



Organizational Structure

INTRODUCTION

The purpose of this chapter is to determine the most appropriate long-term organizational structure for providing transit service in the Bozeman area. The administrative feasibility of implementing an Urban Transportation District (UTD) is examined. This chapter identifies the composition and powers of the UTD based on Montana statutes. The chapter also presents a comparison of the UTD transit structure with a municipal transit system and service operated by a nonprofit entity.

Included in this chapter is a peer analysis of other urban transit systems in Montana. This includes the UTDs in Great Falls and Missoula and a comparison with MET Transit in Billings, Montana which operates as a branch of City Government.

URBAN TRANSPORTATION DISTRICTS

Based on the community survey conducted during the analysis and planning elements of this plan (presented in Chapter VI of the Phase One report), the community prefers that the Urban Transportation District (UTD) or transportation authority be a separate agency. The survey also identified that the community prefers that the county, rather than the city, operate the new transit system.

Section 7-14-201 of the Montana Code provides counties the authority to establish Urban Transportation Districts (UTDs), which are created when the residents within the proposed district boundary vote in favor of the measure. The district is administered by a transportation board. The board members are elected by the public during the general election process or appointed by the commissioners and governing bodies of cities or towns with the UTD. The board has the power to establish, operate, improve, maintain, and administer the UTD. The UTD primarily

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serves the residents within the UTD's boundary, 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. Section 7-14-111 of the Montana Code states that a county, urban transportation district, or municipality may levy property taxes to fund public transportation.

Advantages

- The primary benefit of a UTD is its flexibility and adaptability. Gallatin County and the City of Bozeman have witnessed significant growth in population since 1990. As both areas grow in population, the transit service will need to grow as well. An Urban Transportation District has the ability to expand its boundaries outside of municipal and even county boundaries. Many transit systems now are regional transit systems instead of municipal transit systems. They serve various municipalities and in some instances—such as the Transit Authority of the River City (TARC) in Louisville, Kentucky—serve several states (Kentucky and Indiana in the case of TARC).
- The Goals and Objectives established in Phase One of this study state the need to serve Belgrade and Four Corners, neither of which are within the municipal boundary of Bozeman. A UTD could include these areas within the boundaries or serve them as areas outside the UTD.
- There is a desire to be able to serve other areas including Livingston, Manhattan, Three Forks, and Big Sky. A UTD would be able to provide this service in the future.
- The UTD has the ability to generate revenue and receive Federal Transit Administration funds as a direct recipient. This is important if the Bozeman area is designated as an urbanized area in the next census and is eligible to receive FTA Section 5307 funds. This also applies to major capital funding through the FTA Section 5309 program.
- Another positive aspect of an Urban Transportation District is that it can also be used to support other transportation issues. The State of Colorado has similar legislation to that of a UTD. Recently the cities of Colorado Springs, Manitou Springs, and Monument, along with El Paso County, developed a transportation district which was able to have a tax approved that will fund both transit and highway projects. This can also be done with a UTD.
- Having a dedicated tax enables the transit agency to perform long-range planning since it can accurately forecast its revenue into the future. Having a constant source of local revenue also improves the transit agency's chances of receiving federal and state funding since these entities can be assured of local match money being available.
- An advantage of the UTD is that it will be started with a dedicated tax request. Having the citizens of the community vote to place an additional tax

on themselves is a true indicator that the community is willing to support public transportation.

Disadvantages

- A major disadvantage of the UTD is that it requires a local vote of residents within the boundaries to establish the district.
- The UTD creates another separate local government entity.
- Control over funding, expenses, and operations would not be under the local elected officials in County or City government. A separate board would be formed which could include City and County representation.
- Creating a dedicated tax to fund transit services would require a local vote. Residents of the area, particularly outside the city limits of Bozeman, may not support formation of the district or creation of a dedicated tax for transit.

MUNICIPAL TRANSIT SYSTEMS

Municipal transit systems are set up as an arm of local municipal government under Montana law. Funding may be through local general fund revenues or through a dedicated municipal tax for the transit service.

Advantages

- Municipal transit systems can establish a dedicated funding tax similar to the UTD. The transit system in Billings has a dedicated municipal property tax of ten mills. This is used to fund the system rather than using general fund revenues.
- There is no need to create a new governmental agency since the transit service is a department of the municipal government with the City Council in charge of policy and decision making.
- Municipal governments may be direct recipients of FTA funds.
- Employees of the transit service benefit since municipalities generally have generous benefit packages.
- Oversight of the transit system remains a function of the municipal government and elected officials.
- Municipal transit systems are relatively easy to start up since most people agree that it is an important service and there is no need to go to the voters to start the system.

Disadvantages

- The major drawback to a municipal system is its inflexibility. Montana state law prohibits a municipal transit agency from expanding its service more than eight miles past the municipal boundary measured along the route. Therefore, it is not possible to make the transit service regional. In Bozeman's case, Belgrade may need to establish its own municipal transit agency and contract with Bozeman to operate the service in order to serve Four Corners.
- It will not be possible to expand a municipal transit agency in the future to serve Livingston, Manhattan, Three Forks, or Big Sky.
- Municipal transit agencies typically must compete each year for limited general funds.
- Additional funding through a dedicated tax may be needed. It may be difficult to convince the voters to pay an additional tax to operate the service.

NONPROFIT AGENCIES

Nonprofit social service agencies play an important role in the provision of rural public transit and complementary paratransit. Agencies such as the Council on Aging, Mental Health/Mental Retardation agencies, and the Red Cross operate transit service in many communities across the nation. Currently HRDC operates service as Galavan in Bozeman and Belgrade. A nonprofit agency is generally not restricted by governmental boundaries and is staffed with people who are generally interested in helping those in need. Since the majority of those who use public transportation are also the most needy, having this compassion is a virtue. Many nonprofits operate very financially-efficient transit operations since they may be able to absorb transportation costs in other programs they operate. Results of the community survey indicated strong support for operation by a private nonprofit agency.

Advantages

- The Galavan service is currently provided by a nonprofit agency.
- Nonprofit agencies are not restricted by the service area limitations of municipal systems in Montana.
- HRDC and Galavan are known entities and well-regarded within the community.
- There is strong community support for operation by a nonprofit agency.

- Starting service through an existing nonprofit is relatively easy. It would not require a vote or setting up a new organization.
- Galavan has the capability and capacity to provide the required complementary paratransit service in the community.
- Nonprofit agencies have the ability to obtain funding through sources which are not available for local governments.

Disadvantages

- A major disadvantage is the inability of a nonprofit to levy a tax to support the operation. Only a government entity can levy taxes.
- The service may require funding from local government entities through general fund revenues.
- Nonprofits can only receive rural transportation grants from the Federal Transit Administration (FTA) which are administered by the state Department of Transportation. Once the population of the Bozeman area reaches 50,000 and is designated as an urbanized area, rural transit grants can no longer be used to operate the transit system and FTA grants must go directly to a government entity. Nonprofits are not able to serve as direct recipients for either FTA Section 5307 or 5309 funds.
- To continue operation by a nonprofit in an urbanized area may require a competitive procurement process.

PEER GROUP ANALYSIS

Table II-1 compares the operating characteristics of the transit services of Great Falls, Billings, and Missoula. Great Falls and Missoula have established an Urban Transportation District while Billings is a municipal transit agency. All three cities have a much larger population than Bozeman, but the purpose of this peer analysis is to show if the transit systems are efficient (cost per trip, hour, and mile) and effective (passengers per hour and mile). Annual revenue-miles and hours depict the size of the service. As you will notice from the table, the average revenue-hours for the three communities are 47,698 and average miles are 637,937. Bozeman provides 10,687 hours of service and 99,962 miles of service. Listed below, are organizational descriptions of these three transit systems.

Great Falls Transit

Great Falls Transit is an Urban Transportation District (UTD) serving the City of Great Falls and Cascade County, Montana. Great Falls has a population of 61,790

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with an urbanized area of 19.5 square miles. According to the National Transit Database (NTD), Great Falls Transit serves a population of 63,506 and has a service area of 20 square miles. The transit service provides both fixed-route and complementary paratransit service with a peak service of 14 fixed-route and 13 paratransit vehicles. Fixed-route service is operated by Great Falls Transit, and the paratransit service is contracted out.

As a UTD, Great Falls Transit has a Board of Directors made up three elected members, one City appointee, and one County appointee. The Board is responsible for determining an appropriate mill levy, which at this date is 14.28 mills on property and a 0.78 medically-permissive mill levy, which covers increases in group health insurance costs, preparing and presenting a budget, and overseeing all aspects of the District, including operations, maintenance, and administration. The day-to-day management of the transit service is handled by a general manager appointed by the Board of Directors. Each Board member serves a four-year term and terms are staggered so that the Board has at least two experienced members at all times.

Missoula Urban Transportation District (Mountain Line)

Mountain Line is a UTD that serves the City of Missoula and portions of Missoula County within the district boundaries. According to NTD statistics, the transit service area encompasses 36 square miles with a service population of 65,390. The City of Missoula encompasses 28 square miles with a population of 57,196. The 2003 operating budget for Mountain Line was \$2,173,232, of which \$1,190,000 came from a 11.2 mill levy on property. Mountain Line operates 12 weekday and Saturday fixed routes with complementary paratransit service.

The Missoula UTD was established in June 1976 with service beginning in December 1977. Mountain Line is governed by a seven-member volunteer Board of Directors. Three directors are appointed by the City of Missoula, and four directors are appointed by Missoula County. Appointments are for four years. A staggered appointment schedule is in place to provide for the expiration of no more than two terms each year.

**Table II-1
Montana Transit Peer Analysis**

Community	Service Pop.	Ops. Budget	Local Funding	Annual Trips	Annual Rev. Hours	Annual Rev. Miles	Cost/Trip	Cost/Hour	Cost/Mile	Cost/Pop.	Pass/Hr	Pass/Mile
Great Falls	63,506	\$1,698,919.00	\$734,892.00	558,992	45,230	478,667	\$3.04	\$37.56	\$3.55	\$11.57	12.36	1.17
Billings	81,151	\$2,995,909.00	\$1,191,102.00	680,372	51,895	755,679	\$4.40	\$57.73	\$3.96	\$14.68	13.11	0.90
Missoula	65,930	\$2,173,232.00	\$1,190,099.00	714,135	45,968	679,464	\$3.04	\$47.28	\$3.20	\$18.05	15.54	1.05
Average	70,196	\$2,289,353.33	\$1,038,697.67	651,166	47,698	637,937	\$3.52	\$48.00	\$3.59	\$14.80	13.65	1.02

Source: National Transit Database.

Billings Metropolitan Transit (MET Transit)

Unlike Great Falls and Missoula, MET Transit is a metropolitan bus system and not a UTD and serves only the City of Billings. According to NTD statistics, the transit service area encompasses the 33.3 square miles of the city's boundary with a service area population of 81,151. Transit is funded with a 10-mill property tax along with funding from the Federal Transit Administration, passenger fares, and marketing income. The governing body for MET is the City Council.

CONCLUSION

This chapter has explored three institutional ideologies that are capable of administering and operating the suggested transit service from Phase One of this study. Of the three, LSC recommends that the Urban Transportation District concept be used to develop the new transit service for the Bozeman area.

Although all three have benefits, the Urban Transportation District has the most flexibility to grow with the needs of transit for the area. With its ability to broaden its service area outside the bounds of a municipality and to generate revenue for transit, the Urban Transportation District is the best fit for the needs of the Bozeman area.