



# CHAPTER IX

## Strategic Financial Plan

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### INTRODUCTION

Chapter IX sets the overall strategy for funding the implementation plan. The first element of this chapter is the peer transit agency analysis, which examines the way that different communities fund their transit services. The second element of this chapter is an analysis of transit cost by geographic location based on the PanTran cost allocation. The last element of this chapter is the identification of the funding strategies that PanTran and the Eastern Panhandle region can use to fund the preferred transit service plan.

### PEER TRANSIT AGENCY ANALYSIS

#### Peer Transit Agencies

An important step in evaluating financial strategies for transit is a comparison with peer transit agencies. The data for the analysis were obtained from the National Transit Database summaries, projects recently completed by LSC, and the 2000 US Census. Peer transit agencies were selected based on similar populations, types of organizations, and service area. Table IX-1 presents the compilation of data on peer transit agencies including the types of funding that each transit agency receives in order to operate transit services in their region. The peer transit agencies selected for comparison were as follows:

- Great Falls Transit District, MT
- Missoula Urban Transportation District, MT
- Cheyenne Transit Program (CTP) - Cheyenne, WY
- Targhee Regional Public Transit Authority (TRPTA) - Idaho Falls, ID
- Havasu Area Transit – Lake Havasu City, AZ
- Fredericksburg Regional Transit (FRED), VA
- Washington County Transportation Department, MD

Although every effort was made to find the closest matching peers, no two transit agencies are ever exactly alike. Factors such as the type of service (fixed-route, demand-response, commuter, etc.), the presence or absence of unions, local fare policies, and the quality of capital equipment can substantially impact the performance of individual transit agencies. Therefore, this comparison should only be viewed as a rough gauge of PanTran operations and finances as compared with a representative sample of similar transit agencies, rather than an exact “report card.”

**Peer Statistics**

PanTran is shown at the bottom of Table IX-1. Averages for each of the categories are provided in the table.

PanTran mainly serves areas within the cities of Martinsburg and Charles Town, but has the authority to enter Berkeley and Jefferson Counties in their service area. The combined total area population of 118,095 is slightly above the overall average population of 87,634 in the peer communities. Lake Havasu has the lowest population at approximately 57,400. Washington County has the highest population at approximately 120,326.

**Table IX-1  
Peer Community Analysis  
Financial Support**

Transit System - Location	Area Population	Service Characteristics	Annual Miles	Annual Hours	Annual Ridership	Total Funding	FTA Funding	FTA Percentage	State Funding	State Percentage	Local Funding	Local Percentage	Contract Services Funding	Contract Percentage	RTA Funding	RTA Percentage
Great Falls Transit District (MT)	64,387	Fixed-Route / Demand-Response	548,509	45,659	469,081	\$ 2,302,691	\$ 852,106	37%	\$ 182,845	21%	\$ -	0%	\$ 80,327	9%	\$ 955,161	41%
Lake Havasu (AZ)	57,400	Deviated and Demand-Response	516,297	47,580	138,112	\$ 1,689,020	\$ 517,800	31%	\$ -	0%	\$ 675,000	40%	\$ -	0%	\$ -	0%
Cheyenne Transit Program (CTP) - Cheyenne, WY	81,864	Fixed-Route / Curb-to-Curb Service	485,118	35,617	222,634	\$ 1,350,749	\$ 675,000	50%	\$ 76,380	11%	\$ 278,525	21%	\$ 178,848	26%	\$ -	0%
Missoula Urban Transportation District (MT)	69,491	Fixed-Route / Demand-Response	708,827	50,079	721,979	\$ 2,974,310	\$ 617,996	21%	\$ 48,939	8%	\$ -	0%	\$ 387,611	63%	\$ 1,503,570	51%
Targhee Regional Public Transit Authority (TRPTA)- Idaho Falls, ID	86,579	Deviated FR (Checkpoint Service)	143,515	11,440	43,816	\$ 332,999	\$ 162,748	49%	\$ -	0%	\$ 100,700	30%	\$ 3,676	2%	\$ -	0%
Fredericksburg Regional Transit (FRED) - (VA)	113,716	Bus Service	832,264	48,734	354,472	\$ 1,922,450	\$ 654,691	34%	\$ 381,873	58%	\$ 761,117	40%	\$ -	0%	\$ -	0%
Washington County Transportation Department (MD)	140,000	Bus / Demand-Response	516,973	34,437	370,625	\$ 1,984,725	\$ 615,265	31%	\$ 476,334	24%	\$ 793,890	40%	\$ 99,236	5%	\$ -	0%
<b>AVERAGE</b>	<b>87,634</b>		<b>535,929</b>	<b>39,078</b>	<b>331,531</b>	<b>\$1,793,849</b>	<b>\$585,087</b>	<b>36%</b>	<b>\$166,624</b>	<b>18%</b>	<b>\$326,154</b>	<b>24%</b>	<b>\$107,100</b>	<b>15%</b>	<b>\$351,247</b>	<b>13%</b>
<b>PanTran</b>	<b>118,095</b>	<b>Deviated and Demand-Response</b>	<b>274,038</b>	<b>17,838</b>	<b>115,148</b>	<b>\$ 856,766</b>	<b>\$ 299,657</b>	<b>35%</b>	<b>\$ 50,000</b>	<b>6%</b>	<b>\$ 118,492</b>	<b>14%</b>	<b>\$ 268,187</b>	<b>31%</b>	<b>\$ -</b>	<b>0%</b>

Sources: Information provided by respective transit agencies, 2000 Census, LSC, 2007.

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Figure IX-1 presents the total funding that each peer transit agency receives. Missoula, which has the third smallest population of all the peer communities, has the highest total funding at more than \$2.9 million. PanTran is the second lowest of all the transit agencies reviewed.

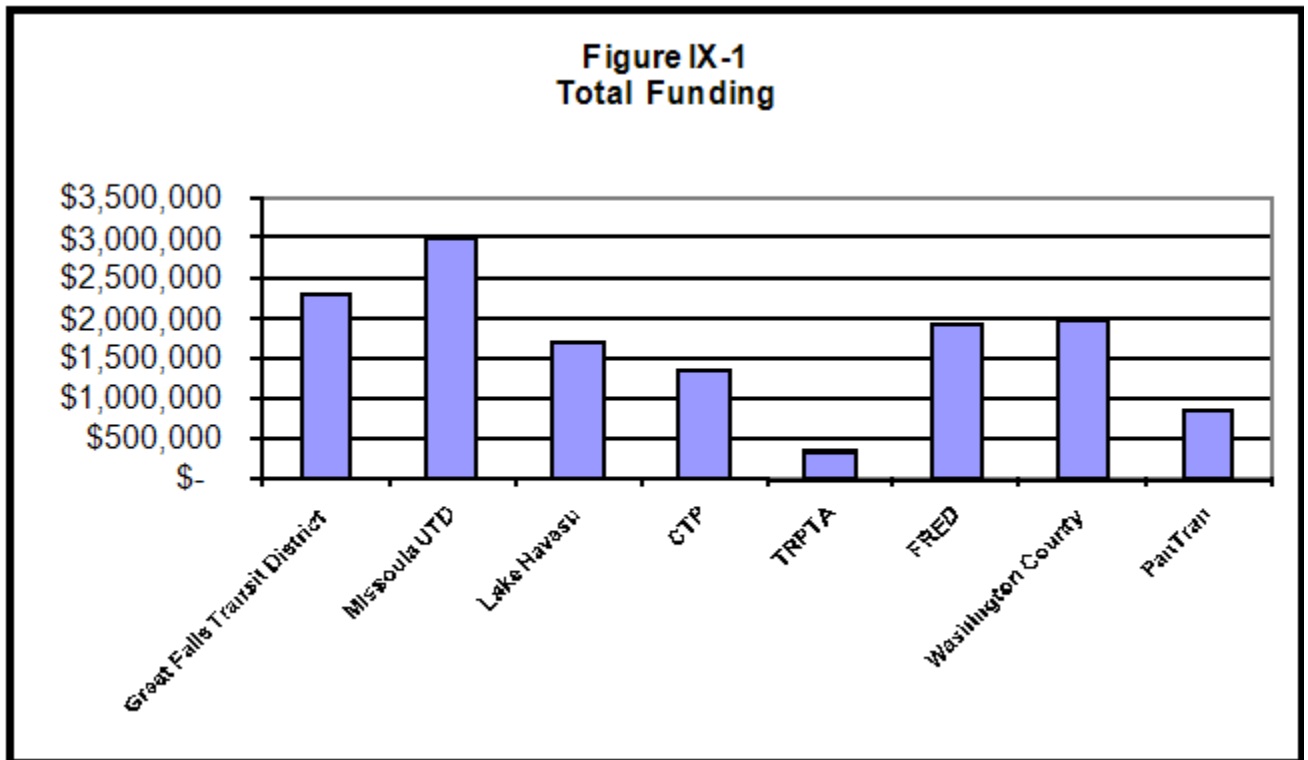
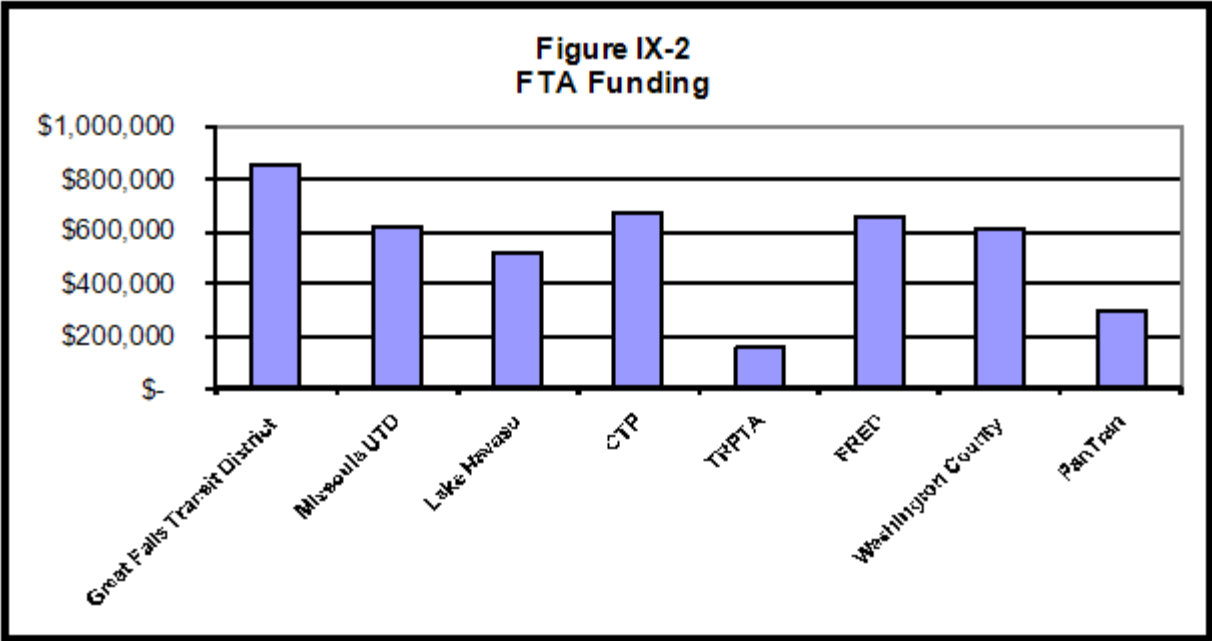
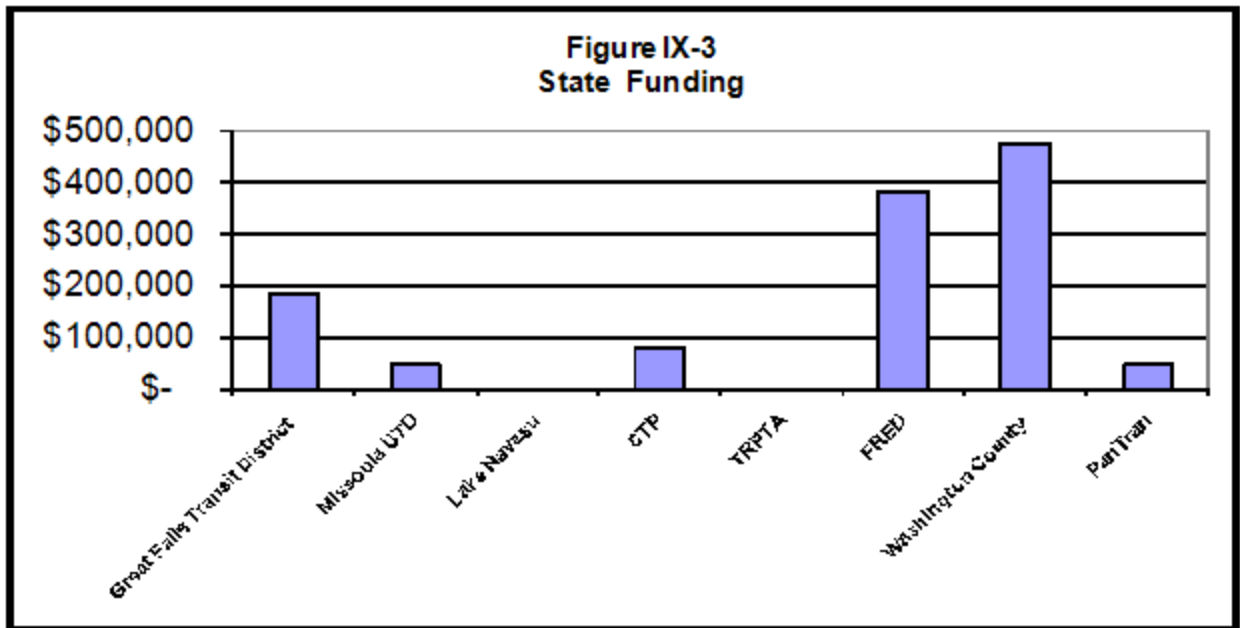


Figure IX-2 presents the level of Federal Transit Administration (FTA) funding that each peer transit agency receives. CTP and Great Falls receive the greatest amount of FTA funding, while PanTran and TRPTA receive the lowest amount of FTA funding. Although PanTran and TRPTA have populations greater than Cheyenne, they receive less FTA funding due to their levels of local support and funding through local government entities. This affects the level of service that can be provided.



The level of state transit funding is presented in Figure IX-3. While most of the peer transit agencies receive either no state funding or less than \$100,000, FRED and Washington County receive significant amounts of state funding. States such as Maryland, Virginia, and Pennsylvania have Departments of Transportation that fund transit out of state funding in addition to the FTA funding and have a significant commitment to local transit. The state of West Virginia has less financial commitment to local transit, which is also typical of western states such as Idaho, Arizona, Colorado, and Wyoming.



Local funding is presented in Figure IX-4. Washington County and FRED have the greatest levels of local funding, while PanTran and TRPTA have low levels of local funding. Great Falls and Missoula presently receive no funding from the local government. The average level of local funding that the funded peer transit agencies receive is about 24 percent of their total funding. PanTran only receives 14 percent of its total funding from local funding.

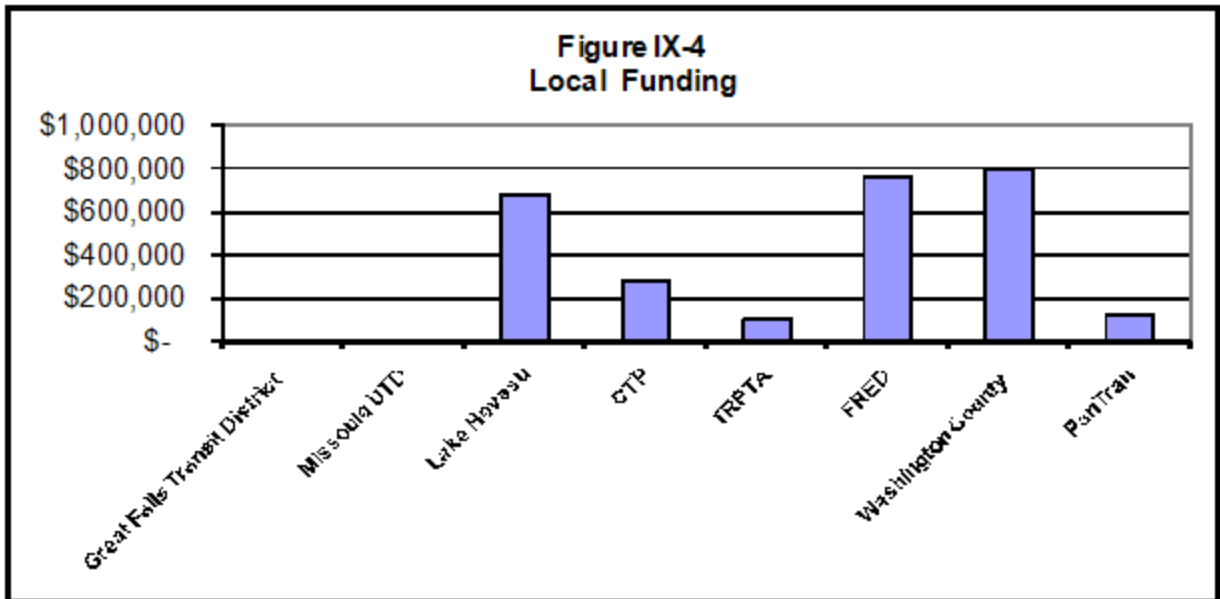
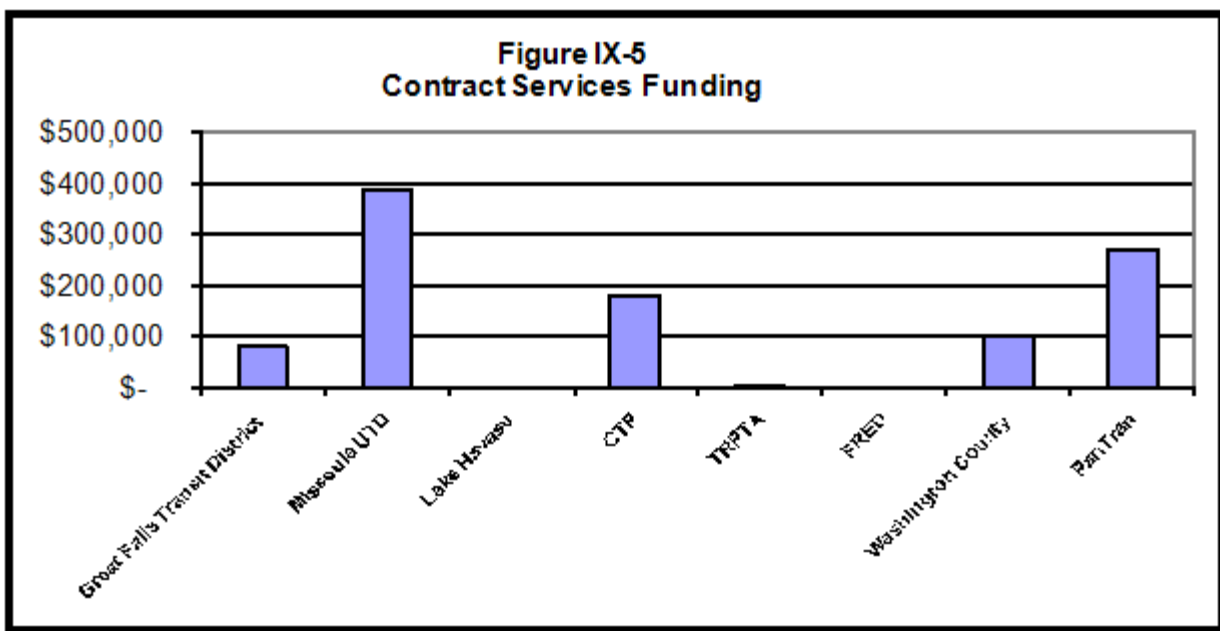


Figure IX-5 presents the level of funding from contract services that the peer transit agencies receive. PanTran and Missoula receive the highest amount of funding from contract services. FRED, Lake Havasu, and Washington County receive little to no funding from contract services.



Only Great Falls and Missoula receive funding from dedicated regional taxes. As presented in Table IX-1, both these peer transit agencies receive over 41 percent of their funding through the regional transit authority. Both of these peer communities have smaller populations but larger transit systems than PanTran.

### **Peer Analysis Summary**

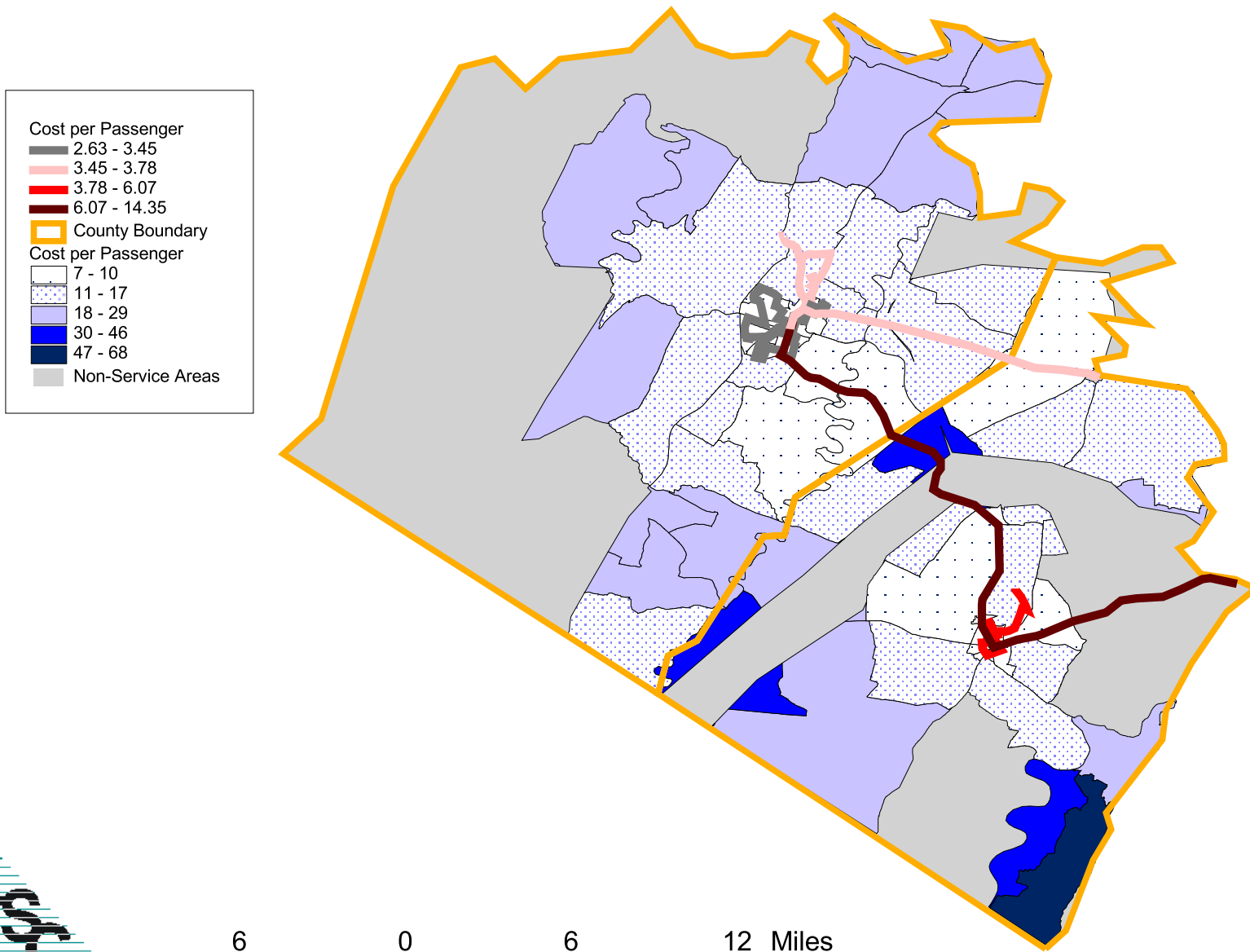
The peer transit agency analysis shows that PanTran does not receive the same level of funding from FTA or local government entities as compared to peer communities with smaller populations. PanTran provides transit service to the Eastern Panhandle region of West Virginia with less local support and funding than some of the peer transit agencies with smaller geographic service areas and smaller populations. If PanTran is to provide the transit service required to meet Title VI requirements, the local community will need to make a greater commitment to transit in the region.

### **GIS COST ALLOCATION MODEL**

The purpose of this section is to develop a base concept for the cost of operating transit service using the cost allocation model that was developed for PanTran for the Title VI planning process. Figure IX-6 presents the cost allocation model in terms of a spatial relationship. LSC mapped the preferred transit services (demand-response zones and deviated routes) using the cost allocation model. The darker the shading of an area on the map, the larger the cost is per passenger to operate that service in that area. It was assumed that most of the demand-response trips will be from the rural areas to the communities of Martinsburg and Charles Town, where most of the activity centers are located. Other assumptions were based on the cost allocation model. Based on the allocation model equation shown below, LSC generated and mapped the cost per revenue-hour for each deviated route and demand-response zone of the preferred transit service plan.

$$\text{Cost per passenger} = (1.31 \times (\$0.54 \times \text{Revenue-Miles}) + (\$26.80 \times \text{Revenue-Hours})) / \text{passenger per hour}$$

Figure IX-6  
Financial Cost Impact of the Preferred Plan



6 0 6 12 Miles



The analysis results show that the outlying areas of Berkeley and Jefferson Counties are the most expensive areas to serve, and the regional express routes are the most expensive to operate. In order for these areas and routes to become efficient, these services will need to carry a large number of trips per hour. In order to operate demand-response service in the northern and southern portions of Berkeley and Jefferson Counties, bus trips will need to carry more riders than the bus trips that are closer to Martinsburg and Charles Town. In order for the regional express to become more efficient, it will need to have greater productivity than the loop deviation routes in Martinsburg and Charles Town. This information can also be used to show the increasing cost of providing transit service to many of the areas of the Eastern Panhandle.

## **FUNDING STRATEGIES**

This section develops the types of funding strategies and scenarios that PanTran can use to implement the preferred transit service plan and generate the additional local match funding in Table VIII-5.

### **Intergovernmental Agreements**

With intergovernmental agreements, local governing entities will help fund PanTran service through an agreement that details the service type, level of service, and funding amount for each community. This is similar to how PanTran presently receives about 14 percent of its operational funding. In order to expand the existing funding scenario, the PanTran board and management will need to work with each of the entities that presently receives transit service and those that would like transit service to develop agreements on the level of funding for the preferred transit service. PanTran will need to use the peer transit agency analysis information to show justification for local communities to fund the transit service.

Table IX-2 presents the local share for each community in the service area based on the level of service that each community will receive. LSC used the cost allocation model to determine each community's share of the preferred transit service plan when completely implemented in Phase III. The adjusted operating cost is the total operating cost less FTA funding, contract funding, and other grants. The

adjusted operating cost is 62 percent of the total operating cost. It is assumed that the amount of FTA local share remains the same.

Table IX-2 Local Share					
Community	Route	Fixed Cost	Daily Total Cost	Annual Cost	Local Share
<b>Weekday Fixed Route</b>					
City of Martinsburg	Red Route	\$148	\$627	\$192,619	\$119,424
City of Martinsburg	Blue Route	\$142	\$598	\$183,661	\$113,870
City of Martinsburg	Green Route	\$147	\$619	\$190,078	\$117,849
Charles Town	Orange Route	\$145	\$613	\$188,124	\$116,637
Jefferson County	Express Route	\$142	\$601	\$184,420	\$114,341
Jefferson County	Demand-Response Rural Zones	\$324	\$1,369	\$349,009	\$216,385
Shepherd University	Shepherd University	\$171	\$724	\$180,514	\$180,514
Berkeley County	Express Route	\$50	\$211	\$64,796	\$40,174
Berkeley County	Demand-Response Rural Zones	\$324	\$1,369	\$349,009	\$216,385
City of Martinsburg					\$351,142
Charles Town					\$116,637
Berkeley County					\$256,559
Jefferson County					\$330,726
Shepherd University					\$180,514

The major justification points are as follows:

- Of the peer transit agencies, an average of 23 percent of these agencies’ funding comes from local government entities, while the Eastern Panhandle area share to PanTran is only 14 percent. The difference in these percentages can fund the preferred transit service plan in the first two years.
- Without additional local funding, the preferred transit service plan will not be able to be implemented. Therefore, many of the service gaps and Title VI issues identified in this planning process will not be mitigated. This can leave PanTran and the region’s cities and counties open to a possible civil rights complaint and/or a reduction in FTA funding.
- Without additional local funding, the rate of inflation (the cost of gas prices) can increase operating costs. PanTran may need to reduce the level of service due to the increased operating costs while still not meeting the minimum transportation needs of residents in the Eastern Panhandle region.

## **Contract Services**

Local human service programs, non-profit organizations, and private companies can help fund PanTran service through a contract. The contract will detail the service type, level of service, and funding amount for each entity. This is similar to how PanTran presently receives about 31 percent of their operational funding. As an element of this strategy, the development of an employee pass program may be beneficial. The federal government allows for a transportation cost of \$120 per month per transit rider to be used as a tax deduction on federal income taxes for individuals and firms that financially support employees' transportation expenses. This results in an annual savings of \$1,440 per person or employee. Developing an employee pass program is a way to increase funding for transit service and increase public/private cooperation.

In order to expand the existing funding scenario, the PanTran board and management will need to work with each entity to develop contracts on the level of funding for preferred transit service or PanTran will need to develop an employee pass program. If only one percent of all employees in Berkeley and Jefferson Counties participated in an employee pass program, about \$457,900 could be generated. This is based on 63,659 employees multiplied by one percent multiplied by \$720 for an annual pass. The \$720 is based on PanTran's existing fare structure. This would result in an annual net saving on income taxes of \$720 per person or employee.

The major justification points are as follows:

- Of the peer transit agencies, an average of 14 percent of these agencies' funding comes from contract services, while the Eastern Panhandle area's share to PanTran is 31 percent. Most of the peer transit agencies do not rely on contract funding to operate a local transit service.
- Without additional local funding, the preferred transit service plan will not be able to be implemented. Therefore, many of the service gaps and Title VI issues identified in this planning process will not be mitigated. This can leave PanTran and the region's cities and counties open to a possible civil rights complaint and/or a reduction in FTA funding.
- Without additional local funding, the rate of inflation (the cost of gas prices) can increase operating costs. PanTran may need to reduce the level of service

due to the increased operating costs while still not meeting the minimum transportation needs of residents in the Eastern Panhandle region.

## **UTA Tax**

In this scenario, a referendum will be placed on the ballot for local residents to vote on. Based on peer transit agency analysis, two of the communities presently use an Urban Transportation Authority (UTA) or Rural Transportation Authority (RTA) to fund transit. This is a very common method to fund transit and transportation improvements in many communities across the nation.

In order to expand the existing funding scenario, the PanTran board and management will need to work with Berkeley and Jefferson Counties to place a referendum on the ballot. PanTran will need to use the existing transit service gap information from this planning process to justify the ballot issue. It is recommended that transit funding be included in a larger funding ballot initiative, such as for highways.

The major justification points are as follows:

- Without additional local funding, the preferred transit service plan will not be able to be implemented. Therefore, many of the service gaps and Title VI issues identified in this planning process will not be mitigated. This can leave PanTran and the region's cities and counties open to a possible civil rights complaint and/or a reduction in FTA funding.
- Without additional local funding, the rate of inflation (the cost of gas prices) can increase operating costs. PanTran may need to reduce the level of service due to increased operating costs while still not meeting the minimum transportation needs of residents in the Eastern Panhandle region.
- The estimated annual cost to each household to implement the preferred transit service will be about \$7.15 in Phase I, \$11.85 in Phase II, and \$20.40 in Phase III. This pays for the additional funding identified in Table VIII-5 and replaces the existing funding that local governments give PanTran from their general fund. It was assumed that existing contract service funding of \$295,000 will continue.

## **Summary**

In short, all funding scenarios and strategies are needed to fund PanTran transit service in the Eastern Panhandle region. The first scenario that should be

examined is obtaining increased participation funding percentages from local governments for PanTran through intergovernmental agreements. This should be done by developing a grassroots coalition that will advocate for additional funding from local governments to support PanTran. The next strategy should be developing a coalition or grassroots effort to place a referendum on the ballot to support transportation capital and operations for highways and transit. The last scenario that should be implemented is obtaining contract services. All three strategies for increasing the funding level should be implemented in conjunction with each other.