



## Institutional Alternatives

---

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 organizational structure must be developed to manage and operate the transit service. The identification of a cost-effective and geographically appropriate organizational structure is therefore a key element in the improvement of public transportation services.

This study approaches the organizational alternatives from a practical standpoint rather than a theoretical one. As the population in the region changes, so will demands on existing agencies. The following section examines the organizational alternatives that the region could use in the development of a formal transit service.

Transit services throughout the United States have a variety of organizational structures: independent agencies (such as Aspen, Colorado and Crested Butte, Colorado); transit districts (such as Dawson County, Montana Urban Transportation District and Utah Transit Authority); departments of a municipal government (such as Billings, Montana and Logan, Utah); departments of county government (such as Valley County, Montana and Summit County, Colorado); and tribal programs (such as Flathead Reservation, Montana and Northern Cheyenne Reservation, Montana).

### CRITERIA

Based on the history of transit organizations serving areas with low population densities, the following criteria should guide the selection of the institution for managing and operating improved transportation services within the study area.

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; and
- Which has the ability to contract for services and the construction of infrastructure.

## **COORDINATED SERVICE**

There are several existing transportation providers in the Central Peninsula and Southern Peninsula areas. The problem is that there are gaps in transportation service throughout the region. In order to meet the transportation needs identified earlier, a coordinated institutional structure will address some of the gaps in service in the region. This institutional structure will have the lowest cost impact for the local transportation providers and community.

## **INTERGOVERNMENTAL AGREEMENTS (IGA)**

Intergovernmental agreements (IGAs) may be used by local governments to fund transportation services and contract with one or more transportation providers to operate that service. Contracts may also be established among providers to allow for coordinated service to be provided to passengers. Agencies may fund transportation for their clients on services operated by other agencies. With this organizational format, a community or a transportation provider could supply financial support for regional service operated by another agency.

This approach offers the advantage that no new organization is formed. Oversight is maintained by each individual government and agency through terms specified in the contracts and agreements. A significant disadvantage of this approach is

that service is dependent on local general fund priorities and contracts, which must be renewed on a regular basis.

## **INTERGOVERNMENTAL TRANSIT AGENCY**

An intergovernmental transit agency (ITA) is an independent agency that can be formed by intergovernmental agreements (IGAs) among various entities. This may be an appropriate option in the Southern Peninsula area. An ITA could be formed by any combination of the City of Homer, the Ninilchik Tribe, and the Kenai Peninsula Borough. The governing board should have equal representation from each entity. An ITA has been successfully implemented in other locations and could build on the services already established.

As an example, the Grand Valley Regional Transportation Committee was formed by an 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.

If provided with a dedicated local funding source, an ITA provides stability and helps ensure the continuation of transit service within the community. An ITA requires cooperation from each government entity and requires voter approval to establish a dedicated local funding source to support the transit agency. The ITA could create agreements with existing transportation providers to provide a portion of the transit service within the region, thereby linking several transportation providers together to improve access and mobility without creating a new large agency. 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 and 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.

- **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/borough 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/borough 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 the RTA boundary.
- **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 is advantageous. The Federal Transit Administration (FTA) looks favorably toward applicants that have a stable source of funding since this generally leads to completed projects, which is very important to the FTA and the federal government.

There are some disadvantages to the ITA institutional structure which are listed below.

- **Need to Develop an Operating Agency with a Governing Body:** This institutional structure has no ready-made operating agency. 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 that will oversee the transit service operation, develop

and administer 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 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 that 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.

## **RURAL TRANSPORTATION AUTHORITY**

The Alaska Legislature has been considering a Rural or Regional Transportation Authority bill this year. RTAs exist in a number of other states with varying degrees of authority and responsibility. The primary benefits of RTAs are the ability to work across municipal (city, county, or borough) boundaries and to have the capability to levy tax, usually a sales tax, subject to approval. Within Alaska, the Municipality of Anchorage and the Mat-Su Borough have put forth the most recent formal attempts to establish this legislation.

Some states have adopted RTA legislation statewide, while others have adopted RTA legislation on a region-by-region piecemeal basis. In most cases, RTAs are passed as *enabling legislation*. They provide the legal framework for local jurisdictions to adopt/approve/create an RTA if they so choose, subject to local approval. Additional details are provided below:

- **Removes Jurisdictional Boundary Restrictions:** An RTA may be made up of several counties or boroughs 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 may be authorized to establish a dedicated funding source. State RTA legislation sets the maximum taxation rate and/or vehicle registration fees. Local improvement district assessments can be used as well, with assessments being based on the provision of county or borough law.
- **Funds from the RTA Can be Used for Other Transportation Modes:** In some states, 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 the FTA.

## **SUMMARY**

Table VIII-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 the institutional structure to generate adequate funding relative to the projected subsidy requirements. Administrative impacts refer to the level of effort involved in implementing the institutional structure and the ability to provide coordinated service throughout the region. Political acceptability refers to the likelihood of an organizational structure being accepted by the public and local governments.

Table VIII-1 Institutional Alternatives Comparison Matrix				
Organizational Alternative	Legal Capability	Revenue Generation Capacity	Admin. Impacts	Political Acceptability
Coordinated Service	◐	□	◐	◐
Intergovernmental Agreements	◐	◐	■	◐
Intergovernmental Transit Agency (ITA)	◐	□	◐	■
Regional Transportation Authority (RTA)	n/a	■	◐	n/a
Legend:                   ■ = strong/acceptable ◐ = moderate/satisfactory □ = weak/unacceptable  <i>Source: LSC, 2010.</i>				

The first column (legal capability) in Table VIII-1 shows that all of the alternatives, except the RTA, are permitted legally to some degree. The second column (revenue generation capacity) indicates that an RTA has a strong ability to generate funding, while the funding ability of the intergovernmental agreements is moderate and the coordinated service and the intergovernmental transit agency (ITA) are weaker. The third column (administrative impacts) shows that intergovernmental agreement is rated strongly because it has administrative capability. The RTA, ITA, and coordinated service are rated as having moderate administrative impact. The fourth column (political acceptability) indicates that ITA has strong political acceptability, while the coordinated service and intergovernmental agreements have a moderate rating. The acceptability of an RTA on the Kenai Peninsula is unknown at this time.