

Business Plan for Palace Transit Mitchell, South Dakota

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1. INTRODUCTION AND PURPOSE OF THE BUSINESS PLAN

1.1 Brief History

Palace Transit, a department of the city of Mitchell, is the public transportation provider that serves Davison County, South Dakota. Davison County is located in southeastern South Dakota. Mitchell, the county seat, has a population of 14,588 and is the county's largest city. Mitchell is located on Interstate I-90, 65 miles west of Sioux Falls, the regional trade center. There are three other cities in Davison County - Ethan (population 330), Mt. Vernon (population 477), and Loomis (population 47). The county's primary economic activities are agriculture, tourism, and manufacturing. A map of Davison County is presented in Figure 1.1.

Palace Transit and its predecessor organization, the Retired Senior Volunteer Program (RSVP), have been providing transit services in the community since 1979. RSVP began operations with a single vehicle and provided local transportation services to Mitchell's senior citizens. Funding was subsequently obtained from the U.S. Department of Transportation and services expanded to include the general public.

Throughout the early 1980s the city of Mitchell was a pioneer in generating revenue through the selling of advertising space on transit vehicles. In 1986 RSVP contracted with the Mitchell school district to provide transportation services for special needs students. It also secured hospital contracts to provide non-emergency medical transportation and partnered with human service organizations, employers, and other community organizations to provide coordinated transportation within the community. In 1991 RSVP changed its name to Palace Transit to reflect a strong local image and the availability of service to more than senior citizens. Palace Transit now provides services to Mitchell, Ethan, and Mt. Vernon. Rides may be scheduled for medical appointments, shopping, beauty-shops, senior meals, daycare, school, summer recreation, employment, and other purposes.

Palace Transit's primary service area is the city of Mitchell and immediately surrounding areas. Service is available Monday through Friday from 7:30 a.m. to 4:30 p.m. Standard fares are \$2.50 for one-way trips and \$3.50 for round trips. Riders are asked to call at least one hour prior to the desired pick-up time. Palace Transit also provides service to outlying communities within the county on an as-needed basis. Service also provides transportation to Sioux Falls to the airport and for specialized medical appointments. More detailed information on Palace Transit's market and current services is presented in Sections 3 and 4.

In 2004 Palace Transit extended service to early mornings, late nights, and weekends. This initiative occurred when the local taxi service ceased operations. This extended service offering constitutes the characteristics of a cab service and is referred to as Palace Transit Express. Palace Transit Express operates seven days a week. Service begins at 5:30 a.m. to facilitate trips to job sites and medical treatment facilities and runs until 2 a.m. during the week and 3 a.m. on weekends. The standard fare is \$4 per one-way trip with no discounts for round-trips. Palace Transit's developmental milestones, as discussed in this and preceding paragraphs, are summarized in Table 1.1.



Figure 1.1 Service Area

Table 1.1 Milestones

Date	Milestone
1979	Established as a van service for local senior citizens
1980	Established as a rural transit provider upon receiving federal Section 5311 funds
1984	Executive director is one of the founders of the Dakota Transit Association; continued to serve in that capacity for many years and is presently still doing so
1996	Established main office at the James Valley Community Center
1999	Palace Transit, in conjunction with South Dakota Department of Transportation, Mitchell United Way, and the Mitchell Area Cancer Assistance Fund, began providing daily Med-Van service to Sioux Falls for area cancer patients. This service was subsequently discontinued when a cancer center was built in Mitchell.
2001	Broke ground on the construction of a bus storage facility
2001	Major changes in service occurred through the extension of service to later evening and weekend hours and service on holidays
2001	Introduced specialized night, weekend, and same day reservation service via Palace Transit Express
2007	Transit agencies from Mitchell, Huron, Aberdeen, Brookings and Pierre met in Mitchell to review software products decided to utilize SHAH dispatch software.
2008	Palace Transit was named the recipient of the city of Mitchell's annual Safety Award.
2009	Jolynn Hanson, Palace Transit's transit supervisor, was awarded DTA's 2009 Dispatcher of the Year award.

Figure 1.2 illustrates Palace Transit's operating trends as measured by vehicle miles and ridership over the past several years. Both indicators have been relatively stable to slightly declining over the past few years. Ridership, as measured by one-way passenger trips, has declined about 11.5% since 2005. Overall, annual vehicle miles have increased by about 7.5% since 2005 but they have declined from a high in 2008.

As Figure 1.2 indicates, Palace Transit experienced a decline in both one-way trips and vehicle miles from 2006 to 2007. Starting in 2007, one-way passenger trips and total vehicle miles have remained nearly constant with only slight fluctuations in ridership and service levels.

Virtually all public transportation services in the United States, including Palace Transit, cost more to operate than the revenue generated from riders. As a result, systems such as Palace Transit require federal, state, and local funds to supplement operating revenue and to acquire capital equipment and facilities. Fortunately, federal and state funding for transit has grown over the past few years and has been available to assist Palace Transit.

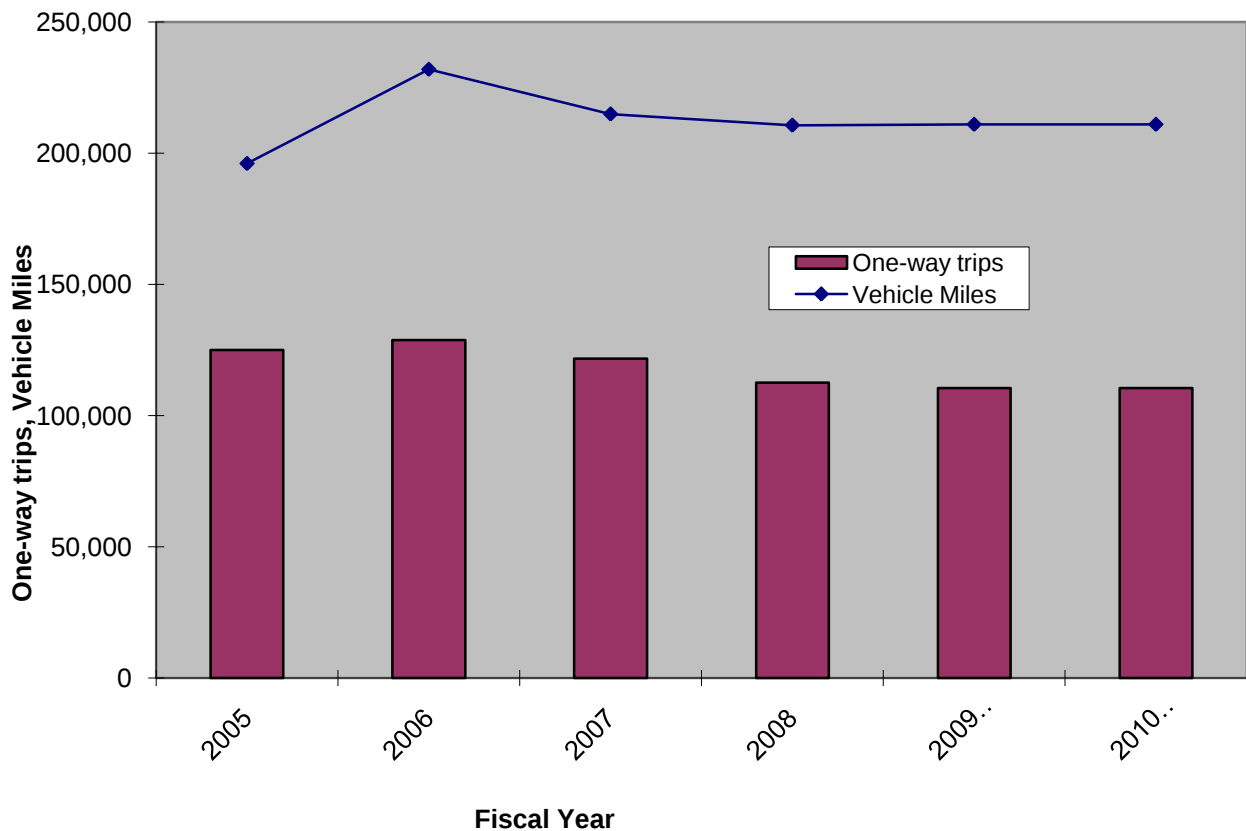


Figure 1.2 Operating Trends 2005 – 2010

Perhaps even more importantly, the city of Mitchell and Davison County have invested local funds to help acquire equipment and facilities and to support on-going operations. Table 1.2 summarizes key operating and financial data for the past five years and illustrates the growth in revenue, expenses, and federal, state, and local support for Palace Transit’s operating budget. While budgeted expenses for 2010 are significantly higher than previous years, this figure represents the maximum amount obtainable from grants. It is anticipated that actual expenses will probably be less than projected amounts.

As this discussion illustrates, Palace Transit has expanded local personal mobility options by offering a wide range of public transportation services. Its seven-day-a-week service offers a high level of service to area residents. Service levels are expected to increase even more as Palace Transit implements new services and expands its hours of operation.

Table 1.2 Operating and Financial Trends (2005-2010)

	2005	2006	2007	2008	2009 (Projected)	2010 (Budget)
One-way passenger trips	124,972	128,805	121,678	112,524	110,527	110,500
Total vehicle miles	196,083	231,973	214,957	210,676	211,000	211,000
Total vehicles	17	17	16	17	13	13
Operating revenue	\$39,156.00	\$72,012.02	\$85,531.44	\$109,189.91	\$147,000	\$96,000
Operating expense	\$427,001.47	\$529,369.00	\$593,272.69	\$529,741.34	\$521,504	\$784,431
Federal 5311 funds	\$158,425.42	\$242,030.05	\$289,016.97	\$281,109.96	\$506,430	\$314,977
Title III funds	\$16,835.00	\$18,840.00	\$18,840.00	\$19,311.00	\$9,400	\$19,697
State funds	\$39,616.00	\$73,410.00	\$68,706.00	\$57,519.00	\$43,000	\$60,431
Local effort	\$212,125.05	\$195,088.95	\$216,709.72	\$171,801.38	\$415,670	\$274,469

1.2 Nature and Purpose of this Business Plan

In the summer of 2008, the South Dakota Department of Transportation (SDDOT) asked the Small Urban & Rural Transit Center (SURTC) at North Dakota State University to deliver a hands-on workshop to assist interested transit agencies in preparing business plans for their organizations. Palace Transit was one of four agencies that responded to this invitation. Following an intensive two-day workshop in August 2008 where managers and staff of the participating systems worked on their plans, SDDOT asked SURTC to help the systems complete their plans.

Though it had been successful in building an organization to respond to the most pressing public transit needs of the Davison County area, Palace Transit wished to obtain outside assistance to review its existing organization and operations, and to formulate a detailed business plan to guide it for the next three to five years. The plan will allow Palace Transit to assess its strengths and weaknesses and identify additional public transit markets that it could effectively serve. Further, the plan will forecast future capital and operating fund needs, and will help Palace Transit communicate its plans and vision to local stakeholders and funding agencies.

1.3 Outline of the Plan

This section has provided a brief overview of the history of Palace Transit and a summary of operating and financial trends. The next section describes and evaluates Palace Transit's organizational structure and governance and presents Palace Transit's mission, vision, and goals. Section 2 also presents a series of goals and objectives that can be used to evaluate future options

Section 3 provides demographic data on the area served by Palace Transit and identifies other personal mobility options that are available to area residents.

Section 4 provides a detailed discussion and evaluation of current operations and functional areas within the Palace Transit organization. The findings presented in this section provide much of the justification for the plan presented in this document.

Section 5 presents a number of service expansion options and quantifies the impact that these additions will have on operating and financial measures. The section also contains a capital improvement plan that includes replacement and additional vehicles, additional maintenance and storage space, and other capital needs. Section 5 also presents a five-year operating and capital budget based on the proposed service changes and capital improvement plan.

The last section, Section 6, presents a summary of key findings and recommendations from this plan. It also includes key issues that must be addressed for Palace Transit to continue its successful operations. This section also includes suggestions for on-going performance monitoring and possible triggers to suggest the need for a plan update.

2. ORGANIZATION AND GOVERNANCE

2.1 Purpose and Mission

Palace Transit has provided public transit service to the residents of Davison County since the late 1970's. Palace Transit's mission statement expresses a commitment to provide safe and quality transportation to the residents of Mitchell and surrounding areas. A sense of community has been fostered by the agency, both externally and internally.

Externally, Palace Transit communicates its dedication to the community by providing service to the disadvantaged population within the service area. This focus facilitates access to jobs, education, shopping, and medical services by individuals who, if not for the provided service, would have most likely been rendered immobile. Every operational and policy decision is weighed relative to the impact that it will have on the area's mobility disadvantaged population. On many occasions, this commitment to community inevitably results in Palace Transit assuming a leadership role in collaborating and coordinating with various organizations to promote community-wide initiatives. A prime example of the commitment is Palace Transit's integral role in the Coordinated Transportation System established in February of 1998 with LifeQuest and Dakota Counseling Institute.

From an internal perspective, Palace Transit fosters a community-oriented organizational culture through continuous, efficient, and timely information flow processes. This is achieved by continual communication to board members, sponsors, employees, funding sources, and any other entity associated with Palace Transit. Its mission and values are exercised and evident through its decisions, policies, and practices. In addition, the Palace Transit Community Participation Group and Palace Transit's employees have made the commitment to providing good service – a prerequisite of any successful organization.

Palace Transit also continuously markets its services through creativity in promotions and advertising with the aim of increasing ridership on and public awareness of its demand-response system. Palace Transit also contracts with a number of private and public agencies to provide transportation for agency clients. It also works closely with the area United Way, which substantially funds Palace Transit, to help identify and meet the area's unmet transportation needs.

Palace Transit, in collaboration with its strategic partners, effectively provides much-needed public transit service to the Davison County area through its community-development-driven philosophy, mission, and organizational culture. It is also seeking opportunities to expand this mission by offering cost-effective public transit options to demographic groups with unmet transportation needs. As a result, at some point in the future, Palace Transit may be inclined to reposition its mission stance to include its desire to directly impact the economic development of Davison County.

2.2 Board of Directors

Palace Transit operates as a unit of Mitchell's city government. The city is governed by a mayor and eight city council members. Palace Transit is a unit in the city's Senior Services Department. It has an independent advisory board that is appointed by the mayor. Both the advisory council and the director of the Senior Services Department report to the mayor and the city council. Current board members are identified in Table 2.1. All Palace Transit staff members are city employees. The creation of positions, level of salaries, level of benefits, and all other personnel issues are determined as directed by the city council and its administrators.

Table 2.1 Board of Directors (2009)

Organization	Name
Palace Transit /RSVP Board	Paul Tobin Gloria Kummer Amy Hildebrand Darlene Muth Jane Hagen Norma Eppel Bonnie Scott Dr. Joseph Graves

Palace Transit's board members are appointed by the mayor for four-year terms. The board's duties include the reviewing and evaluating management reports on planned agendas, projects, budgets, expenditures, monthly ridership, and transit operations. The board may also discuss personnel and employee issues but such matters are typically handled by the city's human resources department and the city attorney.

2.3 Organization and Management Structure

All transit systems, regardless of their size, must perform the same operations, maintenance, and administrative functions. The only difference between the largest and smallest systems is the number of individuals needed to perform each function and the degree to which a transit system outsources some of its functions. For example, a large transit system will have in-house marketing, planning, and legal staff while a small system will use independent contractors to provide these functions on an as-needed basis. Furthermore, in a large organization, functional specialization is possible while in a small system the general manager and just a few other staff members must be jacks-of-all-trades in order to keep a system in operation.

Palace Transit's current organizational chart is presented in Figure 2.1. As this figure illustrates, Palace Transit has a multi-leveled chain of command starting with Mitchell's city council. Within the city's structure, transit is a part of Senior Services Department and thereby has access to some of that department's staff resources.

The organizational chart in Figure 2.1 shows the general delineation of duties and responsibilities. Palace Transit's director reports to the RSVP Board which, in turn, reports to the mayor who then is accountable to the city council. Within the organization, the director is the key decision maker and both the operations supervisor and the bookkeeper report directly to the director. The agency's dispatchers and drivers report directly to the operations supervisor. However, as is the case in many small transit systems, this delineation over simplifies actual functional activities as many positions have several other duties assigned to them.

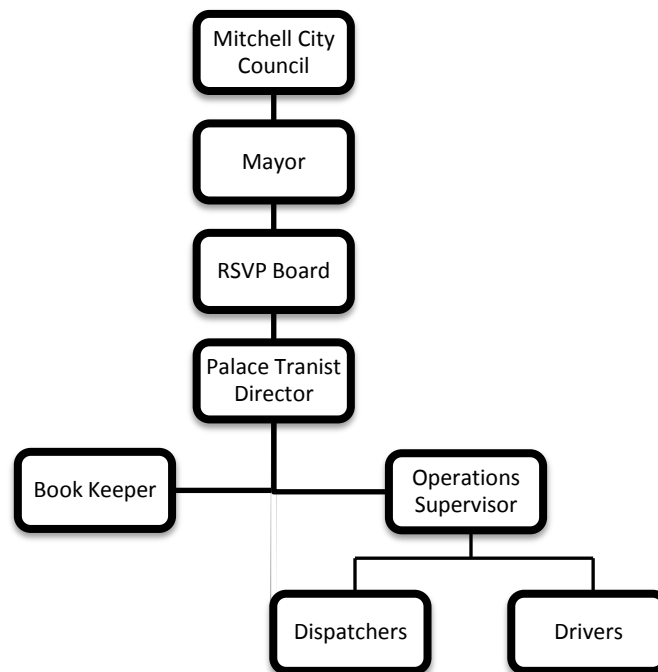


Figure 2.1 Organizational Chart

The city council typically meets the first and third Monday of every month and Palace Transit's director attends to discuss agenda items related to transit. Related recommendations are presented by the director of the Senior Services Department and Palace Transit's board of directors. City budgets are acted on in August.

2.4 Goals and Objectives

As discussed earlier, Palace Transit's mission statement is founded on the philosophy of assuring personal mobility to transportation-disadvantaged individuals in Mitchell and surrounding areas. The agency's mission statement has been utilized in the development of specific goals and objectives. Palace Transit's primary goals include:

- Enhancing mobility within the local service area
- Coordinating increased efficiency with service expansion
- Generating new revenues for transportation services
- Preserving individual independence
- Enhancing quality of life
- To do the most within the constraints of available resources
- Maximizing efficiency – reduce the cost of providing trips and increase trips per hour

In pursuit of these goals, Palace Transit strives to create and operate a coordinated, county-wide special-needs transportation system. This objective is achieved by:

- Serving all people with special transportation needs
- Exploring the efficient use of all local transportation resources, including non-traditional ones
- Fostering partnerships between transportation and social service providers through communication and forums for problem solving
- Be user-friendly, safe, and easy to access

As Palace Transit expands, it should develop a more encompassing mission statement reflective of its expanded goals and objectives. Throughout the process, the RSVP board and the city council should be consulted and public involvement should be actively encouraged. The service additions and other recommendations presented in Section 6 support Palace Transit's current mission and related goals and objectives.

3. SERVICE AREA DEMOGRAPHICS AND EXISTING PUBLIC TRANSPORTATION SERVICES

3.1 Demographics

Mitchell, with a population of 14,741, is the sixth largest city in South Dakota. It is the county seat of Davison County. Figure 3.1 shows the location of Mitchell within the state of South Dakota, its location relative to the state's other major cities, and 2000 Census population estimates.

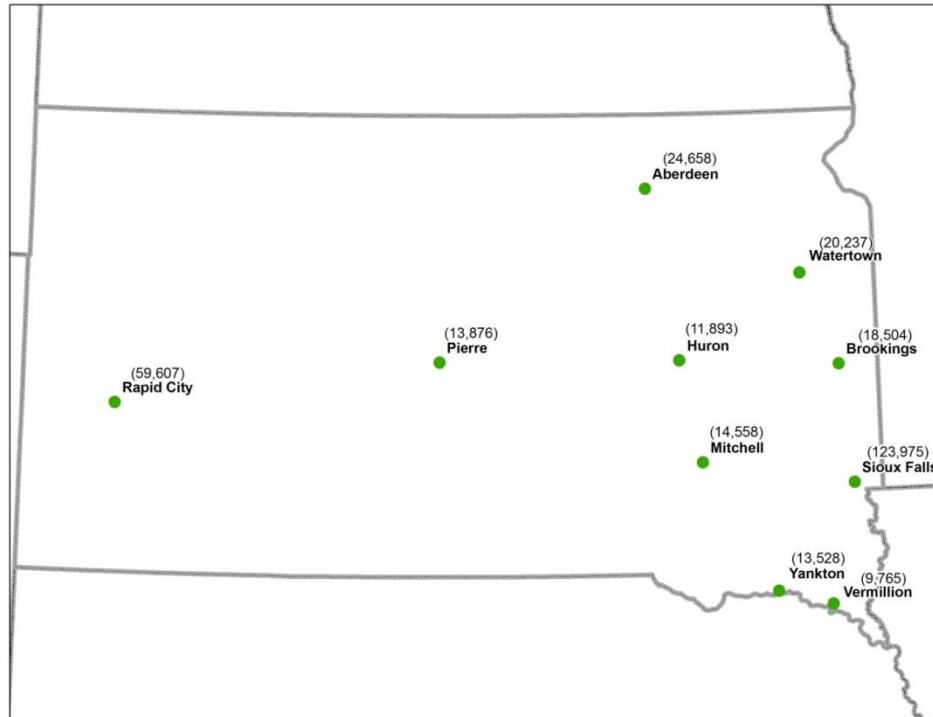


Figure 3.1 South Dakota Cities and Populations

According to the 2000 Census, Davison County had a population of 18,741. Census estimates from 2006 show that the county experienced a 1.6% increase in population to 19,035. The county has a population density of 43.1 people per square mile, considerably higher than the state as a whole. Comparative population trends and densities are presented in Table 3.1.

Table 3.1 Population Trends and Densities

	2000 Population	2006 Population	Population Change	Square Miles of Land	Population / Square Mile
Davison County	18,741	19,035	+1.6%	435	43.1
South Dakota	754,894	781,919	+3.6%	75,885	9.9
National	281.4M	299.4M	+6.8%	3.5M	79.6

There are four cities in Davison County. Figure 3.2 shows the location and population of each of these cities.



Figure 3.2 Davison County Cities and Populations

Loomis is located about 10 miles northwest of Mitchell and Mount Vernon is about 17 miles directly west of Mitchell. Ethan is 14 miles south of Mitchell.

Nationally, transit clientele typically include significant numbers of minority, disabled, senior, and low-income individuals. Table 3.2 presents related Census data for each of these segments of the population for both the city of Mitchell and Davison County. This table also includes a comparison with national and state of South Dakota statistics.

A comparison of the county statistics in Table 3.2 with comparable national and state figures indicates that Mitchell and Davison County have significantly lower-than-average minority populations while their senior populations are slightly higher than national and state averages. County disabled populations are comparable to state figures and slightly lower than national figures. The number of low-income individuals in the area is fairly comparable to state and national estimates while the number of individuals in households without automobiles is higher than state numbers but slightly lower than national estimates. This deviation is typical of rural areas, where alternative forms of transportation are limited and vehicle ownership is more of a necessity.

Table 3.2 Transportation Disadvantaged Populations

	Total Population	Minorities	Age 65+	Disabled Age 16-64 (Go Outside Home)	Individuals Living in Poverty Age 16-64	Individuals Living in No-Vehicle Households
Mitchell	14,558	636 / 4.4%	2,569 / 17.6%	354 / 2.4%	1,129 / 7.8%	1,396 / 9.6%
Davison County	18,741	701 2.3%	3,042 / 16.2%	410 / 2.2%	1,295 / 6.9%	1,545 / 8.2%
South Dakota	754,844	11.3%	14.3%	2.4%	7.5%	6.1%
National	281.42M	24.9%	12.4%	4.1%	7.3%	10.3%

Note that there is some obvious overlap and possible double or triple counting related to data presented in Table 3.2. For example, a minority individual may also be low income and disabled. The data presented in these tables was compiled to minimize such occurrences but they cannot be totally eliminated. Despite these overstatements, these tables do give some indication of the size of the mobility-disadvantaged populations in Mitchell and Davison County.

3.2 Existing Transportation Services

3.2.1 Automobile

Personal automobiles are used to satisfy most of the personal mobility needs of area residents. Based on the estimates presented in Table 3.2, more than 90% of the residents in Palace Transit's primary service area live in households that have a personal automobile. This number is slightly higher than the statewide average of 94% and comparable to the national average of 90%.

Palace Transit's services will be discussed in Section 4. In addition to these services, other personal mobility services available to area residents include client-specific transit services, intercity bus, and commercial airlines. These and other area transit services are described in the following subsections.

3.2.2 Other Area Transit Services

Palace Transit provides transportation services to a number of local health, nursing, social service, and nursing home facilities on a contractual basis. The only major service provided by another entity involves LifeQuest, a local agency that provides training and support services for developmentally disabled individuals. LifeQuest services are available strictly for its clients.

3.2.3 Taxi Services

Taxi services are provided in Mitchell by Palace Transit Express. Palace Transit initiated this service in 2004 when the local taxi service discontinued operations. Related services are offered from 5:30 a.m. to 7:30 a.m. on weekdays to facilitate early morning transportation needs. Late afternoon and evening services are provided from 4:30 p.m. to 2:00 a.m., Monday through Thursday and until 2 a.m. Saturday morning. Other Saturday services are available from 5:30 a.m. to 3:00 a.m. while Sunday services are provided from 6:00 a.m. to 10:00 p.m. The standard fare is \$4 per one-way trip with no discounts for round trips. One-way trips to the Mitchell Airport are provided for \$10 with an additional fee of \$5 for each additional passenger. Trips to the Sioux Falls regional airport are provided for \$100.

3.2.4 Intercity Bus

The region's only intercity bus service is operated by Jefferson Lines. Jefferson operates in 11 states throughout the country's mid-section. Mitchell is served by a route which runs along Interstate Highway 90 between Sioux Falls and Billings, MT. Connections at these points provide additional services in all directions. Jefferson operates one daily eastbound and one westbound route through Mitchell. Jefferson Lines' South Dakota routes are presented in Figure 3.3.

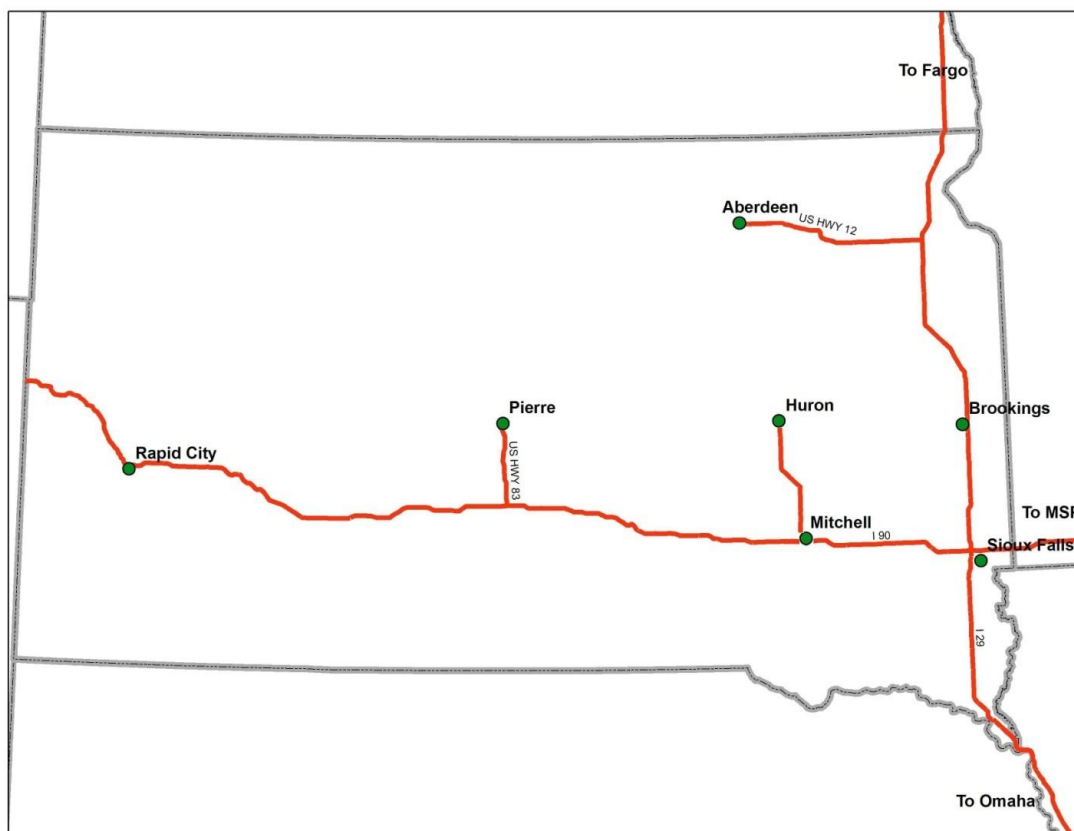


Figure 3.3 Jefferson Lines Route Map

3.2.5 Commercial Air Service

Local air travelers access passenger air service via the Sioux Falls Regional Airport. This airport is located near the intersection of I-29 and I-90, approximately 75 miles east of Mitchell. Sioux Falls Regional Airport is served by Northwest/Delta, United, and Allegiant airlines and has daily non-stop service to Minneapolis-St. Paul, Chicago, Denver, Cincinnati, Las Vegas, Orlando, and Phoenix. Mitchell's municipal airport is available to persons traveling to and from the area via private or charter planes.

As indicated earlier, Palace Transit Express provides on-demand services between Mitchell and the Sioux Falls Regional Airport at a rate of \$100 per trip. A \$10 fee is charged for persons traveling to the Mitchell Municipal Airport.

4. SERVICES, OPERATIONS, VEHICLES, AND FACILITIES

The purpose of this section is to document current Palace Transit operations as background for recommendations that will be presented in later sections. This section consists of three parts including a description and evaluation of existing transit services, a description and evaluation of major functional areas within the organization, and finally, an assessment of the transit system's vehicles and facilities. The section concludes with a summary of the key findings and recommendations.

4.1 Description of Public Transit Services

Palace Transit operates a traditional demand-response, handicap accessible transit system in Mitchell and the immediate surrounding area. As discussed in Section 1, local transit operations have expanded from a one-vehicle senior citizen service in 1979 to a county-wide service available to the general public.

Service in Mitchell is currently available weekdays from 7:30 a.m. to 4:30 p.m. The service is designed as a curb-to-curb system where riders call Palace Transit's dispatch center and arrange for specified pick-up and drop-off locations. Palace Transit recommends that requests for rides be made by 4 p.m. for service the following day. Same-day requests are honored on a space-available basis. The one-way fare is \$2.50 while round trips are \$3. A \$10 fare is charged for trips to the Mitchell Municipal Airport with a \$5 charge for each additional passenger. Palace Transit also provides service to the outlying communities of Ethan and Mt. Vernon on an as-needed basis.

As discussed in Section 3, Palace Transit also operates Palace Transit Express. This service was initiated in 2001 when the community's commercial taxi service discontinued business. In response to this void, Palace Transit began providing a taxi-type service, via Palace Transit Express, at times when its traditional demand-response services were not available.

Palace Transit Express' services are offered from 5:30 a.m. to 7:30 a.m. on weekdays to facilitate early morning transportation needs. Late afternoon and evening services are provided from 4:30 p.m. to 2 a.m., Monday through Thursday and until 2 a.m. Saturday morning. Other Saturday services are available from 5:30 a.m. to 3 a.m. while Sunday services are provided from 6 a.m. to 10 p.m. The standard fare is \$4 per one-way trip with no discounts for round trips. One-way trips to the Mitchell Airport are provided for \$10 with an additional fee of \$5 for each additional passenger. Trips to the Sioux Falls regional airport are provided for \$100.

Palace Transit places a premium on ensuring that its services are responsive to the transportation needs of the area's elderly and disabled residents. All vehicles in Palace Transit's fleet are lift equipped and volunteer escorts are available if a rider requests special assistance. Additionally, Palace Transit bus operators offer assistance to the first set of entrance doors at a destination if such a request is made an elderly or disabled rider. Further, Palace Transit specifically caters to the hearing- or vision-impaired by having a dispatcher place a phone call to the relevant riders confirming bus arrival or arrival time at their respective home.

Palace Transit is also involved in providing service, some on a contractual basis, to organizations within the service area. Organizations that receive service on a regular basis include:

- LifeQuest (formerly Mitchell Area Adjustment Training Center)
- Avera Queen of Peace Hospital
- Firesteel Nursing Home
- Avera Brady Health and Rehab
- Mitchell Convention and Visitors Bureau
- Nutrition program
- Chamber of Commerce
- Senior Center
- City of Mitchell
- Medical clinics
- Mitchell public schools
- Head Start
- Daycare programs
- Mitchell Area Safehouse for Women
- Museums
- Tender Hearts Assisted Living and other assisted living facilities
- Welfare to Work Program
- One Stop Career Center
- Retired Senior Volunteer Program
- Mitchell private schools
- Independent living facilities
- Persons with visual impairment

In February of 1998, Palace Transit entered into a coordinated transportation arrangement with LifeQuest and Dakota Counseling. The plan is referred to as the Mitchell Coordinated Transportation System and its major intent is to meet the mobility needs of community members by providing access to daily living activities. The coordinated plan has positively impacted the ridership levels of LifeQuest clientele; the agency's riders have tripled. Palace Transit also responds to referrals from the Department of Social Services on almost a daily basis. Related calls are from clients who have unmet transportation needs.

Palace Transit's ridership includes senior citizens, disabled individuals, youth, low-income families and individuals, and the general public. Typical destinations include job sites, medical centers, schools, day-care centers, after-school programs, recreational activity sites, hospitals, nursing homes, airport, and convention and tourism centers. More inclusively, rides are provided to any location of request.

In 2008, Palace Transit provided approximately 112,524 one-way passenger trips. As Figure 4.1 indicates, the greatest proportions of rides, 31%, were for social or recreational activities. The next two largest trip purposes were for education and employment, 26% and 20%, respectively. Medical appointments accounted for 16% of one-way trips while shopping, other, and nutrition trips accounted for 4%, 2%, and 1%, respectively.

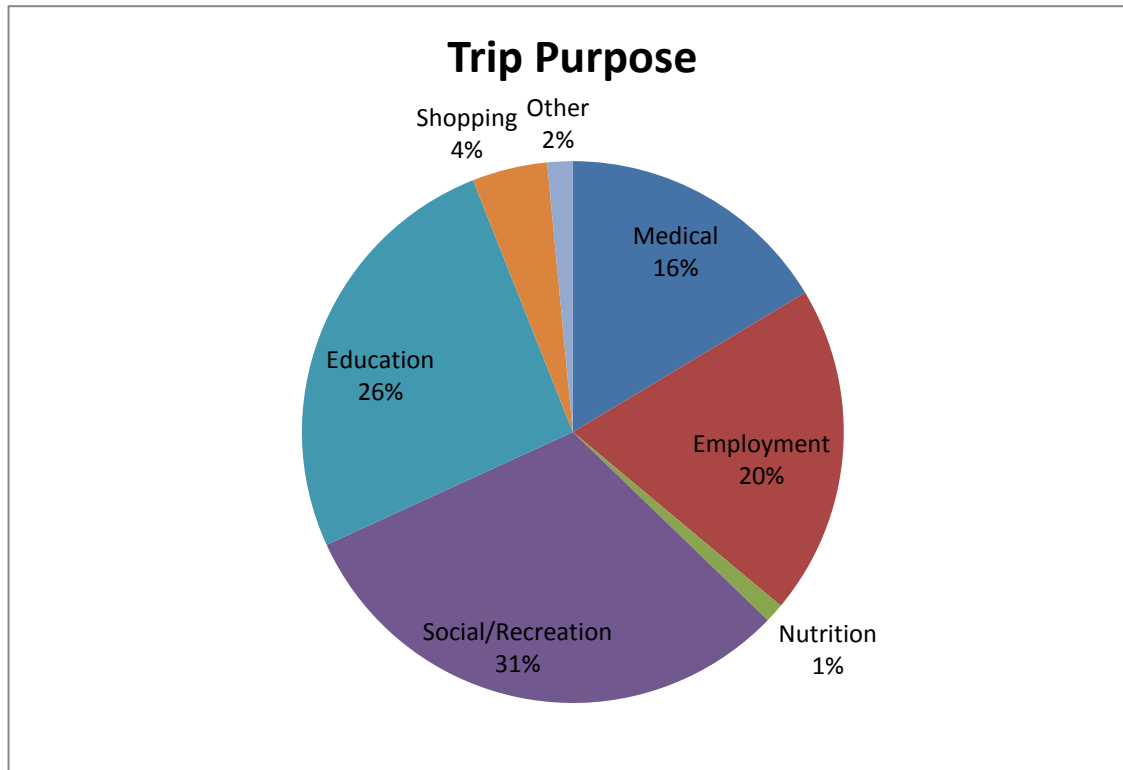


Figure 4.1 Trip Purposes (FY 2008)

As Figure 4.2 illustrates, Palace Transit provides a relatively high number of social- and recreation-related trips. At 31%, such usage far exceeds the state average of 11%. Local medical trips also exceed the state average (16% vs. 10%). Conversely, Palace Transit's shopping and nutrition-related usage is below state average (2% vs. 10% and 1% vs. 8%, respectively).

In 2008 disabled individuals represented the largest proportion of riders (28.2%). The second largest group of riders was youth at 27.7%. The general population is third with 24.9% and the elderly comprise 19.2% of all riders. Figure 4.2 shows the distribution of 2008 ridership characteristics of Palace Transit.

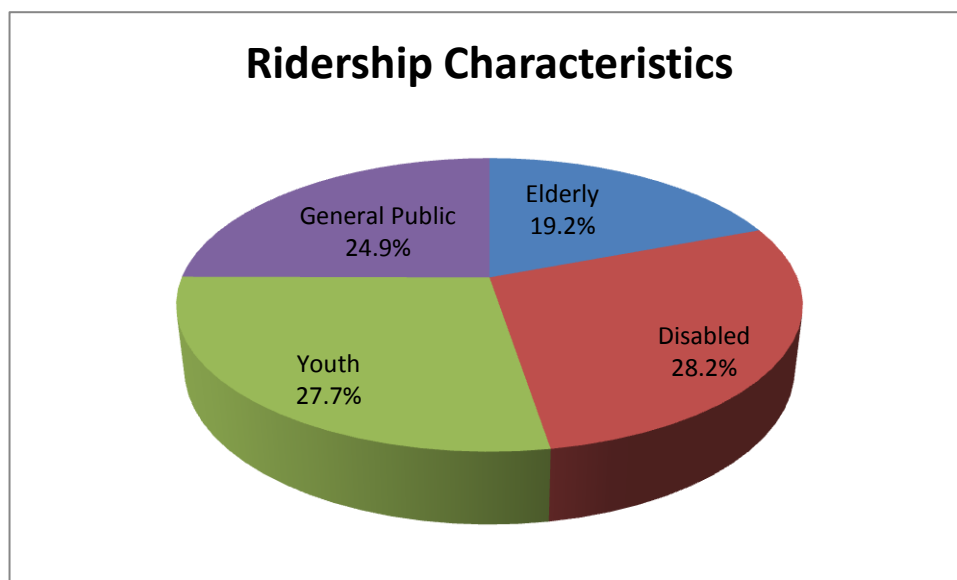


Figure 4.2 Ridership Characteristics (FY 2008)

Palace Transit's ridership characteristics are fairly comparable to state averages. The only major deviation is in the senior citizen category. About 19% of Palace Transit's riders are seniors while the state average is 27%.

Palace Transit does not operate on several traditional holidays. Table 4.1 identifies holidays, dates, and situations under which Palace Transit does not operate. In most instances, Palace Transit Express does not provide services on listed dates, either.

Table 4.1 Holidays and Situations of Non-Operation

Holiday /*Situation	Date
New Years Day	January 1 st
Good Friday	Friday preceding Easter
Memorial Day	Last Monday in May
Independence Day	July 4 th
Labor Day	1 st Monday in September
Veteran's Day	November 11 th
Thanksgiving Day	4 th Thursday/Friday in November
Christmas Eve	December 24 th (no service after 12pm)
Christmas Day	December 25 th
*Extremely cold weather or dangerous blizzard conditions	To Be Announced

Palace Transit's historic operating expenses and operating expenses per vehicle mile are presented graphically in Figures 4.3 and 4.4. As these graphs illustrate, related expenses increased from 2005 through 2007 and then declined in 2008 and 2009. As discussed earlier, much of this decline is attributed to the loss of a contract to provide summer youth school transportation services for the local Kids Club. That service was discontinued when the contracting agency required a larger service vehicle and Palace Transit determined that it would not be cost-effective to purchase such a vehicle. A further decline may be noted in 2009. That decline was due largely to a drop in fuel prices.

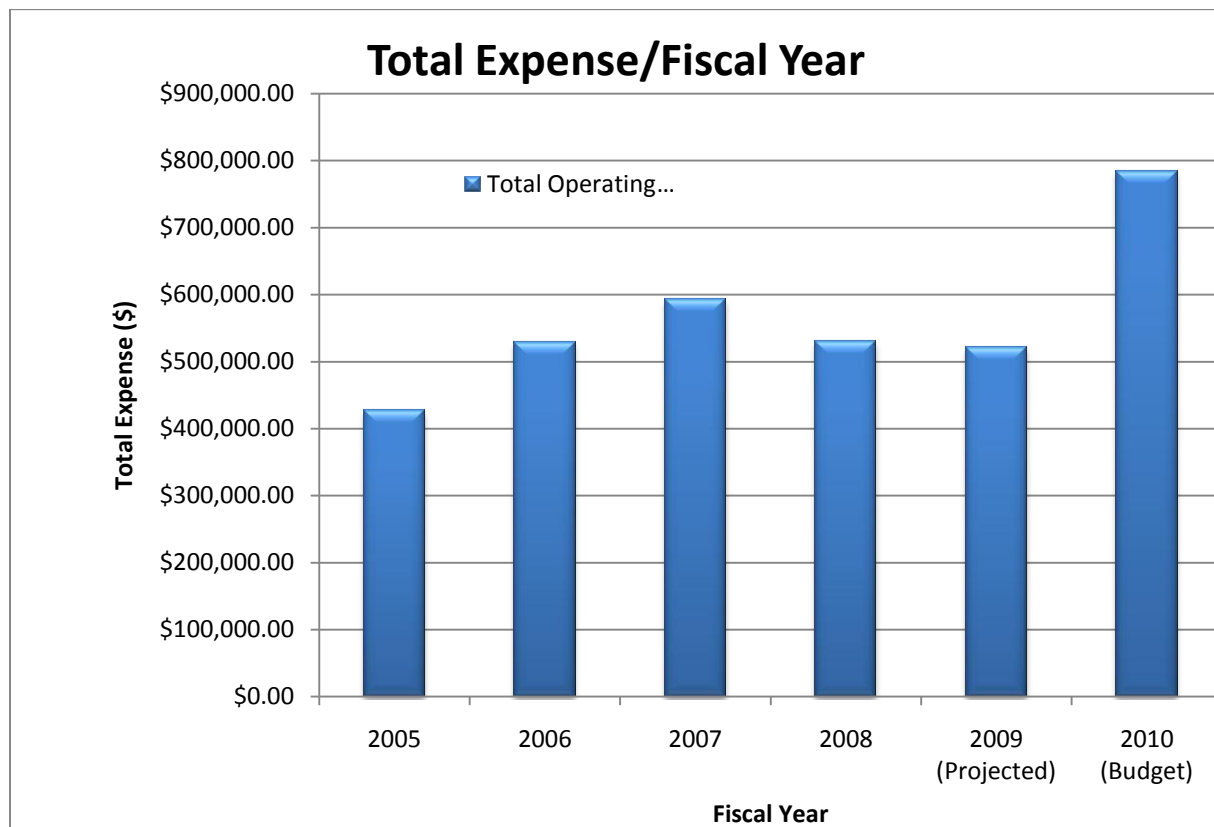


Figure 4.3 Operating Expenses

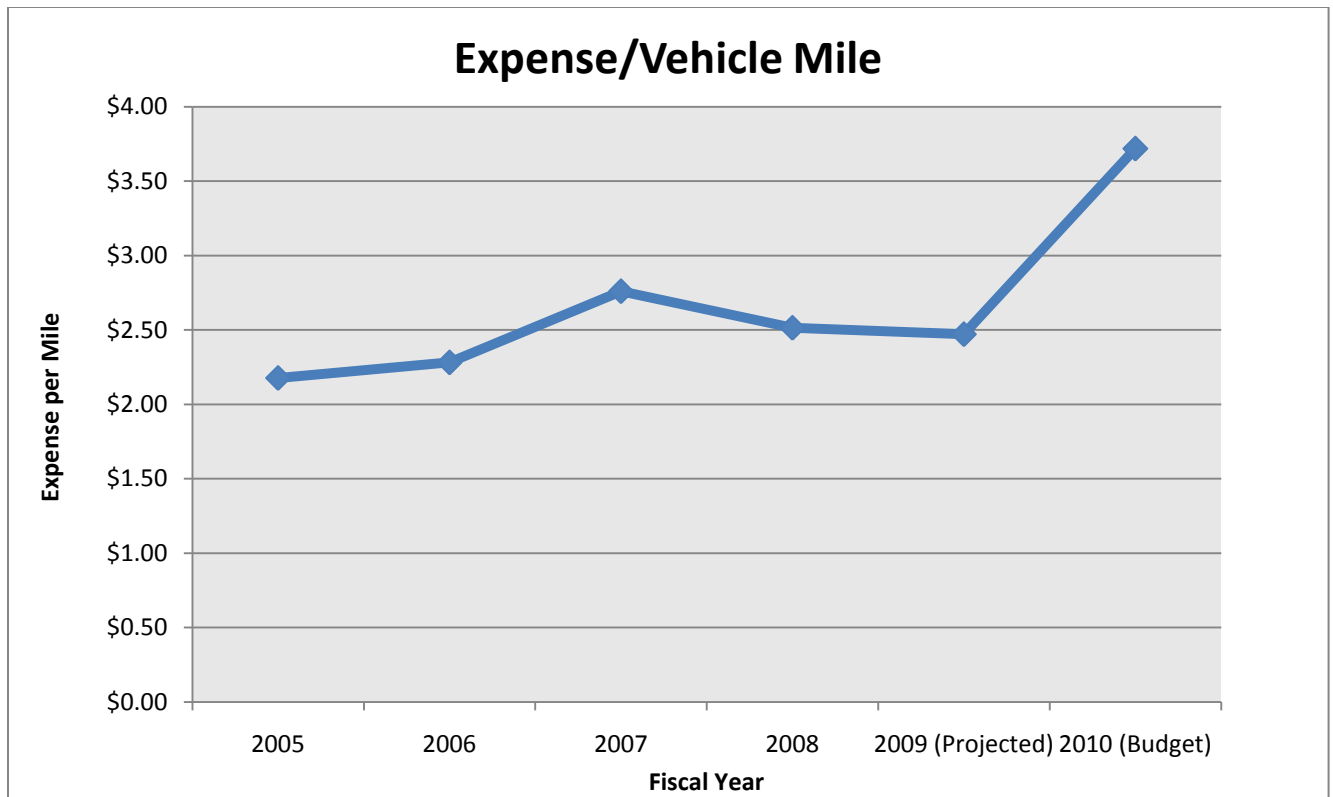


Figure 4.4 Operating Expenses per Vehicle Mile

4.2 Fare Structure

Palace Transit, within its generally defined service area, charges \$2.50 for one-way trips and \$3 for round trips. These trips must be requested on a prior day reservation basis. Through Palace Transit Express, same day service may be requested at a cost of \$4 for general riders and \$3 for seniors for one-way trips. Trips to the Mitchell Municipal Airport costs \$10 a ride with an additional cost of \$5 per additional person. Palace Transit provides less regular service to Sioux Falls for specialized medical purposes and to the regional airport. A trip to the Sioux Falls Regional Airport costs \$100.

Service may be requested to destinations beyond the general service area at an additional cost of \$2.50 per mile. These fares are summarized in Table 4.2.

Table 4.2 Fare Structure

Service Type/Destination	Prior Day Reservation	Express Service Same Day Reservation
Within defined service area – one-way	\$2.50	\$4 (\$3 for elderly)
Within defined service area – round-trip	\$3.00	\$4 (\$3 for elderly)- one-way only
Outside of defined service area	\$2.50 per mile	
Mitchell Municipal Airport	\$10 per ride with \$5 per additional rider	
Sioux Falls Regional Airport	\$100 per ride	

4.3 Scheduling and Dispatching

Palace Transit uses a combination of manual call taking and computer software to facilitate efficient operations focused on reducing expenses and providing as many trips as possible within the constraints of driver availability. Palace Transit uses Shah Software's Transportation Manager scheduling software. Transportation Manager is a single solution product that facilitates the synthesis and management of varied information. Its features include GIS-based routing; mobile data center and advanced vehicle location integration; mile tracking; trip billing; various driver information points; and various customized reports.

Palace Transits employs two individuals directly responsible for the daily scheduling and dispatching activities: the operations supervisor and the dispatcher. Two phone numbers are available for patrons to call – one for daytime Palace Transit services and one for early morning, evening, and weekend services provided by Palace Transit Express. Calls for Palace Transit services should preferably be placed by 4 p.m. the preceding day.

4.4 Maintenance

The city of Mitchell's maintenance department provides vehicle maintenance for Palace Transit's fleet at its facility on the edge of Mitchell. Palace Transit's operations supervisor is responsible for scheduling and tracking vehicle maintenance. Palace Transit's vehicle maintenance is jointly funded with the city of Mitchell paying for the labor and Palace Transit paying for parts. Bus operators are responsible for the washing vehicles in established wash bays. Buses and vans are stored in Palace Transit's modern, pre-engineered building located adjacent to the site of the city garage.

4.5 Human Resource Management

Palace Transit is one of seven city departments. It employs 22 individuals and is governed by the city council through the mayor's office. More specifically, Palace Transit's director reports to the RSVP Board which, in turn, reports to the mayor who then is accountable to the city council.

Palace Transit's director is responsible for day-to-day operations.

Palace Transit's full-time employees include the director, bookkeeper, operations supervisor, dispatcher, and seven drivers. Palace Transit also employs seven part-time drivers and three part-time dispatchers who handle scheduling and dispatching after 5 pm on weekdays and on weekends.

The city of Mitchell manages the human resource function of Palace Transit. The city is responsible for setting wages and benefits and also manages the promotion and hiring processes. The salary of Palace Transit's director and bookkeeper are split between transit and the RSVP program; Palace Transit pays 25% of the director's salary and 75% of the bookkeeper salary. All other positions are paid in full by Palace Transit. All full-time employees receive full benefits, including health insurance and retirement benefits.

The city of Mitchell manages the human resource function of Palace Transit. The city sets wages and benefits and also manages the promotion and hiring processes. The salary of Palace Transit's director and bookkeeper are split between transit and the RSVP program; Palace Transit pays 25% of the director's salary and 75% of the bookkeeper salary. All other positions are paid in full by Palace Transit. All full-time employees receive full benefits, including health insurance and retirement benefits.

Creating additional positions or modifying Palace Transit's organizational structure would require city approval, quite possibly as a part of the annual budget process. The size of Palace Transit's staff has increased in recent years as the agency has provided additional services. Much of this staffing increase has involved full- and part-time drivers.

4.6 Financial and Management Information Systems

Palace Transit employs a bookkeeper who is responsible for all bookkeeping operations involving grants, funding agencies, and client billing. The city of Mitchell takes on the role of providing all accounting, auditing, and banking activities on behalf of Palace Transit. The city of Mitchell is the primary source for the local match required for federal grants. Local private sector firms have also strongly supported Palace Transit by purchasing advertising space on transit vehicles.

4.7 Marketing and Public Awareness Activities

Palace Transit employs various strategies and activities as a means of marketing the services that it provides. Actions and strategies that have been implemented include:

- Bus service information being publicized via a monthly newsletter that is delivered to approximately 800 households in Mitchell and surrounding communities.
- Varied radio spots on the local radio station.
- Staff and RSVP volunteers promote services at an annual local health fair.
- New service hours, services, and updates are listed in the city of Mitchell's newsletter and on the city's website.
- The Daily Republic, Mitchell's daily newspaper, frequently covers Palace Transit services.
- Palace Transit is a United Way agency and has been featured in its videos and brochures.
- Television community access KRNL Channel 7 highlights Palace Transit's schedules, hours, and rates.
- Palace Transit has information on its services displayed at local hotels, visitor information centers, and the Corn Palace – a popular tourist destination and multi-purpose facility.

As discussed earlier, Palace Transit has been both a pioneer and avid practitioner of generating revenue through the sales of advertising space on vehicles. It has garnered the continuous support of the private sector in this endeavor. Palace Transit has assumed a technical assistance role on many occasions by advising other local transit agencies concerning this practice and related revenue.

4.8 Vehicle Fleet

Palace Transit operates a fleet of 13 vehicles, all of which are handicap accessible. Table 4.3 provides information of the fleet, including mileages, life expectancy, and replacement dates.

Table 4.3 Vehicle Roster

Vehicle ID	Year	Chassis	Body	Fuel	Mileage*	Life Expectancy	Desired Replacement	Earliest Replacement
80	2003	Ford	Star Trans	Diesel	140,626	5	2008	2010
81	2003	Ford	Star Trans	Diesel	158,688	5	2008	Backup
82	2003	Ford	Star Trans	Diesel	136,879	5	2008	2010
84	2003	Ford	Star Trans	Diesel	113,839	5	2008	2011
85	2003	Ford	Bus	Diesel	94,719	5	2008	2012
86	2003	Chevrolet	Minivan (Venture)	Gas	62,295	4	2007	2012
87	2003	Ford	Bus	Diesel	170,000+	5	2008	Backup
88	2003	Ford	Bus	Diesel	142,476	5	2008	2012
89	2004	Ford	Bus	Diesel	120,006	5	2009	2011
90	2006	Chevrolet	Uplander	Gas	49,745	4	2010	2013
93	2008	Ford	Bus		8,012	5	2013	2015
94	2008	Ford	Bus		9,565	5	2013	2014
95	2008		Minivan	Gas	2,761	4	2012	2015

The average age of Palace Transit's fleet vehicle is 5.5 years and, as Table 4.3 indicates, nine of Palace Transit's vehicles are past their life expectancy. Over half the fleet is from the 2003 model year when a special state program purchased new vehicles for every system in the state. Palace Transit plans to begin replacing these older vehicles in 2010 by acquiring two to three new vehicles, including a cut away bus, a Sprinter, and a mid-sized bus. Palace Transit will need to program at least two to three vehicle replacements each year in order to keep its fleet up-to-date, reliable, and efficient.

As required by Mitchell's city council, Palace Transit has a five-year projection for vehicle replacement. All vehicle purchases are considered capital expenditures and are subject to city council approval during the annual budget process.

4.9 Facilities

Palace Transit is housed in the James Valley Community Center which is owned by the city of Mitchell. Palace Transit maintains five offices and has the ability to use public space at the facility. Palace Transit also utilizes a bus and vehicle storage facility at the city garage.

4.10 Performance Measures

Public transit systems can track success in meeting overall goals and objectives by identifying and reporting results of key performance indicators. These indicators can be used to track performance from one year to another and to compare that system's performance to that of other comparable service providers. These internal and external comparisons can be used to help policy board members and management monitor system performance, establish related goals, and modify operations, if necessary, in pursue of improved performance. Related findings can also be used to communicate the accomplishments of the system to funding agencies and the general public.

Commonly used performance measures include:

- One-way passenger trips
- Total vehicle miles
- Total vehicle hours
- Total operating expense
- Total revenue
- Expense per vehicle hour
- One-way passenger trips/vehicle hour
- On-time performance
- Number of road calls
- Number of non-policy related complaints

Some of the underlying data needed to calculate these measures is immediately available while others may require the implementation of additional data collection mechanism.

Palace Transit has developed measurable outcome-based performance measures. Each is expressed through a goal that further comprises a measure, an indicator, and an outcome. Its current performance measures relate to specified goals and include:

1. Goal 1 – Provide more rides to the target population at the same or lower costs.
 - a. Measure – Increased number of rides at same or lower costs to the elderly, people with disabilities, and individuals with limited incomes.
 - b. Indicator – Number of agencies participating.
 - c. Outcome – Number of agencies accessing coordinated transportation services.

2. Goal 2 – Simplify Access

- a. Measure – Increased number of communities and existing communities with easier access to transportation services for the elderly, people with disabilities, and individuals with limited incomes.
- b. Indicator – Number of rides provided in the coordinated system.
- c. Outcome – Number of agencies with simple point of access.

3. Goal 3 – Increase Customer Satisfaction

- a. Measure – Increased quality of transportation services for the elderly, people with disabilities, and individuals with limited incomes.
- b. Indicator – Number of individuals reporting greater satisfaction.
- c. Outcome – Customer satisfaction survey.

Related recommendations will be presented in Section 6.

5. SERVICE OPTIONS AND FIVE-YEAR OPERATING AND CAPITAL BUDGET

The purpose of this section is to project five-year operating and capital budgets for Palace Transit. The challenge facing Palace Transit and most other rural transit systems is to obtain sufficient funding to operate all of the services needed within their community because the needs almost always out-strip funding. Palace Transit has been successful over the years in obtaining local government funding, service contracts, and contributions that have allowed it to maintain and expand its services. One of Palace Transit's biggest challenges over the next five years will be to maintain this support and expand it by obtaining local funds from a broader group of local governments. This local financial support will be critical as Palace Transit seeks additional federal and state funds to help support operations and acquire vehicles and other capital items.

The next section of this section summarizes and forecasts the financial aspects of Palace Transit's existing services and the impact of possible future service expansions. It includes five-year projections of operating revenue and expenses, and federal, state, and local financial support requirements based on assumptions about inflation of expenses and growth in revenue.

5.1 Proposed Service Changes

Palace Transit's services have not changed significantly in the past five years. Most trips are provided in the Mitchell area, but Palace Transit also provides service from the outlying communities of Ethan and Mt. Vernon on an as-needed basis. Palace Transit personnel have identified three modest service expansions that would improve service in the Mitchell area and extend service to Alexandria, a small community about 15 miles southeast of Mitchell.

Palace Transit is considering the addition of two "service routes" to its operations. Service routes are a cross between demand-response service similar to that already offered by Palace Transit and fixed-route bus service. A service route lays out key stops on a fixed route with a time schedule for these stops. Passengers can board buses at these stops without advance reservations, but passengers can also call in advance to have the bus deviate from the route up to, for example, a half mile, and pick them up as part of each regular route cycle. Because it is more efficient than traditional demand-response service, the productivity of such service routes allows more passengers to be transported in a given time than via pure demand-response service. But, because the bus deviates from a prescribed route, it may be more circuitous and therefore less efficient than a traditional fixed route.

The two service routes to be considered are a route between downtown Mitchell and the Walmart Super Center and other destinations south of I-90, and a service route connecting the two campuses of Mitchell Technical Institute. The other service expansion being considered is a one- or two-day-per-week service between Alexandria and Mitchell.

Table 5.1 shows the assumptions used to estimate ridership, revenue, and expenses for each of these service options. While these estimates are sufficiently detailed for this business planning purpose, Palace Transit will need to refine them as they fine-tune the operating plans for each service before implementing them. Corresponding ridership forecasts are based on an assumed number of one-way trips per hour that might typically be expected for the type of service proposed. The expense estimates are the incremental expenses of the operation that include driver wages and fringe benefits, fuel, maintenance, and insurance, but do not include administrative and other fixed expenses.

The budget presented in the next section shows projected expenses, revenue, and federal/state and local funding shares for a continuation of existing services and the same statistics if the three new services are added in 2010 through 2012. All three service additions can probably be implemented using the existing fleet because the service routes should reduce the need for demand-response vehicles in Mitchell during the main part of the day. The twice-weekly rural service can be operated with existing spare vehicles.

Table 5.1 Proposed Service Additions

Service Option	Start Year	Number of Vehicles	Hours/Day	Days/Week	Avg. Speed	Total Annual Hours	Total Annual Miles	Trips/Hr.	Total Rides	Average Fare	Revenue	Total Increase in Operating Expenses
Service route between Mitchell and Walmart	2010	1	7	5	11	1,785	19,635	6.00	10,700	\$2.00	\$21,400	\$47,500
Service route between east and west campuses of Mitchell Technical Institute	2011	1	7	5	11	1,785	19,635	6.00	10,700	\$2.00	\$21,400	\$47,500
Rural service to Alexandria two days per week	2011	1	5	2	15	520	7,800	2.00	1,040	\$4.00	\$4,160	\$15,130

5.2 Five-Year Operating Revenue and Expense Budget

Palace Transit's ability to provide the existing level of service, as well as to consider the three expansions presented in the preceding section, will depend on its ability to obtain federal, state, and local funding to cover expenses not covered by fares, contracts, and other revenue. Table 5.2 presents three sets of projections including the continuation of existing services; the revenue, expense and deficit associated with the service expansions; and a section that adds the new services to existing ones and projects a five-year forecast for the total system.

These projections assume an annual increase in operating expenses of 3% and an annual growth in revenue of 1%. Further, because federal funding shares vary depending on type of expenses (e.g., operating versus administrative), the overall federal share is a blend of the two ratios. This blend is estimated to be 65%. It is also assumed that increased federal funding will be available to match increasing project expenses.

The projections of local share required over the next five years show that, just to maintain the existing level of service, Palace Transit will need to attract 24% more federal assistance and up to 37% more in state and local funding. Implementing the three new services discussed in Section 5.1 will require that these amounts increase by 40% (or about \$70,000) compared to 2009. As discussed in Section 5.4 of this section, Palace Transit's funding sources may be able to provide this increased level of funding, but Palace Transit will need to continue its aggressive efforts to attract outside funding, service contracts, and local share contributions to make this plan a reality.

Table 5.2 Five-Year Forecast of Revenue, Expenses, and Funding Requirements

Assumptions:

3% annual increase in expenses

1% annual increase in revenue

2% annual increase in state funding

64.79% average percentage federal funding

Existing Service

	2009 Actual	2011	2012	2013	2014	2015
Total expense	\$661,472	\$701,756	\$722,808	\$744,493	\$766,827	\$789,832
Total revenue	\$156,538	\$158,103	\$159,684	\$161,281	\$162,894	\$164,523
Net project expense	\$504,934	\$543,652	\$563,124	\$583,211	\$603,933	\$625,309
Federal share	\$327,155	\$352,241	\$364,857	\$377,872	\$391,298	\$405,147
State share	\$60,431	\$61,640	\$62,872	\$64,130	\$65,412	\$66,721
Title III-B	\$19,697	\$19,697	\$19,697	\$19,697	\$19,697	\$19,697
Required local share	\$97,652	\$110,075	\$115,698	\$121,513	\$127,526	\$133,744
Total federal and local share	\$424,806	\$462,316	\$480,554	\$499,384	\$518,824	\$538,891
% Increase in federal share from base year	0.00%	7.67%	11.52%	15.50%	19.61%	23.84%
% Increase in local share from base year	0.00%	12.72%	18.48%	24.44%	30.59%	36.96%

Additional Services

	2009 Actual	2011	2012	2013	2014	2015
Total expenses	\$0	\$66,483	\$120,422	\$124,034	\$127,755	\$131,588
Total revenues	\$0	\$26,094	\$48,424	\$48,908	\$49,397	\$49,891
Net project expense	\$0	\$40,389	\$71,998	\$75,126	\$78,358	\$81,697
Federal share	\$0	\$26,169	\$46,648	\$48,675	\$50,769	\$52,933
Total non-federal share*	\$0	\$14,220	\$25,349	\$26,451	\$27,589	\$28,764
Total federal and non-federal share	\$0	\$40,389	\$71,998	\$75,126	\$78,358	\$81,697

(Table 5.2 continued)

Existing Plus Additional Services

	2009 Actual	2011	2012	2013	2014	2015
Total expenses	\$661,472	\$768,239	\$843,230	\$868,527	\$894,583	\$921,420
Total revenue	\$156,538	\$184,198	\$208,109	\$210,190	\$212,292	\$214,414
Net project expense	\$504,934	\$584,042	\$635,122	\$658,337	\$682,291	\$707,006
Federal share	\$327,155	\$378,409	\$411,505	\$426,547	\$442,067	\$458,080
Total non-federal share*	\$177,780	\$205,632	\$223,617	\$231,790	\$240,224	\$248,926
Total federal and non-federal share	\$504,934	\$584,042	\$635,122	\$658,337	\$682,291	\$707,006
% increase in federal share from base year	0.00%	15.67%	25.78%	30.38%	35.12%	40.02%
% increase in non-federal share from base year	0.00%	15.67%	25.78%	30.38%	35.12%	40.02%

* Includes state and Title III B funds plus local match

The expense estimates presented in Tables 5.2 are based on the application of a costing formula that takes into account how specific line items vary by mileage and hours of service and if they are fixed or variable. Table 5.3 shows the application of this model to Palace Transit's 2009 estimated actual expenditures. The result of the cost allocation is a formula for calculating expenses based on the number of miles and vehicle hours involved in providing service.

As can be seen in Table 5.3, each line item in the budget is assigned to one of the three cost categories – miles, hours, or fixed. Mileage-related expenses include fuel, tires, and maintenance. Hour-related expenses include driver wages and fringe benefits. Nearly all other expenses do not vary as service is added or subtracted and therefore are considered fixed in the short-run.

As noted above, approximately 27% of Palace Transit's expenses fall into the fixed category. Therefore, when calculating the expense associated with a service reduction, only the mileage and hour-related expenses are considered. The only exception to this is the inclusion of the cost of vehicle insurance if vehicles are added or eliminated from the fleet.

Two special expense-related characteristics of the Palace Transit system should be noted. First, because Palace Transit shares several administrative positions between transit and the other programs of the city's Senior Services Department, total administrative expenses are lower than might normally be expected for a system of this size. Second, because the city performs all bus maintenance and only charges for parts and other outside expenses, Palace Transit's real costs are understated and show a lower expense per mile for maintenance than the typical system.

Table 5.3 Operating Expense Unit Cost Model (Using 2009 Actual Expenses)

Budget Line Item	Total System	Cost Factor Allocation			
		1=Hours, 2=Miles, 3=Fixed	Hours	Miles	Fixed
Transportation Operations					
Driver wages	\$321,929	1	\$321,929	\$0	\$0
Driver benefits	\$93,104	1	\$93,104	\$0	\$0
Dispatcher wages	\$26,465	3	\$0	\$0	\$26,465
Dispatcher benefits	\$8,655	3	\$0	\$0	\$8,655
Fuel	\$49,384	2	\$0	\$49,384	\$0
Other	\$6,529	2	\$0	\$6,529	\$0
Total Transportation Operations	\$506,066				
Maintenance Expenses					
Mechanic wages	\$0	2	\$0	\$0	\$0
Mechanic benefits	\$0	2	\$0	\$0	\$0
Maintenance/repairs	\$7,548	2	\$0	\$7,548	\$0
Garage utilities and maintenance	\$6,276	2	\$0	\$6,276	\$0
Total Maintenance Expenses	\$13,824				
Insurance					
Vehicle	\$10,926	3	\$0	\$0	\$10,926
Workman's comp./building	\$394	3	\$0	\$0	\$394
Other	\$0	3	\$0	\$0	\$0
Total Insurance Expense	\$11,320	3	\$0	\$0	

(Table 5.3 continued)

Administrative Expense					
Director salary	\$15,362	3	\$0	\$0	\$15,362
Director benefits	\$4,273	3	\$0	\$0	\$4,273
Bookkeeper salary	\$21,232	3	\$0	\$0	\$21,232
Bookkeeper benefits	\$9,774	3	\$0	\$0	\$9,774
Secretary salary	\$43,639	3	\$0	\$0	\$43,639
Secretary benefits	\$14,849	3	\$0	\$0	\$14,849
Marketing/promotion	\$2,308	3	\$0	\$0	\$2,308
Office supplies/phone	\$14,867	3	\$0	\$0	\$14,867
Travel	\$164	3	\$0	\$0	\$164
Other	\$3,794	3	\$0	\$0	\$3,794
Total Administrative Expenses	\$130,262				
Total Expense	\$661,472		\$415,033	\$69,737	\$176,702
		Units	18,426	211,000	13
		Unit Cost Factor	\$22.52	\$0.33	\$13,592.46

5.3 Capital Improvement Plan and Budget

The on-going operation of Palace Transit will require, at a minimum, the replacement of existing vehicles. Palace Transit operates its transit services using a fleet of 13 vehicles (see Table 4.3 for a vehicle roster). Approximately 10 vehicles are required during periods of maximum service so Palace Transit usually has two to three vehicles in reserve. Several types of vehicles are used to meet current needs including minivans, small cutaway buses, larger buses, and, within the next year, Sprinter vans.

Palace Transit has been successful in obtaining funds for new vehicles over the past two years but only about one-third of its fleet is less than three years old. Furthermore, more than two-thirds of the fleet is six years old or older and includes a number of 2003 vehicles purchased as part of South Dakota's statewide purchase in that year. Palace Transit's fleet age is more than 5.5 years – high by industry average. While most of Palace Transit's vehicles have several more years of service life, the agency needs to fund a capital replacement plan to retire two to three vehicles per year in the next two to three years.

Because Palace Transit has a modern bus storage facility and good office facilities, its only capital needs are new replacement vehicles. As shown in Table 5.4, Palace Transit needs about \$150,000 per year to replace vehicles. Assuming a federal share of 80% of the total project expense, Palace Transit will need to raise between \$6,500 and \$37,600 each year for capital acquisitions over the forecast period. A summary of the capital replacement plan and budget is presented in Table 5.4.

Table 5.4 Proposed Capital Expenditure Plan 2010 – 2014

Vehicle Type	Estimated 2009*	2010		2011		2012		2013		2014	
		Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost
MiniVan	\$28,000		\$0		\$0	1	\$31,360	1	\$32,480		\$0
Cutaway bus	\$70,000	1	\$72,800	2	\$151,200	2	\$156,800		\$0		\$0
Sprinter type	\$80,000	1	\$83,200		\$0		\$0		\$0		\$0
Mid/bus	\$120,000		\$0		\$0		\$0		\$0	1	\$144,000
Total units		2		2		3		1		1	
Total cost			\$156,000		\$151,200		\$188,160		\$32,480		\$144,000
Federal/state share (80%)			\$124,800		\$120,960		\$150,528		\$25,984		\$115,200
Local Share (20%)			\$31,200		\$30,240		\$37,632		\$6,496		\$28,800

*Future years increased by: 4.00% percent per year

5.4 Revenue Sources to Finance Capital and Operating Needs

This business plan outlines a five-year course of action designed to refine and slightly increase the level of service provided by Palace Transit. The challenge facing Palace Transit is to organize itself internally to efficiently provide transit service and to attract the necessary federal, state, and local funding to make the plan a reality. The success of this plan will depend, in part, on factors beyond Palace Transit's control, such as the future level of regular federal transit funding, state funding programs, and special programs such as the recent stimulus efforts and congressionally designated grants. Local governments and other local agencies will also need to be willing increase their support of transit operations.

The following subsections identify the key sources of revenue available to Palace Transit to implement this plan. The requirements of the funding sources, plus recent trends in levels of these sources, are presented to provide a perspective on how Palace Transit might achieve corresponding funding goals. These sources of funds are divided into two major categories including revenues that are generated by the services provided and grants, charitable donations, and local government funding that cover the match for capital and operating expenses.

5.4.1 Operating Revenue

Operating revenue for a transit system such as Palace Transit comes from three sources - fares and donations, other income, and third-party contracts for services. Each of these sources is discussed in the following paragraphs, along with the prospects for increasing future income.

Operating revenue, defined as income received through fares or contracts for providing rides and donations by riders and other individuals, provides a significant portion of Palace Transit's non-grant income. Most of this income is received through fares paid by individual riders or third parties. For fiscal 2010, Palace Transit has budgeted fare revenue of \$96,000 or about 15% of its total operating budget. This level represents no change from the 2009 level and reflects constant fares and little change in ridership. The only ways for operating revenue from fares to increase is to increase ridership or increase fares. Because fares only represent a very small part of Palace Transit's total income, raising them, even by a significant percentage, will not drastically increase overall revenue and is not likely to be the best way to obtain more income.

Other sources of operating revenue that help maintain and expand service include revenue from advertising on buses and sponsorships of specific services by private or public organizations and governments. Palace Transit has been successful in acquiring additional funds through both of these techniques and plans to continue such efforts in the future.

Palace Transit also provides transportation under contract to human service agencies, educational institutions, preschools, daycare programs, private employers, nursing homes, churches, and other nonprofit organizations. It also provides rides for Medicaid recipients. In 2009, Palace Transit received more than \$200,000 via contracts with about 20 different organizations.

One feature of federal and state funding programs that is unique to transit operations is that transit systems may use these contracts either as operating revenue, which is the more traditional

way of accounting for revenue received for providing a service, or they may use it as local match. The only requirement for transit systems is that they must cover 15% of their operating expenses from fares or local contributions (including contract income). Therefore, most rural transit systems, including Palace Transit, treat a portion of their contract income as operating income to reach the 15% threshold and then use the remainder to meet local match requirements.

In the future, Palace Transit is likely to continue to receive significant contract funding. However, if it is to obtain the required level of local matching funds, it will need to increase funding from these contracts in future years.

5.4.2 Federal Funding Programs

The primary source of federal support for small urban and rural transit systems such as Palace Transit is federal Section 5311 formula funding that is provided to states for the purposes of supporting public transportation in areas of less than 50,000 residents. This program was first authorized in 1978 and was most recently reauthorized by Congress as part of the 2005 Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU; Pub. L. 109-059). Of the appropriated funds distributed by a formula, 80% is based on the non-urbanized population of the states and 20% is based on land area.

Section 5311 funds may be used for capital, operating, and administrative assistance to state agencies, local public bodies, Indian tribes, nonprofit organizations, and operators of public transportation services. Approved grantees may use these funds to pay for up to 82.82% of their system's administrative expenses and up to 51.76% for other operating expenses. Capital funding through this program provides up to 80% of the project expense. The non-federal portion of the operating or capital expense must be paid from state or local sources.

Future funding levels for the 5311 program, as well as the 5316 and 5317 programs described below, will depend on the outcome of the reauthorization of SAFETEA-LU which expired September 30, 2009. Because of other Congressional priorities, reauthorization is behind schedule and transit and other transportation funding has been extended at 2009 levels through a series of continuing resolutions. Therefore, as this plan is written, the level of future federal funding is unknown. However, rural transit programs remain popular with Congress and future reauthorization levels are likely to be higher than current levels.

The federal Job Access and Reverse Commute Program (JARC - Section 5316) is another revenue source for many transit programs such as Palace Transit. JARC was first authorized in 1998 as part of The Transportation Equity Act for the 21st Century (TEA-21) and then reauthorized and expanded as part of SAFETEA-LU in 2005. It was established to address the unique transportation challenges faced by welfare recipients and low-income persons seeking to obtain and maintain employment. Of the funding for the JARC program, 20% is made available to non-urbanized areas through grants to individual states. The states, in turn, accept applications and plans for these grants and decide on the transit systems that will be awarded grants. Federal funds can reimburse up to 50% of program operating expenses and up to 80% of associated capital expenditures.

Another popular funding program for transit systems such as Palace Transit is the federal New Freedom Program (Section 5317). This program was authorized by SAFETEA-LU to provide funding to allow transit organizations to offer transit services that are above and beyond those required by the Americans with Disabilities Act. Like the JARC program, the New Freedom Program for non-urbanized areas is administered through the states. Federal funds can reimburse up to 50% of operating expenses and up to 80% of capital expenditures.

Palace Transit was one of five South Dakota rural transit systems to receive JARC and New Freedom funds administered by SDDOT and has expended about \$80,000 since fiscal 2007 from a total grant award of just over \$160,000. Both JARC and New Freedom program funds must be reauthorized by Congress in order to continue beyond the current continuing resolutions. Therefore, it is difficult to project future grants to Palace Transit from these programs.

One alternative being considered as part of the reauthorization process is to combine these programs with other operating grant programs and to allocate associated funds using the same formula. Under this scenario, and assuming that rural transit continues to receive favorable support, Palace Transit should be able to obtain the same or increased levels of operating funds for the types of services funded by the 5316 and 5317 programs.

5.4.3 State Funding Programs

SDDOT provides operating assistance to rural transit systems using state general funds. In fiscal 2008, SDDOT distributed \$696,212 in operating assistance to the 21 rural systems eligible for the program. The state funding allocation has two components – base level funding and an incentive program. The allocation of base level funds is based on past assistance levels and the amount of funding appropriated. For the past few years, base level funding has remained constant and SDDOT has used new state monies to fund the incentive portion of the grant program. Systems receive incentive funds if they have increased ridership, added service (vehicle miles), and/or reduced operating expenses per vehicle mile. Not all systems receive incentive funds. Because its service levels have remained relatively constant for the past few years, Palace Transit has not received incentive funding.

The level of state funding is determined annually by the state legislature. While the transit industry continually works with members of the legislature to increase state funding, no specific legislation is pending to identify new sources of funds or to significantly increase funding.

SDDOT's Office of Local Transportation Programs and the South Dakota Department of Social Services (Division of Adult Services and Aging) work closely on matters pertaining to transportation services for elderly and disabled individuals. Each year, the Division of Adult Services and Aging allocates federal Older Americans Act Title III-B funding which is disbursed through the SDDOT to offset related transportation costs incurred by eligible agencies.

In fiscal 2008, \$285,811 in Title III-B funding was distributed to the 21 rural transit operations. Total funding for this program has not grown in recent years and future funding is expected to remain stable. Furthermore, the amount received by each system is based on shares determined many years ago and may have little to do with the number of senior or disabled persons currently

being transported. Palace Transit receives just under \$20,000 per year from this program and little growth can be expected.

5.4.4 Local Government Funding

While operating revenue (fares and contracts) and federal and state grants typically cover the majority of the capital and operating expenses incurred by rural transit systems, these programs also require direct local contributions for match. Obtaining these local funds is a significant problem, not only for Palace Transit, but also for most rural transit systems. Fortunately, Palace Transit is able to cover most of its local match requirements with contracts and support from the city of Mitchell. The city's contribution has been around \$40,000 per year. It also provides significant in-kind support to Palace Transit because of its willingness to maintain the Palace Transit fleet with city staff.

The operating and capital budget projections presented in Tables 5.2 and 5.4 indicate that Palace Transit will need to raise an additional \$70,000 in non-federal operating support per year by 2015 to maintain and expand its services. In addition, the vehicle replacement program will require about \$30,000 per year in matching funds. Palace Transit should be able to meet these needs through increases in contracts for service and one-time fund raising for vehicle purchases. It may, however, need to consider other ways to increase local support. Two possible sources of increased support include direct cash contributions from other communities that Palace Transit can or does serve (other than the city of Mitchell), or from the county. Palace Transit's ability to expand service beyond the city of Mitchell may depend on this additional support.

The other possible option for increasing support is to increase the amount that the city of Mitchell's contribution to Palace Transit while, at the same time, paying the city for costs associated with the city mechanics who maintain the transit fleet. If Palace Transit paid for the services it receives, thus providing the city with an additional source of income, perhaps the city would be able to increase its contribution to Palace Transit. This approach would represent a zero-sum game for the city but it would allow Palace Transit to use federal funds to cover a larger portion of its true expenses, thereby allowing overall expense levels to increase. If Palace Transit and the city wish to explore this option, they will need to document how the charges are determined and then obtain SDDOT approval to include these charges in future budgets.

While all local governments have increasing demands on their often-dwindling resources and typically face significant financial pressures, the case can and should be made for continued and increasing support of transit because transit supports many other local programs and economic development. Palace Transit performs a needed human service by connecting individuals with jobs, medical care, and other necessary services. It also performs an extremely beneficial service to parents by transporting children to day care, school, and after school programs. The availability of transit services also allows many members of the senior population to age in place and to thereby avoid the need to relocate to a larger community where related services are more readily available. The lack of transit services would place an extreme hardship on the residents of Palace Transit's service area.

6. SUMMARY AND KEY ACTION ITEMS

Palace Transit began providing local bus service in 1979 as the Retired Senior Volunteer Program (RSVP). During the next 30 years, Palace Transit evolved from being a one-bus operation focused exclusively on the provision of service to the elderly to an elaborate 12-vehicle operation providing service for the general public. Rides are provided not only in Mitchell, but also to the outlying communities of Ethan and Mt. Vernon.

Palace Transit has diversified its services over the years to include school children transportation, non-emergency medical transportation, and human service-related transportation. Rides may be scheduled for trip purposes that include medical appointments, shopping, beauty-shops, senior meals, daycare, school, summer recreation, and employment. Trips should be scheduled one day in advance but same day trips are available at a higher fare on a space-available basis. Early morning, evening, and weekend service is available at a higher fare from Palace Transit's sister service, Palace Transit Express.

Palace Transit has demonstrated a continuing commitment to the development of coordinated transportation systems. In February 1998, Palace Transit entered into a coordinated transportation arrangement with LifeQuest and Dakota Counseling. The plan, referred to as the Mitchell Coordinated Transportation System, is designed to meet the mobility needs of community members by helping them access daily living activities. Palace Transit has also proven itself to be an innovator and pioneer among small transit systems in the state via its sales of on-board advertising. It has provided related technical assistance to other transit systems across the state.

Palace Transit is a division within the city of Mitchell's Senior Services Department. Its main office is located in the James Valley Community Center - a center focused on providing various services to elderly individuals. As a unit of city government, Palace Transit is governed by the city's mayor and city council. The city holds the final decision-making power on most strategic and long-term operations matters. All expenditures are approved by the city.

The preceding sections of this business plan include a review of Palace Transit's current services, organization, management, vehicles, and facilities. That review also includes an analysis of Palace Transit's current financial condition and projections regarding future financial requirements for both capital and operating expenses. The following subsections present related findings and recommendations.

6.1 Organization and Governance

As discussed earlier, Palace Transit is a division within the city of Mitchell and is governed by the mayor and city council. Palace Transit's director and other staff members are city employees. The city has final authority over all operational and budgetary matters.

Palace Transit has a board of directors whose members are appointed by the mayor to four-year terms. This board is also the board of the city's Senior Services Department and is not specific to Palace Transit. The board's duties include the reviewing and evaluating management reports on

planned agendas, projects, budgets, expenditures, monthly ridership, and transit operations. While the board may discuss personnel and employee issues, most cases are deferred to the city's human resources department and city attorney.

Palace Transit incorporates a community-oriented organizational culture through well-managed information flow processes. Board members, sponsors, employees, funding sources, and any other entity associated with Palace Transit are kept up to date with the most recent developments associated with the agency.

Palace Transit's organizational chart, as presented earlier in Figure 2.1, shows the general delineation of duties and responsibilities. Palace Transit's director reports to the board of directors which, in turn, reports to the mayor and the city council. Within the organization, the operations supervisor and the bookkeeper report directly to the director. The agency's dispatchers and drivers report directly to the operations supervisor. During the city's 2009 budget process, the city's human resources department updated and reviewed the organizational structure of both Palace Transit and the Senior Services Department. No changes were made.

6.2 Market for Transit in Service Area

Palace Transit focuses on providing premium service that caters to the transportation needs of the area's elderly and disabled residents. All of the agency's vehicles are lift-equipped and special assistance is available in the form of volunteer escorts, if requested.

Palace Transit provides and markets transportation services to a number of local health, nursing, social service, and nursing home facilities on a contractual basis. Life Quest, a local agency that provides training and support services for developmentally disabled clients, is the only other local agency that provides anything resembling the service that Palace Transit provides to these specific markets. Additionally, Palace Transit offers services on a contractual basis to several previously mentioned agencies within its service area.

Palace Transit's ridership includes senior citizens, disabled individuals, youth, low-income families and individuals, and the general public. Typical destinations include job sites, medical centers, schools, day-care centers, after-school programs, recreational activity sites, hospitals, nursing homes, airport, and convention and tourism centers. More inclusively, rides are provided to any local destination, upon request.

Looking forward, Palace Transit is poised to broaden its client base and extend service to additional markets with the development and implementation of various market-related initiatives. These initiatives might include, but are not limited to:

- Reassessing the needs of individual communities and making subsequent modifications to existing services to better satisfy those needs (hours of service, frequency, etc).
- Determining if additional communities within Palace Transit's existing service area are in need of service.
- Determining if new or expanded commuter services are needed within Palace Transit's existing territory or between points therein and outlying areas.

- Initiating discussions regarding the need for services in additional rural areas of the county, thereby facilitating Palace Transit’s goal of addressing personal mobility needs across a greater portion of Davison County.
- Continuing to work with other area transit services to coordinate the provision of region-wide transit services and to facilitate connectivity and program efficiency.
- Identifying local funding sources to contribute to services provided outside the greater Mitchell area.

6.3 Marketing and Advertising

Palace Transit employs various strategies and activities as a means of marketing the services that it provides. Actions and strategies that have been implemented include the use of a monthly newsletter, radio ads, promotion at local fairs, daily newspapers, videos, and television.

As mentioned earlier, Palace Transit has also been both a pioneer and avid practitioner of generating revenue through the sales of advertising space on vehicles. It has garnered the continuous support of the private sector in this endeavor.

It appears that Palace Transit is a well-marketed and advertised service. Going forward, if ridership grows as projected and management successfully achieves its intended goals and objectives, advertising will need to increase and diversify commensurate to the evolving ridership demographics.

6.4 Services

Palace Transit’s service is available on weekdays from 7:30 a.m. to 4:30 p.m. The service is designed as a curb-to-curb system where riders call Palace Transit’s dispatch center and arrange for specified pick-up drop-off locations. Palace Transit recommends that requests for rides be made by 4 p.m. for service the following day. Same-day requests are honored on a space-available basis.

Palace Transit also operates Palace Transit Express. Palace Transit Express’ services are offered from 5:30 a.m. to 7:30 a.m. on weekdays to facilitate early morning transportation needs. Late afternoon and evening services are provided from 4:30 p.m. to 2 a.m. Monday through Thursday and until 2 a.m. Saturday morning. Other Saturday services are available from 5:30 a.m. to 3 a.m. while Sunday services are provided from 6 a.m. to 10 p.m. Palace Transit also provides service to the outlying communities of Ethan and Mt. Vernon on an as-needed basis.

As Palace Transit’s ridership increases, its services must grow and evolve as well. While services are currently meeting needs across the service area, management’s expressed desire to increase service and to broaden its client base point to the need for future changes. Palace Transit may consider the provision of demand-responsive transit service on a 24 hour basis. It may also consider extending services into peripheral and rural populations such as Alexandria. It can also explore options to improve efficiencies within the Mitchell area by establishing one or more “service routes” which operate on a regular schedule and may be more efficient than pure demand-response service.

6.5 Fare Structure

Palace Transit, within its generally defined service area, charges \$2.50 for one-way trips and \$3 for round-trips. These trips must be requested on a prior day reservation basis. Through Palace Transit Express, same day service may be requested at a cost of \$4 for general riders and \$3 for seniors for one-way trips. Trips to the Mitchell Municipal Airport costs \$10 a ride with an additional cost of \$5 per additional person. Palace Transit provides less regular service to Sioux Falls for specialized medical purposes and to the regional airport. A trip to the Sioux Falls Regional Airport costs \$100. These fares are based on service that is provided within the generally defined service area. Service may be requested to destinations beyond the general service area at an additional cost of \$2.50 per mile. There are no foreseen changes to the existing fare structure.

6.6 Scheduling and Dispatching

Palace Transit uses Shah Software's Transportation Manager scheduling software. Its features include GIS-based routing, mobile data center and advanced vehicle location integration, mile tracking, trip billing, various driver information points, and various customized reports.

Palace Transit employs an operations supervisor and a dispatcher who are directly responsible for the daily scheduling and dispatching activities. Two phone numbers are available for patrons to call – one for daytime Palace Transit services and one for early morning, evening, and weekend services provided by Palace Transit Express. Calls for Palace Transit services should preferably be placed by 4 p.m. the preceding day.

As Palace Transit grows and as its ridership and service offerings increase, scheduling and dispatching operations will also need to evolve. Fortunately, Shah Software has the capacity to allow significant service expansion without the addition of additional dispatching personnel. To maximize the benefit of the reporting functions of the software, Palace Transit staff should acquaint themselves with the many operational reports that can be generated using the software and that will assist it in more efficiently managing drivers and increasing overall productivity.

6.7 Vehicles and Maintenance

Palace Transit operates a fleet of 13 vehicles, all of which are handicap accessible. The average age of Palace Transit's fleet vehicle is 5.5 years. Palace Transit has a five-year projection on vehicle replacement – a requirement stipulated by the city council. All vehicle purchases are considered capital expenditures and are therefore subject to city council approval. Palace Transit plans to begin replacing its older vehicles in 2010. In addition to these desired replacements, Palace Transit plans to purchase a new minivan, a cutaway bus, a sprinter, and a mid-sized bus. About two-thirds of Palace Transit's fleet consists of vehicles more than five years old. The system needs to plan to replace two or three of its vehicles each year to maintain an efficient and reliable service.

The city's maintenance department provides vehicle maintenance for Palace Transit's fleet. This maintenance is jointly funded, with the city paying for the labor and Palace Transit paying for parts. Bus operators are responsible for washing vehicles in established wash bays. Buses and vans are stored in Palace Transit's modern, pre-engineered building located adjacent to the city maintenance facility.

As Palace Transit grows and as its ridership and service offerings increase, the implications for vehicles and their related maintenance may get more complex. This may necessitate not only the sourcing of funds to acquire additional vehicles commensurate with increased demand and available capacity but may also call for the revision of vehicle maintenance policies. Palace Transit should consider the possibility of paying the city of Mitchell for maintenance labor and other direct costs of maintaining the Palace Transit fleet. These expenses are eligible for state and federal funding, and the additional income to the city would allow it to fund additional mechanics to maintain Palace Transit's fleet.

6.8 Facilities

Palace Transit is housed in the James Valley Community Center which is owned by the city of Mitchell. Palace Transit maintains five offices and also has the ability to use public space at this city facility. Palace Transit also utilizes a bus and vehicle storage facility at the city garage. Both the office and storage facilities are adequate for current and likely future operations.

6.9 Human Resources

As discussed earlier, Palace Transit is a division within the city's Senior Services Department. It has 22 employees. Full-time employees include the director, bookkeeper, operations supervisor, dispatcher, and seven drivers. Palace Transit also employs seven part-time drivers and three part-time dispatchers.

The city of Mitchell manages Palace Transit's human resource functions. The city sets wages and benefits and also manages promotion and hiring processes. As indicated earlier, there were no proposed changes to Palace Transit's organizational structure during the city's 2009 budget hearing and review process.

6.10 Financial Management and Funding

The city of Mitchell's city council evaluates approves budgets for all city departments. This includes the Senior Services Department in which Palace Transit is housed. Palace Transit employs a bookkeeper that is responsible for all bookkeeping operations involving grants, funding agencies, and client billing. The city takes on the role of providing all accounting, auditing, and banking activities on behalf of Palace Transit.

To date, Palace Transit has been able to obtain the necessary local match for state and federal operating grants. Obtaining the match required for capital acquisitions such as vehicles has been more difficult. One possible weakness of the current funding arrangement is that the city is the only local jurisdiction providing operating funds. Future expansion into other communities and areas of the county should be coupled with at least some additional county or local community participation.

6.11 Key Action Items

This business plan contains a number of recommended service changes, major capital projects, and recommendations for internal changes to help Palace Transit more effectively accomplish its mission and deliver high-quality public transit service to Davison County. To help focus attention on these key action items and to provide milestones for accomplishing these actions, five key action items are presented in Table 6.1, along with key dates and assignments of responsibility. This table can be used to monitor the success of the plan over the next few years.

Table 6.1 Key Action Items for 2010-2014

Action Item	Implementation Date(s)	Total Operating and Capital Costs	Person Responsible for Implementation	Key Milestones
1. Begin once- or twice-a-week service between Mitchell and Alexandria	October 2011		Director	Plan details of the service by spring 2011 Include expenses in 2011-12 budget
2. Pilot test a service route in Mitchell area to Walmart	October 2010		Director and transit supervisor	Plan route by May 2010 Publicize new service in September Begin Service Oct. 1, 2010
3. Pilot test service route between Mitchell Technical Institute East and West Campus	October 2011		Director and transit supervisor	Plan route by May 2011 Publicize new service in September Begin Service Oct. 1, 2011
4. Evaluate maintenance expense funding	May 2010	Staff time only	Director	Develop proposal for Palace Transit to reimburse city for maintenance labor and review with SDDOT and city by July 2010 Implement changes (if any) with 2011-12 budget (October 1, 2010)

6.12 Proposed Performance Measures

One way that a public transit system can track its success in meeting its overall goals and objectives and its relative effectiveness and efficiency relative to other transit systems is to identify and report results of key performance indicators. These indicators can be used to help policy board members and management monitor and modify policies and procedures. They can also be used to communicate the accomplishments of the system to funding agencies and the general public.

As discussed in Section 4, Palace Transit has developed its own measurable outcome-based performance measures. Each is expressed through a goal that further comprises a measure, an indicator, and an outcome.

Table 6.2 presents a suggested list of statistics and indicators that Palace Transit should compile, use for internal management, and report to its board and outside organizations and individuals. Most indicators can be reported monthly, though the financial indicators require revenue and expense data that might only be available on a quarterly basis.

Palace Transit already collects most of the data required to develop this performance report. Palace Transit only began collecting vehicle hour statistics within the past two years as a result of related changes in FTA reporting requirement. This statistic is key to monitoring both fixed-route and demand-response services. If Palace Transit begins fixed-route services, it should track these performance measures separately for each type of services. Furthermore, expense-per-hour statistics should reflect expense data reported on an accrual basis, not a cash basis, since the hours and expenses should cover the same time period.

The three quality-of-service measures identified in Table 6.2 will require collection of three new pieces of information. The complaint and road call measure will require that Palace Transit develop a tracking system for these items that could be as simple as having maintenance personnel fill out a road call slip when an unscheduled vehicle switch-out occurs and then tabulating the results in the office each month or quarter. Likewise, complaint tracking can be accomplished by a short form that indicates the time, date, person complaining, and nature of the complaint along with follow-up actions which resulted. Palace Transit's Shah Software scheduling and dispatching system can provide the important, but typically hard-to-track, on-time performance information.

Table 6.2 Proposed Approach to Performance Monitoring

Key Performance Statistics	Definition and Purpose	Source of Data	Method of Comparison	Goal	Guideline or Standard
One-way trips	The number of one-way passenger trips provided during the period for the entire system. Purpose is to track growth or decline in the use of the service.	Scheduling and dispatching software reports	Time series by month for system	In line with budget and increasing	NA
Total vehicle miles	Vehicle miles driven to provide transit service. Indicates the amount of service you offer, and is important to compare to budget assumptions.	Scheduling and dispatching software reports based on driver logs	“	In line with budget	NA
Total vehicle hours	Measures the total amount of time measured as vehicle hours, that was available to offer service. Since driver wages and benefits are the largest single expense, this is a key measure to track to ensure budget compliance.	Scheduling and dispatching software reports based on driver logs	“	In line with budget	NA
Total operating expense	Measures the total operating fund outlays reported monthly on an accrual basis.		“	In line with budget	NA
Total revenue	Measures total income from riders, other operating revenue, and service contracts.		“	In line with budget	NA
Expense per vehicle hour	Total operating expense divided by vehicle hours of service provided during the period.	Financial reports and reports from scheduling and dispatching software	Time series by month, also compare annually to other peer systems	In line with budget	Increasing by less than inflation
One-way trips/vehicle hour	Key measure of overall system productivity that measure the fit between the number of hours of service provided and the demand for the service. Calculated by dividing one-way trips by vehicle hours. Can be calculated and tracked for system and for individual routes or services.	Scheduling and dispatching software reports	Time series by month, also compare annually to other peer systems	Improvement from year to year	Typical range for demand response system is 2 - 6 one-way trips/hour

(Table 6.2 continued)

Percent trips on time	Defined as percentage of trips provided within the “on-time” window for the demand response service, e.g., within + or - 15 minutes of the scheduled time. A key measure of quality of service.	Scheduling and dispatching software reports	Time series by month	100% on-time is goal	Set an internal standard of say 90 percent + or - 15 minutes of requested pick up
Number of road calls	Defined as the number of vehicle service interruptions that result in passenger delays and/or require a non-scheduled vehicle switch. A key measure of service quality and maintenance effectiveness.	Either separate paper log or from entries in scheduling and dispatching software reports	Time series by month	Zero is the goal, but not likely so reduction over time	No standard
Number non-policy complaints	A non-policy complaint is one that related to on-time performance, driver conduct or attitude, or other concern about the quality or safety of service. It does not include complaints such as areas not served, hours of service, or fare level, for example.	Separately kept paper log and file	Time series by month	Zero is the goal, but unlikely, so reduction over time is the goal	No standard

6.13 Future Business Plan Updates

The information presented in this plan and the resulting recommendations are based on a snapshot of Palace Transit's operations. As has been apparent over the past five years, large and often unexpected changes occur in both the opportunities to serve and the challenges to assemble the resources needed to provide service. Such uncertainty about the challenges and opportunities will not change in the future.

One of the biggest uncertainties facing Palace Transit and other rural transit providers is the level of funding and priority initiatives that will result from reauthorization of federal transit programs. This reauthorization should have been completed by now, but will surely occur during the first two years of this business plan. Because federal funding provides such a significant part of Palace Transit's funding, the new legislation is sure to impact Palace Transit's ability to implement this plan.

Likewise, there will be other funding and service opportunities and challenges that may alter this plan. Palace Transit's staff and board must be ready to respond to new opportunities when they present themselves and to adjust to both external and internal events. Therefore, this plan should be viewed as a roadmap for the next five years but it must be constantly reviewed and revised as circumstances change.

Palace Transit should review this plan at least once a year and perhaps prepare a short addendum that updates financial and operating trends and, more importantly, reports on success in accomplishing key milestones. Adjustments in the specifics or timing of key milestones can be addressed at that time.

In addition to this annual review, Palace Transit should consider a major update of the plan in three to five years, or sooner, if disruptive challenges or opportunities present themselves. Likewise a significant change in service priorities or new program opportunities might trigger a major revision. Such changes may result from federal or state transit legislation, significant increases or decreases in funding, new service opportunities, significant personnel changes, or local or regional opportunities related to the coordination of services.