



Financial and Institutional Alternatives

INTRODUCTION

One of the principal challenges facing any tribal transit service is developing a funding system that supports capital investment (buses, maintenance facility, etc.) and provides a stable source of revenue for operations and maintenance. Organizational and legal issues for multi-jurisdictional transit agencies further compound this challenge. Chapter IX provides an evaluation of the funding and organizational alternatives for transit services within the Flathead Reservation.

FUNDING SOURCES

Successful transit systems are strategic about funding, and attempt to develop funding bases that enable them to operate reliably and efficiently within a set of clear goals and objectives according to both long-range and short-range plans. Potential strategies for funding the transit services within the Flathead Reservation are described below.



Capital Funding


The Confederated Salish and Kootenai Tribes of the Flathead Reservation (CSKTFR) Developmental Human Resource Department (DHRD) transit services will require capital funding for bus fleet procurement and for improvements to the new transit facility. The following strategies for funding capital development should be considered.

Federal funding (along with any state matching funds) should be applied for at the maximum amount, both within the existing Federal Transit Administration (FTA) Section 5310 and 5311 programs and through pursuit of discretionary grants from the FTA channels and direct Congressional earmarked funding. Small transit

systems often underachieve their potential for federal grant assistance because they assume they cannot compete in that arena. Close coordination with the Montana Department of Transportation will help the CSKTFR transit services remain aware of funding opportunities and compete for funding. In general, the best use of federal discretionary grant funding is for capital needs since this is a highly speculative source of money that requires extensive political effort at a level that is feasible only as a one-time or occasional undertaking.

Planning for capital facilities, such as the new CSKTFR transit services facility, looks at the long-range system development needs. Many transit systems outgrow their facilities quickly and face costly relocation and expansion needs because of inadequate space or other constraints. The CSKTFR transit services financial management system should include specific provisions for fleet replacement and other capital investments. A sinking fund for capital replacement should be established, and some amount of money from local funding sources should be set aside annually based upon a recapitalization plan. Note that buses and certain other capital facilities purchased with federal participation (80 percent under TEA-21) are also eligible for federal participation for replacement costs, once the buses and facilities reach maturity (as defined in the FTA rules).

Operations and Maintenance Funding

 Over time, the primary financial requirement of a local or regional transit system will be funding the routine operations and maintenance—including daily transit service, vehicle maintenance, and system administration. Labor represents about 75 percent of the costs for running a transit system, with the majority of that amount going to drivers' salaries. The following strategies for funding operations and maintenance should be considered.

Reliance on general fund appropriations from tribal and local governments should be avoided, if possible. It is common for local and regional transit agencies in many states (including Montana) to be dependent upon the annual appropriations from their constituent towns, cities, and counties. As a practical matter, such appropriations mean that it will not be possible to forecast future funding levels given the exigencies of local government funding. A transit agency that relies upon such appropriations will be unable to undertake capital planning and will con-

tinually face potential service cutbacks. This, in turn, makes it difficult or impossible for the transit agency to enter into partnership arrangements with other agencies or private entities. Transit agencies, like highway agencies, require that most or all of their operations and maintenance funding come from dedicated sources so that they can undertake responsible planning and offer reliable, consistent service.

The CSKTFR transit services and the Flathead Reservation regional transit providers realize that it is necessary to collect fares as part of the transit system funding, but this is not an ideal source of revenue. Due to the realities of a transportation system's cost and financing structure, it is generally not possible to recoup more than 10 to 20 percent of operations and maintenance costs from the farebox revenues within rural areas. Fare collection itself incurs costs for farebox maintenance, cash management, and auditing. Fare collection slows down vehicle boarding and increases the operating costs by increasing the time required to run each route. Finally, fare collection deters ridership.

Operations and maintenance funding mechanisms should be designed to anticipate transit system growth. Successful rural, tribal, and small urban transit systems around the United States are experiencing annual growth in ridership, just as in the Flathead Reservation. It is important to be able to respond to such growth by increasing the service levels to meet the demand. This means that the ideal funding sources for operations and maintenance are those that have the flexibility to be increased or expanded as demand grows. Such flexibility will, in most cases, require voter approval. The important consideration is that the need for growth has been anticipated, and the potential for larger budgets is not precluded by the choice of a specific funding source.

Overall Service Considerations

The issues of funding and service equity are of paramount importance in designing a strategy for future funding. Informal systems based upon annual appropriations, as well as systems without specific accounting for the distribution of costs and benefits, struggle with the local elected bodies to find acceptable allocations of cost

responsibility. This can become a significant barrier to transit system establishment and, later, to system growth.

The strongest regional transit systems are those that make extensive use of partnerships. Examples include partnerships with private companies, national parks, other major public facilities, and adjacent jurisdictions. Partnership arrangements enable a transit system to broaden its base of beneficiaries, expand its funding source alternatives, achieve better governance, and improve public support.

Potential Local and Regional Funding Sources

In Montana, statutory municipalities and counties have the power to fund transit per a state statute. The principal funding sources for local and regional transit systems in Montana are described below. The following funding sources are mainly for non-tribal businesses, individuals, and communities that are within the boundaries of the Flathead Reservation. The CSKTFR would first have to utilize general fund appropriations generated from the tribal-owned businesses.

General Fund Appropriations

Counties and municipalities may appropriate funds for transit operations, maintenance, and capital needs. The funds to be appropriated generally come from local property taxes and sales taxes. Competition for such funding is high, and local governments generally do not have the capacity to undertake major new annual funding responsibilities for transit. The transit providers on the Flathead Reservation currently receive no funding from the Flathead Reservation for general public transportation. The existing funding is from state and federal grants. The Tribal Council could appropriate funding for transit. This funding could be a portion of the revenue/profits from the tribal-owned businesses.

Advertising

One modest but important source of funding for many transit agencies is on-vehicle advertising. The largest portion of this potential is for exterior advertising, rather than interior “bus card” advertising. The potential funds generated by advertising placed within the vehicles are comparatively low. Advertising on bus shelters has also been used to pay for the cost of providing the shelter.

Voluntary Assessments

The voluntary assessments alternative requires each participating governmental entity and private business to contribute to the funding of the transit system on a year-to-year basis. This alternative is common with transit agencies that provide regional service, rather than service limited to a single jurisdiction. The main advantage of voluntary assessment funding is that it does not require voter approval. However, the funding is not steady and may be discontinued at any time.

Private Support

Financial support from private industries could assist in providing adequate transportation services within the Flathead Reservation. The major employers in the Flathead Reservation are potential sources of revenue. These firms may be willing to help support the cost of alternative fuel vehicles or the operating costs for employee transportation. The CSKTFR owns several businesses in the region, which could each help fund a portion of the transit service.

Transportation Impact Fees

The traditional methods of funding the transportation improvements required by new development raises questions of equity. Sales taxes and property taxes are applied to both existing residents and new residents attracted by the development. However, the existing residents then inadvertently pay for the public services required by the new residents. As a means of correcting this inequity, many communities nationwide (faced with strong growth pressures) have implemented development impact fee programs that place a fee upon new developments equal to the costs imposed upon the community. These may also be possible on non-tribal lands.

A number of administrative and long-term considerations must be addressed. It is necessary to legally ensure that the use on which the fees are computed would not change in the future by placing a note restricting the use on the face of the plat recorded in public records. The transportation impact fee program should be reviewed annually. The validity of the program and its acceptability to the community are increased if a time limit is placed on the spending of collected funds.

Transportation impact fee funds need to be strictly segregated from other funds. Fees should be collected at the time that a building permit is issued. The imposition of such a fee program could constrain capital funding sources developed in the future as a new source may result in a double payment.

Previous work by LSC indicates that the levy of impact fees on real estate development has become a commonplace tool in many regions to ensure that the costs associated with a development do not fall entirely upon the existing residents. Impact fees have been used primarily for highways and roadways, followed by water and sewer projects. A program specifically for mass transit has been established in San Francisco, California. However, this is not a likely source for transit funding in rural Montana.

Lodging Tax

The appropriate use of lodging taxes (occupancy taxes) has long been the subject of debate. Historically, the bulk of lodging taxes are used for marketing and promotion efforts for conferences and general tourism. In other areas, such as resorts, the lodging tax is an important element of the local transit funding formula. A lodging tax can be considered a specialized sales tax placed only upon lodging bills. As such, it shares many of the advantages and disadvantages of a sales tax. Taxation of this type has been used successfully in Park City, Utah; Sun Valley, Idaho; Telluride, Colorado; and Durango, Colorado. A lodging tax creates inequities between different classes of visitors as it is only paid by overnight visitors. The day visitors (particularly prevalent in the summer) and condominium/second home owners, who may use the transit system as much as the lodging guests, do not contribute to this transit funding source.

Sales Tax

A sales tax could be created to fund transit service. A sales tax is the financial base for many transit agencies within the western United States. The required level of sales tax would depend upon the transit service alternatives chosen. The advantages are that sales tax revenues are relatively stable and can be forecast with a high degree of confidence.



In addition, sales tax can be collected efficiently and allows the community to generate revenues from visitors to the area. The disadvantages are that a sales tax would require legislative approval and voter approval to implement. In addition, a sales tax increase could be seen as inequitable to residents not served by transit. This disadvantage could be offset by the fact that sales taxes could be rebated to the incorporated areas not served by transit. Another disadvantage is that transit agencies would face competition from other services that may seek to gain financial support through sales taxes. Any sale tax would have to be approved by residents of Lake, Sanders, and Flathead Counties. Another consideration is the issue of tribal members and tribal-owned businesses paying the sales tax.

Property Tax for Special Transportation

Section 7-14-111 of the Montana Code states that a county, urban transportation district, or municipality may, in addition to all other property tax levies authorized by law, levy up to one mill of property taxes to fund special transportation services for senior citizens and handicapped persons. The proceeds of the levy may be used to contract with public or private transportation providers for services for senior citizens and disabled individuals, or to augment or subsidize provisions for the transportation of senior citizens and disabled individuals provided by public transportation providers.

Urban Transportation District

Section 7-14-201 of the Montana Code provides Montana counties the authority to establish urban transportation districts (UTDs). The UTD may be created if the residents within the proposed district boundaries vote in favor of the measure. The UTD is administered by a transportation board. The board members are elected by the public during the general election process. The board has the power to establish, operate, improve, maintain, and administer the UTD. A UTD shall primarily serve the residents within the boundaries, but may authorize service outside the district where deemed appropriate. The UTD may borrow money by the issuance of general obligation bonds, revenue bonds, or a combination thereof to provide funds for the district.

Service Districts

The service district funding option was authorized in 1985 by the state legislature. This procedure requires the establishment of a special district: special improvement district, rural special improvement district, or multi-jurisdictional service district. These districts would operate similarly to the UTD discussed previously. The funding structure consists of bonds issued with the backing of the local governments that would be utilized to pay for transit improvement costs. Revenue to pay for the bonds would be raised through assessments against property owners within the district.

Local Option Gas Tax

Montana state law allows for the establishment of a countywide local option gas tax of up to two cents per gallon if the measure is approved by the county's voters. A fund of this nature could provide for the implementation of the recommended transit improvements contained within this plan. The primary advantage offered by this funding mechanism is that only the users (both residents and visitors) of the transportation system are taxed. Fees paid by the individual users would vary according to their use of the transportation system.

TransADE Program

In April 2001, the Montana State Legislature passed Senate Bill 448, which established the Transportation Assistance for the Elderly and Persons with Disabilities (TransADE) Program. This grant program provides up to 50 percent of the operating funds for transportation for seniors and the disabled throughout Montana. Eligible recipients are counties, incorporated communities, transportation districts, and nonprofit organizations. At present, the CSKTFR transit service is receiving this type of funding to cover 50 percent of operational costs.

Conclusions

The best and most versatile of the above funding sources for local and regional transit services is the urban transportation district, which offers more options for funding sources and much greater flexibility in designing the boundaries of a multi-jurisdictional transit system. Consideration would need to be given to the issue of tribal members and businesses paying a tax. The CSKTFR may want to

consider not levying a tax on tribal members and businesses, but rather having the CSKTFR fund a portion of the transit services through the revenue generated from the tribal businesses per the Tribal Council's approval.

Federal Transit Funding Sources

Through the SAFETEA-LU, the federal government has substantially increased the transit funding levels for small urban and rural areas. In addition, changes in program requirements have provided increased flexibility regarding the use of federal funds.



Following are discussions of the federal transit funding programs available for which Flathead Reservation is eligible. There are two newer funding categories: New Freedom funding and the FTA Section 5340 program.

FTA Section 5309 - Capital Improvement Grants

The FTA Section 5309 program (capital improvement grants) is split into three categories: new starts, fixed guideway modernization, and transit vehicles and facilities. These funds were formerly apportioned directly by the FTA. For several years, however, Congress has earmarked these funds directly. There is no indication that this trend toward earmarking the funds will change. The Flathead Reservation took advantage of this FTA program for its new bus barn, and may look for future funds to complete the building. In recent fiscal years, smaller urban and rural areas have received a greater share of these funds than in previous years.

FTA Section 5310 - Capital for Elderly and Disabled Transportation

FTA funds are also potentially available through the Section 5310 program, which provides capital for elderly and disabled transportation. These funds are largely for vehicles, and may be used to replace Flathead Reservation transit vehicles.

FTA Section 5311 - Public Transportation for Rural Areas and Indian Tribes

FTA funding for rural areas and Indian tribes is currently provided through the Section 5311 program. A 20 percent local match is required for capital expenditures, and a 50 percent local match is required for operating expenditures. These funds are segmented into "apportioned" and "discretionary" programs. The bulk of the funds are apportioned directly to rural counties based upon population levels.

This program has historically been the source of FTA funds for many rural areas within Montana. Over the next four years, Montana will receive more than \$6 to \$7 million from the FTA Section 5311 program. Based on the population of the Flathead Reservation area, the region could receive \$675,000 over the next four years or about \$222,000 annually.

FTA Section 5312 - Research, Development, Demonstration, and Training Projects

The FTA Section 5312 program provides funding for research, development, demonstration, and training projects. The Secretary of Transportation may provide grants or contracts that will help reduce urban transportation needs, improve mass transportation service, or help mass transportation service meet the total urban transportation needs at a minimum cost. The Secretary of Transportation may also provide grants to nonprofit institutions of higher learning to conduct research and investigation into the theoretical or practical problems of urban transportation and to train individuals to conduct further research or obtain employment in an organization that plans, builds, operates, or manages an urban transportation system. The grants may be provided to state and local governmental authorities for projects that will use innovative techniques and methods in managing and providing mass transportation.

FTA Section 5319 - Bicycle Facilities

The FTA Section 5319 program provides funds for improved bicycle access to mass transportation facilities or for bicycle shelters and parking facilities in or around mass transportation facilities. The FTA Section 5319 program provides funding for 90 percent of the project cost, with some exceptions. The installation of equipment for transporting bicycles on mass transportation vehicles is a capital project that is eligible for assistance under the FTA Sections 5309 and 5311 programs.

Transit Benefit Program

The transit benefit program is a provision within the Internal Revenue Code that permits an employer to pay for an employee's cost to travel to work in other than a single-occupancy vehicle. The program is designed to improve air quality, reduce traffic congestion, and conserve energy by encouraging employees to commute by means other than single-occupancy motor vehicles. Under Section 132 of the

Internal Revenue Code, employers can provide up to \$120 per month to those employees who commute to work by transit or vanpool. A vanpool vehicle must have a seating capacity of at least six adults, not including the driver, to qualify under this rule. The employer can deduct these costs as business expenses. Employees do not report the subsidy as income for tax purposes, since the subsidy is considered a qualified transportation fringe benefit.

Under TEA-21 and SAFETEA-LU, the transit benefit program has become more flexible. Prior to TEA-21, the transit benefit program could only be provided in addition to the employee's base salary. With TEA-21 and SAFETEA-LU, the transit benefit program may be provided as before or can be provided in lieu of salary. In addition, the program may be provided as a cash-out option for employer-paid parking for employees. To summarize, the transit benefit program may not necessarily reduce an employer's payroll costs. Rather, it enables employers to provide additional benefits for employees without increasing the total payroll expenses.

Job Access and Reverse Commute Program

The job access and reverse commute (JARC) program, funded through TEA-21 and SAFETEA-LU, has an emphasis on using funds to provide transportation within rural areas that currently have little or no transit service. The list of eligible applicants includes states, metropolitan planning organizations, counties, and public transit agencies, among others. A 50 percent non-Department of Transportation match is required, but other federal funds may be used as part of the match. FTA gives a high priority to applications that address the transportation needs of areas that are unserved or underserved by public transportation. Montana is programmed to receive \$2 million in JARC program funding during the years 2006 to 2009.

Transportation and Community System Preservation Program

The transportation and community system preservation program is funded by the Federal Highway Administration to provide discretionary grants for developing strategic transportation plans for local governments and communities. The goal of the program is to promote livable neighborhoods. Grant funds may be used to improve the safety and efficiency of the transportation system; reduce adverse

environmental impacts caused by transportation; and encourage economic development through access to jobs, services, and centers of trade.

Bureau of Indian Affairs (BIA) Transportation Funding

Indian Reservation Roads (IRR) Program Funds

These are funds allocated to the BIA area offices for construction and improvement of roads, bridges, and transit facilities leading to and within Indian Reservations or other Native American lands. An Indian Tribal Government may use up to 100 percent of their share of these funds for transportation planning activities.

The IRR Transportation Improvement Program (TIP) is a prioritized list (by year) of IRR-funded projects selected by Indian Tribal Governments through tribal TIPs or other tribal actions that are programmed for construction in the next 3 to 5 years. The IRR projects identified on the tribal TIP must be included in the IRR TIP without further action subject to air quality conformity determination.

The IRR TIP is included in the Statewide Transportation Improvement Program (STIP) developed by each State Transportation Agency without further action. If an IRR project lies within a metropolitan area, it must be included in the metropolitan area TIP without further action.

Indian Reservation Roads (IRR) Transportation Planning Funds

Funding is available to Indian Tribal Governments for transportation planning on Indian lands. This is authorized by Title 23, U.S.C, Section 204(j), which states "... up to 2 percent of funds made available for IRR for each fiscal year shall be allocated to those Indian Tribal Governments applying for transportation planning pursuant to the provisions of the Indian Self-Determination And Education Assistance Act" (P.L. 93-638, as amended). Activities eligible for these funds are outlined in this chapter and also detailed in Chapter VIII.

Other Federal Funds

The United States Department of Transportation funds other programs including the Research and Special Programs Administration and the National Highway

Traffic Safety Administration's State and Community Highway Grants Program (which funds transit projects that promote safety).

A wide variety of other federal funding programs provide support for elderly and handicapped transportation programs:

- Retired Senior Volunteer Program
- Title IIIB of The Older Americans Act
- Medicaid Title XIX
- Veterans' Affairs
- Job Training Partnership Act
- Temporary Assistance for Needy Families
- Developmental Disabilities
- Housing and Urban Development - Bridges to Work and Community Development Block Grants
- Head Start
- Department of Energy
- Vocational Rehabilitation
- Health Resources and Services Administration
- Senior Opportunity Services
- Special Education Transportation
- Justice Department - Weed and Seed Program
- National Endowment for the Arts
- Agriculture Department - Rural Enterprise Community Grants
- Department of Commerce - Economic Development and Assistance Programs
- Environmental Protection Agency - Pollution Prevention Projects

Funding Summary

Experience with transit systems across the nation underscores the critical importance of dependable (preferably dedicated) sources of funding if the long-term viability of transit service is to be assured. Transit agencies that are dependent upon annual appropriations and informal agreements have suffered from reduced ridership (because passengers are not sure if service will be provided from one year to the next), high driver turnover (contributing to low morale and a resulting high accident rate), and inhibited investment in both vehicles and facilities. Such transit

agencies include those in Teton County, Wyoming and Prowers County (SEATS), Colorado.

The advantages of financial stability indicate that a mix of revenue sources is prudent. The availability of multiple revenue sources helps to avoid large swings in available funds which can lead to detrimental reductions in service. As the benefits of transit service extend over more than one segment of the community, dependence upon more than one revenue source helps to ensure that costs and benefits are equitably allocated.

Due to the small amount of state transit funding within Montana and the limited amount of federal funding, it is evident that transit funding problems must be addressed at the local level. State funding and federal funding are not consistent. Only a strong, local transit subsidy funding source will allow the many plans and proposals for transportation improvements to reach implementation with an assurance of ongoing operating funding. Though all of the options regarding local funding have drawbacks, it is clear that a hybrid of these alternatives will be necessary if the short-term and long-range goals of the transit system and the community are to be met.

ORGANIZATIONAL STRUCTURE

Before the first transit passenger can be served, before the first bus can be purchased, and before the first dollar of funding can be generated, an institutional structure must be developed to manage and operate the transit service. The identification of a cost-effective and geographically-appropriate institutional form for the provision of transit is therefore a key element in the improvement of public transportation services.



The CSKTFR Technical Assistance project approaches institutional alternatives from a practical standpoint, rather than from a theoretical one. As the population in the region changes, so will the demands upon the existing agencies. The CSKTFR transit service is currently operated by the Flathead Reservation, using a combination of TANIF grants and state transportation grants. While the present

organizational structure has managed to support the provision of public transit service over the first two years of operation, it does have limitations. The current structure does not reflect an ongoing, long-term commitment to the provision of transit service and does not provide a dedicated long-term funding source. It is difficult to rationally plan for the long-term provision of transit service. The amount of service to be provided from one year to another is not known until the funding sources are determined.

An important objective of this study is to present recommendations for an institutional framework and a financing plan for public transit that are acceptable to the parties involved and that can be realistically implemented. With this goal in mind, the following discussion presents an analysis of the most appropriate alternatives and a basis for making a decision.

Criteria for Institutional Structures

Transit services throughout the western United States have a variety of organizational homes, from independent agencies (such as Aspen, Colorado and Crested Butte, Colorado) to transit districts (such as the Dawson County, Montana Urban Transportation District or Utah Transit Authority) to departments of a municipal government (such as Billings, Montana or Logan, Utah) to departments of county government (such Valley County, Montana and Summit County, Colorado) to non-profit corporations (such as Mesa County, Colorado and Casper, Wyoming). Based upon the history of transit organizations serving scattered urban areas and areas with low population densities, the following criteria should guide the selection of the institution for managing and operating improved transportation services within the Flathead Reservation.

The institutional structure should be an entity:

- Whose structure is legitimate.
- 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 the political and financial support to endure more than one year at a time.
- Which can annually perform proactive planning to improve the system and can effectively identify and implement improvements regularly and easily.
- Which has a full-time management/coordinator position that deals with all operational and administrative issues for transit and works to improve the visibility of transit within the community through an aggressive marketing program.

Alternatives for Flathead Reservation

Department of Tribal Government

A department of tribal government, which reflects the current system, is one alternative to consider. This institutional structure has worked well in the past, but does have drawbacks. The current transit system within the Flathead Reservation can contract with human service agencies or private entities to provide specified transportation services. The advantage to this type of organizational structure is that the CSKTFR has an established name for providing transportation for the elderly and disabled populations. The disadvantages of a tribal-operated system are that the Tribal Council has final decision-making power regarding the management, operation, and financing of transportation services (which may or may not be a high priority) and may provide little long-term stability in the funding for transit services. The other disadvantage is that the CSKTFR does not levy taxes on the tribal members. This reduces the possible general fund income that the CSKTFR can use to conduct social services.

Urban Transportation Districts

Urban transportation districts are complex organizations. The organizational structure is determined in part by statute and in part by the intergovernmental agreement creating the district. There is considerable flexibility in designing an organization that has the support of the member governments and the public. One significant advantage of the district is the capability to bring several municipalities and counties together in funding and operating a transit system. The district must be approved by local residents, which requires a significant grassroots effort to rally support for public transportation.

Intergovernmental Transit Agency

An intergovernmental transit agency could be formed by the Flathead Reservation; the communities of Polson, Pablo, and Ronan; and the counties of Lake, Sanders, and Flathead. The governing board would have equal representation from each entity. This type of agency has been successfully implemented in other locations and would build upon the service already established in the Flathead Reservation area. If provided with a dedicated local funding source, this structure provides stability and helps ensure the continuation of transit service within the community. This type of organization would require cooperation from each entity and voter approval to establish a dedicated local funding source to support the transit agency.

Summary

Table IX-1 ranks each institutional alternative according to four factors: legal capability, revenue generation capacity, administrative impacts, and political acceptability. Legal capability refers to the existence of statutory authority. Revenue generation capacity refers to the capability of funding sources to generate adequate funding levels relative to the projected subsidy requirements. Administrative impacts refer to the level of effort involved in implementing a funding mechanism and the ability to provide coordinated service throughout the Flathead Reservation. Political acceptability refers to the likelihood of a given funding mechanism being accepted by the public and local governments.

Table IX-1 Institutional Alternatives Comparison Matrix				
Institutional Alternative	Legal Capability	Revenue Generation Capacity	Admin. Impacts	Political Acceptability
Tribal Department	■	◐	■	■
Urban Transportation District	■	■	□	□
Intergovernmental Agency	◐	□	◐	■
Legend:	■ = strong/acceptable ◐ = moderate/satisfactory □ = weak/unacceptable			
Source: LSC, 2005.				

The first column (legal capability) in Table IX-1 shows that all of the alternatives are permitted legally, with each alternative having the same authority to engage in certain activities related to revenue generation. The second column (revenue generation capacity) indicates that all of the alternatives have weak or strong abilities to generate funding. The third column (administrative impacts) reflects that there would be various administrative impacts to providing transit under a new framework. A department of tribal government is rated strongly because it is the existing system. An intergovernmental transit agency is rated as moderate administrative impact, while an urban transportation district has weak impact. All of the alternatives are rated as having strong to weak political acceptability, including the existing department of tribal government.

The tribal department has the greatest overall rating of the three organizational structures. The next highest rating is the urban transportation district, while the intergovernmental transit agency has the lowest rating. This overall rating is based on the ability of the organizational structure to sustain transit service over the long term. The LSC team found that transit departments and urban transportation districts have the greatest ability to achieve this.



At this time, LSC recommends a two-phased approach to the organizational structure of the transit system in the Flathead Reservation. The first phase is to move from the existing structure to an intergovernmental agreement, headed and housed in the tribal government as a stand-alone department of the tribal government. This phase should be developed within the next five years. The new tribal department with intergovernmental agreement would be responsible for centralizing all grants, funding, and operations of the Flathead Reservation transit providers.

In the second phase, the tribal department with intergovernmental agreement should move to an urban transportation district (UTD). The UTD would be independent of the tribal government and would have a dedicated funding source. All of the local entities (including the CSKTFR) would have equal voting approval on a board that would oversee the operations of the new agency. This phase should be developed over the long term (10 to 15 years).