



# Organizational Alternatives

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## INTRODUCTION

One of the principal challenges facing any community 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. This chapter provides an evaluation of the organizational (institutional) alternatives for transit services within the City of Laurel. An important objective of this study is to present recommendations for an organizational framework 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 organizational alternatives and a basis for making a decision.

## ORGANIZATIONAL STRUCTURES

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 organizational alternatives from a practical standpoint rather than a theoretical one. It is important to consider that transportation demands upon existing agencies will alter as the region's population changes.



Transit services throughout the western United States have a variety of organizational structures including independent agencies (such as Aspen and Crested Butte, Colorado); transit districts (such as the Dawson County, Montana Urban Transportation District or Utah Transit Authority); departments of municipal government (such as Billings, Montana or Logan, Utah); departments of county

## *Organizational Alternatives*

government (such Valley County, Montana and Summit County, Colorado); non-profit corporations (such as Mesa County, Colorado and Casper, Wyoming); and community programs (such as the Flathead Reservation and Northern Cheyenne Reservation, Montana).

### **Criteria**

Based upon the history of transit organizations serving scattered urban areas and areas with low population densities, the following criteria should guide selection of the institution for managing and operating improved transportation services within the City of Laurel. The institutional structure should be an entity:

- Whose structure is legitimate
- Whose policy-making actions are authorized and defensible
- That can limit the participants' exposure to suits and claims of liability
- That can be responsive to the complete policy-making and management needs of the transit organization
- That has the political and financial support to endure more than one year at a time
- That can annually perform proactive planning to improve the system and can effectively identify and implement improvements regularly and easily
- That has a full-time manager/coordinator position to deal with all transit operations and administrative issues and that works to improve the visibility of transit within the community through an aggressive marketing program

### **Alternatives**

#### City Government Department

A city government department is one alternative to consider. This organizational structure has worked well in the past for many other communities but does have drawbacks. The advantages of a city government department are that it can contract with human service agencies or private entities to provide specific transportation services and has an established name for providing community services for the elderly and disabled populations. The disadvantages are that community leaders have 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 transit service funding.

### Urban Transportation District

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

### Transportation Improvement Authority

Under Montana State Code 7-14-1001, any county or municipality may set up a Transportation Improvement Authority (TIA) to improve transportation facilities and systems within its jurisdiction. The institution of a TIA requires approval by the communities' council members and/or county commissioners. The TIA has the right to operate and improve transportation facilities or systems but does not have the right to levy a tax on the residents within the jurisdiction. The TIA does have the right to receive federal, state, and/or local funds through grants, loans, or donations. The TIA can be instituted across multiple municipalities/counties via approval by the commissioners/ councils of these areas. The advantage of a TIA is that only a vote of the local governing body is needed, rather than a vote by the residents. The disadvantages of a TIA are that it does not have the ability to levy taxes to generate funding for transit services and that it has to ask the local county or community government entities for funding.

### Intergovernmental Transit Agency

An intergovernmental transit agency can be formed by the City of Laurel, Yellowstone County Council on the Aging (YCCOA), Crossings, and other human service providers. The governing board will have equal representation from each entity. If provided with a dedicated local funding source, the intergovernmental transit agency provides stability and helps ensure the continuation of transit service within the community. This type of organization will require cooperation from each entity to support transit services.

**SUMMARY**

Table IX-1 ranks each organizational 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 relative to the projected subsidy requirements. Administrative impacts refers to the level of effort involved in implementing a funding mechanism and the ability to provide coordinated service. Political acceptability refers to the likelihood of a given funding mechanism being accepted by the public and local governments.

<b>Table IX-1 Organizational Alternatives Comparison Matrix</b>				
<b>Organizational Alternative</b>	<b>Legal Capability</b>	<b>Revenue Generation Capacity</b>	<b>Admin. Impacts</b>	<b>Political Acceptability</b>
City Government Department	■	■	■	■
Urban Transportation District	■	■	◐	□
Transportation Improvement Authority	■	□	◐	■
Intergovernmental Transit Agency	◐	□	□	◐
Legend:	■ = strong/acceptable ◐ = moderate/satisfactory □ = weak/unacceptable			
<i>Source: LSC, 2009.</i>				

The first column (legal capability) in Table IX-1 shows that all of the alternatives are permitted legally, with each alternative having the authority to engage in certain activities related to revenue generation. The second column (revenue generation capacity) indicates that the city government department and UTD have a strong ability to generate funding, while the funding abilities of the TIA and intergovernmental transit agency are weak. The third column (administrative impacts) shows that the city government department is rated strongly since it is the exist-

ing structure delivering community services. The UTD and TIA have moderate administrative impacts and the intergovernmental transit agency has low administrative impacts. The fourth column (political acceptability) indicates that the city government department and TIA have a strong acceptability rating since there is little to no need for voter approval. The intergovernmental transit agency has a moderate acceptability rating and the UTD has a weak acceptability rating.

The city government department has the greatest overall rating of the four organizational structures. The UTD and TIA have the next highest overall ratings, while the intergovernmental transit agency has the lowest rating. The overall rating is based on the ability of the organizational structure to sustain transit service over the long term. LSC has found that community and local government departments have the greatest ability to achieve this goal.

The LSC team recommends that the City of Laurel use the city government department for the transit service's organizational structure. The city has the organizational structure to effectively implement, administer, and operate the transit service. Using other forms of organizational structure will increase the level of complexity for transit service implementation due to administrative oversight and intergovernmental agreements. The city government department also allows the city to develop contracts and coordinate with other community programs, transportation agencies, and human service providers in the region.

The LSC team also recommends that the City of Laurel examine contracting the transit service out to an existing transportation provider. The city will need to maintain administrative oversight of the transit service. Details of this process are reviewed in the implementation plan in Chapter XI. The City Public Works Department may be optimal for housing and overseeing the transit service since this department has the ability to maintain transit vehicles and has dispatching experience. Many public works departments also have experience working with the Montana Department of Transportation (MDT) on grant programs. It is estimated that over one-half of the operational funding for the city's transit service will be coming from MDT.