will lock in a specific amount of funding from the local governments. Although local governments may agree to a three-year commitment, they can only guarantee funding yearly since they have an annual budget. County governments and Home Rule municipalities can also ask their residents to approve a sales tax increase dedicated to the regional transit service.

- **Clearly Defines the Transit Service Area:** The transit service will be defined by the municipalities and county governments that join the transit service via an IGA.

- **Allows for Regional Growth:** It is relatively easy to increase the service area by obtaining additional intergovernmental agreements outside of Eagle County.

- **Enhances the Ability to Obtain Federal and State Funding:** Having a relatively stable source of local funding provided by the IGAs or a dedicated tax, ECO Transit will be in a favorable position to have local matching funds that are needed to apply for federal transit grants. The Federal Transit Administration (FTA) looks favorably to applicants that have a stable source of funding since this generally leads to completed projects, which is very important to FTA and the federal government.

The intergovernmental agreement institutional structure has many advantages for implementing a public transit service and was the institutional structure first used by the Roaring Fork Transportation Authority (RFTA)—then known as the Roaring Fork Transit Agency—to begin transit service in the Roaring Fork Valley. The Northeast Colorado Association of Local Governments (NECALG) also uses intergovernmental agreements to operate its transit service (known as County Express).

There are some disadvantages to the IGA institutional structure as well which are listed below.

- **Need to Develop an Operating Agency with a Governing Body:** Unlike county transit service, there is no ready-made operating agency such as a Public Works Department. Neither is there a County Commission. Therefore, a governing body needs to be developed as well as an operating entity. Generally the governing body is made up of representatives of the local governments which have signed IGAs to establish the public transit agency. An agency also needs to be developed which will oversee the transit service operation, develop and administer the grant applications, develop reports for regularly held Board of Directors meetings, and promote the transit service.

- **No Regulatory or Legal Authority to Develop a Dedicated Tax for Public Transit:** Unlike a county-operated transit service and a Regional Transportation Authority (discussed later in this chapter), an IGA cannot petition for a dedicated tax to operate and administer the transit service. The only source of revenue available to this institutional structure is revenue agreed upon by the local governments which establish the agency, federal and state funding grants, possible advertising revenue, and fare revenue. Transit funding may be subject to annual budget decisions made by each of the participating governments. Local "Home Rule" governments may choose to ask for voter approval to increase sales taxes and dedicate these funds for local transit service in their jurisdictions.

Regional Transportation Authority

Colorado House Bill 97-1273 created the "Rural Transportation Authority Law" in 1997 which was amended in 2005 to be Regional Transportation Authorities. This law enables any combination of local governments to *create, by contract, an Authority that is authorized to exercise the functions conferred by the provisions* of the law. In essence, a Regional Transportation Authority (RTA) can develop and operate a transit system, construct and maintain roadways within its service area, and petition the citizens within the RTA boundary to tax themselves for the purpose of funding the RTA and the services the RTA provides. Listed below are some advantages of creating an RTA.

- **Removes Jurisdictional Boundary Restrictions:** An RTA can be made up of several counties with many municipalities. The Pikes Peak Rural Transportation Authority (PPRTA) includes El Paso County, the City of Colorado Springs, the City of Manitou Springs, and the Town of Green Mountain Falls.

- **Allows for the Establishment of Dedicated Funding for Transit:** An RTA can petition the citizens of the RTA to agree, by popular vote, to establish a sales tax which will provide revenue to operate the RTA and its programs and services. The sales tax can be as high as one percent. An RTA can also

increase vehicle registration fees up to $10 per vehicle and a visitor benefit tax. Local improvement district assessments can be used as well, with assessments being based on the provision of the County's Improvement District Law.

- **Funds from the RTA can be Used for Other Transportation Modes:** An RTA can be established to fund transportation modes other than just transit. RTA-dedicated tax revenue can be used to fund highway construction and maintenance projects, bicycle and pedestrian projects such as trails, air transportation, and rail projects.

- **Enhances Federal and State Funding Possibilities:** Having a relatively stable source of local funding provided by the dedicated tax, an RTA will be in a favorable position to have local matching funds. The FTA is favorable to applicants that have a stable source of funding since this generally leads to completed projects, which is very important to FTA.

The Regional Transportation Authority institutional structure has many advantages for implementing a public transit service and is now the institutional structure being used by the Roaring Fork Transportation Authority (RFTA) to operate transit service in the Roaring Fork Valley. The Gunnison Valley RTA originally was developed to support commercial aviation, but now also supports regional transit service in the county. The PPRTA allocates 90 percent of the revenue generated by its dedicated tax to roadway, bicycle, and pedestrian projects. The remaining 10 percent is used to help operate Mountain Metropolitan Transit (METRO) which is a municipal transit system within the City of Colorado Springs' Public Works Department. Mountain Metro now uses PPRTA funds to provide transit service to the local governments that have joined the RTA.

There are a few disadvantages to the RTA institutional structure. These disadvantages are listed below.

- **Development of an RTA:** The development of a Regional Transportation Authority is time-consuming and labor-intensive. Intergovernmental Agreements must be made between the governmental agencies that wish to be a part of the RTA, research needs to be done to confirm the need for the RTA, public hearings need to be conducted, the RTA must be approved by the voters in each jurisdiction wanting to join the RTA, and the State of Colorado needs to certify the new RTA. Voters, by jurisdiction, must approve any tax or fee revenue to provide the funding needed to operate the RTA and its programs and services. The development of the PPRTA failed on the first

try. It took over two years and the help of a large number of people to create the institution. The Fort Collins area has made several attempts to establish an RTA which have failed primarily due to the reluctance of the citizens in the area to increase taxation.

INSTITUTIONAL CASE STUDIES

In this section several cases studies describe how the institutional structures discussed in the previous section have been developed and used in Colorado.

Grand Valley Regional Transportation Committee

This committee was formed by Intergovernmental Agreement in 2000. The partners are the City of Grand Junction, Mesa County, the Town of Palisade, and the City of Fruita. One elected official from each partner serves on the committee, as well as a representative from the Colorado Department of Transportation who serves in an ex-officio position.

The primary responsibilities of the committee are:

- To oversee the relationship with Grand Valley Transit which operates the service.
- To distribute federal enhancement funds—approximately $350,000 per year—used primarily for bike trails and highway beautification.
- To oversee preparation of a transportation plan to meet requirements for federal funding.
- To prepare a Regional Transportation Plan.

Originally, the Committee contracted with a local nonprofit agency to operate Grand Valley Transit. This agency operated the day-to-day service, maintained the transit vehicles, and gathered necessary performance data. Recently, the Committee put the operations contract out to bid and awarded the contract to a private for-profit company. The Committee is housed in the Mesa County Regional Transportation Planning Office which provides planning and administrative support.

Roaring Fork Transportation Authority (RFTA)

RFTA began service as a multi-jurisdictional transit agency known as the Roaring Fork Transit Agency in 1983. In 2001 the agency became a Rural Transportation Authority. RFTA provides commuter bus service in the Roaring Fork Valley (from Aspen to Glenwood Springs). Additionally, RFTA owns a rail corridor in the Roaring Fork Valley and designs, constructs, and maintains trails for pedestrian, bicycle, and equestrian use.

In 2006, RFTA served approximately 4.1 million commuter passengers, traveled 3.3 million miles, and operated 80 large transit vehicles. The Trails Program maintained a 34-mile rail corridor and constructed 10 miles of trail.

Pikes Peak Rural Transportation Authority (PPRTA)

The PPRTA is a good example of a successful collaborative effort between area businesses and public officials to address regional transportation needs. PPRTA members are El Paso County, the City of Colorado Springs, the City of Manitou Springs, and the Town of Green Mountain Falls. The establishing IGA was approved by the four member governments in August 2004 before the ballot measure went before the public in November. It spells out the purpose, boundaries, and powers of the Authority, as well as the allocation of revenues, composition, and powers of the Board of Directors and its officers.

The primary purpose of the organization is to collect tax revenue and disperse funds to participating governments to meet their transportation needs. The transportation revenue PPRTA receives is from a one percent sales tax, which is dedicated to PPRTA. PPRTA is mandated to use 90 percent of the revenue it receives for highway and pedestrian projects, with the remaining 10 percent to be used for public transportation.

The Authority does not use federal or state funds, but the money it provides member governments can be leveraged by those entities to acquire additional federal and state funds. For example, in 2007 Mountain Metropolitan Transit used

$1.68 million in PPRTA funds for match money that resulted in a $6.32 million state grant for the purchase of 19 Front Range Express (FREX) commuter buses. FREX provides commuter service from Colorado Springs to Denver with stops in Fountain, Monument, and Castle Rock.

The PPRTA Board of Directors has a comprehensive IGA with each of the four member governments outlining several procedural categories, including the budget process, how to handle claims and other liability issues, contracting elements/ roles/limitations, ownership of projects and other assets, and financial and construction reporting requirements. Appendix A provides the outline of PPRTA's efforts in developing an RTA.

SUMMARY OF INSTITUTIONAL ALTERNATIVES

In order to assist ECO Transit in deciding which institutional structure is best for the system, LSC developed criteria pertinent to ECO Transit and evaluated each of the institutional structures. The results are shown in Table VI-1. As can be seen from the evaluation, the RTA provides long-term advantages, but it more complex and takes longer to establish.

Table VI-1
Summary of Institutional Alternatives

	County	Intergovernmental Agency	RTA
Can be implemented quickly and at low cost	Strong/Acceptable	Strong/Acceptable	Weak
Avoids need for special legislation	Strong/Acceptable	Strong/Acceptable	Weak
Provides stability	Moderate/Satisfactory	Moderate/Satisfactory	Strong/Acceptable
Encourages regional transit coordination	Weak	Strong/Acceptable	Strong/Acceptable
Provides clear line of authority over all services	Strong/Acceptable	Moderate/Satisfactory	Strong/Acceptable
Provides Board and staff that focuses on transit	Weak	Moderate/Satisfactory	Strong/Acceptable
Provides good basis for future expansion	Weak	Moderate/Satisfactory	Strong/Acceptable
Can provide reduced risk of liability for participating parties	Weak	Moderate/Satisfactory	Strong/Acceptable

Strong/Acceptable

Moderate/Satisfactory

Weak