

# TCRP

## REPORT 79

### **Effective Approaches to Meeting Rural Intercity Bus Transportation Needs**

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**TCRP REPORT 79**

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**Effective Approaches  
to Meeting Rural  
Intercity Bus  
Transportation Needs**

**KFH GROUP, INC.**  
Bethesda, MD

**SUBJECT AREAS**

Public Transit • Planning and Administration

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Research Sponsored by the Federal Transit Administration in Cooperation with the Transit Development Corporation

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**TRANSPORTATION RESEARCH BOARD — NATIONAL RESEARCH COUNCIL**

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## TRANSIT COOPERATIVE RESEARCH PROGRAM

The nation's growth and the need to meet mobility, environmental, and energy objectives place demands on public transit systems. Current systems, some of which are old and in need of upgrading, must expand service area, increase service frequency, and improve efficiency to serve these demands. Research is necessary to solve operating problems, to adapt appropriate new technologies from other industries, and to introduce innovations into the transit industry. The Transit Cooperative Research Program (TCRP) serves as one of the principal means by which the transit industry can develop innovative near-term solutions to meet demands placed on it.

The need for TCRP was originally identified in *TRB Special Report 213—Research for Public Transit: New Directions*, published in 1987 and based on a study sponsored by the Urban Mass Transportation Administration—now the Federal Transit Administration (FTA). A report by the American Public Transportation Association (APTA), *Transportation 2000*, also recognized the need for local, problem-solving research. TCRP, modeled after the longstanding and successful National Cooperative Highway Research Program, undertakes research and other technical activities in response to the needs of transit service providers. The scope of TCRP includes a variety of transit research fields including planning, service configuration, equipment, facilities, operations, human resources, maintenance, policy, and administrative practices.

TCRP was established under FTA sponsorship in July 1992. Proposed by the U.S. Department of Transportation, TCRP was authorized as part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). On May 13, 1992, a memorandum agreement outlining TCRP operating procedures was executed by the three cooperating organizations: FTA, the National Academies, acting through the Transportation Research Board (TRB); and the Transit Development Corporation, Inc. (TDC), a nonprofit educational and research organization established by APTA. TDC is responsible for forming the independent governing board, designated as the TCRP Oversight and Project Selection (TOPS) Committee.

Research problem statements for TCRP are solicited periodically but may be submitted to TRB by anyone at any time. It is the responsibility of the TOPS Committee to formulate the research program by identifying the highest priority projects. As part of the evaluation, the TOPS Committee defines funding levels and expected products.

Once selected, each project is assigned to an expert panel, appointed by the Transportation Research Board. The panels prepare project statements (requests for proposals), select contractors, and provide technical guidance and counsel throughout the life of the project. The process for developing research problem statements and selecting research agencies has been used by TRB in managing cooperative research programs since 1962. As in other TRB activities, TCRP project panels serve voluntarily without compensation.

Because research cannot have the desired impact if products fail to reach the intended audience, special emphasis is placed on disseminating TCRP results to the intended end users of the research: transit agencies, service providers, and suppliers. TRB provides a series of research reports, syntheses of transit practice, and other supporting material developed by TCRP research. APTA will arrange for workshops, training aids, field visits, and other activities to ensure that results are implemented by urban and rural transit industry practitioners.

The TCRP provides a forum where transit agencies can cooperatively address common operational problems. The TCRP results support and complement other ongoing transit research and training programs.

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The members of the technical advisory panel selected to monitor this project and to review this report were chosen for recognized scholarly competence and with due consideration for the balance of disciplines appropriate to the project. The opinions and conclusions expressed or implied are those of the research agency that performed the research, and while they have been accepted as appropriate by the technical panel, they are not necessarily those of the Transportation Research Board, the National Research Council, the Transit Development Corporation, or the Federal Transit Administration of the U.S. Department of Transportation.

Each report is reviewed and accepted for publication by the technical panel according to procedures established and monitored by the Transportation Research Board Executive Committee and the Governing Board of the National Research Council.

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# FOREWORD

By Dianne S. Schwager  
Staff Officer  
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*TCRP Report 79* will be of interest to individuals who plan, fund, market, or operate rural intercity bus transportation services. The research report is a valuable resource that addresses funding for intercity bus projects; discusses barriers to implementation; and identifies strategies for initiating, preserving, and enhancing effective intercity bus transportation.

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Under TCRP Project B-21, “Effective Approaches to Meeting Rural Intercity Bus Transportation Needs,” the research team of KFH Group, Inc., prepared *TCRP Report 79*. The report, which includes a summary, is divided into three parts.

**Part I: Rural Intercity Bus Transportation Needs, Funding, and Program Issues.** The first part of *TCRP Report 79* includes four chapters that provide important background information on this research project and on rural intercity bus services in the United States. This part of the report presents the history of the intercity bus industry and services in the United States beginning in the 1920s and continuing through 2000 and describes government regulation and funding programs for intercity bus services, in particular federal funding through the Section 5311 Program. Fourteen other federal programs that provide funding for intercity bus services are identified, along with state and local public funding and several sources of private funding. This part of the report concludes with a chapter on the barriers perceived by states and private carriers to planning and implementing of projects to improve and support intercity bus transportation in the United States.

**Part II: Strategies to Improve and Support Intercity Bus Services.** This part of the report is structured around a series of questions that commonly arise when states, transportation planners, and others plan, program, and sponsor intercity bus projects. Fifteen questions are raised that frame critical issues. The answers to these questions are presented as seven categories or strategies to support and improve intercity bus services. The strategies include (1) determining the interest in rural intercity service assistance, (2) planning, (3) developing a program, (4) providing operating assistance, (5) providing capital assistance, (6) providing marketing assistance, and (7) creating project combinations. Each strategy includes specific actions that can be taken.

**Part III: Detailed Project Descriptions.** This final part of *TCRP Report 79* consists of detailed project descriptions. Part III is followed by three appendices: Appendix A, Federal Transit Administration Program Guidance for the Section 5311(f) Program; Appendix B, Compendium of Intercity Bus Projects; and Appendix C, Bibliography.

# CONTENTS

## 1 SUMMARY

### **PART I Rural Intercity Bus Transportation Needs, Funding, and Program Issues**

#### **13 CHAPTER 1 Introduction**

Introduction and Research Objective, 13  
Research Approach, 13  
Report Organization, 14

#### **15 CHAPTER 2 The Intercity Bus Industry and Its Role in Rural Areas**

Introduction, 15  
History of Intercity Bus Industry, 15  
Today's Regular-Route Intercity Bus Industry, 17  
Role of the Bus in Intercity Travel, 17  
Government Regulation, 20  
Federal Funding Assistance, 20  
Continuing Role of Intercity Bus Service, 21

#### **22 CHAPTER 3 Funding Sources for Rural Intercity Bus Services**

Introduction, 22  
Federal Funds, 22  
State Funds, 26  
Local Funds, 29  
Private Funds, 29  
Summary, 30

#### **31 CHAPTER 4 Barriers Perceived by States and Private Carriers**

Introduction, 31  
Barriers from the Perspective of State Program Managers, 31  
Barriers from the Perspective of Private Carriers, 33  
Conclusion, 34

#### **36 REFERENCES AND NOTES: Part I**

### **PART II Strategies To Improve and Support Intercity Bus Services**

#### **39 INTRODUCTION TO PART II**

#### **39 QUESTIONS AND ANSWERS Typical Questions about the Section 5311(f) Program and Strategies in Response**

#### **42 STRATEGY 1 Determining the Interest in Rural Intercity Service Assistance**

Annual Certification Process for Section 5311(f), 42  
Identifying Private Intercity Carriers, 43  
Solicitations of Interest, 46  
Inclusion of Intercity Projects in the Section 5311 Grant Application Process, 46

#### **48 STRATEGY 2 Planning**

Introduction, 48  
Statewide Intercity Bus Plans, 48  
User Surveys, 49  
Advisory Committees, 50  
Policy Issues and Program Development, 53  
Smaller-Scale Intercity Bus Plans, 54  
Facilities Plans, 55  
The Intercity Bus Mode in Statewide Multimodal Plans, 56  
Planning Tools, 57  
Estimating Ridership, 57

Costs and Revenues, 59

Conclusions, 60

**61 STRATEGY 3 Developing a Program**

Step A: Determine Each Year Whether to Certify, 61

Step B: Determine Program Goals, 64

Step C: Choose Program Elements, 65

Step D: Develop Application Requirements, 65

Step E: Identify Funding Sources, 67

Step F: Address Other Federal Requirements, 68

Step G: Evaluate Project Proposals, 69

Step H: Adhere to Reporting and Compliance Requirements, 71

**73 STRATEGY 4 Providing Operating Assistance**

Introduction, 73

Alternative Means of Providing Operating Assistance, 75

The Basic Elements of Funding Intercity Carriers, 82

Time Limits and Project Performance, 84

Carrier Participation in Local Match, 85

Conclusions, 87

**89 STRATEGY 5 Providing Capital Assistance**

Introduction, 89

Vehicles, 89

Lifts, 96

Facilities, 98

Other Capital: Signing, Computers, and ITS, 103

**105 STRATEGY 6 Providing Marketing Assistance**

Advantages and Disadvantages of Marketing Assistance, 105

Marketing Plan, 105

Market Research, 106

User Information Materials, 109

Promotional Activities, 110

Community Relations and Partnerships, 111

**112 STRATEGY 7 Creating Project Combinations**

**115 REFERENCES AND NOTES: Part II**

**PART III Detailed Project Descriptions**

**119 INTRODUCTION TO PART III**

**121 PROJECT DESCRIPTIONS**

Arkansas, 121

California, 122

Colorado, 124

Florida, 124

Georgia, 125

Idaho, 126

Indiana, 128

Iowa, 128

Kansas, 130

Maine, 131

Massachusetts, 132

Michigan, 132

Minnesota, 134

Montana, 135

New Hampshire, 136

New York, 137

North Carolina, 138

North Dakota, 139

Pennsylvania, 140

Texas, 141

Virginia, 143

Washington, 144

**149 REFERENCES AND NOTES: Part III**

**150 APPENDIX A Federal Transit Administration Program Guidance for the  
Section 5311(f) Program**

**160 APPENDIX B Compendium of Intercity Bus Projects**

**184 APPENDIX C Bibliography**

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The research team would also like to thank the state program managers, project contacts, and bus operators who responded to our surveys and provided their insights regarding rural intercity bus project implementation. In addition, we appreciate the contributions of the Project Panel and the TCRP staff in guiding and assisting the project team.

# EFFECTIVE APPROACHES TO MEETING RURAL INTERCITY BUS TRANSPORTATION NEEDS

## **SUMMARY** PART I: RURAL INTERCITY BUS TRANSPORTATION NEEDS, FUNDING, AND PROGRAM ISSUES

### **Chapter 1: Introduction**

The Intermodal Surface Transportation Efficiency Act, enacted in 1991, includes a requirement that each state spend 15 percent of its annual apportionment of federal non-urbanized funds to support rural intercity bus service unless the state's governor certifies that the state's intercity bus needs are adequately met. In *FTA Circular 9040.IE*, rural intercity bus service is defined as follows (*I*):

FTA defines intercity bus service as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers, and which makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. (Urban area is defined very broadly in 49 USC S. 5302(a)(16) as "an area that includes a municipality or other built-up place that . . . is appropriate for a local mass transportation system to serve individuals in the locality.")

In support of their intercity projects, state program managers and local project sponsors have implemented a wide array of projects across the country with their Section 5311(f) funds and with state and local funds as well. Some states, however, have struggled to find effective ways to support and improve rural intercity bus transportation. Also, little information is available about the range of intercity bus projects that have been undertaken in recent years in those states that have been actively supporting intercity bus service.

As a result, TCRP commissioned this research project to identify strategies for initiating, preserving, and enhancing effective rural intercity bus transportation. This report is also intended to serve as a resource for state program managers and other transportation planners and policymakers involved with rural transportation in their efforts to support and improve intercity transportation services in rural areas. The report is organized into three parts.

- **Part I** includes an introduction, a discussion of the background and history of the intercity bus industry, a description of funding sources for rural intercity

bus services, and a discussion of barriers to implementation of intercity bus projects.

- **Part II** focuses on the strategies that can be used to address the issues raised by the states and carriers. These strategies include addressing outreach; planning; developing a program; and providing operating assistance, capital assistance, and marketing. Each strategy includes different approaches that can be used and is accompanied by case examples illustrating the use of that strategic element. Also discussed is the combination of different approaches to create effective strategies.
- **Part III** presents 50 detailed project descriptions—a sampling of the many intercity projects identified through the research project’s different surveys. These projects represent a range of intercity projects, both as to type of project and geographic location across the United States.

Finally, the report contains three appendices that provide reference material. Appendix A presents FTA program guidance for the Section 5311(f) program, the primary funding source identified by the study. Appendix B provides a compendium of intercity bus projects using funds administered by states as reported by state program staff, and Appendix C is the project bibliography.

## **Chapter 2: The Intercity Bus Industry and Its Role in Rural Areas**

Intercity bus transportation is an important part of the nation’s overall surface transportation network and holds particular importance for smaller communities and rural areas. It provides a critical service for smaller communities in which air or passenger rail travel options are not readily available and provides a transportation option that may be more affordable than air or rail, when these travel options are available.

Chapter 2 provides background and an historical perspective on the intercity bus industry. The historical perspective is significant because it shows that the need for public involvement as a means of maintaining and improving rural intercity bus services is not new—federal and state regulation created a system of internal subsidies that supported rural services for nearly 50 years. The introduction of federal funding in 1991 for intercity bus service in rural areas is also discussed in this chapter.

The chapter concludes with a discussion on the continued role that intercity bus transportation plays, including the demographic characteristics of its riders (more likely to be young or elderly than on other common carrier modes and to have lower household incomes and limited vehicle availability) and their typical trip purposes (visiting friends or relatives or other social purposes). Given its significance to date in providing mobility and access in linking rural areas, the intercity bus mode is a travel option that merits both attention at the state and local levels and continuing and expanded efforts to support and improve its services.

## **Chapter 3: Funding Sources for Rural Intercity Bus Services**

Funding for capital, operations, and planning expenses for rural intercity bus service is provided through federal, state, and local sources. Private funding is also provided, through both private nonprofit organizations involved with intercity bus transportation and private intercity bus carriers that operate such services.

At the federal level, the sources of funding available to support intercity bus services include FTA’s Section 5311: Nonurbanized Area Formula Grant Program (particularly the Section 5311[f] rural intercity bus program); “flexible funds” through the Surface Transportation Program (STP), Congestion Mitigation and Air Quality

(CMAQ) improvement funding; and the Transportation Equity Act for the 21st Century's (TEA-21's) new Rural Transportation Accessibility Incentive Program. A number of other federal funding programs have been used for particular aspects of the projects. There is greater diversity of funding sources and programs using state and local funding. Private funds are also a significant source, particularly through private carriers who support services directly through the provision of local match for federal and state funds or indirectly through marketing efforts or other support services.

Public funding sources for rural intercity bus services are presented within the three categories of federal, state, and local funds with descriptions of program objectives, eligibility, and other relevant information.

#### **Chapter 4: Barriers Perceived by States and Private Carriers**

Various barriers have been cited over the years as impacting the planning and implementation of intercity bus projects. In order to develop appropriate strategies to address such barriers, the project's survey efforts were structured to obtain current information from the state program offices and private intercity carriers about the types of barriers and challenges they encounter with their intercity bus projects.

This chapter summarizes the project's survey information on barriers to the provision of intercity bus transportation: first from the perspective of state program managers and then from the perspective of private bus carriers. Understanding the types of barriers and challenges that are faced by those planning, implementing, and providing intercity services gives a meaningful perspective to the presentation of strategies to improve and support intercity bus transportation, which is the subject of Part II.

### **PART II: STRATEGIES TO IMPROVE AND SUPPORT INTERCITY BUS SERVICES**

Part II of this report focuses on strategies to improve and support intercity bus services. These strategies respond to the various barriers identified through the research project's surveys as described earlier in Part I, Chapter 4. Part II is structured so that the material can be a resource for state program managers, transportation planners, and others involved with intercity bus services. As such, Part II begins with a listing of questions that typically arise when states, transportation planners, and others in the industry begin to plan, program, and sponsor intercity bus projects using their federal Section 5311(f) funds. Using the series of questions to help frame the key issues, the research team has identified and developed strategies to assist state program managers, planners, and others assess their needs for intercity bus service and design an effective approach to meet those needs.

For each of the seven strategies, steps or actions are identified, sometimes with alternative options described, suggesting the types of activities that state program managers, transportation planners, or others can take to develop a comprehensive approach toward supporting intercity bus service. Within each of the strategies, case study examples are also provided, which illustrate the overall strategy or a particular step within that strategy. These case study examples are drawn from the detailed project descriptions that are provided in Part III of this report and from experience in the industry.

#### **Strategy 1: Determining the Interest in Rural Intercity Service Assistance**

Issues raised by a number of state program representatives were (1) how to assess the need for assistance in the provision of rural intercity bus services and (2) how to gauge

the interest among the public, intercity bus companies, and rural transit operators. Some states have indicated that they did not fund intercity bus projects because there is no interest or identified need.

Under TEA-21, FTA recipients of Section 5311 funds face an annual requirement regarding the certification that there are *no unmet needs* for rural intercity bus service. In order to make this determination, agencies have to know about existing services, identify the providers, and contact those providers. This strategy—determination of the interest in rural intercity service assistance—addresses the Section 5311 requirement for annual certification, describes ways to determine who is providing intercity service within a state, and describes methods for communicating with providers and others to determine whether they are aware of possible needs for assistance for rural intercity services.

### *Identifying Private Intercity Carriers*

Intercity carriers serving a state can be identified from several sources. These include the following:

- *Russell's Official National Motor Coach Guide*,
- *The Bus Industry Directory*,
- State regulatory agency listings, and
- Trade associations.

### *Involving the Private Sector in the Public Transportation Process*

Private intercity operators can be involved in the determination of needs through informal and formal processes. Informal processes can include participation in state agency transit meetings; participation in public transit conferences; state and local agency participation in private bus carrier association meetings; and direct technical assistance on-site, by telephone or by e-mail. More formal processes include written solicitations of interest and inclusion of intercity program opportunities in the Section 5311 grant application process.

## **Strategy 2: Planning**

A grant application or a request for assistance for a particular service may be difficult to assess without an adequate understanding of the overall intercity network, its usage, and the relationship of these services to other modes. Moreover, the role of rural intercity services in meeting state goals for public transportation needs to be considered and addressed. The more comprehensive and effective approach to determine needs for intercity bus services involves planning: the process of gathering information, analyzing it, developing policies, and articulating a way to address any identified needs. A number of different types of plans have been conducted in different states, including the following:

- Statewide intercity bus planning studies—these often include user surveys of bus riders and the use of advisory committees, including private carriers, state agencies, and public transit representatives.

- Policy plans and program-development studies—these involve less data collection than a full plan and focus on policy issues and the development of an intercity program.
- Route-level or regional intercity bus plans—these often focus on a particular corridor or region that has already been identified as potentially needing assistance for rural intercity services.
- Facility plans—these include inventories and assessments of existing intercity facilities; policy development; and planning priorities for new passenger facilities, including intermodal facilities.
- Intercity bus in statewide multimodal transportation plans.

In order to assist in planning, the study includes an overview of existing approaches to estimating ridership, costs, and revenues.

### **Strategy 3: Developing a Program**

Developing a program to address intercity bus service is the next step following the identification of intercity providers and services (Strategy 1) and carrying out a planning process to identify needs for intercity service (Strategy 2). Within this third strategy, the initial step is pivotal—determining whether to certify that the state has *no unmet needs* for intercity service. This issue of certification is thorny because the structure of the Section 5311(f) program requires that states weigh the needs for intercity services against all other rural needs, which in most states are significant. The certification issue and others are described below.

#### *Step A: Determine Each Year Whether to Certify*

The Section 5311(f) program guidance directs states to determine annually whether there are unmet rural intercity needs and, if so, that 15 percent of that state's Section 5311 allocation must be used to address these needs by funding eligible projects. If the state finds needs that require less than 15 percent, it may submit a partial certification. If the state finds no needs, it can certify that there are no unmet intercity needs and use the funding for other rural projects. However, the increase in Section 5311 funding and the desire of FTA to ensure that rural intercity needs are actually assessed and considered on an annual basis has led FTA to encourage the states to examine any decision to certify in light of the increased program funding and the new Americans with Disabilities Act (ADA) rule for private operators of over-the-road buses.

#### *Step B: Determine Program Goals*

This step may have been addressed earlier in the process as part of a planning study or, perhaps, in the process of deciding whether to certify. However, if it has not already taken place, it is important to determine the need or issues that are to be addressed by a program or by individual projects. The goals have a direct relationship to the types of projects solicited, the priority given to different types of projects, and the overall type of program.

*Step C: Choose Program Elements*

The choice of program elements is directly related to the goals established for rural intercity services and the needs identified through the assessment and planning processes. Program elements could include capital, operating, planning and marketing, and program reserve. More detail on alternative ways of implementing these program elements is presented in the sections that follow.

*Step D: Develop Application Requirements*

Once decisions have been made regarding the activities that will be eligible for funding under a program, the results can be included in an application package. Every state is likely to have a different approach to the development of an application process. Intercity programs can be included in a Section 5311 grant application, or an entirely separate rural intercity application can be developed. A key issue is whether the document is a grant application, a request for proposals (RFP) (with the desired services specified as general categories), or a request for bids (with a specific route and frequency specified).

*Step E: Identify Funding Sources*

Obviously a key part of developing an intercity bus program is the identification of funding sources. The major funding source identified is the Section 5311(f) program, but it is important to note that a number of states utilize state funding for rural intercity services in addition to Section 5311(f) or as a complement to it. An important issue identified in the research project's surveys is the way in which the nonfederal match on operating assistance is funded, particularly with regard to the 50-percent nonfederal share of the operating deficit. Options include state funding, local funding, or carrier funding—or some combination thereof.

*Step F: Address Other Federal Requirements*

Survey responses from states and carriers suggest that federal requirements associated with Section 5311(f) may be perceived as barriers to implementation of effective rural intercity services. Specifically, Section 5333(b) (formerly known as Section 13(c)), the labor protection requirements, and the ADA requirements were mentioned as potential problems. These are reviewed in the report.

*Step G: Evaluate Project Proposals*

It is necessary to evaluate proposals that result from a program solicitation, and this can be done in several ways depending on the way in which the program has been set up. One is a subjective analysis, based upon the overall benefit to the public, given the program's goals and objectives. This analysis may be performed by staff, or it may involve an advisory committee review of proposals. Some project evaluation schemes involve the assignment of point values to various aspects of the proposal with scoring performed by an evaluation panel.

### *Step H: Adhere to Reporting and Compliance Requirements*

All programs using public funds involve reporting requirements. These requirements are intended to ensure that public funds are used for the intended purpose and to allow the effectiveness to be determined. Reporting requirements should be defined in the grant application or RFP so that proposers will understand what is required and estimate what the costs of the reporting may be.

#### **Strategy 4: Providing Operating Assistance**

Operating assistance is a key means of maintaining existing rural intercity bus services, filling gaps in the network, providing feeder services, reinstating abandoned service, or implementing new services. Operating assistance is an effective way to

- Put service on the road in places that do not have it (either having lost it or never having had it), and
- Maintain existing services that are not profitable to private for-profit carriers and may be subject to service reductions or abandonment of the service.

There are a number of alternative means of providing operating assistance, including

- Funding a local entity to contract for service from an intercity carrier,
- Funding a rural transit agency to provide rural intercity service,
- Funding a rural transit agency to provide intercity feeder service,
- Funding intercity carriers to operate particular routes,
- Funding intercity carriers to support the regular-route (scheduled service) network, and
- Funding for user-side subsidies.

The easiest approach appears to be the use of direct state funding of carriers using the third party–contracting approach with projects selected through the Section 5311 solicitation or an RFP process. The major difficulty is the need to provide local funding for the nonfederal share of the net operating deficit. Some states have decided that for intercity routes, the state is the appropriate level jurisdiction to provide some or all of the local share. In other states, the local share must be provided by the carrier or by a local unit of government (such as a county).

#### **Strategy 5: Providing Capital Assistance**

Capital programs can improve the quality of service, assist in maintaining service, reduce operating (e.g., maintenance) costs, improve intermodal connectivity, and increase accessibility, but generally do not result in additional services.

Capital assistance for rural intercity services can include funding for a variety of projects. Potential uses include the following:

- Vehicle capital,
- Intercity bus and intermodal facilities,
- Wheelchair lifts and related accessibility equipment,

- Computers and other Intelligent Transportation Services (ITS) equipment, and
- Preventive maintenance.

Each of these potential uses of capital funding is reviewed in greater detail in the full report. Under the Section 5311(f), CMAQ, and STP programs, the standard federal funding ratio of 80-percent federal funding to 20-percent local match generally apply.

### **Strategy 6: Providing Marketing Assistance**

Marketing can be an effective strategy for supporting rural intercity bus service although it is often given inadequate attention. Marketing can serve a number of objectives: informing riders and potential riders about the availability of service; increasing ridership overall or on selected services and routes; supporting public and community relations; and building partnerships with other providers and agencies. Potential activities include the following:

- Developing a marketing plan for intercity services,
- Conducting market research,
- Developing user information materials,
- Installing trailblazer signs,
- Conducting promotional activities, and
- Developing community relations and partnerships.

This strategy can be supported by providing funding assistance to carry out marketing plans and marketing activities as well as to encourage local project sponsors to include marketing in their project planning and implementation.

### **Strategy 7: Creating Project Combinations**

In the preceding sections, information has been provided regarding a variety of project types that can be used to provide improved rural intercity services. An important point that should not be omitted is that the most effective strategy may be a combination. For example, a comprehensive approach to a potential rural intercity route could include a planning component to assess the feasibility and design the service; vehicle capital to provide attractive, accessible vehicles and reduce the operating and capital costs; operating assistance to implement the service; and local marketing to get the word out to potential riders. Such a project could even include terminal facility improvements at major origins and destinations along with signs, benches, and shelters at intermediate stops. This approach can also be applied at the network level to develop a seamless intercity network. This comprehensive approach is likely to offer a much higher chance of success than will implementation of any single element.

## **PART III: DETAILED PROJECT DESCRIPTIONS**

As part of this TCRP project's research and data-collection efforts, state program managers were surveyed to obtain current information about specific intercity bus projects funded in each state. (The project's survey efforts are described in more detail in

Chapter 1). Based on responses from 26 of the 50 states, survey data identified 267 intercity bus projects. The research team then selected a subset of the total projects for follow-up with local project sponsors, resulting in the selection of the 50 projects that are described within this part of the report.

The projects are categorized as to the primary *type* of project (i.e., planning, operating, capital, or marketing; see Table S-1), as to whether the local agency serves as a

TABLE S-1 Project characteristics

Project by State	Planning	Operating		Capital	Marketing	Commission Agent	Terminal
		Intercity Service	Regional/ Feeder Service				
Arkansas #1			◇			◇	
California #1		◇					
California #2		◇					
California #3			◇				
Colorado #1		◇					
Florida #1			◇	◇			
Georgia #1				◇			
Idaho #1			◇			◇	
Idaho #2		◇					
Idaho #3			◇				
Idaho #4			◇	◇		◇	
Indiana #1		◇					
Iowa #1				◇			◇
Iowa #2			◇		◇	◇	
Iowa #3					◇		
Kansas #1			◇				
Kansas #2			◇	◇	◇		
Maine #1			◇				
Massachusetts #1		◇			◇		
Massachusetts #2				◇	◇		
Michigan #1		◇					
Michigan #2				◇			
Michigan #3				◇			
Minnesota #1				◇			◇
Minnesota #2					◇		
Minnesota #3		◇					
Minnesota #4		◇					
Montana #1			◇				
New Hampshire #1				◇			
New Hampshire #2				◇			◇
New York #1		◇					
New York #2			◇	◇	◇		
New York #3				◇			
New York #4					◇		
North Carolina #1		◇					
North Dakota #1			◇				
North Dakota #2			◇	◇			
Pennsylvania #1		◇	◇				
Texas #1				◇			◇
Texas #2	◇						◇
Texas #3	◇						◇
Texas #4				◇			◇
Virginia #1				◇		◇	◇
Virginia #2				◇		◇	◇
Washington #1	◇						
Washington #2			◇				
Washington #3			◇				
Washington #4			◇				
Washington #5			◇				
Washington #6				◇			◇

commission agent for an intercity carrier, and as to whether the project involves a terminal. Many of the projects cross categories—for example, a number of projects include both an operating and capital component. The local projects are organized by state.

#### **REFERENCE**

1. *FTA Circular 9040.IE: Non-Urbanized Area Formula Program Guidance and Grant Application Instructions*, “Chapter 7: Intercity Bus.” Federal Transit Administration, U.S. Department of Transportation, Washington, DC (1998).
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## **PART I**

# **RURAL INTERCITY BUS TRANSPORTATION NEEDS, FUNDING, AND PROGRAM ISSUES**

## CHAPTER 1

# INTRODUCTION

### INTRODUCTION AND RESEARCH OBJECTIVE

In *FTA Circular 9040.IE (I)*, rural intercity bus service is defined as follows:

FTA defines intercity bus service as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers, and which makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. (Urban area is defined very broadly in 49 USC S. 5302(a)(16) as “an area that includes a municipality or other built-up place that . . . is appropriate for a local mass transportation system to serve individuals in the locality.”)

Intercity bus transportation serves a critical role in rural regions throughout the country. This fact became clear during the 1980s when many rural routes were abandoned by national bus carriers and rural mobility was seriously impacted. To help meet the resulting needs for rural service, the federal transportation legislation—the Intermodal Surface Transportation Efficiency Act (ISTEA), enacted in 1991—included a requirement that each state spend a specified percentage of its annual apportionment of federal nonurbanized funds to support rural intercity bus service. The requirement was codified as Section 5311(f) through ISTEA’s reauthorization—the Transportation Equity Act for the 21st Century (TEA-21)—and was initially set at 5 percent, increased to 10 percent in the second year, and then went to 15 percent in the third year; 15 percent continues to be the requirement today. States are to spend that 15 percent of their federal nonurbanized funds on rural intercity services unless the state’s governor certifies that the state’s intercity bus needs are adequately met.

More than half of the states have used funding through the federal Section 5311(f) program to support their intercity bus services in various fiscal years since the program was introduced by ISTEA in 1991. Even before passage of ISTEA, several states provided funding for intercity services with their own state funds or with federal funds, recognizing the role that intercity bus transportation served in their states. Currently, there are a number of states that now use state funds instead of or in addition to Section 5311(f) funds, giving them more latitude with the funding or the supplementing of federal funds.

In support of their intercity projects, state program managers and local project sponsors have implemented a wide array of projects across the country with their Section 5311(f) funds and with state and local funds as well. Projects include subsidizing new and existing rural intercity services operated by national bus carriers and by local transit agencies, purchasing wheelchair lift-equipped over-the-road buses (OTRBs) to meet accessibility objectives, constructing intercity bus facilities to improve passenger convenience and promote coordination with other transportation modes, producing and disseminating marketing and informational materials to publicize available intercity services, and many other projects.

Some states, however, have struggled to find effective ways to support and improve rural intercity bus transportation. Also, little information is available about the range of intercity bus projects that have been undertaken in recent years in those states that have been actively supporting intercity service.

Recognizing the need to collect information about the types of intercity bus projects that have been implemented in recent years and to identify effective strategies available to support and improve intercity bus service in rural areas, TCRP commissioned Project B-21, “Effective Approaches to Meeting Rural Intercity Bus Transportation Needs.” The objective of the project has been to identify strategies for initiating, preserving, and enhancing effective rural intercity bus transportation. Such strategies can then assist state program managers, local communities, and transportation planners to plan, fund, market, and operate intercity services more effectively.

In support of this objective, this report is intended to serve as a resource for state program managers and other transportation planners and policymakers involved with rural transportation in their efforts to support and improve intercity services in rural areas.

### RESEARCH APPROACH

To carry out the project, the research team structured a multitask approach. The initial task involved a significant survey effort: surveying states and private bus carriers to identify recent intercity bus projects implemented across the country and developing a compendium of projects receiving federal, state, and local assistance. Subsequent tasks focused on describing funding sources available to support intercity

services, identifying barriers and challenges to the provision of intercity bus service, investigating a sample of case studies identified through the surveys for more in-depth analysis and documentation, and developing and documenting strategies to improve and support rural intercity bus transportation.

The initial survey effort was a key part of the project, involving the design and conduct of three separate surveys:

1. The first survey solicited information from state program managers about specific intercity projects funded in their states. Additionally, the survey requested information on barriers to implementation of the projects; on strategies employed to overcome those barriers; on the state's eligibility requirements for funding intercity projects; and on whether the state had, in any year, certified that it had no unmet intercity needs.
2. The second survey focused on intercity bus projects funded through state rail programs. Although similar to the first survey, this survey targeted managers of state rail programs to identify intercity bus projects funded by rail programs rather than by transit programs.
3. The third survey was designed to obtain information on intercity bus projects from private bus carriers. This approach was important to supplement the compendium and to gain the perspective of the carriers, which is significant for any project involving intercity bus service because the majority of intercity service across the country is operated by private carriers, both large national firms and smaller regional companies.

Based on initial responses to the surveys and extensive follow-up efforts to increase the response rate, the surveys yielded data from 35 state program managers, 32 state rail program managers, and 27 private carriers. These surveys identified 229 intercity bus projects, some of which were reported by multiple sources. About half of these projects involved operating subsidies. Capital projects were the next most frequently identified type of project. There were also a number of planning studies and marketing projects, and a sizeable number of projects were more than one type. For example, a not-for-profit agency in northwest Kansas uses a mix of funding sources—including capital, operating subsidy, and marketing support—to provide intercity service across a large rural 18-county area.

From the many projects identified through the surveys, the research team selected a sampling for a more-detailed review. Team members contacted local project sponsors of more than 50 intercity projects to ask more-detailed questions about the background and description of the project and the types of funding used. Data from these detailed reviews and from the

initial surveys provided important material for the rest of the research project.

Information about funding was of particular interest for the detailed project reviews. Local project sponsors identified a range of fund sources beyond the most commonly used source—Section 5311(f). The research team used this information from local project sponsors to help identify funding sources for rural intercity projects, which was one of the tasks of the research study. Additionally, input on barriers to implementing intercity projects from state program managers and private carriers through the initial surveys has given the research team current information on the types of problems and issues encountered with intercity bus projects. Moreover, survey respondents also listed strategies that their states have used to overcome the barriers and problems they encountered. Their input has enriched the research team's development of strategies described in this report.

## REPORT ORGANIZATION

This report is organized into three parts. Part I comprises four chapters. Following this introductory chapter is Chapter 2, which discusses the background and history of the intercity bus industry and its role in rural areas. This historical perspective is significant as it shows that the need for public involvement and assistance as a means of maintaining and supporting rural intercity bus service predates present times. Chapter 3 describes funding sources for rural intercity bus services. Chapter 4 discusses barriers to implementation of intercity bus projects that were identified through the project's survey efforts.

Part II focuses on the strategies that can be used to address the issues raised by the states and carriers. These strategies include addressing outreach; planning; developing a program; providing operating assistance, capital assistance, and marketing; and combinations thereof. Each strategy includes different approaches that can be used and is accompanied by case examples illustrating the use of that strategy element.

Part III presents 50 detailed project descriptions—a sampling of the many intercity projects identified through the research project's different surveys. These projects represent a range of intercity projects, both as to type of project and geographic location across the United States.

Finally, the report contains three appendices that provide reference material. Appendix A presents FTA program guidance for the Section 5311(f) program, the primary funding source identified by the study. Appendix B provides a compendium of intercity bus projects using funds administered by states as reported by state program staff. Appendix C is the project bibliography.

## CHAPTER 2

# THE INTERCITY BUS INDUSTRY AND ITS ROLE IN RURAL AREAS

### INTRODUCTION

Intercity bus transportation is part of the nation's overall surface transportation network and holds particular importance for smaller communities and rural areas. In such areas, intercity buses provide links among smaller communities within a region and, importantly, to larger urban areas that offer services and opportunities not available in the less-populated regions of the country.

Intercity bus transportation provides a particularly critical role for smaller communities in which air or passenger rail travel options are not available. Intercity bus service also provides a transportation option that may be more affordable than air or rail, when these are available, which is significant for many residents in rural areas.

Since 1994, ridership and revenue figures from intercity bus companies (which are sometimes referred to as "carriers" or "operators") have registered increases, a welcome change from the 1980s and early 1990s. Greyhound's ridership in *regular-route service* (2) in rural areas has increased from 15.9 million boardings in 1994 to 25.4 million in 2000. Based on decreases during those years, some transportation experts began forecasting the demise of the intercity bus industry. Recent increases can be attributed largely to a renewed industry focus on providing quality service at low fares and improving connections with other modes.

This chapter provides background and a historical perspective on the intercity bus industry. It is useful in understanding the structure of the industry and its role in providing rural service. A brief history of the intercity bus industry is provided first, followed by information on the regular-route intercity bus industry in more recent years. The historical perspective is significant because it shows that the need for public involvement as a means of maintaining and improving rural intercity bus services is not new—federal and state regulation created a system of internal subsidies that supported rural services for nearly 50 years.

The introduction of federal funding in 1991 for intercity bus service in rural areas is also discussed in this chapter. Acknowledging the role of intercity buses in rural areas and realizing the industry's financial problems after deregulation, the federal government included funding for rural intercity bus service through ISTEA. Such funding was continued through ISTEA's reauthorization in 1998 with TEA-21. Although some

states have used this funding to support and improve their intercity bus services and others have determined that their needs for intercity bus service are being met without federal subsidy funds, there are states that have grappled to find effective ways to improve their intercity bus services with the federal funding and, in some cases, with state funds as well.

This chapter concludes with a discussion on the continued role that intercity bus transportation can serve, particularly in rural areas. Given its significance to date in providing mobility and access in linking rural areas, the intercity bus mode is a travel option that merits both attention at the state and local level and continuing and expanded efforts to support and improve its services.

### HISTORY OF INTERCITY BUS INDUSTRY

During the 1920s and 1930s, demand for and ridership on scheduled intercity bus services grew rapidly as both roads and vehicles improved. Some states began regulating bus services as a means of stabilizing services, and federal regulation began with the Motor Carrier Act of 1935. This act placed interstate bus service under the authority of the Interstate Commerce Commission (ICC), providing for regulation of fares, route authority, service types, and financial responsibility on interstate services. Individual states continued to have regulatory authority over intrastate services.

The ICC and state regulatory agencies limited competition on individual routes by allowing a limited number of firms (often a single firm) to operate on a particular route. This was called "control over entry" (to that particular market) and was accomplished by issuing "authority" to operate that service. Carriers without authority could not operate that service. Along with issuing route authority, regulatory agencies also restricted the ability of firms to offer charters and tours, allowing the firms to originate such services only in areas in which they held route authority. In effect, this control allowed firms to generate revenues well above costs on busy routes and in populated areas where they held the authorities. However, the same regulators also restricted the ability of firms to eliminate service on routes that were unprofitable, routes that were typically in rural areas. This was called "control over exit" (from a route). The combination of control over entry and over exits forced firms to subsidize their own rural routes

from the higher profit levels earned on busy routes and from charters and tours.

The regulatory agencies also controlled fare levels, which were set by the ICC for interstate trips and by the states for intrastate trips. State regulators often set intrastate fares at lower levels than the ICC-regulated interstate rates, again forcing carriers to subsidize shorter trips within states (including most rural services) from revenues earned on higher-fare interstate services. Such government involvement—dating from the 1930s—demonstrates that both federal and state policies have long recognized a need to support rural bus services.

During World War II, private transportation became more difficult because gasoline and tires were rationed and no new civilian automobiles were built. This wartime period showed the highest ridership on intercity buses as well as on passenger rail services, and, in fact, industry trade associations ran national advertising campaigns asking citizens not to take bus trips unless their trip was essential. In the postwar period, intercity bus ridership declined somewhat, but in general, ridership levels were stable and rural services continued to operate until the Interstate Highway System opened in the early 1960s. The intercity bus industry requested authority to shift services from the old U.S. and state highways to the interstate routes to provide better travel times. With intercity routes moving to the interstates, rural service frequencies declined. The remaining rural services often proved to be unprofitable, and carriers began to request permission from federal and state regulators to abandon these routes. By the late 1960s, the decline in the number of places served by intercity carriers had begun.

## Deregulation

The advent of both subsidized Amtrak competition in 1971 and airline deregulation in 1978 had a negative impact on intercity bus ridership. By 1982, financial problems led much of the intercity bus industry to join federal policymakers in supporting an end to much of the regulatory control held by the ICC and the states. Passage of the federal Bus Regulatory Reform Act (BRRA) of 1982 essentially ended the federal government's economic control over interstate bus services although control over insurance and safety requirements was retained. BRRA also preempted state regulation of entry, exit, and fares.

Following deregulation of the intercity bus industry through BRRA, a period of significant change began. The two national bus systems, Greyhound and Trailways, discontinued service at many rural locations as the internal cross-subsidies previously used to support rural services disappeared. During the first year following enactment of BRRA, 2,154 places lost service and 2,054 of them had populations under 10,000 (3). Many smaller bus companies stopped providing *any* scheduled service. Many new firms entered the charter-and-tour market, but few initiated new regular-route services.

In 1984, the Greyhound Corporation endured a major national strike by its drivers and other employee groups, and, following the strike, Greyhound management began a process of disinvestment intended to reduce its equity in the bus line. Company-owned terminals were sold, and the fleet size was reduced from 4,440 buses to 2,800. In 1986, the company sold the bus line to a group of investors, who purchased the U.S. assets of the former Greyhound Corporation (now called Viad Corporation). Within a year, this group purchased Trailways Lines, Incorporated (the second largest firm) following its bankruptcy, to prevent loss of service because of potential liquidation. The combined firm is known as Greyhound Lines.

In the late 1980s, service stabilized as the route structure was consolidated. Greyhound made attempts to reach out to other transportation providers to expand services, particularly in rural areas, through such initiatives such as the Greyhound Rural Connection Program. This was a program conducted in conjunction with the Community Transportation Association of America (CTAA) and funded with a federal government grant. The program's purpose was to link rural public transportation providers with intercity routes as a way of maintaining rural services in areas that could not be profitably served with intercity buses (4). By the late 1980s and early 1990s, federal policymakers began discussing the need to provide ongoing funding assistance for rural intercity routes, and such funding was then provided through the creation of the Section 18(i) program of assistance for rural intercity routes as part of the ISTEA transportation legislation passed in 1992.

Meanwhile, Greyhound Lines again faced a strike by its drivers in 1990. As the largest provider of scheduled service, Greyhound's problems affected the entire industry. Greyhound attempted to run its schedules anyway, but much service was curtailed and ridership fell. In 1991, the company declared bankruptcy, and a new management team took over. Eventually the strike was settled, but not all the services were reinstated, and again rural services disappeared. Greyhound's management focused on its bus line and did not seek out partnerships with other transportation providers. Transit operators, other intercity carriers, and Amtrak were all viewed as potential competitors. With Greyhound's inward focus, intercity bus carrier interest in the new federal Section 18(i) subsidy program and coordination through intermodal terminals or joint services was initially limited to carriers other than Greyhound.

A major change in Greyhound management occurred in 1994: the new management team substantially changed the philosophy of the company. Recognizing that improved services and a larger network will be needed to grow intercity bus ridership, this new management has sought to interline or pool services with other private carriers, to participate in intermodal terminals that include transit and even Amtrak, and to serve airports. The firm is actively seeking funding to maintain rural services under the federal funding program

(now called Section 5311[f] in TEA-21) and under various state subsidy programs.

As Greyhound has focused on improved service quality, intermodal linkages, and new markets, overall ridership on scheduled services has begun to increase, with benefits for most carriers in this market. However, in many cases, reinstating rural services that have been lost or maintaining the most vulnerable routes will require some sort of support from public agencies.

## TODAY'S REGULAR-ROUTE INTERCITY BUS INDUSTRY

Despite publicity and perceptions resulting from a turbulent adjustment to the deregulated environment following the passage of BRRRA in 1982, the regular-route bus industry is alive and essentially unsubsidized, and ridership is growing slowly again (as noted above). There continues to be a stable and sizable market for scheduled bus service. The industry has a number of key characteristics: as a whole, it is a private for-profit industry that offers a variety of products in addition to scheduled passenger service such as package express, charter, and tour services; it is composed of many independent firms (not just Greyhound Lines, Inc.); and within it, these firms work together to offer a nationwide network of intercity bus services.

### Industry Size

The carriers involved in the intercity regular-route industry operate between 5,000 and 8,000 over-the-road intercity coaches (5). Class I carriers are currently defined by U.S.DOT as those carriers with \$5.3 million in annual revenues averaged over a 3-year period. Class I carriers are the largest firms in the industry. There were 14 of these carriers in 1999, and in that year they carried approximately 42 million regular-route intercity passengers, not including charter, special, or commuter passengers (6). By comparison, Amtrak carried approximately 22.5 million intercity passengers in fiscal year (FY) 2000 (7).

Intercity bus operators provide an estimated 695 million vehicle-miles annually in regular-route service (this is a conservative estimate) (8), and Greyhound reports an estimated average passenger load factor of about 52.9 percent, 25.7 passengers on a 47-seat coach. Class I gross passenger revenue for regular-route intercity service in 1999 was more than \$1 billion (9).

### Industry Structure

The regular-route intercity industry includes approximately 100 intercity bus operators that show schedules in the *Official Bus Guide*, published by Russell's Guides, Inc.; the guide

is also titled *Russell's Official National Motor Coach Guide* and is commonly known as "*Russell's Guide*" (10). In addition to the firms listed in *Russell's Guide*, there are other private bus firms offering scheduled service (11). The major intercity bus operators include the following:

- Greyhound Lines, Inc., now owned by Laidlaw, Inc., and Greyhound Lines operating subsidiaries including Carolina Trailways; Valley Transit, Inc.; Peoria-Rockford Bus Company; Greyhound de Mexico; Vermont Transit; and Texas, New Mexico, and Oklahoma Coaches;
- The Trailways National Bus System, a nationwide marketing association of separately owned firms; and
- Many other independent firms providing local or regional service.

Consolidation has been taking place in the industry in the last few years, and many of the smaller independent firms have been purchased by Coach, U.S.A., although they are still operated independently. Stagecoach PLC of the United Kingdom recently purchased Coach, demonstrating an international dimension to the consolidation trend. Similarly, Greyhound Lines has recently purchased Carolina Trailways and the Peoria-Rockford Bus Company. Greyhound Lines merged with Laidlaw Transit in March 1999, linking the U.S. firm with Greyhound Canada Transportation Corporation (which is owned by Laidlaw) and its Canadian affiliates.

Through interline arrangements and the common schedule book—*Russell's Guide*—these intercity carriers form a nationwide network. Carriers vary considerably in size. Greyhound Lines is the largest single carrier with a national network; it operates approximately 3,000 buses serving 2,600 destinations in the United States. Greyhound interlined with 43 other carriers with a ridership of 19 million in FY 2000, an increase of 41 percent over 1994 ridership (12).

## ROLE OF THE BUS IN INTERCITY TRAVEL

The intercity bus network fills a unique niche in providing intercity passenger links. While providing the only scheduled intercity service to many rural communities, the intercity bus also offers low fares. It provides a travel option for persons without an available personal vehicle.

### Passenger Characteristics

Intercity bus passengers tend to be more transit-dependent than do passengers of other intercity modes. Based on data from the Bureau of Transportation Statistics' (BTS's) *1995 American Travel Survey Profile* (13), regular-route intercity bus riders are

- More likely to be young or old—more riders are under 24 or over 60 than on other modes;

- More likely to have a low-income—bus riders have lower household incomes than have those using other intercity modes, and
- Less likely to have a vehicle—about 30 percent do not have a vehicle at all.

Table 1 presents a summary of intercity bus passenger characteristics compared with those of other intercity modes, using BTS's information.

### Trip Purposes

Most intercity bus trips are to visit friends and relatives or for other social or recreational purposes. Please see Table 2.

### Service Levels

Despite route abandonment and other service-level cut-backs during the industry's more difficult years, intercity bus service is much more widely available than other common carrier modes. Data on the number of points served by intercity bus varies. According to the American Bus Association, the total regular-route bus industry serves about 4,274 points, including flagstops (14). A count of the number of points

listed in *Russell's Guide* results in an estimate of about 5,500 points with intercity bus service. Greyhound, as the largest national carrier, serves about 2,600 locations (1,800 sales points) (15), and the rest are served by other carriers. This compares favorably with 655 certificated airports (i.e., airports serving scheduled air-carrier operations with aircraft seating more than 30 passengers[1999 data]) (16) and with a total of 515 Amtrak stations (17).

Although intercity bus service is provided to at least 4,274 points, this network represents a substantial reduction compared with the 15,000 places served by bus prior to deregulation through BRRA. In addition to the reduction in coverage, there has also been a reduction in frequencies on remaining rural routes although this is not easily quantified.

### Competition and Coordination

Although the intercity industry competes with other intercity travel modes such as the private automobile, discount airlines, and Amtrak, coordination among the modes can improve the services of each and increase options for travelers. Intermodal or multimodal terminals facilitate such coordination, and increasing interest in recent years in developing intermodal terminals has resulted in increased coordination. Federal funding programs have included consideration and

**TABLE 1 Comparison of intercity modal passenger characteristics\***

	Intercity Bus	Train	Commercial Airplane	Personal-Use Vehicle**	Charter or Tour Bus
Median age of passengers	36	40	41	38	46
Age distribution:					
Percent younger than 25	27.2%	27.4%	14.6%	26.9%	31.5%
Percent 25–44	32.3%	30.0%	45.0%	36.0%	17.1%
Percent 45–64	16.7%	29.0%	32.1%	28.0%	20.4%
Percent 65 and older	23.8%	13.6%	8.3%	9.1%	31.0%
	100.0%	100.0%	100.0%	100.0%	100.0%
Percent female	58.2%	53.3%	42.7%	45.1%	46.0%
Employment: percent 16 and older working full-time	41.0%	55.9%	74.3%	62.2%	30.4%
Percent Non-White or Hispanic	52.1%	32.0%	13.8%	14.7%	24.7%
Percent in households with income less than \$25,000	54.2%	19.2%	9.7%	16.2%	33.1%
Percent in households with no vehicle	30.2%	22.0%	13.6%	9.9%	19.6%

\*Compiled by KFH Group from data in the *1995 American Travel Survey Profile*, U.S. DOT, BTS (October 1997); Table 9, p.15; all data for trips longer than 100 miles.

\*\*Personal use—vehicle trip is defined as “any trip in which the principal means of transportation was car, pickup truck, or van; other truck; rental car, truck or van; recreational vehicle or motor home; or motorcycle or moped” (*1995 American Travel Survey Profile*, p. 10)

**TABLE 2 Comparison of intercity modal trip characteristics**

	Intercity Bus	Train	Commercial Airplane	Personal-Use Vehicle**	Charter or Tour Bus
Round-Trip Distance:					
Mean (miles)	795	823	2,168	555	649
Median (miles)	491	440	1,732	368	438
Trip Purpose:					
Business	8.8%	26.9%	43.0%	18.6%	9.0%
Visit Friends or Relatives	56.4%	40.1%	26.9%	34.8%	8.4%
Leisure	21.3%	18.9%	20.3%	31.2%	64.9%
Personal Business	13.5%	14.1%	9.9%	15.3%	17.6%
TOTAL***	100.0%	100.0%	100.0%	99.9%	99.9%

\*Compiled by KFH Group from data in the *1995 American Travel Survey Profile*, U.S.DOT, BTS (October 1997); Table 5, p. 13; all data for trips longer than 100 miles.

\*\*Personal use—vehicle trip is defined as “any trip in which the principal means of transportation was car, pickup truck, or van; other truck; rental car, truck or van; recreational vehicle or motor home; or motorcycle or moped” (*1995 American Travel Survey Profile*, p. 10)

\*\*\*Percentages may not sum to 100 percent because of rounding.

specific funding for such intermodal terminals through programs such as the Surface Transportation Program (STP) and through FTA capital funding for both rural and urban areas.

The condition and location of intercity bus terminals have been significant issues for improving intercity services. Poor terminals, often isolated from other transportation modes, in poor locations discourage potential passengers and limit coordination. Improvements to terminals can lead to ridership growth, and the development of intermodal terminals supports coordination and the role of intercity bus service as a feeder mode.

### Energy Efficiency

Intercity bus service is the most energy efficient passenger transportation mode. In 1998, it was over twice as efficient as Amtrak service, three times as efficient as automobiles, and four times as efficient as mass transit and commercial aviation. The overall energy intensity of the intercity bus mode, which is measured in BTUs (British thermal units) per passenger-mile, is 713, compared with 2,441 for intercity passenger rail (Amtrak); 3,999 for certified air carriers; and 4,238 for public transit buses. Automobiles experience 3,671 BTUs per passenger-mile. This particular measure, BTU per passenger-mile, provides a common measure among modes that use different fuels and that experience different load factors (18).

### Role in Rural Areas

In 1989, Greyhound Lines performed an internal study as part of the evaluation of the Rural Connection Program (discussed earlier in the chapter) to begin to quantify the amount of traffic that originated in or was destined to rural areas. Six

months of revenue sales data were examined, with both the origin and destination classified as either urban or rural using U.S. Census definitions (which define “rural” in a narrow sense) (19). For the 6-month period (May through October 1989) examined, 16.3 percent of passengers had a rural origin and 22.8 percent had a rural destination. Urban-to-rural travel composed 16 percent of ridership, rural-to-urban travel was 9.5 percent, rural-to-rural travel provided 6.8 percent, and urban-to-urban travel was 67.7 percent. Thus, approximately one-third of overall Greyhound regular-route ridership during the period had at least one trip end in a rural area. At that time, 62 percent of Greyhound agencies were in urban areas with the remaining 38 percent in rural areas. No similar analysis has been performed since that time, but it is likely that the general pattern holds today.

### Intercity Bus Service Coverage—Rural Gaps

A study performed for U.S.DOT assessed access to intercity transportation (air, rail passenger, and intercity bus service) using national population data and a geographic information system (GIS) (20). The database used in the analysis included 11,789 intercity bus stops (21). The analysis found that 95 percent of the U.S. population live within a reasonable access distance to some form of intercity public transportation service. Of the 5 percent of the population that is not within a reasonable access distance to some form of intercity public transportation, nearly three-fourths live in or near places with populations of 5,000 to 25,000. The study found that the people living in these communities have lower incomes, are less likely to have a college education, and are more likely to be white and over 65 years of age.

A more detailed analysis of modal access addressed those places that are more likely to lack access by focusing on

census-defined places of 2,500 to 50,000 persons. Although the study addressed all intercity modes, intercity bus services provided the greatest coverage, serving 73 percent of the qualifying census places (3,551 places with populations between 2,500 and 50,000 with intercity service of some type), compared with 69 percent for air and 36 percent for rail passenger services.

These findings suggest that intercity bus service is more widespread in rural areas, but that there are rural and small urban places that do not have adequate intercity access. If the number of points served has declined since this analysis, it is likely that there are many more rural communities that are lacking access to the intercity transportation network—hence, the need for assistance for rural services.

### **Bus Package Express**

Another aspect of intercity bus service that has been important to rural areas is bus package express. Although competition from United Parcel Service of America (UPS), Federal Express, and other courier services has grown, shipment by intercity bus continues to offer a cost-effective overnight alternative in many areas. Packages with dimensions greater than those accepted by the courier companies (for example, certain autoparts), biological products (which includes a range of products from blood to cut flowers), legal documents, and newspapers are among the products for which bus shipment may offer advantages. Typically, bus package express does not offer pickup and delivery although many stations in urban areas offer it through local contractors at an additional cost. Following the strike and service disruptions of the early 1990s much of the package express business shifted to other modes. Estimated bus package express revenue has declined from a high of \$259 million in 1981 to \$124 million in 1999 (22).

## **GOVERNMENT REGULATION**

### **Federal Regulation**

As previously described, BRRRA substantially eliminated the federal controls over bus fares and the ability of bus companies to begin or end service on any particular route. In addition, BRRRA preempted state regulations in these areas. Subsequent legislation has eliminated the last vestiges of state regulation of fares and services on intrastate service; however, intercity bus operators are still regulated with regard to various issues at both the federal and state level.

At the federal level, U.S.DOT's Federal Motor Carrier Safety Administration (FMCSA) oversees safety and financial responsibility of intercity carriers that provide interstate service. Carriers must register with this administration to obtain authority to carry passengers in interstate service. They must maintain an adequate safety record and provide evidence of financial responsibility, typically by providing evi-

dence of insurance levels that meet federal requirements. Other federal regulations address driver qualifications, licensing, and hours of service and set standards for vehicles and equipment. Driver and vehicle safety-related recordkeeping requirements also are imposed. Carriers may be subject to both random and periodic inspections of vehicles and audits of records. U.S.DOT also administers regulations requiring buses to meet the standards of the U.S. Environmental Protection Agency (EPA) for noise and emissions.

Another U.S.DOT agency, the Surface Transportation Board (STB), regulates the remaining economic aspects of interstate intercity bus transportation, in particular overseeing activities such as mergers, pooling of schedules, or other activities that involve control of one bus company by another. STB also requires that carriers maintain through routes and supervises other aspects of agreements between carriers.

U.S.DOT also now requires that private bus operators meet requirements for accessible service to persons with disabilities under the Americans with Disabilities Act (ADA). Requirements differ based on the status of the entity (i.e., public or private), the type of vehicle, the size of the firm (if private), and the percentage of the firm's overall service that is scheduled (i.e., not charter or tour). Private OTRBs are now required to provide accessible service as described in the ADA Final Rule, which was issued September 24, 1998. Both private and public operators of other vehicle types (and public operators of OTRBs) were already covered by the ADA regulations in Code of Federal Regulations (CFR), Title 49, Parts 27, 37, and 38. In general, large firms (i.e., firms earning more than \$5.3 million in annual revenues) providing fixed-route, fixed-schedule services are required to purchase accessible OTRBs beginning in October 2000 with the goals of having 50 percent of their fleets accessible by 2006 and 100 percent by 2012. In the interim period (before 100-percent accessibility), carriers must provide accessible service on 48-h advance notice.

### **State Regulation**

Under federal law, states are preempted from regulating intercity bus fares, schedules, and routes. However, states can require carriers to register their vehicles, may impose fuel taxes and other taxes, and may require carriers to obtain authority to operate in a state and to provide notice of changes in services.

## **FEDERAL FUNDING ASSISTANCE**

Federal funding for intercity bus services was first introduced with ISTEA. The Section 18(i) program was a new subsection of the Section 18 program, intended for development and support of intercity bus transportation. The new program made each state responsible for implementing 18(i) as part of the Section 18 program, which provided assistance

for nonurbanized areas. Section 18(i) provided for a percentage of each state's formula apportionment of Section 18 funding, with the percentage increasing from an initial 5 percent in 1992, to 10 percent in 1993, and to 15 percent in 1994 and thereafter. The percentage requirement applied unless the state's governor certified each year that the intercity bus needs of the state were being adequately met.

Framers of the legislation had determined that intercity bus needs were primarily rural in nature, thus its "home" in the Section 18 program. The promise of "new money" for intercity bus was to be met with increased authorizations for the Section 18 program that were contained in ISTEA. However, initial and later appropriations under ISTEA did not meet authorized levels, and many in the rural transportation field have continued to regard the Section 18(i) program as a competitor for rural public transit funding even as overall rural funding levels have risen under TEA-21.

Following the passage of TEA-21 in 1998, the Section 18(i) program was codified as Section 5311(f). Funding provisions of Section 18(i) have been continued in TEA-21, that is, 15 percent of the Section 5311 funds are to be provided for intercity bus transportation unless the state's governor certifies, annually, that the state's intercity bus needs are adequately met. FTA accepts "partial" certification cases in which states wish to spend some, but not all, of the 15-percent share for rural intercity bus projects.

Eligible uses for the 5311(f) funds have been expanded somewhat since 18(i) and now include the following:

- Planning and marketing for intercity bus services;
- Capital grants for intercity bus shelters or terminals, vehicles or equipment (including accessibility equipment);

- Operating assistance for intercity services operated by public or private entities; and
- Rural feeder services to intercity services.

The FTA guidelines include a great deal of flexibility in the eligible uses if other program requirements are met.

#### **CONTINUING ROLE OF INTERCITY BUS SERVICE**

Despite publicity about decline, regular-route ridership on the Class I intercity carriers alone has risen to more than 42 million boardings on regular-route service per year, meaning there is demand for the service at market prices. With additional cooperation among intercity bus carriers and a focus on the basic needs of the market, there has recently been an increase in ridership, as is seen in Greyhound's multiyear increases in boardings, passenger miles, and revenues since 1994. In addition, some regional carriers have also experienced growth in ridership. Much of this increase took place during a period in which gasoline prices were stable and discount airlines were growing—both factors that have had a negative impact on bus ridership in the past.

The intercity bus industry is becoming interested in and is seeing the advantage of links among its own carriers and links with Amtrak and regional rail services, with rural feeders, and with local urban transit. As the only general public mode linking most rural and urban areas, intercity bus is a logical and important link in the surface transportation network. Assistance through federal, state, and local programs can help ensure its continuing role in this network.

## CHAPTER 3

# FUNDING SOURCES FOR RURAL INTERCITY BUS SERVICES

### INTRODUCTION

Funding for capital, operations, and planning expenses for rural intercity bus service is provided through federal, state, and local sources. Private funding is also provided through both private nonprofit organizations involved with intercity bus transportation as well as private intercity bus carriers that operate such service. These various funding sources are presented and described in this chapter, providing an overview of the types of funding programs available to support intercity bus transportation.

At the federal level, the sources of funding available to support intercity bus services include the Nonurbanized Area Formula Grant Program (commonly known as the Section 5311 program); “flexible funds” through STP and Congestion Mitigation and Air Quality (CMAQ) improvement funding; TEA-21’s new Rural Transportation Accessibility Incentive Program; and other federal funding programs. There is greater diversity of funding sources at the state and local levels. Private funds are also a significant source, particularly through private carriers that support services via direct subsidy for operations or indirectly via marketing efforts or other support services.

Public funding sources for rural intercity bus services are presented within the three categories of federal, state, and local funds with descriptions of program objectives, eligibility, and other relevant information. Funding sources presented include those typically available and used for rural intercity bus projects, as well as others that are less widely used. Private funds are then described. Although this chapter focuses on those funding sources used more commonly to fund intercity projects such as the federal Section 5311 program, it also builds on information obtained through the project’s survey efforts in which state program managers and, in selected cases, local project sponsors identified the various funding sources being used to support their rural intercity bus projects.

### FEDERAL FUNDS

#### Section 5311—FTA Nonurbanized Area Formula Program

FTA’s Section 5311 program is a formula allocation program for small urban and rural areas with populations less

than 50,000; the program allocates funding to each state’s governor for distribution to local applicants. The funding provided to each state is based on the nonurbanized population. Section 5311(f) funds are used in a majority of states to support rural intercity services.

Program funds can be used for capital, operating, planning, and administrative assistance to state agencies, local public bodies, nonprofit organizations, and operators of public transportation services. Fifteen percent of the annual apportionment must be used to support intercity bus service through the Section 5311(f) component of the program unless the governor of the state certifies that all rural intercity needs are met (23). Under this program, intercity bus service is defined as regularly scheduled bus service for the general public that operates with limited stops over fixed routes connecting two or more urban areas not in proximity, has the capacity to carry passenger baggage, and makes meaningful connections with scheduled intercity bus service to points outside the service area. Feeder services to intercity bus services are also eligible. Commuter service is excluded. The Section 5311(f) program is implemented by each state as part of its overall Section 5311 program management activities.

For both Section 5311 and Section 5311(f) capital funds, the maximum federal share is 80 percent of the net cost, and for operating assistance, 50 percent of the net cost. Net cost or operating expenses are those expenses that remain after operating revenues, which at a minimum include farebox revenues, and are subtracted from eligible operating expenses. State administration, planning, and technical assistance in support of intercity bus service are eligible at 100-percent federal share if applied against the 15-percent cap on state administration expenses. The amount of Section 5311 funds used for planning of intercity bus service is not limited by the 15-percent cap; however, the federal share of any planning assistance for intercity bus not included in the 15 percent allowed for state administration is limited to 80 percent of the planning cost.

For projects that may have both a rural and an urban component (e.g., a bus terminal that is in an urbanized area, but is served by rural routes), recipients can use Section 5311(f) funds as a portion of the overall project funding. The funds’ use for capital projects in urbanized areas is limited to those aspects of the project that can be clearly identified as a direct benefit to services to and from nonurbanized areas. Such

projects have to be included in both the metropolitan Transportation Improvement Program (TIP) and the State Transportation Improvement Program (STIP).

With regard to eligible recipients, for the Section 5311(f) program only, FTA allows states to pass funds directly to private intercity bus carriers as subrecipients if the carriers are willing to accept the federal terms and conditions. Carriers may decide not to be recipients directly and may prefer to be third-party contractors to a subrecipient (which may be the state, a local public entity, or a nonprofit organization). As a third-party contractor, a carrier is able to isolate its other (nonassisted) operations from the requirements associated with a federal or a state grant, or both.

A recent “Dear State Transportation Colleague” letter from the FTA Administrator further encourages states to use this funding to support rural intercity bus services that are potentially threatened as a result of the impact of terrorist events on the intercity bus industry (24).

### **Section 5309—FTA Capital Investment Program**

FTA’s Section 5309 program provides capital funding to eligible applicants, including transit authorities and other state and local public bodies and agencies, through three categories:

1. Bus and bus-related facilities,
2. Modernization of fixed-guideway systems, and
3. Construction of new fixed-guideway systems and extensions.

Typical projects in the bus capital category include facilities—maintenance facilities, garages, storage areas, waiting facilities and terminals, transit malls and centers, transfer facilities, and intermodal facilities—as well as buses and related equipment. Funding for Section 5309’s bus capital category was formerly a discretionary program, but now is Congressionally designated.

Capital Investment Program funds are expected to be used for significant equipment or facilities. This program also permits funding of the “capital cost of contracting,” which includes the depreciation and interest costs related to facilities or equipment used by a contractor to provide service. Leasing costs are also eligible if leasing can be shown to be more cost-effective than purchase or construction. Eligible leasing costs include finance charges, including interest. FTA has included special emphasis areas in this program, targeting resources to projects addressing specific emphasis areas—for example, the Livable Communities Initiative was an emphasis area in recent years.

Although the Section 5309 program is not as prevalent a funding source for intercity bus as is Section 5311(f), it is used to support capital acquisition for intercity bus projects. For example, a nonprofit agency in Minot, North Dakota, which operates an intercity route and also sponsors three other routes operated by a small family-run private carrier,

has received Section 5309 funds to purchase vehicles for its intercity services. The federal program provided 80 percent of the total cost of the vehicles used by the private carrier, with the remaining 20 percent provided by the private carrier. This carrier also receives an operating subsidy through the Section 5311(f) program.

### **STP and CMAQ Programs—Flexible Funding**

STP uses the Highway Trust Fund to provide federal assistance for a variety of transportation programs, including highway construction and rehabilitation. CMAQ funding is intended to address air quality and congestion problems through a variety of eligible projects. With TEA-21, federal funds under the STP and CMAQ Programs can be used for either highway or transit projects as determined through the state-approved transportation planning process. Of importance for rural projects, this flexibility extends to the Section 5311 program so that STP and CMAQ funds may be used to supplement the Section 5311 program for transit in non-urbanized areas. STP funds used for transit purposes can only fund capital projects, such as transit capital projects and public bus terminals and facilities, including privately owned intercity bus terminals and facilities.

The CMAQ program provides flexible funding to states and local government for transportation projects that improve air quality; funding is available for capital or operating expenses of start-up or demonstration projects for up to 3 years. Funding is available to areas that do not meet the National Ambient Air Quality Standards (called “nonattainment areas”), as well as areas which had formerly been nonattainment areas, but are now in compliance (called “maintenance areas”). For those states without any nonattainment or maintenance areas, CMAQ funds can be used in any area of the state as long as the program is consistent with clean air objectives. New types of projects are also authorized with TEA-21’s CMAQ Program; funding is available for projects cooperatively implemented by the public and private, including nonprofit sectors. The legislation allows private and nonprofit entities to own and operate land, vehicles, and facilities with CMAQ funds.

State support for “flexing” federal STP and CMAQ funds varies greatly across the country—some states are more willing to use these “highway” funds for transit than are other states. Some states have successfully use “flexed” funds to support their intercity bus operations. The State of New Hampshire, for example, has used CMAQ funding to construct intercity terminal facilities and park-and-ride lots serving intercity buses in New Hampshire. Although such facilities and park-and-ride lots are located primarily in urban areas and serve predominately a commuter market, they are significant in helping link more rural areas and supporting intercity service from those rural areas and communities.

Changes to federal funding with TEA-21 have expanded the eligibility of STP so that funding is more available for intercity bus terminals. As a result of these changes, the FTA

Administrator has provided guidance to grantees that provides for more flexibility to include and fund the intercity portions of intermodal terminals. Specifically, funding has been expanded to include “vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus.” Previously, only publicly owned terminals were eligible. National Highway System (NHS) funds can now be used for privately owned intracity or intercity bus terminals (25).

As a result, an intermodal terminal constructed with FTA funding could include intercity facilities paid for with STP funds, and, in that situation, the intercity portion could be leased to intercity carriers without any rental payment. Although the FTA is not normally the agency that grants STP funds in an urbanized area, it will allow FHWA to transfer STP funds for intercity bus facilities to FTA when such facilities are part of an FTA-funded intermodal terminal, allowing for a single grant administered by FTA.

In addition, intermodal terminals that are funded using FTA funds only (and not STP funds) are affected by changes in FTA policy announced in the same program guidance letter referred to in Reference 25. When FTA assistance is used to construct an intermodal terminal, the intercity operations are treated as an incidental use, and the intercity operator must pay rent to the FTA grantee. In the past, this arrangement often was a barrier to intercity carrier participation because carriers felt that requested rent levels were well above the amounts they could afford or would have paid for facilities that they would have constructed. However, FTA has announced that grantees can charge rents that are nominal (such as \$1 per year) to intercity carriers. If they wish, the grantees can charge more, up to “fair market rents.” FTA further defines “fair market rents” as amounts consistent with rents normally paid by intercity carriers for terminal space and states that these amounts should be reasonable, “given alternative locations for intercity terminals” (25).

Guidance from FTA goes on to state that private carriers should not receive an unfair advantage and, therefore, that grantees should use a competitive process to select the carriers that will benefit from below-market rents or construction assistance. Once the carriers are selected, however, FTA will waive its normal 5-year limit on the life of revenue contracts, permitting long-term agreements that should facilitate construction of facilities and stability in the provision of services.

These are significant changes in federal funding policies regarding intermodal terminals, and they should be used to facilitate the inclusion of intercity bus services in FTA-sponsored intermodal terminals.

### **Rural Transportation Accessibility Incentive Program**

The Rural Transportation Accessibility Incentive Program, which is new with TEA-21, provides limited funding for private operators of OTRBs to pay for the incremental capital

and training costs of complying with the federal government’s ADA accessibility rules for privately operated OTRBs. The federal share, initially set at 50 percent, was increased in FY 2000 to 90 percent for intercity carriers. In FY 2001, this increased share became available for all operators of OTRBs, including tour and charter companies.

Available funding is awarded by FTA directly to operators of OTRBs. A competitive grant selection process may be used for intercity fixed-route OTRB service and other OTRB service such as local fixed-route, commuter, charter, and tour. Terms and conditions of the program are the same as those applied to Section 5311(f).

Although the total amount of funding available through this program is relatively small, it can be used to complement or supplement other assistance—for example, in New York, the New York DOT has assisted carriers in obtaining funding through this program by developing a model application, conducting extensive GIS analysis to assess ridership needs, and providing match funding.

### **Community Services Block Grant**

The Community Services Block Grant (CSBG) Program is administered through the U.S. Department of Health and Human Services, with funding provided to states and American Indian tribes for a broad range of social services for low-income persons. Transportation services are commonly provided by many local programs using these funds.

Although not a significant source of federal funding assistance, CSBG funds have been used in some localities to support intercity bus projects. This project’s research efforts identified a community action agency in Malvern, Arkansas, that used CSBG funds as the local match for the agency’s operation of an intercity route in an economically depressed area of south-central Arkansas.

### **FTA Liveable Communities Grant**

The Liveable Communities Initiative is an effort by FTA to support locally driven efforts to enhance the “liveability” of communities. Its objective is to provide local communities with tools, information, and resources that they can use to enhance residents’ quality of life, to ensure their community’s economic competitiveness, and to build a strong sense of community. This initiative is not a specific federal program with earmarked funds, but rather a policy effort to support localities in their efforts to create more liveable communities. This effort has pulled together extensive information on federal funding programs and resources that localities can use in their own local quest to build a better quality of life for their residents.

One of the intercity bus projects identified through this study is an innovative project in Cedar Rapids, Iowa, in which an intermodal transportation facility with excess capacity

was redesigned to incorporate a small primary school. Local contacts for this project indicated that they used an FTA live-able communities grant to help finance the project.

### **Job Access and Reverse Commute Program**

Funding for the Job Access and Reverse Commute Program comes from an FTA program that is new with the TEA-21 legislation and is part of the federal government's welfare reform effort, which is often referred to as "welfare-to-work." The objectives of this new program are (1) to develop transportation services to transport welfare recipients and low-income individuals to and from jobs and (2) to develop transportation services for residents of urban centers and rural and suburban areas to use to travel to suburban employment opportunities.

Eventually, up to \$150 million per year is authorized, with 20 percent of the funds targeted to small urban areas (i.e., areas with populations of 50,000 to 200,000); 20 percent to rural areas; and the remaining 60 percent to larger urban areas. Also, up to \$10 million of the funds can annually be used for reverse-commute projects. Non-DOT funds from other federal programs can be used to pay for the local match, which is set at 50 percent. Funds under this new program can be used for capital and operating costs of equipment and facilities as well as for related capital maintenance items, promoting transit use by workers with nontraditional work schedules, promoting use of transit vouchers, and promoting use of employer-provided transportation and transit pass benefits. It should be noted that this funding source is specifically intended to serve the work trip, in contrast to the Section 5311(f) program, which specifically excludes commuter services as ineligible.

The grants are awarded on a competitive basis "to qualified entities chosen by the appropriate metropolitan planning organization" although \$50 million of the \$75 million for FY 2000 has been earmarked by Congress for specific areas. Agencies awarded funds do not have to be transit agencies, but must coordinate their activities with transit providers. The State of Nevada, for example, has used Job Access Program funding for intercity service. Based on a plan for improving intercity services, the state is implementing new rural intercity bus routes with FTA's Job Access Program funds as part of the funding mix.

### **Transportation Enhancement Program**

The Transportation Enhancement Program, which is new with ISTEA, is administered by FHWA and uses a 10-percent set-aside from STP funds. TEA-21 has expanded the types of projects eligible for Transportation Enhancement Program funding, but all projects must relate to surface transportation. There are now 12 eligible activities, including historic preservation, rehabilitation, and operation of historic transportation

buildings (including historic railroad facilities and canals); landscaping and other scenic beautification; pedestrian access; and bicycle access. State managers of the Transportation Enhancement Program may include additional requirements for the funding within their states.

Some localities have used this federal program to fund the restoration of historic transportation structures for reuse. Although railroad stations have been the primary focus of previous efforts, there is increasing recognition of the architectural and community heritage found in intercity bus stations. Thus, the funding is available for capital needs related to restoration of historic transportation facilities, which may include an intercity bus component.

### **U.S. Department of Agriculture's Rural Passenger Transportation Technical Assistance Program**

The U.S. Department of Agriculture's (USDA's) Rural Passenger Transportation Technical Assistance Program, administered by CTAA, is designed to assist rural communities with enhancing economic growth and development by improving community transportation services. The program provides planning assistance for facility development, transit service improvements and expansion, new system start-up, policy and procedure development, marketing, transportation coordination, training, and public transit problem-solving activities. To qualify for assistance, a project must be located in a rural area with a population of less than 50,000. Requests for technical assistance can be submitted by private for-profit or nonprofit organizations. Public entities are not eligible recipients, and the project must benefit new or existing small and emerging businesses.

### **USDA's Community Development Fund Program**

USDA's Community Development Fund (CDF) Program, also administered by CTAA, provides low-interest loans of up to \$150,000 to improve or expand transit programs in rural areas. Private carriers, nonprofits, public agencies, and community organizations are eligible. Loans may be used to acquire vehicles and provide operating expenses; to purchase land for transit facilities; to finance terminals, transit offices, or maintenance facilities; to acquire communications equipment; or to start-up innovative entrepreneurial projects such as owner-operator systems.

### **FHWA's Transportation and Community System Preservation Program**

FHWA's Transportation and Community System Preservation (TCSP) Program provides funds for planning and implementation grants, technical assistance, and research to address

the relationships among transportation, community and system preservation, and private-sector initiatives. Funding is available for activities that improve the efficiency of the transportation system, reduce the environmental impacts of transportation, reduce the need for costly future public infrastructure investments, and examine development patterns to identify strategies to encourage compatible private-sector development. States, local governments, metropolitan planning organizations, and tribal governments are eligible to apply for grant funds under this program. The federal share is 100 percent, but selection priority is given to projects with local match, and project selection is competitive.

In FY 2000, 84 grants were awarded totaling \$31.1 million. A number of these grants were provided for intermodal facilities served by intercity buses—for example, in Mobile, Alabama, the former Gulf, Mobile, and Ohio Railroad station is being rebuilt as an intermodal facility/Amtrak station. In Raton, New Mexico, TCSP funding is being used to redevelop the rail depot as an intermodal center. For each year from FY 2001 to FY 2003, \$25 million has been authorized. Although this federal program is not a primary funding source for intercity bus projects, it represents a source that is potentially available for use in rural areas or in urban areas for facilities serving rural intercity services.

### **Medicaid**

Medicaid—Title XIX of the Social Security Act—is a federal-state matching program that provides payment for medical assistance for qualified low-income individuals and persons with disabilities. Under Medicaid, states are required to arrange transportation for eligible Medicaid recipients to and from medical care services. Each state determines how transportation costs are to be paid, how services are provided, and which transportation providers are eligible to provide transportation. In some states, more funding is provided for Medicaid transportation than is provided for public transportation. Medicaid is a key funding source for many rural systems. In this project's survey efforts, Medicaid funds have been reported as a source that contributed to local match funds needed to operate intercity routes provided by a nonprofit agency in rural Idaho.

### **Older Americans Act**

The Older Americans Act of 1965 is federal legislation providing for the organization and delivery of a range of social services for persons aged 60 and older. The legislation established the authorization for Area Agencies on Aging (AAAs), a national system of regional agencies with responsibility for the provision and coordination of services to seniors. Title III of the act provided for contracting for an array of services for seniors, which includes congregate meals, home-delivered nutrition, in-home services, and oth-

ers. Title 0111B is specifically oriented to support services, of which transportation services are an allowable expenditure category. The program provides funds on a formula basis through the states to AAAs to provide support services for the elderly, including the operation of multipurpose senior centers.

Spending priorities of any given AAA are developed locally and are usually determined by a public-input process that establishes these priorities on a multiyear basis. Funded nationally at the level of \$310.1 million (which was the FY 2000 appropriation), the proportion to be spent on transportation services will vary from one setting to the next depending upon how transportation ranks as a priority need in comparison with other areas.

As in the case of Medicaid, funding from the Older Americans Act has been used for part of agencies' local funding contribution to support intercity bus projects. For example, this research project identified an intercity service provided by a senior services agency that is part of a county in Washington State. The sponsoring agency uses funds obtained through the Older Americans Act for part of its local funding. The bulk of the funds for this project, however, are provided through a state program for rural mobility.

### **Community Development Block Grants**

Of the several programs sponsored by the Department of Housing and Urban Development (HUD) that can use funding for specified transportation projects, the Community Development Block Grants (CDBG) Program is the largest. CDBG monies are provided to local government agencies on the basis of a formula. The monies support a range of community and economic development activities, often to housing authorities and often for capital projects, to benefit low- and moderate-income persons; however, CDBG funds may also be used to support transit operations as transportation is considered a support service. Transportation projects, as others to be funded with CDBG monies, must be included in an approved proposal.

Table 3 summarizes the basic characteristics of the various federal funding programs that could be used for rural intercity bus services.

### **STATE FUNDS**

A number of states have their own programs for subsidizing intercity bus services. Some of these predate the Section 5311(f) program. The availability of state funds for intercity bus services generally allows such states more flexibility in funding projects than is possible with the federal Section 5311(f) program and also can provide a match for the federal program. Several of the state programs are described in the following paragraphs, providing examples of the types of programs that have been established at the state level.

**TABLE 3 Summary of potential federal funding sources for rural intercity projects**

<b>Funding Source</b>	<b>Agency</b>	<b>Summary Description</b>	<b>Eligible Recipients</b>	<b>Eligible Uses</b>	<b>Potential Rural Intercity Application</b>
<i>Section 5311 Nonurbanized Area Formula Transit Assistance Program (Section 5311[f] Rural Intercity Program)</i>	U.S.DOT, FTA	Formula allocation of funds to states for distribution to small urban and rural areas with populations less than 50,000	States, local political jurisdictions, private carriers (as sub-recipients)	Operating assistance, capital assistance, planning, and marketing	Rural intercity and feeder service: operating assistance, capital assistance, planning, and marketing
<i>Section 5309 Transit Capital Investment Program</i>	U.S.DOT, FTA	Congressionally designated capital funding for transit	Transit authorities, state and local public bodies	Capital for buses and bus-related facilities, modernization of fixed-guideway systems	Vehicle capital, terminals, maintenance facilities; most likely for vehicles and intermodal terminals
<i>Surface Transportation Program (STP), National Highway System—Flexible Funding</i>	U.S.DOT, FHWA, FTA	Capital funding for highways; can be used for transit capital projects including bus terminals and facilities	Transit authorities, state and local public bodies; private carriers can lease facilities for nominal rents	Capital for intercity passenger vehicles, terminals and other facilities	Intercity passenger vehicles, terminals and other facilities, both publicly and privately owned; most likely for intercity bus portion of intermodal terminals
<i>Congestion Mitigation and Air Quality Improvement Program</i>	U.S.DOT, FHWA, FTA	Capital and operating funds for projects that reduce congestion or improve air quality	Transit authorities, state and local public bodies; private carriers could be subrecipients	Operating assistance (3 years max.), vehicle capital, other transit-related projects	Vehicle capital; alternate-fuel vehicles, facilities, and equipment
<i>Rural Transportation Accessibility Incentive Program</i>	U.S.DOT, FTA	Funding for accessibility equipment and training for private operators of over-the-road buses (OTRBs)	Private operators of OTRBs, including fixed-route and charter and tour firms	Fund 50 percent of capital costs of lifts and related equipment, and related training costs	Fund portion of incremental costs of lifts on new OTRBs or retrofits on existing coaches; fund training costs for drivers, maintenance staff, and terminal staff on accessibility implementation; funding limited, states have provided local share, technical support to carrier applicants
<i>Community Services Block Grant</i>	U.S. Department of Health and Human Services (USDHHS)	Funding for a range of social services	States and Native-American tribes	Fund operating costs of transportation in support of social programs	Fund local share for operation of services in depressed areas
<i>Liveable Communities Initiative</i>	U.S.DOT, FTA	Funding and information for communities to enhance quality of life, economic base, and sense of community	Transit systems, local governments, community private nonprofit organizations	Capital, planning, and so forth for projects supporting goals of the initiative	Fund portions of intermodal terminals for use by community services or groups or support other joint-use efforts, provide amenities, and so forth.
<i>Job Access and Reverse-Commute Program</i>	U.S.DOT, FTA	Develop transportation services for employment trips by low-income workers and city-to-suburb work trips	Transit systems, local governments, community private nonprofit organizations, private carriers as contractors	Capital, operating costs of new work-related transit services; promote use of vouchers and employee benefit passes	Fund vehicles and operations of intercity-type services providing long-distance commuter services (peak-hour, peak-direction)
<i>Transportation Enhancement Program (part of STP)</i>	U.S.DOT, FHWA	12 categories of projects related to historic preservation, beautification, and pedestrian and bicycle access	States and subrecipients	Capital costs, provision of some planning, training, and educational activities	Capital for historic preservation of transportation facilities that potentially can be used as intermodal terminals (historic railroad stations); pedestrian and bicycle access to terminal facilities

*(continued on the next page)*

TABLE 3 (Continued)

Funding Source	Agency	Summary Description	Eligible Recipients	Eligible Uses	Potential Rural Intercity Application
<i>Rural Passenger Transportation Technical Assistance Program</i>	U.S. Department of Agriculture (USDA), administered by the Community Transportation Association of America (CTAA)	Planning and technical assistance for projects in rural areas enhancing economic development	Local public agencies, private nonprofit agencies, private for-profit organizations	Planning and technical assistance for transportation projects in rural areas	Planning studies for rural intercity and feeder services, service coordination, feasibility studies for intermodal facilities, and so forth
<i>Community Development Fund (CDF)</i>	USDA, administered by CTAA	Low-interest loans for improvements of transit programs in rural areas	Local public agencies, private nonprofit agencies, private for-profit organizations	Low-interest loans of up to \$150,000 for vehicle purchase, operations, land or facilities, and start-up costs	Provide funding for land for intermodal and intercity facilities, local share, vehicles, and communication equipment
<i>Transportation and Community System Preservation Program</i>	U.S.DOT, FHWA	Fund activities that address relationships among transportation, preservation, and the private sector	States, local governments, metropolitan planning organizations, and tribal governments	Planning and capital for activities that improve efficiency, reduce environmental impacts, and affect development	Provide planning and capital for intermodal facilities served by intercity buses, particularly historic railroad stations
<i>Medicaid—Title XIX of the Social Security Act</i>	U.S.DHHS	Provide funds to low-income persons for medical services and for transportation to reach such services	States, who can provide transportation funding in various ways	Operating costs of transportation for medical services for eligible individuals	Contribute to local match for rural intercity routes, purchase trips for Medicaid recipients on intercity services
<i>Older Americans Act—Title III B</i>	U.S.DHHS	Transportation for persons 60 and older to reach support services, including nutrition	States, Area Agencies on Aging, private nonprofit subrecipients	Transportation services for eligible persons	Contribute to local match for rural intercity routes
<i>Community Development Block Grants</i>	U.S. Department of Housing and Urban Development	Funding for community and economic development	Local governments, housing authorities, and economic development authorities	Transportation services as a support service to community development projects	Capital for portions of intermodal terminals in economic redevelopment areas

The State of New York has been providing operating assistance to intercity bus carriers since the 1970s when the state established its Intercity Bus Program. This program uses funds from New York's Statewide Transportation Operating Assistance (STOA) Program, which is funded through state general funds and dedicated taxes. The Intercity Bus Program is administered through annual contracts between the New York DOT and bus carriers. The contracts identify specific routes to be served and frequency of service, with funding provided through a passenger- and vehicle-mile formula.

Washington is another state that provides state funding to subsidize intercity bus services, through its Rural Mobility Grant Program. This program was set up by the Washington state legislature in 1993 to establish, preserve, and improve rural public transportation, with one of the specific goals being to provide operating support for services in identified deficient intercity public transportation corridors. Funding for the program is provided on a biennium basis with eligi-

ble recipients being public transit agencies, tribal organizations, not-for-profits, local public bodies (such as cities and counties), and private for-profit providers. Grants are provided on a competitive basis for planning; vehicle and equipment purchases; construction; and operating assistance, including purchased services. This state program, unlike the federal Section 5311(f) program, has no match requirement although applicants showing a voluntary cost-sharing arrangement with local funds receive higher consideration.

As another example, the State of Michigan has a statewide program for intercity bus services, which was established in the late 1970s as rural service losses became evident. Michigan provides operating assistance for intercity bus service that would otherwise be abandoned, for reinstatement of discontinued service in corridors without intercity bus transportation, and for new service deemed necessary by the Michigan DOT. The state also provides capital assistance with purchase of vehicles for intercity bus service in rural portions of the

state. The state conducts a competitive bid process to select a carrier to provide intercity bus service for selected corridors in which service is needed, but not profitable. Unlike the federal Section 5311(f) program, Michigan's program can fund the services at 100 percent of the operating deficit.

Pennsylvania has supported rural intercity operations with state funds for a number of years and now combines the state funding with Section 5311(f) funding in its program to maintain a statewide network of services. In Massachusetts, the state has a program to purchase buses and lease them to private carriers at below-market interest rates in order to maintain services (primarily commuter services) from smaller cities into Boston.

## LOCAL FUNDS

There is considerable diversity of local funds being used by intercity program sponsors to support intercity bus services. Some of these local funds are generated at the local level, and others come from different sources but are made available to localities to support transportation and other efforts. This research project identified a number of such funding sources through the project's survey, but there are many others.

A number of the intercity projects identified through this study use local funds of some sort to help support intercity bus projects—for example, one of the projects in Maine serves several communities along a coastal route in the southern part of the state. Each of three communities served contributes local funds to help meet the match requirements for the Section 5311(f) program. A fourth community along the route reportedly does not contribute toward operating costs, and this has created some resentment. When a route traverses a number of local communities, it may be difficult to obtain the participation of all jurisdictions served to effectively design an equitable cost formula, and it may be even more difficult for the jurisdictions to agree to a single formula.

### Local Transit Taxes

Many localities across the country have specific taxes levied at the municipal or county level or available at the local level through state taxes that may be dedicated to or available for transit. An intercity bus project in a small city in Iowa uses funding it receives through a local city tax to support its local match for intercity service. This city levies an ad valorem property tax that is dedicated to public transit.

### Specialized Funds Available to Localities

In some cases, sponsors of intercity bus projects use specialized funds to support their projects—for example, one of the projects identified in this study, located in southwestern Washington State, has used specialized funding obtained

through a state grant to assist displaced timber workers. The sponsoring agency—a not-for-profit providing various social and community services—had its origins in assisting its economically depressed region after the decline in the local timber industry. Transportation emerged as a specific need, and the agency implemented services to transport the residents to needed services, including job retraining.

As another example, one of the intercity projects in California uses Department of Motor Vehicles (DMV) license fees. These are a share of the fees levied by the state DMV for vehicle registration, which are available to localities for projects that improve air quality.

Given the breadth of intercity bus projects across the country, it is likely that there are other such specialized fund sources being used to support projects. When local agencies are determined to provide intercity services, they may be more apt to search for potential funding sources and use creativity in weaving together funding sources to support their intercity bus programs.

## American Indian Nation Funds

Funding from Indian Nations is another source of match funds for local agencies. A project identified in northwestern Washington receives some of its local funding from an Indian Nation that is served by one of the agency's intercity routes and generates about one-third of the ridership, according to passenger surveys.

## PRIVATE FUNDS

### Funds from Private Carriers

In many cases in which the operator is a private carrier, the local match funds for Section 5311(f) projects are provided by the private carrier. In California, for example, several of the projects identified involve marginal Greyhound routes that receive Section 5311(f) funds through the California DOT (i.e., Caltrans). The federal funds provide one-half of the net operating cost, and Greyhound provides the other half.

As another example, Jefferson Lines, a private carrier based in Minneapolis, is conducting a marketing study in central and southern Minnesota to build on emerging ridership demand from an aging population in that region of the state. The study is 80-percent funded with Section 5311(f) funds and 20 percent from Jefferson Lines.

### Commission Sales

Where local entities function as the commission agent for Greyhound, revenues generated by the commissions are an important source of local funds. As a commission agent, the local entity earns a specified percentage commission on ticket sales. Depending on the percentage and volume of sales, such

commissions can be significant, and local entities can use the funds as local match funds to provide intercity services. Local entities identified as commission agents include both private nonprofit and public agencies.

### Freight Charges

Some states or projects allow the local agency or operator to keep any funds earned from freight transport. Where federal Section 5311(f) funds are used, this means that any earnings from freight do not have to be deducted from operating costs to compute net costs, which gives the operator a small amount of funds to use as local match or otherwise to defray operating costs. Freight transport—generally referred to as “package express” in the intercity bus industry—was an important source of revenue for private carriers some years ago although with competition from other providers such as Federal Express and UPS, package express and resulting income are less significant now.

### Funds from Other Private Sources

Various other private funds are used as part of local match funds for intercity bus projects—for example, the services provided by a private, nonprofit agency in northwestern Kansas has coordinated with a major medical center in a nearby town that provides funding for the project. This medical facility, in fact, spurred implementation of the intercity service. The medical center had wanted to expand its reach to a larger geographic area and considered transportation provision to be a means to such an expansion. Once the nearby nonprofit agency learned of the medical center’s plan, the agency—which already provided transportation to its clientele—approached the medical center and suggested that it could access federal Section 5311(f) funds to start up intercity routes to improve access to the medical facility. The resulting intercity service is now a cooperative endeavor between the nonprofit and the medical center, with the nonprofit agency operating the route and the medical center contributing toward the local share.

### SUMMARY

For most states that provide subsidy funds for intercity bus projects, the most important funding source is the federal Section 5311(f) program. This funding is available to all states, with a mandate to allocate a percentage to intercity services unless the state certifies that all intercity needs are met.

A number of states have their own funding programs for intercity bus services, and, for these states, the state funding program may be a more important source than the federal Section 5311(f) program. In such cases, the state program may provide more flexibility to state managers to subsidize needed services without mandated match requirements.

Other federal funding resources for intercity bus projects include flexible funds from the STP and CMAQ programs, in which funds traditionally considered highway money can be transferred to transit projects, including those involving intercity bus service. It is likely that these funds are considered primarily for projects in urbanized areas (projects such as terminals); therefore, the role they play in rural areas may be less significant.

In addition, there are a number of federal funding programs—less significant than the Section 5311(f) program but nonetheless important—that have been used to help fund intercity bus projects, including the Section 5309–Capital Investment Program, the Rural Transportation Accessibility Incentive Program, the Department of Health and Human Services’ CSBG, and other programs discussed in this chapter.

At the state level, a number of states have their own programs for subsidizing rural intercity bus projects. These programs provide their states with funding either for matching the federal Section 5311(f) program or as an alternative, typically without some of the federal requirements that may be restrictive.

In terms of local funding, a variety of sources have been identified through this research project; the most commonly used sources include private carrier funds and local funds of some sort, such as general funds from localities or funds from a private nonprofit. The study’s survey also found a number of examples of other private funding sources, such as a medical facility that is served by the rural intercity routes. There were a few specialized funding sources identified as well, such as the funding used by a locality in Washington State, which came from a program to assist displaced timber workers and their families.

It is likely that other types of local funds are being used for rural intercity bus projects across the country. Given the structure of the Section 5311(f) program, it is necessary for project sponsors to find resources to cover the portion not funded by the federal program. Through the project survey, several localities indicated that ticket sales are used as part of local funds for their projects. According to federal regulations, however, farebox (i.e., ticket) revenues are not to be applied as local match for the Section 5311 or Section 5311(f) program, but are instead considered operating revenue to be deducted from operating expense in the calculation of the net operating expense. It is possible that these ticket sales may reflect use of other carrier funding as local match—for example, if a carrier simply paid the remaining 50 percent of the net deficit from its own accounts, this is funding that is originally from ticket sales elsewhere on the system.

Although the Section 5311(f) program serves a key role in funding intercity bus services in rural areas, there are also other potential sources of funding for rural intercity projects. This research project has found a number of creative solutions that states and localities have used to implement projects within the framework of the federal funding programs.

## CHAPTER 4

# BARRIERS PERCEIVED BY STATES AND PRIVATE CARRIERS

### INTRODUCTION

Various barriers have been cited over the years as impacting the planning and implementation of intercity bus projects. In order to develop appropriate strategies to address such barriers, the project's survey was structured to obtain current information from the states about the types of barriers and challenges to their intercity bus projects they encounter. Private carriers were also asked about problems and issues they face when dealing with intercity projects funded with public grant programs, such as the Section 5311(f) program. With current feedback from state program managers and from private carriers, the research team could ensure that appropriate strategies are developed to address the perceived barriers and are included in this report.

This chapter summarizes the project's survey information on barriers to the provision of intercity bus transportation (1) from the perspective of state program managers and (2) from the perspective of private bus carriers. Understanding the types of barriers and challenges that are faced by those planning, implementing, and providing intercity services gives a meaningful perspective to the presentation of strategies to improve and support intercity bus transportation, which is the subject of the following chapter.

### BARRIERS FROM THE PERSPECTIVE OF STATE PROGRAM MANAGERS

A variety of barriers were cited by states responding to the project's survey. Four were cited with some frequency, including

1. Limited funding,
2. Lack of knowledge about intercity bus needs,
3. Unfamiliarity on the part of local project sponsors and private carriers about the Section 5311(f) process, and
4. Difficulty in finding local entities to sponsor or match Section 5311(f) applications.

These and the remainder of the barriers cited are discussed below.

### “Limited Funding”

A number of states commented on funding, particularly that it is limited. Some reported that there is not enough funding overall for rural transportation and that the Section 5311(f) program competes with the rest of the Section 5311 program. According to one state program manager, “. . . we cannot even meet the needs of our existing rural transit systems.” In a related vein, another state program respondent said that there are greater needs in the “pure” Section 5311 program.

For funding *operating* programs with the Section 5311(f) program, the federal requirement that only 50 percent of the net operating cost can be subsidized has also been cited as a barrier. This requirement limits the federal subsidy to no more than 50 percent of the operating cost minus the fare revenue, requiring recipients to find other sources for the match such as local or state funds. In cases in which the operator is a private company, the state may ask that the private carrier provide the local match. This latter approach also has problems because private carriers may have little interest in a subsidy program that makes up only half of their loss rather than all the loss. In one of the carrier responses, this was cited as the single major problem with the intercity program.

### “Lack of Knowledge about Intercity Needs”

A number of states reported that they have limited or no knowledge about intercity needs, which hampers the development of programs under the Section 5311(f) program. One state respondent reported that private carriers have discontinued many routes in the rural areas and that local entities do not learn of the resulting needs. Without knowledge or awareness about existing intercity bus needs or areas with deficient service, local entities cannot effectively formulate plans to develop and improve intercity services or to provide connections to remaining intercity services.

### “Unfamiliarity with Application Process”

State program respondents have cited lack of knowledge about the Section 5311(f) application process as a barrier for both local sponsors of the projects and private carriers;

moreover, when the application package is overwhelming or requires inordinate amounts of effort, both public sponsors and private carriers will be discouraged.

#### **“Difficulty in Finding Local Entities to Sponsor or Match Applications for Section 5311(f) Projects”**

Several state respondents reported that one of the barriers to increased use of the Section 5311(f) program is difficulty in finding local governments or other local entities to sponsor Section 5311(f) projects. Some of this difficulty, reportedly, relates to an aversion on the part of local entities to sponsor projects in which public funds are provided to assist a *private, for-profit* entity. This aversion apparently is based on a general belief that public transit subsidies should be targeted to *public or not-for-profit* agencies that provide services that the private sector has determined are unprofitable, and not to *private-for-profit* entities.

This difficulty also stems from a lack of knowledge about intercity needs and from unfamiliarity with the Section 5311(f) application process, two barriers cited above. When agencies do not know about intercity bus needs or do not know how to fill out an application, there will be problems finding local sponsors. A lack of providers in the very rural, low-population areas also impacts the ability to find local entities to sponsor or match applications, according to a respondent.

Also related to this barrier is the fact that intercity trips are typically made by a small percentage of the population on an infrequent basis, so there is a limited local constituency for improving intercity service. Moreover, the trips made by this small percentage of the population are to destinations outside the local area—localities may find it difficult to sponsor transportation services that take people to other areas for obtaining goods and services.

Finally, many intercity services traverse numerous local jurisdictions, and no jurisdiction wants to pay more than its fair share of the subsidized service. It is difficult to obtain the participation of all jurisdictions served to effectively design an equitable cost formula, and it is even more difficult for the jurisdictions to develop such a formula that all would agree to.

#### **“State Management Requirements for the Intercity Bus Program”**

Two state respondents identified internal difficulties with project management of intercity bus projects as a barrier to expansion of the program. This management includes overseeing the myriad issues that arise with intercity bus projects, both in operating and capital, and staffing limits that make this oversight challenging. Several factors may be involved. One is that states or agencies may be working directly with private firms that need a higher level of assistance (than do transit recipients) to deal with unfamiliar contract and reporting requirements. A second factor is that the projects typically differ from other rural transit programs, possibly requiring

unique contracts and reporting forms. A third factor is that intercity bus capital projects such as intermodal terminals may be inherently more complex, with many steps, numerous actors, and multiple funding sources.

#### **“Section 13(c)”**

Section 13(c) is the former name of the federal labor protection clause. Now known officially as Section 5333(b), this is one of a number of assurances and certifications that must be signed by recipients of federal transportation funding. Section 5333(b) is actually a warranty required by the U.S. Department of Labor; it addresses labor issues such as collective bargaining and employee displacement and dismissal. Through the Section 5333(b) warranty, the recipient of the federal funding is ensuring that the funded project “will not adversely affect employees” of the project or employees “of any other surface public transportation provider in the project’s service area.”

Several respondents to the state program survey noted Section 13(c) as a specific barrier. This is a barrier that had been cited frequently in the earlier years of the Section 5311(f) program. At that time, private carriers, particularly Greyhound, were reluctant or unwilling to sign the Section 13(c) warranty even if it was unlikely that they would have to make payments to affected workers.

#### **“Lack of Interest”**

According to previous studies of the intercity bus industry, a lack of interest on the part of private carriers was cited as significant in the earlier years of the federal intercity bus program. This is generally no longer a problem, at least for the large, national carriers; however, there appears to be some lack of interest at the state and local level. According to FTA data from 1999, 40 percent of states have certified that their intercity bus needs are met, indicating no need for a Section 5311(f) program (26). Finding local entities to sponsor Section 5311(f) applications has been a barrier, as discussed above. One state responded to the survey by saying that there is little interest in the program because the state’s rural transportation is well covered, with more than 100 rural transit providers providing transportation across the state.

Even when there are many rural public transit providers in a state, there may still be needs for intercity service. Such needs tend to be more sporadic than do the needs for community-level rural transportation and may be more difficult to find. Thus, a lack of knowledge about intercity needs may be related to a lack of interest.

#### **“Lack of Consensus among Carriers on the Types of Public Assistance Needed”**

When there is more than one intercity carrier active in a state, there may be competing perspectives on the types of

assistance that are needed from the Section 5311(f) program. This is exacerbated when available funding cannot meet identified needs—for example, Iowa has indicated that this lack of consensus has been a challenge to its intercity bus program. According to this state, the carrier representatives do not agree on the “types of ‘public’ investments [that] should be made to assist their otherwise private enterprises.”

#### **“Confusing and Conflicting FTA Guidance on Section 5311(f) Administration by States”**

There has been some confusion on the part of state program managers about FTA requirements for the administration of the Section 5311(f) program. For example, one midwestern state responded to the survey by indicating that the state was initially unclear as to whether bus carriers selected as subrecipients under the Section 5311(f) program needed to comply with the same FTA requirements as did other subrecipients of Section 5311 funding.

#### **“Lack of Uniformity among Carriers for Ticketing and Scheduling”**

One survey indicated that the existence of different methods used by intercity carriers for ticketing passengers has been a problem for improving intercity bus transportation. Greyhound has sophisticated software (i.e., the Gateway system) for passenger ticketing at its larger stations; however, some of the smaller carriers use more labor-intensive manual procedures. Rural public operators providing intercity or feeder service usually charge a separate fare rather than having a single joint fare with the connecting intercity carrier. Standardization could improve the accuracy of ticketing when manual methods are in place and would improve interlining procedures. Moreover, improved procedures may induce smaller organizations at the local community level to serve as Greyhound agents.

The bigger issue of working toward improved uniformity among carriers for ticketing and scheduling is state procurement regulations, which typically require competitive procurement and award to low bid. When a state is providing capital assistance to upgrade the ticketing capabilities of smaller carriers (who may want to tie into Greyhound’s system), it may be difficult to ensure that the carrier can purchase compatible software when the state insists upon competitive procurement and low-bid award. The more cost-effective strategy in the long run may well be the purchase of Greyhound’s system, which would allow the computers to speak to each other and improve through-ticketing and accounting.

This problem with state and federal procurement regulations may also affect other capital programs in ways that make the program less attractive to private carriers or greatly increase state program management issues. For example, a carrier may want assistance with the purchase of new buses, but may want a particular model to ensure consistency with the

rest of the fleet; however, “Buy American” or low-bid requirements may make that purchase difficult or even impossible.

#### **“Archaic State Regulations”**

One state respondent mentioned that archaic state regulations are a barrier for intercity bus projects. Before the passage of BRRA of 1982, states had regulatory control over intercity carriers and services, which superseded any federal authority. This control has changed in the intervening years since BRRA so that federal regulations on route abandonment, route addition, and fares preempt state regulation. The perception that regulations for intrastate service continue to exist or that there is state authority over interstate service may be a barrier.

#### **“Lack of Coordination”—Intercity Bus and Rail Services**

An additional barrier was cited during the survey of state rail program managers. Two respondents indicated that lack of coordination between intercity bus service and rail service has been a barrier to the development of projects that include both intercity bus and rail modes. Particularly in rural areas, intercity bus service can be an important feeder service to rail stations, increasing travel opportunities for intercity travelers. When there is no or limited interagency coordination at the state level between those dealing with intercity bus and those with rail responsibility, service coordination at the local level may be hampered. Additionally, the lack of coordination may be related to a lack of knowledge about private carriers in a particular area who might be interested in grant programs that could be used to encourage and develop connecting bus services.

#### **BARRIERS FROM THE PERSPECTIVE OF PRIVATE CARRIERS**

To supplement feedback from state program managers on barriers and challenges encountered with intercity bus projects, private carriers were queried on issues and problems related to their participation in projects funded through Section 5311(f). A number of the barriers identified by the private companies echo those identified by state program managers, specifically, problems related to funding and to a lack of knowledge or unfamiliarity with the program and its application procedures. Barriers from the private carriers’ perspective are presented below.

#### **“Do Not Know about Available Programs or How to Apply”**

According to survey responses, the single most frequently identified barrier to participation in the Section 5311(f) program from the perspective of the private carriers is a lack of

knowledge about the program or about application procedures. Most of respondents indicated that they are not aware of the federal grant program.

### **“Too Many Requirements and Restrictions”**

A number of private carrier respondents indicated that federal programs entail too much paperwork, that requirements are burdensome (e.g., the reporting requirements), and that they do not want involvement with the “bureaucracy” of public funding. This issue may be limited to one perception on the part of private carriers—in fact, one respondent indicated that their concerns about bureaucracy were not born out by their participation in the program.

This response may also stem from actual provisions in the administration of the program—for example, California has indicated that its Section 5311(f) funding for operating projects is to be used as start-up funding for new or modified intercity service. The application must address continuation of funding beyond the first year. This restriction may make it difficult to fund projects initially if ongoing funding cannot be identified, and ongoing funding can be difficult for intercity services in rural areas that have limited ridership and may have limited local support.

### **Small or New Companies—“the Federal Program Would Be Too Difficult”**

This barrier is related to the perception that the federal program is too onerous and burdensome. Two respondents indicated that because of the small size of their firms, they did not want to get involved with the federal program, implying that a smaller or new company would not be able to handle compliance or reporting requirements.

### **“Publicly Funded Transit Providers Use Program Funds to Compete Unfairly”**

Several private carriers responded that the competition with publicly funded transit providers is not fair because the public providers have a number of advantages, particularly financial. When there is competition for intercity projects and private carriers compete directly with public or not-for-profit providers that receive public grant funds, there may not always be a “level playing field.”

According to the surveys, the advantages for publicly funded providers include the following:

- Public transit providers do not pay state and federal fuel taxes;
- Public providers have a limit on tort liability;
- Private providers must comply with a variety of federal DOT regulations, which do not apply to public providers;

- Public providers can operate across state lines while private carriers must obtain operating authority;
- Public providers can operate freely from public facilities without paying an access fee; and
- Generally, private carriers operate without grant funding.

In a number of cases, these are false perceptions that could be addressed by better communication.

### **“Need to Rely on a Public or Nonprofit Agency to Receive Funding”**

Some states require that Section 5311(f) funding pass through a local public or not-for-profit agency rather than providing the funding directly to a private carrier through a contractual agreement. Several respondents indicated that this is a problem.

This issue is essentially the same as that listed by the state program managers—difficulty finding local entities to sponsor or match Section 5311(f) applications. Private carriers interested in receiving subsidies through the program may have to find a local city or county that is willing to sponsor the intercity project, and localities may be unwilling to do so for the various reasons discussed earlier from the perspective of the state: perceptions that public funding should not go to private entities, limited constituency for intercity service because relatively few ride, intercity services’ travel to destinations beyond local borders, and the problems in determining each locality’s “fair share” when the intercity service traverses a number of different jurisdictions.

### **“Relationships Between Public Operators and State Funding Agencies Are Too Cozy”**

One private carrier felt that the relationships between the state agencies and public transit operators are too “cozy,” excluding the participation of private carriers. This serves as a barrier in that perceptions of favoritism will discourage private-sector bus companies from participating in the federal grant program. This is similar to the concern about unfair public-sector competition.

## **CONCLUSION**

In the earlier years of the Section 5311(f) program—when it was known as Section 18(i)—a “lack of carrier interest” was cited as a significant barrier to the implementation of intercity bus projects under the federal program. In the intervening years, this has become less of a barrier from the states’ perspective, possibly because of the strong interest shown by Greyhound and the company’s involvement in a wide variety of projects subsidized by Section 5311(f) across the country. However, this research project has shown that many private carriers across the country do not know about the program,

and states must make efforts to close this knowledge gap to ensure their ability to participate in the program.

From the perspective of state managers, barriers to implementation of Section 5311(f) projects that surfaced through this research project relate to

- Limited funding,
- Lack of knowledge about intercity needs,
- Unfamiliarity with the application process,
- Difficulty in finding local entities to sponsor or match applications, and
- Lack of coordination between intercity bus services and rail for projects involving both modes.

Additional barriers were cited as well, although each of the following were cited just once or may be particular to the state that responded:

- State management of the intercity program;
- Section 5333(b) labor-protection requirements;
- Lack of interest;
- Lack of consensus among carriers on the types of public assistance needed;
- Confusing and conflicting FTA guidance on Section 5311(f) state administration;
- Lack of uniformity among carriers for ticketing and scheduling, an issue relating to state-procurement regulations, and
- Archaic state regulations.

In past years, Section 13(c) labor-protection requirements, now officially known as Section 5333(b), were another barrier

cited to greater use of the federal intercity bus program. Private carriers, including Greyhound, were reluctant or unwilling to accept Section 5333(b) liability. Although this barrier has faded in significance because Greyhound has signed the standard state Section 5333(b) warranty in a number of different states, it still was mentioned as an issue in this survey.

Information from private carriers on issues and problems with the Section 5311(f) program echo some of those cited by state program managers, including (1) a lack of knowledge or unfamiliarity with the program and its application procedures and (2) funding. In regard to funding, carriers want to “level the playing field” because they see public transit agencies competing unfairly and had specific suggestions on the types of assistance they would like to see, such as capital assistance with accessibility equipment, terminals, buses, and operating assistance (e.g., a per-mile subsidy for defined routes).

Other issues and problems identified by the private carriers related to

- The number of program requirements and restrictions (i.e., the program has too many);
- The need to rely on a public or nonprofit agency to receive funding; and
- The relationships between public operators and state funding agencies, which are considered “too cozy.”

Strategies are available to address these barriers, which have been articulated by the state program managers and private carriers. The strategies are presented in Part II.

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## REFERENCES AND NOTES: PART I

1. *FTA Circular 9040.IE: Non-Urbanized Area Formula Program Guidance and Grant Application Instructions*, "Chapter 7: Intercity Bus." Federal Transit Administration, U.S. DOT, Washington, DC (1998).
  2. Regular-route service is the intercity bus industry's term for fixed-route, fixed-schedule service that is open to the general public. Regular-route service is distinct from group services such as charter, tour, and contracted services.
  3. Motor Carrier Ratemaking Study Commission. *A Report to the President and the Congress of the United States; Part Two: Implementation of the Bus Regulatory Reform Act of 1982: The Impact on Older Americans and the Effect on Intrastate Bus Services*. Government Printing Office, Washington, DC (1984); p. 359.
  4. Fravel, F.D., E.R. Hayes, and K.I. Hosen. "Intercity Bus Feeder Project Program Analysis." Final report prepared for the Community Transportation Association of America (September 1990).
  5. The low estimate (5,000 coaches) is from the contractor's final report for TCRP Project J-06(33): The Cost of Meeting Accessibility Requirements for Over-the-Road Buses (KFH Group, April 2000, pp. 3-8 and 3-12) and is based on survey and published analysis of fleet data. The high estimate (8,000 coaches) is from the American Bus Association's "Motorcoach 2000 Census" (R. Banks and Associates, Inc., July 2000, p. 11) and is based on extrapolation of a survey of American Bus Association member firms.
  6. Bureau of Transportation Statistics. Motor Carrier Financial and Operating Statistics, Selected Earnings Data, Class I Motor Carriers of Passengers, 1999. BTS website: [www.bts.gov](http://www.bts.gov), updated April 9, 2001.
  7. *Amtrak Annual Report, FY 2000*. Statistical Appendix, p. 47.
  8. Estimated by doubling the number of bus miles operated by Greyhound Lines, Inc., in scheduled service in 1999. Greyhound figures from the 1999 Greyhound annual Section 10-K report to the Securities and Exchange Commission.
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  10. *The Official Bus Guide*, also known as *Russell's Official National Motor Coach Guide* or *Russell's Guide*, is published monthly, showing timetables for all regular-route bus carriers that submit information for the publication and pay the required fee for inclusion. This guide, analogous to the *Official Airline Guide* or *Amtrak National Timetable*, is indexed by place name, so a reader can look up a particular city or location and find the timetable of service to that place.
  11. American Bus Association. "Motorcoach Census 2000." Prepared by R.L. Banks and Associates (July 2000); p. 11.
  12. Greyhound Lines website: [www.greyhound.com](http://www.greyhound.com).
  13. *1995 American Travel Survey Profile*. Bureau of Transportation Statistics, U.S. DOT, Washington, DC (October 1997).
  14. Coaches Serve Most Destinations table, American Bus Association website: [www.buses.org/industryprofile/index.cfm](http://www.buses.org/industryprofile/index.cfm).
  15. Greyhound Lines website: [www.greyhound.com](http://www.greyhound.com).
  16. Bureau of Transportation Statistics. *Transportation Statistics Annual Report 2000*, Table 1-3. U.S. DOT, Washington, DC (2000).
  17. *Amtrak Annual Report, FY 2000*. Statistical Appendix, p. 46.
  18. Davis, S.C. *Transportation Energy Data Book: Edition 20*. Oak Ridge National Laboratory, Oak Ridge, TN (2000).
  19. According to the 1990 Census definition, the urban population comprises all persons living in (a) places of 2,500 or more inhabitants incorporated as cities, villages, boroughs, and towns, but excluding those persons living in rural portions of extended cities; (b) Census-designated places of 2,500 or more inhabitants (previously termed "unincorporated"); and (c) other territory, incorporated or unincorporated, included in urbanized areas. An urbanized area consists of a central city or a central core, together with contiguous closely settled territory, that combined have a total population of at least 50,000.
  20. Spear, B., and R. Weil. "Access to Intercity Public Transportation Services from Small Communities: Geospatial Analysis," *Transportation Research Record No. 1666*, Transportation Research Board, National Research Council, Washington, DC (1999); pp. 65-73.
  21. This database includes more than twice the number of stops currently listed in *Russell's Guide*. It is unclear whether this database is from a time period when there was more service or if there is another explanation for the difference.
  22. Wilson, R.A. *Transportation in America: 2000*. Eno Foundation, Washington, DC (2000); p. 19.
  23. "Chapter 7: Intercity Bus" in *FTA Circular 9040.IE: Non-Urbanized Area Formula Program Guidance and Grant Application Instructions* provides a complete description of the program; see Appendix A.
  24. U.S. DOT, Federal Transit Administration. "Dear State Transportation Colleague" letter from the Administrator to Grantees (C-01-02) dated January 14, 2002.
  25. U.S. DOT, Federal Transit Administration. "Dear Colleague" letter from the Administrator to Grantees (C-99-12) dated July 2, 1999.
  26. It should be noted that although a few states have certified that they have no unmet rural intercity bus needs, they have intercity programs in place to subsidize intercity bus services in their states using Section 5311 funds, state funds, or both.
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## **PART II**

# **STRATEGIES TO IMPROVE AND SUPPORT INTERCITY BUS SERVICES**

## **INTRODUCTION TO PART II**

Part II of this report focuses on strategies to improve and support intercity bus services. These strategies respond to the various barriers and problems identified through the research project's surveys, as described in Part I, Chapter 4. Part II is structured so that the material can be a resource for state program managers, transportation planners, and others involved with intercity bus services. As such, Part II begins with a listing of questions that typically arise when states, transportation planners, and others in the industry begin to plan, program, and sponsor intercity bus projects using federal Section 5311(f) funds. Given the structure of the Section 5311(f) program as a component of the overall Section 5311 program for rural transportation and given the apparent knowledge gap that exists concerning intercity needs and the carriers' understanding of the federal grant program offering assistance, there are numerous questions about intercity bus service and about how to effectively support and improve this travel mode.

Using the series of questions to help frame the key issues, strategies have been identified and developed to assist state program managers, planners, and others assess their needs for intercity bus service and to design an effective approach to meet those needs.

## **QUESTIONS AND ANSWERS: TYPICAL QUESTIONS ABOUT THE SECTION 5311(f) PROGRAM AND STRATEGIES IN RESPONSE**

The typical questions that are raised in relation to the Section 5311(f) program are listed in Table 4. Some of these questions are straightforward—for example, finding out which carriers operate in a given state. Others are more complex, involving policy deliberations at the state level. There is a range of responses to address the questions; these responses and related activities that can be undertaken to resolve the questions are described through seven strategies presented in this part of the report. For each strategy, steps or actions are identified, sometimes with alternative options described, suggesting the types of activities that state program managers, transportation planners, and others can take to develop a comprehensive approach toward supporting intercity bus service. Within each of the strategies, case-study examples are also provided, illustrating the overall strategy or a particular step within that strategy. These examples are drawn from the detailed project descriptions that are provided in Part III of this report and from experience in the industry.

As can be seen from Table 4, each question refers the reader to a particular strategy. These strategies are the focus of Part II.

**TABLE 4 Where to find answers about rural intercity program questions**

<b>Questions</b>	<b>Potential Answers</b>	<b>Where to Find an Answer in Part II</b>
What intercity services exist?	Identify intercity providers Determine carrier interest Conduct grant solicitation  Develop statewide intercity bus plan Develop statewide multimodal plan	Strategy 1: Identifying Private Intercity Carriers Strategy 1: Solicitations of Interest Strategy 1: Inclusion of the Intercity Projects in the S.5311 Grant Application Process Strategy 2: Statewide Intercity Bus Plans Strategy 2: The Intercity Bus Mode in Statewide Multimodal Plans
What role do they play in meeting mobility needs?	Develop statewide intercity bus plan Utilize advisory committee Conduct user surveys Conduct focus groups	Strategy 2: Statewide Intercity Bus Plans Strategy 2: Advisory Committees Strategy 2: User Surveys; Strategy 6: Market Research Strategy 6: Use of Focus Groups in Market Research
What intercity services are needed or desired?	Determine carrier interest Conduct grant solicitation  Develop statewide intercity bus plan Develop statewide multimodal plan  Utilize advisory committee Conduct user surveys Conduct focus groups Estimate ridership Determine whether to certify	Strategy 1: Solicitations of Interest Strategy 1: Inclusion of the Intercity Projects in the S.5311 Grant Application Process Strategy 2: Statewide Intercity Bus Plans Strategy 2: The Intercity Bus Mode in Statewide Multimodal Plans Strategy 2: Advisory Committees Strategy 2: User Surveys; Strategy 6: Market Research Strategy 6: Use of Focus Groups in Market Research Strategy 2: Estimating Ridership Strategy 3: Determine Each Year Whether to Certify
How do I identify gaps in intercity service?	Determine carrier interest Develop statewide intercity bus plan	Strategy 1: Solicitations of Interest Strategy 2: Statewide Intercity Bus Plans
How do I develop an intercity program?	Develop a program Determine whether to certify Determine program goals Choose program elements Develop application requirements Identify funding sources Address other federal requirements Evaluate projects Develop reporting and compliance requirements	Strategy 3: Developing a Program Strategy 3: Determine Each Year Whether to Certify Strategy 3: Determine Program Goals Strategy 3: Choose Program Elements Strategy 3: Develop Application Requirements Strategy 3: Identify Funding Sources Strategy 3: Address Other Federal Requirements Strategy 3: Evaluate Project Proposals Strategy 3: Reporting and Compliance Requirements
How do I maintain existing intercity services?	Choose program elements Provide operating assistance Provide capital assistance for vehicles Provide formula funding	Strategy 3: Choose Program Elements Strategy 4: Providing Operating Assistance (all sections) Strategy 5: Providing Capital Assistance Strategy 4: Other Means of Providing Operating Assistance
How do I improve the quality of intercity service?	Determine carrier interest Develop statewide intercity bus plan Utilize advisory committee Conduct user surveys Conduct focus groups Provide capital assistance for vehicles Provide capital assistance for facilities Provide marketing assistance Provide combinations of assistance	Strategy 1: Solicitations of Interest Strategy 2: Statewide Intercity Bus Plans Strategy 2: Advisory Committees Strategy 2: User Surveys; Strategy 6: Market Research Strategy 6: Use of Focus Groups in Market Research Strategy 5: Providing Capital Assistance Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 6: Providing Marketing Assistance Strategy 7: Creating Project Combinations
How do I make intercity services more accessible?	Develop statewide intercity bus plan Develop statewide facility plan Provide capital assistance for vehicles Provide capital assistance for lifts Provide capital assistance for facilities	Strategy 2: Statewide Intercity Bus Plans Strategy 2: Facilities Plan Strategy 5: Providing Capital Assistance Strategy 5: Purchase Lifts Strategy 5: Facilities

*(continued on the next page)*

TABLE 4 (Continued)

Questions	Potential Answers	Where to Find an Answer in Part II
How do I make intercity service part of a seamless system?	Develop statewide intercity bus plan Develop statewide facility plan Provide capital assistance for facilities Provide marketing assistance Develop statewide multimodal plan  Provide combinations of assistance	Strategy 2: Statewide Intercity Bus Plans Strategy 2: Facilities Plan Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 6: Providing Marketing Assistance Strategy 2: The Intercity Bus Mode in Statewide Multimodal Plans Strategy 7: Creating Project Combinations
How do I let people know intercity service exists?	Provide marketing assistance Provide combinations of assistance	Strategy 6: Providing Marketing Assistance Strategy 7: Creating Project Combinations
How does intercity service fit together with other services?	Develop statewide intercity bus plan Develop statewide facility plan Provide capital assistance for facilities Provide marketing assistance Develop statewide multimodal plan	Strategy 2: Statewide Intercity Bus Plans Strategy 2: Facilities Plan Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 6: Providing Marketing Assistance Strategy 2: The Intercity Bus Mode in Statewide Multimodal Plans
How can private carriers participate?	Identify intercity providers Determine carrier interest-solicitation Conduct grant solicitation  Develop statewide intercity bus plan Develop statewide multimodal plan  Utilize advisory committee Determine whether to certify Provide operating assistance Provide capital assistance for vehicles Provide formula funding Provide capital assistance for facilities Provide marketing assistance	Strategy 1: Identifying Private Intercity Carriers Strategy 1: Solicitations of Interest Strategy 1: Inclusion of the Intercity Projects in the S.5311 Grant Application Process Strategy 2: Statewide Intercity Bus Plans Strategy 2: The Intercity Bus Mode in Statewide Multimodal Plans Strategy 2: Advisory Committees Strategy 3: Determine Each Year Whether to Certify Strategy 4: Providing Operating Assistance Strategy 5: Providing Capital Assistance Strategy 4: Other Means of Providing Operating Assistance Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 6: Providing Marketing Assistance
How does intercity service meet federal requirements?	Determine whether to certify Develop statewide intercity bus plan Develop a program Provide operating assistance Provide capital assistance for facilities Provide capital assistance for vehicles Provide capital assistance for lifts	Strategy 3: Determine Each Year Whether to Certify Strategy 2: Statewide Intercity Bus Plans Strategy 3: Developing a Program Strategy 4: Providing Operating Assistance Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 5: Purchase Lifts
What is the appropriate level of expenditure for intercity services?	Evaluate projects Provide operating assistance Provide capital assistance for facilities Provide capital assistance for vehicles Provide capital assistance for lifts	Strategy 3: Evaluate Project Proposals Strategy 4: Providing Operating Assistance Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 5: Providing Capital Assistance Strategy 5: Purchase Lifts
How do I create incentives for intercity carriers?	Develop funding formulas Require carrier participation in local match Develop a program Provide operating assistance Provide capital assistance for facilities Provide capital assistance for vehicles Provide capital assistance for lifts	Strategy 4: Other Means of Providing Operating Assistance Strategy 4: Carrier Participation in Local Match Strategy 3: Developing a Program Strategy 4: Providing Operating Assistance Strategy 5: Facilities <i>and</i> Issues: Capital for Facilities Strategy 5: Providing Capital Assistance Strategy 5: Purchase Lifts

## STRATEGY 1

### DETERMINING THE INTEREST IN RURAL INTERCITY SERVICE ASSISTANCE

One issue raised by a number of state program representatives is “a lack of interest” in the development of rural intercity bus projects. This issue is related to the perceived difficulty in assessing the need for assistance in the provision of rural intercity bus services and gauging the interest among the public, intercity bus companies, and rural transit operators. Some states have indicated that they did not fund intercity bus projects because there is no interest or identified need. But how should need or interest be determined? Who should be involved? Why is this process important to FTA grant recipients?

Under TEA-21, FTA recipients of Section 5311 funds face an annual requirement regarding the certification that there are *no unmet needs* for rural intercity bus service. In order to make this determination, agencies have to know about existing services, identify the providers, and contact those providers. This strategy—determining the interest in rural intercity service assistance—addresses the Section 5311 requirement for annual certification, describes ways to determine who is providing intercity service within a state, and describes methods for communicating with providers and others to determine whether they are aware of possible needs for assistance for rural intercity services.

#### ANNUAL CERTIFICATION PROCESS FOR SECTION 5311(F)

Under Section 5311, the FTA requires that all state programs receiving funds (and all states are Section 5311 recipients) use 15 percent of their annual total Section 5311 funding allocation for rural intercity bus projects, unless the state determines that there are no unmet needs for rural intercity bus assistance. If it is found that there are no needs for rural intercity bus assistance, the state can certify to the FTA that there are no unmet rural intercity bus service needs and use the funding for other rural public transportation projects. If a state identifies a need for rural intercity assistance that requires less than the 15-percent set-aside, it can submit a *partial* certification to FTA, freeing the state to use a portion of the 15-percent intercity bus allocation for other rural needs.

As this certification must occur on an annual basis and requires some assessment of rural intercity needs, the FTA is interested in ensuring that states have followed some type of process to identify needs on a yearly basis. At the same time, the FTA has not defined requirements for such a process, but only reviews whatever process is in place as part of FTA’s triennial state program reviews. It is clear, then, that state transit programs must have in place an annual process that determines whether there is a need for assistance for rural intercity services.

For the process to be meaningful, it should involve an annual solicitation of need for rural intercity assistance directed at all of the parties that are likely to have some knowledge of this issue, including the private intercity carriers; local rural and urban transit operators; state, local, and regional transportation planners; and local governments.

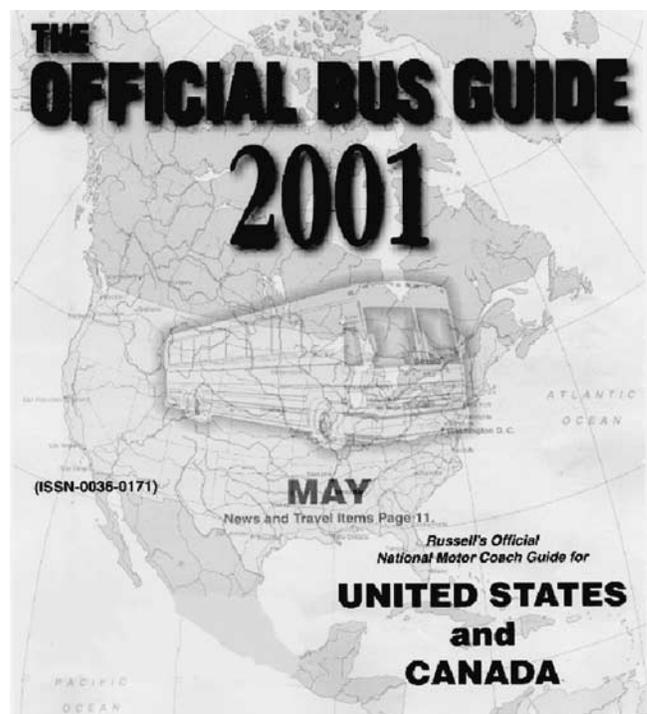
Often, the private carriers are not well known to the public entities charged with conducting this process, and identifying those private carriers is an important initial step.

### IDENTIFYING PRIVATE INTERCITY CARRIERS

Initially, a planner must know something about the rural intercity bus services in the state or area in order to address the questions involved with determining needs for assistance with rural intercity bus services. Some states have funded statewide or regional studies to inventory intercity bus services and to identify carriers, review coverage of routes, examine trends, and so forth; these types of studies are discussed in greater detail as part of the planning strategy.

#### *The Official Bus Guide (Russell's Official National Motor Coach Guide)*

Even without conducting a separate study, the carriers providing rural intercity bus service can be readily identified. *Russell's Guide* is a monthly publication providing a national timetable directory for regular-route intercity bus services (1). In addition to the monthly book of timetables contained in Part 1 of the guide, an annual subscription to *Russell's Guide* includes two additional volumes, which are produced semiannually: Part 2 is a directory of bus firms and stations in towns with populations greater than 15,000, and Part 3 is



a map book. The map book is organized on a state-by-state basis, and routes are shown with timetable numbers that refer to the associated timetable for that route in Part 1. These Russell's Guides, Inc., publications are key resources for up-to-date information about the intercity bus industry.

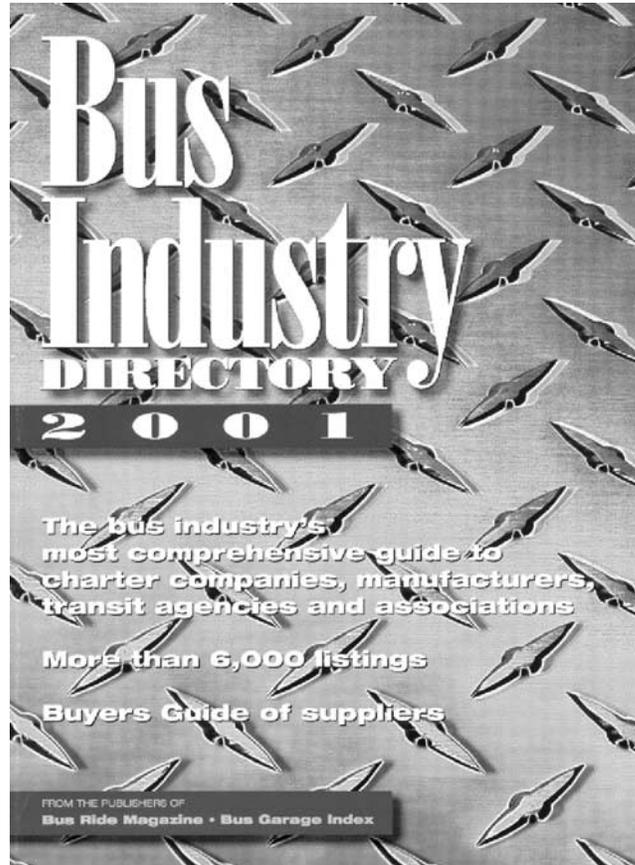
Using the *Russell's Guide* volumes, an interested person can quickly identify which firms serve a state by looking up the map, finding the timetable numbers of the routes serving the state, and looking up the timetables to determine the carrier. Carrier names and addresses are also provided in *Russell's Guide*, but direct contact should be made with the carrier to determine who is the best person or office to receive questions about potential needs or information about possible programs. Large national or regional firms have many different offices, and an inquiry directed to the wrong place may not result in a timely or appropriate response.

It should be noted that carriers must pay to be included in *Russell's Guide*, so it is possible that small regional firms focusing more on local markets may not be included

and that larger firms may not have included all their services (frequently they do not include timetables for commuter services in this guide to intercity services).

### ***The Bus Industry Directory***

Another industry trade publication that provides extensive lists of bus operators (both private and public) is the *Bus Industry Directory*, published annually by Friendship Publications, Inc. (2). This volume lists bus operators by state and locality, providing addresses, telephone numbers, some fleet information, types of services provided, staff size, and other information. It can be difficult to tell from the listing if a firm provides scheduled services, but firms listed can be contacted for further information. This is another important publication with information supplementing that provided in the *Russell's Guide* volumes.



#### **How to Obtain Intercity Bus Industry Publications**

*Russell's Official National Motor Coach Guide* and other Russell's Guides, Inc., publications can be obtained by contacting the company at

P.O. Box 278  
Cedar Rapids, Iowa 52406  
Phone: 319-364-6138  
Fax: 319-364-4853  
E-mail: Russells@russellsprinting.com

The *Bus Industry Directory* can be obtained by contacting Friendship Publications, Inc., at

1550 East Missouri Avenue, Suite 100  
Phoenix, Arizona 85014  
Phone: 602-265-7600  
Fax: 602-265-4300  
E-mail: friend@busride.com  
Website: www.busride.com

### **State Regulatory Agencies**

A third step in identifying the potential operators of rural intercity bus services in a given state is obtaining information on operators from state regulatory agencies. Despite BRRRA and subsequent legislation preempting the state regulatory role, many states still require carriers to file information (often their routes and schedules) with their public service commissions, utility commissions, or similar utility-regulatory agencies. Carriers providing scheduled service in a state can be identified from lists provided by such agencies and added to a contact list. A list of public utility agencies nationwide and links to their websites are available through the website of the National Association of Regulatory Utility Commissioners at [www.naruc.org](http://www.naruc.org).

### **Trade Associations**

A fourth means of identifying intercity carriers involves contacting their industry trade associations. At the national level, the American Bus Association (ABA) and the United Motorcoach Association (UMA) represent private bus operators. ABA offers access through its website ([www.buses.org](http://www.buses.org)) to a list of its members that provide scheduled service. At the state and regional level, the private bus industry has a number of associations that are listed in *Russell's Guide* and the *Bus Industry Directory*. These associations should be contacted for information about carriers providing scheduled service in a given state. In some states, associations may already have groups addressing scheduled service. In Texas, for example, there is a separate association (the Texas Bus Association [TBA]) of the carriers that provide regular-route service. TBA takes a role in working with state agencies on both funding and regulatory programs.

This process of identifying carriers will provide information about the intercity services offered and will result in a list of firms that should be contacted as part of any solicitation regarding rural intercity bus services whether the solicitation is seeking information on needs or is a grant application. Because so much of the scheduled intercity service is operated by national or regional firms, the list should include these firms as well as in-state intercity bus operators. Greyhound Lines and its affiliates operate the only national network of regular-route intercity bus services and are therefore likely to be on almost every list, along with regional or local firms.

### **Involving the Private Sector in the Public Transportation Process**

Once the intercity firms have been identified, there are different opportunities to contact them to gain assistance in identifying unmet rural intercity bus transportation needs. State or regional program representatives can use formal program solicitations, and they also can attend private bus carrier association meetings to present information on the public transportation programs, including the potential of Section 5311(f) and other state or local programs. Private carrier firm representatives can be invited to meetings conducted for or by public transportation agencies and associations to learn about the programs, to meet public transit operators serving the same areas, and to provide information on their services. These more informal approaches offer significant opportunities for exchanging information and learning about intercity transportation needs. In Texas, for example, the state's Public Transportation Division regularly sends a representative to TBA meetings, and many of the private firms providing scheduled service send representatives to the Texas Public Transportation Conference conducted by

the Texas Public Transportation Association. In North Carolina, private intercity bus operator representatives attend the annual Section 5311 conference held by the state's Public Transportation Division, as well as the annual conference held by the North Carolina Public Transportation Association (which includes Carolina Trailways as a member). In Washington State, private carriers participate in state-sponsored transit meetings and are included in the Washington State DOT's *Public Transportation Phone Directory* (3). Activities such as these offer the opportunity for communication about rural intercity needs and issues in a process that is informative and useful, even though informal.

### **SOLICITATIONS OF INTEREST**

In addition to increasing informal communication about rural intercity services and programs, state and local planners can conduct more formal requests for expressions of need and interest. These requests can be included as part of the scope of services of planning studies, or they can be separate requests made more frequently or even annually. Such requests should be sent to all of the various entities that are likely to have knowledge of rural intercity needs, including private carriers providing scheduled service, rural and urban transit operators, and planning agencies at the local and regional levels. The solicitation should include information about the potential range of needs that is being considered (if operating assistance cannot be offered, for example, it may be prudent to note that fact), definitions of intercity service, and perhaps a map of existing services. If the solicitation is solely for information regarding needs, it should be clear that the next steps involve some kind of analysis of the responses and that it is not a grant application or bid document. Analysis of the resulting responses can be used to determine whether there is a need for rural intercity service assistance of some type, which can then be used as a factor in determining whether a state should certify that there is no unmet rural intercity need under Section 5311(f).

#### **North Carolina Solicitation Regarding Rural Intercity Needs**

Following the completion of a statewide multimodal transit plan, *Transit 2001* (4), the Public Transit Division of the North Carolina DOT recognized that the loss of intercity service in the years following regulatory reform might require assistance from new state funding programs to address gaps in the state's intercity bus network. In April of 1999, a letter requesting input about potential needs for rural intercity and regional services was sent to all the state's rural and urban transit operators, local planners, and intercity carriers. A map of existing intercity routes was included, and respondents were asked to sketch potential routes or service areas on the map and provide a description of services that were needed in their area. A number of responses were obtained, and these were reviewed by the state. The resulting information was sufficient to warrant further analysis of rural intercity needs, with the responses used to make conceptual service plans and evaluated to create priorities for future development.

### **INCLUSION OF INTERCITY PROJECTS IN THE SECTION 5311 GRANT APPLICATION PROCESS**

Another means of determining interest or need as part of a state or Section 5311 program is to include rural intercity bus projects in the grant application process. In other words, the state would list intercity projects as eligible projects along with other transit projects in the Section 5311 application package. This strategy presupposes that the state has decided that funding could be provided for such projects if applications met

the appropriate requirements and had merit when compared with competing projects. The strategy has the advantages that it is conducted annually and that it can include all the program requirements in the same document. Some states send a separate grant application package solely for intercity projects, whether using state or Section 5311(f) funding, while others include it in their Section 5311 grant application, specifically mentioning the availability of funding under Section 5311(f). In either case, the grant application should be sent to the private intercity carriers serving the state and to the rural and urban transit providers. If there are policy or program restrictions on the intercity programs, they should be clearly described in the package.

A potential disadvantage of using the grant application process as a solicitation of need and interest in rural intercity services is that the extensive application and associated federal and state requirements can be quite intimidating to firms that are not used to this process and may cause them to not respond even if they are aware of needs. A meaningful effort to include such operators in this process should include outreach and assistance with the grant application process. The state program office issuing the grant application could hold an informational meeting (comparable with “prebid” meetings, which are common for transit projects), which would be open to potential applicants, to review the application process and answer questions about requirements. Many of the requirements are not onerous and pose no barriers to participation if they are explained. Or, the state program office could provide direct technical assistance with the application. If staff time is not available for this purpose, planning funding may be used to assist operators with applications—for example, Indiana requires that applications for new services under its Section 5311 program (including intercity services) be preceded by a feasibility study. That study can serve as the basis for the application. In some cases, intercity carriers unfamiliar with the program requirements have hired consulting help to complete the application process. In many states, the state program staff provide direct assistance to potential operators.

#### **Indiana Section 5311 Grant Application**

One example of a state Section 5311 annual grant solicitation package that includes intercity bus needs is that of Indiana. The application has a section on intercity bus as an eligible type of project, information about eligible applicants (which now includes intercity bus companies), and information about state policy that requires a feasibility study for new services prior to application for operating funding. The requirement of a feasibility study allows the state to review a more detailed analysis of need before deciding on the provision of funding for any new service, including intercity bus services. Section 5311 planning funds can be requested in the same grant application to perform such studies. Several other states have incorporated Section 5311(f) into their overall grant application packages.

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## STRATEGY 2

# PLANNING

### INTRODUCTION

There are various ways that a state can determine needs for intercity bus service, including an annual survey of rural intercity providers and the use of the grant application process. However, neither way provides the planner or policymaker with information about the *overall* level of intercity bus service. A grant application or a request for assistance for a particular service may be difficult to assess without an adequate understanding of the overall intercity network, its usage, and the relationship of these services to other modes. Moreover, the role of rural intercity services in meeting state goals for public transportation should be considered and addressed. The more comprehensive and effective approach to determine needs for intercity bus services involves planning; the process of gathering information, analyzing it, developing policies, and articulating a way to address these needs can be accomplished through the planning process.

Over the past 20 years, a number of state and regional plans addressing intercity bus services have been performed. A wave of studies in the early 1980s was driven by the onset of regulatory reform and the hopes for federal funding of a separate intercity bus funding category. Subsequently, the passage of ISTEA in 1991, which included the Section 5311(f) program (originally named the Section 18[i] program), led a number of states to perform studies as a means of determining whether to implement a funding program and, if so, how best to accomplish goals for rural intercity bus services. Also, the multimodal planning requirements of ISTEA led a number of states to perform statewide multimodal transportation plans, and intercity bus services were addressed in several such efforts. Plans focusing specifically on intercity bus issues have included statewide studies, studies of particular routes or regions, facility plans, and policy plans.

### STATEWIDE INTERCITY BUS PLANS

Since the passage of ISTEA, a number of states have performed statewide intercity bus studies. Such plans have been performed by consultants under contract to state transit programs or by university transportation research centers. Typical tasks in such studies include the following:

- Reviews of the current national and state regulatory and funding programs;
- Inventories of current services and their relationship to current and potential user populations and potential destinations;
- Analyses of changes in the route structure and level of service, including any trends that might suggest future changes;
- Reviews of rural public transportation and its relationship to rural intercity services (whether as replacement providers or as rural feeder services);
- Assessments of other potential intermodal connections (with Amtrak or at airports);
- Identification of needs and opportunities;
- Estimates of potential costs to address identified needs;

- Assessments of potential funding availability and recommendations for future actions; and
- Recommendations regarding the need for an intercity bus program, policy recommendations, and program guidelines.

Plans conducted by individual states have varied somewhat in the way that these tasks are addressed, depending on local issues and availability of time and resources for the study. Several elements of statewide planning studies are discussed below, illustrating different approaches taken.

## USER SURVEYS

User surveys of intercity bus passengers may be included in a statewide planning study, if funding is available, as one element in the identification of needs and the

### Comparison of Intercity and Rural Transit Ridership Characteristics

There have been few specific examples of comparisons between intercity bus riders and rural transit riders. The *Minnesota Intercity Bus Study* (5) performed a user survey, and subsequently a separate Minnesota DOT project collected data on rural transit users as part of the "Greater Minnesota Transit Market Research Study Random and On-Board Surveys." The surveys in each study were performed by the same firm, and so some comparisons can be made:

	Intercity Bus	Rural Transit
<i>Age:</i>		
18–24	31%	3–4%
65–74	10.9%	12–17%
75+	4.6%	40–46%
<i>Income:</i>		
<\$15,000	44%	58–69%
>\$25,000	35%	18–24%
<i>Usual Purpose:</i>		
Work	7%	12–36%
Shopping	N.A.	22–33%
Medical	N.A.	23–30%
Social	71%	7–11%
School	5%	3–11%
Personal Business	9%	N.A.
Other	8%	8–13%
<i>Main Reason:</i>		
Don't/Can't Drive	25%	38–46%
Car Not Available	25%	15–18%

Clearly there are some differences; the rural transit riders are much more likely to be elderly and have lower incomes as compared with intercity bus riders. The researchers noted that intercity bus riders are much more similar to the state's overall population profile than to rural transit riders (as a group). However, both groups have substantial percentages of riders that do not have the option of driving. A higher percentage of intercity bus riders use the bus because they do not have a car available.

Another example of using ridership data to examine rural intercity needs is found in Vermont's *Statewide Intercity Bus Study* (7). Onboard survey data from four rural and small urban systems was compared with national intercity bus user data obtained from the *1995 American Travel Survey Profile* (8) conducted by BTS. The overall comparison did not result in any clear pattern of difference. Several of the small urban systems had high percentages of young riders, as well as seniors, and so were similar to the intercity bus riders. The Vermont study also included a methodology for comparing rural transit and rural intercity projects based on the net cost per new passenger-mile. Use of passenger-miles provides an adjustment for the fact that intercity trips are much longer, and use of net cost recognizes the higher cost recovery typical of rural intercity projects.

development of program priorities. An example is the survey conducted as part of the *Minnesota Intercity Bus Needs Study* (5). Data collected can include demographic information, trip purpose, the availability of alternative modes and ratings of different aspects of the service (e.g., schedule frequency, the bus, the stations, the driver, availability of information, etc.) Conducting such a survey can be an expensive project because it requires distribution and collection of survey forms at many widely separated locations (or considerable time for surveyors on buses). However, the results can be very helpful in revealing the degree to which users are dependent on bus services and their views about needed improvements.

#### ADVISORY COMMITTEES

The study process usually involves a technical committee (often consisting of the appropriate state program staff members and contracting officers) and a study advisory committee. The representation on the study advisory group has been an issue in some states. Representation from the intercity bus operators serving the state or the state bus association is needed in order to ensure that their perspective is included in the study; yet, some are concerned that they may exert influence over program decisions that could lead to grants or contracts for their firms. However, their inclusion on advisory committees is not very different from including transit operators on the advisory panels for statewide transit needs or policy studies. To mitigate any perceptions that private carrier involvement on study committees may lead to favoritism, the role of the advisory committee should be limited to review and comment on study products, with actual decisions on programs and funding reserved for policymakers.

Advisory groups can also include transit agency representatives, including rural transit and urban system staff. Rural operators are likely to know local needs, including needs for regional trips. They may also have potential roles as operators of intercity services, as commission agents, as developers of facilities, or as operators of feeder services. More importantly, participation in an open study of rural intercity needs, on a panel with private intercity operators, is often needed to address the perceived competition for Section 5311(f) funding (and for state program funding as well) that results from the certification process required by the federal program.

# VERMONT TRANSIT LINES

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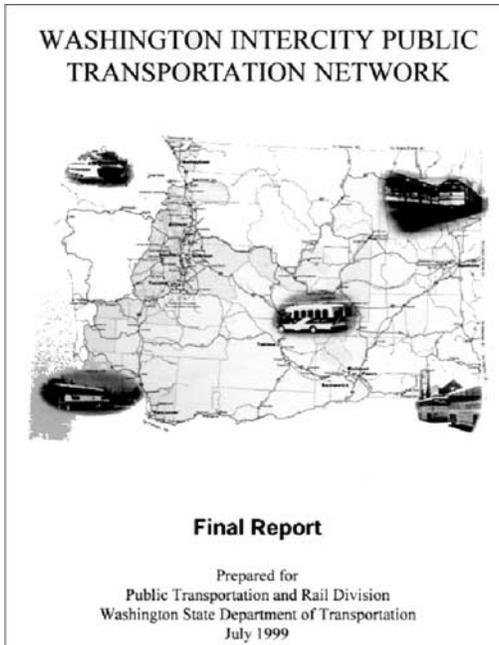


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### Statewide Plan for Services and Facilities

The Washington State DOT's (WSDOT's) Public Transportation and Rail Division funded a study, the *Washington Intercity Public Transportation Network* (9). Completed in July 1999, this study was performed by a consultant to the state under the close direction of the state's project manager. It was intended to define an intercity passenger transportation network of significance and identify improvements needed for intercity public transportation.

The project also was guided by an advisory committee that included three representatives of private intercity bus carriers, three representatives of public transit providers, five representatives of other modes (including four from WSDOT modal offices addressing ferries, roads, rail and aviation), four representatives of advocacy organizations, a metropolitan planning organization (MPO) representative, a WSDOT regional office representative, and an FTA representative.

The advisory committee assisted in developing an official definition of the state's intercity network: "Regularly scheduled transportation services available to the general public that operate across jurisdictional lines and connect rural areas and urban centers along corridors; and enhance the intermodal linkage to other modes that are part of a local and/or regional transportation system." This definition is multimodal although the study focuses on scheduled intercity bus services provided by private carriers and public transit agencies, with planning for rail, ferries, and air services left to other modal studies. However, it includes assessments of the links to these modes and shared facilities.

The project also defined a Washington State intercity network, consisting of

1. Travel modes used for intercity travel,
2. Places that should be served by the network,
3. Links or corridors between the places (by mode), and
4. "Points of entry" providing access to the intercity network (including local public transit facilities in cases in which the facilities provide access to intercity services—e.g., intermodal terminals or park-and-ride lots served by intercity carriers).

This network was designated the "Intercity Public Transportation Network of Statewide Significance."

Following the development of the network, service standards were developed for different size cities with different requirements depending on the distance to larger towns (i.e., "hubs" with populations greater than 50,000). Service standards were developed for availability of service (measured in terms of the number of daily trips); quality of service (the proportion of trips between 6:00 A.M. and 9:00 P.M.); and connections to local services (measured by the frequency of local service to the intercity entry points). Standards for facilities were also developed with different standards depending on the population of the community and the type of facility. Standards for the level of amenities at each type of station were developed.

A major database describing services and facilities was developed by surveying providers and through a field survey. The data was put into a GIS format for mapping and analysis. The database was compared with the appropriate standards to identify deficiencies and gaps. Population projections were used to assess future needs.

The plan resulted in recommendations for new intercity services and specific facility improvements. Policy and program recommendations also addressed the need to support these services and coordinate services offered by different providers and modes. Cooperative marketing, information, and ticketing programs were also defined. Estimates of capital and operating costs to remedy the deficiencies were developed, and potential funding sources were identified. Barriers and opportunities to implementation were also discussed, and needed implementation actions were identified.

### Statewide Plan—the Key Role of Advisory Committees

The *Minnesota Intercity Bus Needs Study* (5) was conducted in 1996 and 1997 under contract to the Minnesota DOT's Office of Transit. It was budgeted at \$250,000 and funded using Section 5311(f) planning funds. Minnesota had been accumulating its Section 5311(f) intercity bus funding in a reserve account, and this study was intended to determine whether there were unmet rural intercity needs or whether the state should certify that it had no unmet needs. If needs were found, the study was to determine the appropriate means of addressing those needs and to develop the program guidelines to facilitate implementation.

The study was guided by an advisory committee that included a variety of perspectives. Two private intercity carriers (Greyhound Lines and Jefferson Lines) each had a single representative. The state regulatory agency, Minnesota DOT's Office of Motor Carrier Services, had a representative. Rural areas were represented by a staff person from a Rural Development Council, and small urban areas by a representative of a Council of Government. Minnesota DOT was represented by the contact manager from the Office of Transit, representatives from two district offices in rural areas, two representatives from the Office of Investment Management, and one representative from the Office of Aeronautics.

Initially, there was a significant difference in the views of the rural transit advocates and the intercity carriers, but the review of services and the survey of users provided data that led to significant discussion of all the mobility needs of rural and small urban residents. Areas were identified that had no intercity connections, and it was found that many intercity bus riders did not have automotive alternatives and had characteristics similar to those of rural public transit riders. Focusing on the needs of the customers eventually led to agreement on the need for a program to fill gaps in the network and improve facilities. In addition, the review of services made clear that the amount of service required to address the gaps was relatively limited because 90 percent of the state's population lived within 20 miles of an intercity bus stop—that is, the unmet needs could be addressed within the available funding.

The analysis revealed that many rural intercity riders found existing frequencies and the quality of the buses acceptable. The major concern was the quality of the terminals, and, as most of the routes in Minnesota require stopovers or connections in Minneapolis, it became the focus of a recommendation that rural Section 5311(f) funding should be made available for facilities in urban areas under certain conditions, based on the rationale that it would improve conditions for rural riders. As a result, Section 5311(f) funding was one of the sources used for construction of the Hawthorne Transportation Center in Minneapolis.



### Statewide Plan with Recommended Policy Changes

Another example of a statewide intercity bus study is Vermont's Statewide Intercity Bus Study (7), conducted in 1997 and 1998 by a consultant under contract to the Vermont Agency of Transportation. Like the Minnesota study, the Vermont study was guided by an advisory committee that included state program staff, rural transit operators, the Vermont Public Transportation Association, and the state's major intercity carrier (Vermont Transit, a wholly owned subsidiary of Greyhound Lines).



The study included an inventory of existing services and an analysis of the routes and service locations in relation to the areas with concentrations of persons likely to need bus service. A significant aspect of the study was the analysis of state policies and goals for transportation and the ways in which intercity bus services supported or addressed these goals. Also, information on recent changes in the state's route network, the financial condition of the industry, and likely trends were included. The potential for intermodal connections with Amtrak and local transit was identified as part of the inventory process.

Intercity bus user trip purpose and demographics were compared with those of users of the state's local public transit operations, revealing that both intercity providers and local public transit operators served populations with limited alternatives. Gaps in the state's network were identified, along with vulnerable existing services. Ridership and costs were estimated for these routes.

The study included recommendations for legislative changes needed to make private intercity carriers eligible under state transit programs; it also recommended use of state funding to maintain existing, but vulnerable, routes.

## POLICY ISSUES AND PROGRAM DEVELOPMENT

Another issue addressed in many of the statewide plans is the degree to which rural intercity services fit into existing state transportation goals, policies, and programs. This can include reviews of statewide long-range plans, policy statements, program guidance, and legislation. Rural intercity services are likely to address a number of existing goals, or goals and policy statements may require changes. Similarly, programs developed for rural transit program implementation may well have restrictions that need to be changed.

In Vermont, for example, private intercity carriers were not included in the list of entities eligible for state transit programs, requiring legislation to include them. In Georgia, the state does not provide funding for any portion of the local match for operating assistance, leading to the development of a program focusing on capital and marketing assistance. Some states allocate rural transit funding on a formula basis to specific regions or operators, using rural population or other demographic data, making it difficult to use this funding for services that operate through several regions. The statewide planning studies typically identify such issues and then make recommendations for the changes in legislation, policy, or programs that would be needed to provide assistance to rural intercity services.

In addition, it is possible to develop and implement a program to improve rural intercity services largely through the development of policies that set service standards. This approach focuses on identification of the desired outcomes (e.g., a minimum of three round-trips per day at all towns with populations greater than  $x$ ), and then project proposals are assessed in terms of the degree to which they address the policy goals.

### Statewide Program Plan with Strong Policy Emphasis

Oregon's *Intercity Passenger Transportation Program: Biennial Report 2001* documents the development of state intercity passenger policies and programs (10). Earlier studies and outreach efforts resulted in the development of the level-of-service standards for multimodal coordination, connectivity, intercity bus, passenger rail, and commercial air service. Oregon's services have been assessed to determine whether these standards are met by existing services and to identify inadequate levels of service or gaps.

The program activities include the provision of information, efforts to coordinate services, and limited short-term revenue guarantees or service development funds targeted to identified gaps in service. An interesting finding is that the intercity bus services provide approximately three-fourths of the identified need (based on the policy service standards) without state or federal financial assistance, with 16 percent of the state served with inadequate service levels and 8 percent missing service. This suggests that even limited funding programs targeted to areas lacking service could allow a program to meet statewide mobility goals.

OREGON DEPARTMENT OF TRANSPORTATION

Public Transit Division



## Intercity Passenger Transportation Program



*Biennial Report 2001*

## SMALLER-SCALE INTERCITY BUS PLANS

Planning studies can also include smaller-scale, short-term studies that address a particular route or service or a particular capital project such as a facility. Often these studies take place within a program context that is already well defined, and the questions to be addressed focus on the feasibility of initiating a new rural service or flexibility of a facility. For a new service, such a study typically might include identification of the points to be served; their population characteristics; distance to existing service; former services (if any); alternatives such as rail passenger service or rural public transit that could offer connections; the existence of potential trip generators such as institutions of higher learning, training centers, prisons, major medical facilities, military bases, or major airports; estimates of potential demand for service; estimated revenue; route and schedule concepts; and estimated costs. Alternative cost-and-revenue scenarios may be needed to assess the appropriate frequency of service. Other issues may be addressed in such studies—for example, the potential for diverting existing passengers from other routes, seasonal differences in ridership, the potential for operation as part of a through-route serving other points outside the immediate service area, management and organization of the project, local support, and evaluation criteria to be used following implementation.

### Route-Level Feasibility Study

In 1998, the City of Warsaw, Indiana, contacted Greyhound Lines to see whether the company would be interested in reinstating service on any of the routes formerly operated by American Bus Lines. In 1996, American Bus Lines ended service on all its routes, including service in north-central Indiana. Greyhound suggested that the city apply to the Indiana DOT for operating assistance under the Section 5311(f) program. However, under its Section 5311 program, Indiana requires applicants for funding for new services to perform a feasibility study prior to submitting an application for operating funding. The state offered planning funding for the study, and the City of Warsaw contracted with Greyhound Lines to perform the study. Greyhound in turn contracted with a consultant.

The contents of the feasibility study were determined by the requirements of the Indiana DOT. These requirements included identification of the need for public transit service, which included a review of alternative services and population and user characteristics, identification of potential trip generators, calculation of service demand, identification of the most appropriate type of service, identification of capital requirements, determination of the degree of long-term community support, and identification of the marketing effort required.

The study team had the advantage of having information on the schedules, routes, ridership, and revenue experienced by American Bus Lines before the company ended service. However, a route-level demand model was also used to estimate ridership. Revenue estimates were derived from the American Bus Lines experience. The results of the feasibility study were used to complete the grant application for operating assistance, and two routes were funded by the state. They continue to operate successfully. Following this planning effort, Indiana DOT revised its policy to permit private carriers to apply directly to the state for planning and other funding. Greyhound has since conducted two other feasibility studies on its own for other routes.

### **Route-Level Feasibility Study with Estimates of Demand**

Another example of a feasibility study for a particular route is the recently completed feasibility study for initiating new service in Georgia between Macon and Brunswick. This study was prepared by a consultant under contract to Greyhound Lines; Greyhound provided the local match for a planning grant from the Georgia DOT. Seeking new service, a legislator from a rural/small-town district with no intercity bus service had contacted Greyhound. Greyhound was unsure of the potential market and so applied for planning funds to do a more complete analysis of the corridor.

The study included an analysis of the populations of the towns along the route with regard to the size of the potential market within either a 10- or 20-mile radius of the town; an analysis of transportation needs characteristics; and an inventory of potential traffic generators such as institutions of higher education, major medical facilities, major employers, and correctional institutions. An earlier statewide intercity bus study was also cited as having identified this corridor as one of three major areas of the state with limited intercity bus accessibility.

A GIS system was used to estimate the populations that would be served, and the data were used in a route-level demand model to estimate potential ridership. A second model was developed to estimate the revenue at each stop. It was calibrated with data from Greyhound on ticket sales at other Georgia locations. Finally, the statewide transportation planning model developed for the state's intercity rail plan (11) was reviewed as a check on the results. The model with the lowest ridership was chosen to use in estimating ridership and revenue so that conservative estimates would be used. The route was found to require operating assistance in order to be feasible, and Section 5311(f) funding was identified as an available source if state funding could be found for the local match.

## **FACILITIES PLANS**

Some states have developed intercity plans that are more specialized, reflecting local or carrier interests and priorities. Primarily, these plans have addressed facility needs. Typically, they include an inventory of facilities, development of standards or criteria to evaluate them, surveys of carriers and transit agencies, identification of improvement needs, cost estimates, identification of funding sources, and development of policy or program guidance regarding facility investments. For example, the Texas DOT's (TxDOT's) Section 5311(f) program has been largely directed at facility development in part because of carrier input. The state has provided planning funding to TBA to perform an inventory and analysis of intercity bus facility needs. This study was completed in December 2000.

Another example is an inventory and analysis of intercity bus facility needs in Pennsylvania. The state funded Greyhound Lines to perform the study using a consultant, and the study is still underway. Greyhound Lines also used planning funds from the Montana DOT to inventory and evaluate intercity bus facilities in that state, resulting in recommendations for signage and seating improvements at most locations.

As part of facility improvements, trailblazer signs can help improve access to intercity services by directing travelers and others to the facility location. Some states have used internal resources or worked directly with carriers to identify locations and requirements for trailblazer signs to intercity bus facilities. These signage projects are also important project-level plans that support improvements in rural intercity services.

Intercity planning funds can also be used for feasibility and location studies for intermodal facilities in rural areas or in urban areas (to the extent that the facility serves rural services). Typically, however, intermodal facility projects are initiated by local transit agencies, and funding for architectural and engineering services is more likely to come from the capital-only funding sources being used to construct the facility rather than from Section 5311(f) funding.

### **Statewide Intercity Bus Facility Plan**

The *Statewide Assessment of Texas Intercity Bus Facilities and Needs* was performed by a consultant under contract to TBA and TxDOT (12). TBA is an association of private intercity carriers providing scheduled service in Texas, and it had applied to the TxDOT for Section 5311(f) planning funds to perform the study. The study had an advisory committee that included TxDOT representatives; several private carriers; TBA; and transit operators from rural, small urban, and large urban areas.

Since 1995, the Texas Section 5311(f) program has been limited to projects that are intended to construct, rehabilitate, or purchase multimodal terminals or to provide for the incremental costs of modifications to over-the-road coaches to provide accessibility for persons with disabilities. This study was intended to give an overview of the potential universe of such projects, along with a plan with priorities for investments in terminal facilities.

The study included surveys of private carriers, transit operators, and planning organizations to determine interest in the development of multimodal terminals and to identify planning efforts already underway. Carrier, transit, and local priorities were also identified. Data on intercity bus service levels at every stop were tabulated to identify the stops and to determine activity levels. An assessment of available funding sources was conducted, including information on federal and state funding policies regarding the intercity portions of such terminals.

The inventory process included site visits at 121 of Texas's 424 facilities. These facilities were identified through a multitiered process. All urbanized areas were included, along with all locations identified by private carriers, rural transit operators, and planning organizations as potential terminal improvement locations. Finally, all locations with high levels of activity not already included were added to the list. A standardized site assessment form was developed, and all sites were visited by a staff planner. Photos were taken, and the data were compiled into a complete database accompanied by a photo album (which communicated a great deal about the conditions faced by the passenger).

The study advisory committee assisted the planning team in developing a set of criteria to be used in assessing the facilities. These criteria included information on the role of the facility in the intercity network, on the population served, and on the intercity ridership levels. Carriers pointed out that there may be stations serving as junction points or rest stops that should be improved because many riders use them; yet, such stations may be located in towns with small populations or may sell few tickets. Also, transit operators pointed out that in rural and small urban areas, transit operator interest is a significant factor in justifying facility development despite low populations or limited service because the facility may be needed to address other needs for the rural operator. These various considerations were used to develop a functional gradient with different criteria for stations with differing roles in the system. In addition, condition and location evaluations were applied to all stations under the assumption that all stations should be in good condition and well located.

The resulting assessments were used to develop a plan and policy for multimodal station improvements, which included development of strategies and policy guidelines. Specific terminal improvements were identified, along with estimated costs for the intercity bus-related portions of the facilities. Statewide improvement programs addressing trailblazer signage and exterior seating were also proposed. The final report included a CD with all of the inventory photos and assessment data, linked by site for easy access. The CD also included the text of the report.

## **THE INTERCITY BUS MODE IN STATEWIDE MULTIMODAL PLANS**

Several states have also conducted plans that included the intercity bus mode along with other modes in statewide multimodal transportation plans. Typically, these plans are long range and include intercity bus as a mode alongside automobile and truck modes, intercity passenger rail, public transit, and aviation. The methodology, treatment, and consideration vary considerably with the study and its purpose although typically the focus is not specifically rural. However, these studies can be important to rural service issues because they can create policies that may have a significant effect on rural intercity services.

One example of such a plan is *Wisconsin TransLinks 21*, which was prepared for the Wisconsin DOT in 1994 as a multimodal plan with a 25-year horizon (13). It included a section titled "Intercity Bus Transportation—Overview and Presentation

of Alternative Policies for Intercity Bus Transportation in Wisconsin.” Wisconsin’s regular-route carriers were surveyed to develop an inventory of existing services and identify trends, including the loss of rural services. A multimodal intercity passenger model was developed by a consulting team under contract to the state. It was used to assess four alternative scenarios for future development of this mode, ranging from continuation of current policies that include limited use of Section 5311(f) for operating assistance through progressively greater levels of investment in services, facilities, marketing, and equipment.

A multimodal intercity passenger demand model was also developed as part of the *Intercity Rail Plan*, a study sponsored by the Georgia DOT (11). The primary focus of the study was the assessment of the potential for a statewide intercity rail passenger network, but the inventory of existing services also included intercity bus services, and data on the intercity bus network was used in the calibration of the multimodal demand model. This study has created a tool that can be used to address intercity bus needs in future work.

## **PLANNING TOOLS**

A review of intercity bus planning studies by the study team suggests that there are a number of factors that should be considered in developing or performing such studies—elements that are unique to intercity bus services in rural areas. These elements include the difficulty in estimating demand and revenue, issues in estimating costs, route and service planning considerations, the role of bus package express, methods of assessing need, analysis of coverage, market areas around stops, and key generators.

## **ESTIMATING RIDERSHIP**

Estimating potential ridership for a proposed service can be difficult for all types of transit service, but in the case of rural intercity bus services, there are even fewer models or techniques available to the planner. Ordinarily, a planner would look in the literature to find several types of transit demand models calibrated with data from different systems; however, there are few options available for route-level or mode-specific network models for intercity bus services. In part, this lack of options is because industry continues to be primarily in the private for-profit sector, and carriers have had neither the cause for nor the interest in providing extensive ridership data to model builders. And it is also because the industry was primarily involved in cutting service (which can be done based on revenue, cost, and ridership data) rather than in adding service, so there was little interest in developing ways to estimate ridership. The advent of funding programs that can assist in funding new or replacement service creates a need for techniques to help states, regional planners, and bus operators decide which service options will generate higher ridership—and, thus, have the greatest chance of success—and will merit funding. Several approaches are possible to estimate ridership.

### **Historical Data**

Ideally, data from current or recent operations on the route or service in question can be obtained and used to develop ridership and revenue estimates. Pennsylvania DOT requests such information from carriers applying for operating funding as part of the application. However, if the proposed route or service is one that is not currently operating, some method is generally needed to estimate potential ridership.

## Route Models

The only route-specific demand model currently in use was developed in 1982 as part of an earlier NCHRP project addressing planning needs for rural intercity bus services. A paper describing the model was presented in 1982 at the 61st Annual Meeting of the Transportation Research Board (14). The paper describes three demand models designed to allow state and local planners to estimate ridership on rural intercity bus routes using data on the length of the route, the fare level (per mile), the frequency of service, and the population served. The population data used included the population of each town, village, or city on the route or adjacent to a town served by the proposed route. Origin and destination populations were taken as the central city or town center served rather than as the metropolitan area. The models used least square regression analysis and were calibrated using data supplied by Greyhound for 89 routes in 17 states.

No comparable models have been developed in the interim, and so these formulas remain the only available route-level demand models. Any potential user should be aware that the formulas were calibrated with data from a period preceding bus deregulation and industry consolidation. Estimates developed for current use and near-term future projections using this model may be too high because of the age of the model. This model also does not account for potential ridership or revenue from passengers riding to and from points beyond the route segment in question. These riders, often called “through” or “overhead” traffic, can be very important to the feasibility of a route.

## Trip Rate Models

Since the 1982 model, alternatives have been developed to estimate potential ridership. One method is to use trip rates to develop estimates of the number of intercity bus passenger trips that would be generated in a town and then sum the estimates for the towns on the proposed route. This approach relies on having data on intercity bus trip rates that are appropriate and reflect the level of service that the town is likely to receive. Typically, trip rates are higher if the frequency of service is higher. Carriers interested in obtaining operating funding may be willing to provide some limited data on boardings by town for comparable rural locations, which would allow the rates to be calculated on relevant data. An example of this approach is the methodology followed in the Minnesota intercity bus study in which a ridership model was developed based on carrier data on boardings in each town, service frequency, and population (5). One other issue with this approach is the complexity introduced if a town is served by additional routes in other directions because the total number of intercity trips generated by the population in that town must then be assigned to the different routes.

A similar approach involves using data from carriers on revenue or ridership by stop to develop a regression model to estimate revenue or ridership for another location currently without service. In a recent feasibility study for the Georgia DOT (15), Greyhound provided data on annual ticket sales revenue and numbers for its agencies in Georgia. For towns comparable in population with those on the proposed route, a GIS system was used to estimate the population within a 10-mile service area. Service frequencies for each location on this list were developed from timetables, and this database was then used to develop a simple regression model to predict revenue at a location as a function of population and service levels. This model was then used to predict revenue for the towns on the proposed route that currently have no service.

In general, ridership estimates that are based on comparable experience are most likely to be accurate. This implies using data that is recent and from services being operated in proximity to the proposed services.

## COSTS AND REVENUES

Providing assistance to support the operation of rural intercity bus services is similar to most transit programs in that a budget is needed in advance of the project as part of the funding process. For operations, budgets imply the need to know the costs of the proposed service and the expected revenues.

### Costs

Except in cases in which programs support only particular cost elements (e.g., maintenance), costs for services operated by intercity carriers are most easily estimated by using a per-mile, fully allocated cost multiplied by the number of bus-miles anticipated during the year. This is the figure that most firms use in their own assessment of profitability; it includes overhead, administration, insurance, labor, vehicle capital, fuel, tires, and maintenance. For example, if an intercity carrier's fully allocated cost per mile is \$2.90 and the proposed service is a daily round trip on a 100-mile route, then the cost is as follows:

$$\$2.90 \times 365 \text{ (days)} \times 2 \text{ (one-way trips per day)} \times 100 \text{ (one-way route distance)} = \$211,700.$$

If the project is also going to include vehicle capital for the project, the capital needs to be netted out of the fully allocated rate so that capital costs are not included twice. If comparisons are being made between private carriers and public operators, care must be taken to ensure that the cost comparison uses comparable data—for example, public-sector costs may not be fully allocated because many times vehicle capital is not considered because it is funded separately under capital programs.

Another means of estimating costs is to define the service for which the assistance is being provided in terms of route, frequency, and schedule and then issue a request for bids. The bid process then provides a cost although, of course, the process must be conducted in such a way that the costs submitted by bidders are comparable.

### Revenues

Revenue for transit operating projects can be estimated by multiplying estimated ridership by the expected revenue per passenger. However, estimating revenues for rural intercity projects is more difficult because intercity fares typically vary with distance (as well as being subject to various promotional fares that may include time of travel, travel party size, and location of boarding as factors). Not only is it difficult to estimate the number of passengers (as discussed above), but it is also difficult to predict the average fare. Ideally, data from the previous operation of the service can be used as a basis for a specific figure for that route. If that data is not available, one option is to assume that the revenue per passenger will be the same as the national average ticket price, which is currently \$36.00 according to Greyhound's website. Annual reports from other carriers may reveal different average fares (16). Another approach is to estimate the average trip length and multiply that by an average revenue per passenger-mile. Regional firms may carry more trips that are short and have lower average revenues. Rural transit operators providing regional or feeder services are likely to charge lower flat or zone-based fares, and it may be easier to estimate the average revenue per passenger.

Intercity projects offer the potential for providing bus package express service, and such service also provides the potential for additional revenue. Figures on companywide package express revenue per mile could be used to include this in the estimate. However, it should be noted that in the United States, this source of revenue has declined substantially as competition from package shippers offering overnight service has increased. Also, it is a question of whether package express revenue should be counted in the same manner as fares, reducing the net deficit, or as a source of funds for the local match, which is often hard to obtain.

## CONCLUSIONS

Planning is a strategy that can address many of the issues identified in this research project's surveys of state agencies and intercity carriers by providing information about

- Current intercity services and facilities in a state or region;
- Previous services or facilities in that area;
- Gaps in current service patterns;
- What current users want to see improved;
- Characteristics of current users, and how they compare with those of other transit riders;
- How intercity services connect (or could connect) with other modes;
- What role intercity services play in meeting mobility needs;
- Policy options for addressing the identified rural intercity needs; and
- Program recommendations to implement the chosen policies.

Planning studies can be expensive and time consuming and so are not recommended as an annual means of determining whether or not there are unmet intercity needs. However, as an initial analysis of the role of rural intercity services in a given state or region including identification of the actors, the services, potential needs, and the options available, planning is a strategy that can potentially address many of the barriers identified in the project's surveys and can set the foundation for improvements to rural intercity bus services.

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## STRATEGY 3

### DEVELOPING A PROGRAM

Developing a program to address intercity bus service is the next step following the identification of intercity providers and services (i.e., Strategy 1) and the carrying out of a planning process to identify needs for intercity service (Strategy 2). Within this third strategy, the initial step is pivotal—determining whether to certify that the state has *no unmet needs* for intercity bus service. This issue of certification is thorny because the structure of the Section 5311(f) program requires that states weigh the needs for intercity services against all other rural needs, which in most states are significant. The certification issue and others are described below within this strategy—*developing a program* for intercity bus service.

#### STEP A: DETERMINE EACH YEAR WHETHER TO CERTIFY

A central issue at the state level when dealing with the Section 5311(f) program is determining whether to certify to FTA that there are no unmet needs for intercity bus service. This is not a simple “yes” or “no” question, but one that forces states to consider rural intercity bus needs relative to their other rural transportation needs.

The structure of the Section 5311 program, which includes Section 5311(f), suggests that the intention of Congress when structuring the transportation funding legislation was to consider intercity travel needs as one type of rural transportation need, part of a continuum of rural transportation services that are funded under this program. The Section 5311(f) program guidance directs states to determine annually whether there are unmet rural intercity bus needs; if there are unmet needs, 15 percent of that state’s Section 5311 allocation must be used to address these needs by funding eligible projects. A state that finds intercity needs may choose to spend more than 15 percent. If the state finds needs that require less than 15 percent, it may submit a partial certification. If the state finds no needs, it can certify that there are no unmet intercity bus needs and use the funding for other rural projects. Given that a state can make that determination and that the 15-percent amount is not a requirement, this Section 5311(f) program effectively amounts to a request that the states annually consider rural intercity bus service needs among all other rural transit needs.

This structure of the Section 5311(f) program creates a basic tension in the rural program because rural intercity needs must compete each year for limited funding against other types of rural public transportation. Thus a constraint to *any* type of rural intercity project implementation is the perception that there is not enough funding in the program to meet both non-intercity rural public transportation needs *and* rural intercity needs. In fact, this constraint or issue was raised by state program managers in this research project’s survey as one of the barriers to the Section 5311(f) program.

There are two basic views of the funding or competing needs issue. One is that the Section 5311 program was created to fund rural public transportation providers, primarily private nonprofit and public entities, and that later intercity bus services were

made eligible through the Section 5311(f) program, potentially using funds that would have been available to rural public transportation providers to meet other needs. Those that subscribe to this view believe that even with the expanded level of funding under TEA-21, there is so much need for other types of rural public transit that intercity bus services should not be funded.

An alternative view notes that intercity bus services have always been eligible under Section 5311 and that several states (e.g., Wisconsin and North Carolina) used the funding for intercity projects in rural areas before the Section 5311(f) program required consideration of such projects. This alternative view also notes that federal appropriations for Section 5311 have increased since the intercity bus program was started from \$105.6 million in federal fiscal year (FFY) 1992 to \$205 million in FFY 2001, increasing the ability of states to address both rural intercity and other needs; therefore, rural intercity projects should, at least, be considered for funding.

FTA's program guidance regarding certification states that ". . . the assessment of intercity bus needs may be made relative to other rural needs in the state" (17). In many states, this perspective has led to certification of no unmet intercity need, allowing the 15 percent to be used for other rural needs. However, the increase in Section 5311 funding and the desire of FTA to ensure that rural intercity needs are actually assessed and considered on an annual basis have led FTA to encourage the states to examine any decision to certify in light of the increased program funding and the new ADA rule for the industry (18).

Table 5 presents FTA's history of state certification under Section 5311(f). The number of states certifying that there are no unmet rural intercity needs has ranged from 15 to 29, but has leveled off in the neighborhood of 20 to 22 states each year over the last 4 years. A number of states certify in some years, do partial certification in some years, or do not certify in some years. This suggests that the states conduct an annual process that examines needs and carryover funding and make an annual determination regarding certification, as called for by FTA. Some states certify and then use Section 5311 funding for intercity purposes anyway—for example, North Carolina certified in most years, but has funded some rural intercity routes during most of this period. Some states certify and use state or other funds to address identified intercity needs. Some states have certified that there is no unmet intercity need in each year of the program, reallocating the funds to other rural public transportation.

A review of the data gathered in this project suggests that this perceived barrier can be addressed in a number of ways that are potentially effective in addressing rural transportation needs (including intercity needs). These include the following:

- Conducting a process that will provide adequate information about what rural intercity services are provided, what needs they meet, and what needs are not met. It may be that gaps in service can be addressed with very limited funding or that rural feeders and connections (operated by rural transit providers) can address many needs. This process can involve planning studies, requests for information, project solicitations, or other outreach activities.
- Having an annual process to solicit comments about unmet intercity needs, one that meets FTA requirements requiring states to provide an opportunity for comment by private intercity bus operators. This process is discussed elsewhere in this report as part of the first strategy that addresses determining interest in intercity assistance.
- Considering rural intercity needs in terms of the customers served rather than in terms of the institutions providing the service. This consideration may involve

**TABLE 5 Summary of state and territory certifications of no unmet rural intercity bus need under the Section 5311(f) program**

State	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Alabama	Yes	Yes	Yes	Yes	Yes	Yes			
Alaska									
Arizona									
Arkansas		Partial	Partial	Yes	Partial	Partial	Yes	Partial	Partial
California									
Colorado	Partial	Partial		Yes	Yes	Partial	Yes	Yes	Partial
Connecticut	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Delaware									
Florida				Yes	Yes				
Georgia									
Hawaii			Yes	Yes	Yes	Yes	Yes	Yes	
Idaho									
Illinois			Partial	Partial	Partial	Partial	Partial		
Indiana				Yes	Yes	Yes	Yes		Yes
Iowa									
Kansas	Partial	Partial	Partial	Partial	Partial			Partial	Partial
Kentucky									
Louisiana	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Maine			Partial	Partial					
Maryland	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Massachusetts		Yes	Yes						
Michigan									
Minnesota								Yes	Yes
Mississippi									
Missouri	Yes	Yes	Partial		Partial			Yes	Yes
Montana									
Nebraska				Yes	Partial			Yes	Yes
Nevada									
New Hampshire					Partial	Partial	Yes	Partial	Partial
New Jersey	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
New Mexico									
New York									
North Carolina		Yes	Yes	Yes	Yes		Yes	Yes	Yes
North Dakota									
Ohio	Partial	Yes	Yes	Yes	Partial	Partial	Partial	Yes	Yes
Oklahoma		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Oregon									
Pennsylvania									
Puerto Rico	Yes				Yes				
Rhode Island		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
South Carolina	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
South Dakota					Yes	Yes	Yes	Yes	Yes
Tennessee		Yes		Yes	Yes	Yes	Yes	Yes	Yes
Texas	Yes				Partial				
Utah	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Vermont		Yes	Yes	Yes	Yes	Yes		Yes	Yes
Virginia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Washington									
West Virginia	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wisconsin			Partial	Partial	Partial	Partial	Yes	Partial	Partial
Wyoming									
<b>Total-Full or Partial</b>	<b>15</b>	<b>20</b>	<b>22</b>	<b>25+Guam</b>	<b>29+Guam</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>21</b>

NOTES: Yes—the state/territory certified that there were no unmet rural intercity bus needs and did not spend any of the 15-percent allocation for rural intercity bus projects.

Partial—the state/territory certified that there were limited unmet rural intercity needs not requiring the full 15-percent allocation. Less than the full 15-percent allocation was spent on rural intercity projects.

SOURCE: Compiled by KFH Group, Inc., from data in “Trends in the Section 5311 Program: Annual Status Report, Fiscal Year 2000. Office of Program Management, FTA.

surveys as part of a planning study and may reveal similarities to and differences with the customers of other rural transit services.

- Designing funding programs in such a way that intercity or regional services or projects are potentially fundable. For example, programs that suballocate funding to individual transit operators make it difficult to fund regional services because they may operate in several service areas and, therefore, require coordination of local match and schedules in a number of transit service areas—a potentially difficult and time-consuming effort.
- Using state funding to address some rural intercity needs. For example, Pennsylvania uses state funding in addition to Section 5311(f) funding to provide a larger program. New York provides an extensive operating subsidy program for intercity bus services using state funds, focusing Section 5311(f) on particular rural projects.
- Using other federal fund sources such as the Congestion Mitigation and Air Quality (CMAQ) Improvement Program, Section 5307, or STP transfer funds for capital, reducing rural intercity funding demands (see New Hampshire).
- Setting up the intercity program as a separate rural program with different criteria and goals and separate funding from other rural services.

Even if a state conducts a process that results in positive interest from intercity carriers, specific needs, and estimates of ridership and other benefits, it is very difficult to trade off trips of one type of service against those of another—for example, intercity bus trips versus local rural transit trips. Both are likely to meet the needs of persons with few alternatives and with relatively low incomes. However, the intercity bus trip is much more likely to be taken by a young person, the rural transit ride by a senior. Trip purposes are likely to differ, with most intercity trips for social or visiting purposes.

In the final analysis, each state must determine whether to certify concerning rural intercity unmet needs. Should the state decide to use Section 5311(f) funds for the year, state program managers must then move forward to determine program goals, choose program elements, and assess other steps in developing an intercity program.

## **STEP B: DETERMINE PROGRAM GOALS**

This step may have been addressed earlier in the process, as part of a planning study or perhaps in the process of deciding whether to certify; however, if it has not already taken place, it is important to determine the need or issues that are to be addressed by a program or by individual projects. The goals have a direct relationship to the types of projects solicited, to the priority given to different types of projects, and to the overall type of program.

Goals for rural intercity service need not be laboriously crafted “feel-good” statements, but should reflect the end being sought. Typical alternative goals might include the following:

- Maintaining the existing intercity bus network at current service levels;
- Maintaining existing service on specific rural intercity routes that have been identified as vulnerable;
- Improving service levels on rural routes that have minimal frequencies;
- Filling gaps in the network to ensure connectivity (this may include specific goals regarding the need for service to designated regional centers, county seats, educational institutions, military bases, major medical facilities, etc.);
- Reinstating services previously abandoned;

- Improving intermodal connections (with rural transit, urban transit, Amtrak, or at airports);
- Improving the quality of service;
- Improving accessibility of intercity services to persons with disabilities;
- Improving information about existing intercity services and intermodal connections; and
- Marketing existing or new services (in the sense of promotion rather than simply of information).

These are suggested goals. The unique situations of various states might well call for the development of additional goals or more specific aspects of these—for example, a focus on services supporting tourism or on standards for the amount of service that particular corridors or populations should receive.

### **STEP C: CHOOSE PROGRAM ELEMENTS**

The choice of program elements is directly related to the goals established for rural intercity services and to the needs identified through the assessment and planning processes. The elements may be constrained by funding availability or other state requirements, but it may make sense first to determine what should be done or addressed and then to work on ways to accomplish those elements within the overall framework of transportation programs.

The Section 5311(f) program is flexible with regard to the types of activities that are eligible. In general, the funding is provided by category, each with its own matching requirements. The funding categories include capital, operating, planning and marketing, and program reserve. Program reserve is essentially a holding account in which funds can be kept while decisions are being made regarding certification, program design, or specific projects. The other funding categories—operating, capital, and planning and marketing—are each discussed in their own strategy sections.

More detail on alternative ways of implementing these program elements is presented in the strategy sections that follow, which deal specifically with various types of operating assistance, capital, and marketing projects and with the option of combining project types.

### **STEP D: DEVELOP APPLICATION REQUIREMENTS**

Once decisions have been made regarding the activities that will be eligible for funding under a program, the results can be included in an application package. Each state is likely to have a different approach to the development of an application process. Intercity program goals, project eligibility, and other details can be included as part of a Section 5311 package that applies to rural services generally. Examples of this approach can be found in the Indiana DOT, Idaho DOT, and Wisconsin DOT applications. This approach has an advantage in that the package already contains all the assurances and requirements of the federal program. However, to a private carrier, this application may not be easily understood without substantial additional explanatory material. This additional explanation may not be needed by applicants who have filed grant applications under these programs for many years.

Many other states have developed separate application packages for rural intercity programs even if the basic funding source is Section 5311(f). Pennsylvania has a separate application package for its intercity bus program, which is partly funded by Section

5311(f). The package includes the necessary certifications and is printed on color-coded sheets to indicate which forms must be signed and returned with the application. North Carolina has developed a separate application for its intercity bus program, reflecting the different approach and emphasis from its broader rural transit program.

Another key decision at this point is whether the document in question is essentially a grant application, or a request for bids (RFB) or a request for proposals (RFP). A grant application is a solicitation offering the possibility of funding for projects that are eligible and address program goals. Projects are generally chosen based on the degree to which they are seen to offer the greatest advantage to the program in achieving its goals. This contrasts with an RFB, in which the desired service or project is defined specifically and respondents are asked to submit a price and their qualifications, with the award going to the lowest-cost qualified bidder.

Typically, a grant application package addresses at a minimum the 15 following topics:

1. A transmittal explaining the purpose of the document;
2. A timeline or schedule including distribution dates, dates of explanatory meetings, and due dates;
3. Program description;
4. Definitions (including the definitions of intercity and feeder services);
5. A statement of goals and objectives for the program;
6. A description of eligible applicants;
7. Required planning or other certifications (MPO or regional planning bodies);
8. A list of categories of assistance and eligible project types;
9. Supporting analyses that may be required, perhaps including population analysis, needs studies, evaluation of alternative services in the proposed service area, estimated ridership, descriptions of intermodal connections, and descriptions of how the proposed service or capital project relates to existing local providers;
10. Responsible parties and a management plan;
11. Budgets, including the basis for cost estimates, the source of local match, estimated revenues, and the funding shares;
12. Other requirements, including ADA;
13. Reporting requirements;
14. Evaluation criteria and process (including the role of any committees or panels) and an appeal process; and
15. Other federal requirements and certifications.

An RFP will likely not require supporting information regarding needs because the required service is already defined, and it will likely have a more defined evaluation component with specific criteria and weights.

Although the choice of projects that will be eligible has probably been determined by this point based on the program goals and the relative advantages of each type of project, applicant eligibility needs to be included in the application. Local public or private nonprofit transit systems, municipal or other governmental jurisdictions or bodies, regional entities or development groups, and other entities may typically be eligible. Under Section 5311(f), FTA states that private for-profit carriers are also eligible although in a number of states, there are restrictions that prevent direct grants or contracts between state agencies and private for-profit firms. Restrictions can include state constitutional restrictions (e.g., Nebraska), state legislation defining eligible transit operators (e.g., Vermont), and funding policies that suballocate funding to local jurisdictions (e.g., Idaho and Oklahoma). In that case, grants for intercity services operated

by private for-profit carriers may need to be made to eligible local entities, which then contract with the carrier. Adding an additional layer can complicate the process, including the application, the flow of funds, and the reporting. Intercity carriers have found it difficult to find cooperative local applicants, who may see them as competitors for funding. It is important to clarify eligibility for inclusion in the package.

## **STEP E: IDENTIFY FUNDING SOURCES**

Obviously, a key part of developing an intercity bus program is the identification of funding sources. Chapter 2 in Part I of this report presented a number of funding sources that have been identified in the course of this study. The major funding source identified is the Section 5311(f) program, but it is important to note that a number of states allow for the possible use of Section 5311 funding beyond the 15-percent level recommended for consideration for intercity service. Also, a number of states use state funding for rural intercity services in addition to Section 5311(f) or as a complement to it (funding some portion of an intercity program or funding network support while utilizing Section 5311(f) for specific rural projects, as in the case in New York). State transit funding sources can include, for example, gas-tax revenue, titling taxes, license fees, general fund revenue, revenue from particular taxes such as rental cars, and real estate–transaction taxes. Identification of funding sources for transit is a separate topic; the issue in this case is the degree to which rural intercity projects may be eligible for available state funds.

An important issue identified in the research project’s surveys is the way in which the nonfederal match on operating assistance is funded. Under the Section 5311(f) program, the federal share can be a maximum of only 50 percent of the net deficit. The remaining 50 percent needs to be funded from some other source, and in the case of Section 5311 projects with state and local governments or public transit agencies, some or all of this portion may be funded with local tax revenues. However, private intercity carriers are reluctant to pay the remaining 50 percent from other company revenues because they continue to lose money by operating the service. Depending on local governments to pay some or all of this portion of the net deficit is also a problem because private carriers operating services in multiple jurisdictions face the potentially difficult task of negotiating agreements for funding in all the different locations. Some states have provided this funding, taking on the role of the “local” government for such statewide services—for example, North Carolina provides the other 50 percent from state funds. Intercity bus services were historically regulated at the state level, and, in that sense, the state role in maintaining rural services is continued through state funding of the local share. Another alternative is cost sharing: the state provides some portion of the local share, and the carrier or local or regional governments provide the other portion. Pennsylvania provides 25 percent of the nonfederal share, with the remainder either local or provided by the carrier out of other operating revenues. Because the combination of fare revenues, federal assistance, and state assistance is often enough to pay the variable costs of service and to make a contribution to overhead expenses, many carriers seem to be willing to pay this portion.

The nonfederal share does not seem to be as much of an issue for capital expenditures. Carriers are more willing to pay some or all of the 20-percent match for vehicles, accessibility equipment, or facilities. Facilities typically involve more actors and a wider array of funding sources, so the direct carrier role may be reduced and the likelihood of local funding in the jurisdiction in which the facility is to be built is higher.

## STEP F: ADDRESS OTHER FEDERAL REQUIREMENTS

Survey responses from states and carriers suggest that federal requirements associated with Section 5311(f) may be perceived as barriers to implementation of effective rural intercity bus services. Specifically, Section 5333(b) (formerly known as Section 13(c)), the labor protection requirements, and the ADA requirements were mentioned as potential problems.

As can be seen in the Section 5311(f) program guidance (found in Appendix A), Paragraph 12c notes that all Section 5311 operational projects, including intercity bus projects, require agreement to the standard Section 5333(b) special warranty for the Section 5311 program or to other arrangements approved by the Department of Labor. During the years immediately following the Greyhound strike (in 1990–1991), Greyhound Lines would not sign the special warranty for the Pennsylvania program. However, Greyhound has completely changed its policy, and it will now sign the warranty as a matter of course. Other intercity operators have also signed the warranty without it becoming an issue. Smaller private firms may need an explanation, but once it is clear that the intent is to guarantee that employees will not be harmed as a result of obtaining the assistance, it is not an issue.

The other federal requirement identified as a concern is the ADA. Public entities operating or contracting for intercity bus services do not have to provide complementary paratransit services although fixed-route feeder services operated by public entities may require complementary paratransit if the services do not have the characteristics of commuter service (i.e., peak-hour services, limited stops, etc.). Public operators providing fixed-route services have been required to acquire accessible vehicles for those services, including OTRBs. Section 37.37(a) of the ADA regulations states that a private entity does not become subject to the requirements of public entities because it receives an operating subsidy from, is regulated by, or is granted a franchise or permit to operate by a public entity. However, private entities primarily engaged in the business of transporting people have been required to purchase accessible vehicles (other than sedans, vans with fewer than eight seats, or OTRBs) since late 1990. More recently, the DOT issued the final rules for private entities operating OTRBs.

The final rule addressing private operators of OTRBs was issued on September 24, 1998. Table 6 presents an overview of the rule as it applies to fixed-route operators. The requirements vary by the size of the firm and the percentage of their fleet used for fixed-route service. In general, the large firms are required to purchase accessible new vehicles after October 2000, with 50 percent of the fleet accessible by 2006, and 100 percent by 2012. In the meantime, the firms must be able to provide an accessible bus with a 48-h advance reservation.

Smaller firms with more than 25 percent of their fleet used for fixed-route service also must purchase accessible vehicles until their fleets are 100-percent accessible, but there is no schedule for compliance. Until their fleets are accessible, the smaller firms also must provide accessible service (or equivalent service) with 48-h advance notice. Small carriers with less than 25 percent of the fleet used for fixed-route service must always be able to provide accessible vehicles or equivalent service on 48-h advance notice, but they are not required to purchase accessible OTRBs. The final rule does not require any retrofitting of existing vehicles.

States or local entities providing funding for operations need to ensure that the grantee is required to meet the appropriate requirements of the ADA rules as a minimum. A number of states have provided funding to carriers to purchase lifts for installation on new vehicles or, in some cases, for retrofit installations on existing vehicles. This funding will enable carriers to achieve accessibility more quickly. Although there is a federal funding program—the Section 3038 Rural Transportation Accessibility

**TABLE 6 Summary of provisions—final rule on ADA accessibility for privately operated OTRBs**

<b>GUIDELINES FOR FIXED-ROUTE OPERATORS</b>			
<b>ISSUE</b>	<b>Large Fixed-Route Carriers</b>	<b>Small Fixed-Route Carriers</b>	
	Defined as firms with total revenues of at least \$5.3 million	Defined as firms with less than \$5.3 million in total revenues	Defined as firms with less than \$5.3 million in total revenues
		<b>&gt;25% Fixed-Route</b>	<b>&lt;25% Fixed-Route</b>
		More than 25 percent of their total fleet is used for fixed-route service	Less than 25 percent of their total fleet used for fixed-route service
<b>Effective Date</b>	<i>October 2000</i>	<i>October 2001</i>	<i>October 2001</i>
<b>Deadlines</b>	50% of fixed-route buses must be accessible by 10/2006, 100% by 10/2012.	No deadline for accessibility	No deadline for accessibility
<b>Requirements</b>	All new vehicles delivered after 10/2000 must be lift-equipped.	Must purchase or lease only accessible vehicles until entire fixed-route fleet is accessible.	Must be able to provide accessible service with 48-h advance notice to mobility-limited passengers.
<b>Interim Service</b>	Must be able to provide accessible service with 48-h advance notice until fleet is 100% accessible.	Must be able to provide accessible service with 48-h advance notice until fleet is 100% accessible. <i>or</i> Equivalent service defined by S. 37.105	Must be able to provide accessible service with 48-h advance. <i>or</i> Equivalent service defined by S. 37.105
<b>APPLIES EQUALLY TO ALL BUS CARRIERS WITH OTRBs</b>			
<b>Rest Stops</b>	On express runs of 3 h or more on which the bathroom on board the bus is inaccessible, the operator is required to make a good-faith effort to provide an unscheduled rest stop if requested. If it is not possible to stop, all denials must be explained to the passenger who requested the stop.		
<b>Interlining</b>	<b>Fixed-route carriers</b> are required to send and receive information to one another to ensure that all accessible service needed for a trip involving more than one carrier is provided.		
<b>Penalties</b>	If a company fails to provide 48-h advance notice service, they must compensate the passenger who requested the service. The compensation amount ranges from \$300 to \$700, depending on how many times the company has failed to provide service.		
<b>Overflow</b>	If there are more wheelchair users on a given bus than there are securement locations, the bus company must offer to provide boarding assistance and transfer to a vehicle seat. If the passenger declines the offer, the bus operator is not required to transport the passenger on that bus.		
<b>Training</b>	Bus operators must be trained to be compliant with S.37.209. A list of specific skills necessary is provided.		
<b>Maintenance</b>	Bus companies are required to check lifts frequently enough to catch any problems in a timely manner. Daily cycling is not necessary. If a problem is found with the lift, the vehicle may be kept in service for up to 5 days from the discovery if no substitute vehicle is available. This does not excuse the company operating the bus with the broken lift from paying compensation to a passenger if the lift is needed.		

Incentive Program, which provides federal funding directly to carriers for up to 50 percent of the costs of accessibility equipment and training—the funding levels are low in relation to the overall costs, so carriers are likely to seek additional assistance. At least one state (i.e., New York) has provided the local match for its carriers that have been awarded funding under this program.

### **STEP G: EVALUATE PROJECT PROPOSALS**

It is necessary to evaluate proposals that result from a program solicitation. This evaluation can be done in several ways, depending on the way in which the program has been set up. One way is a subjective analysis based upon the overall benefit to the public, given the program's goals and objectives. This may be performed by staff, or it may involve an advisory committee review of proposals.

Some project evaluation schemes involve the assignment of point values to various aspects of the proposal, with scoring performed by an evaluation panel. This evaluation scheme removes some of the subjectivity, and, if several persons evaluate project proposals, their combined scores should provide a better result. The scheme also allows for the consideration of multiple goals or other factors and makes clear the relative weights. Factors can be included to relate specifically to program goals (e.g., the degree to which they are met), as well as to general factors such as the experience and expertise of the proposer, financial capability, and management capability on similar projects.

Explicitly defined and scored project evaluation methods assist the carrier or agency developing the project in determining how to present the project. The methods also help to reduce issues involving appeals from proposers who are rejected.

### **Evaluation of Project Proposals: Scoring Capital Projects**

An example of the scoring approach can be found in the RFP of the Texas DOT Section 5311(f) program. Under this program, all proposals are evaluated based on the qualifications of the contractor (30 percent), the proposed budget (20 percent), and the technical merits of the proposal (50 percent). The technical merits of the proposal for different program elements have different scoring criteria. An example is the scoring for applications for public transit facilities:

1. Cost of improvement—the number of passengers served annually divided by the cost of the project (20 points).
2. Terminal(s) located in area(s) with populations of less than 200,000 (20 points).
3. Number of different transportation modes using the terminal (20 points); the transportation mode must currently exist in the community to be considered for scoring.
4. Number of passenger amenities in completed terminal project (15 points).
5. Percent of local share; itemize source and amount of local share (10 points).
6. Project implementation timetable (15 points).

### **Evaluation of Project Proposals: Scoring Proposed Operating Projects**

An example of a scoring approach to operating assistance can be found in the RFPs from the Michigan DOT. The factors and their weights can be summarized as follows:

- Experience providing intercity bus service—45 percent;
- Financial capability—25 percent;
- Cost of service—20 percent;
- Quality of the proposal—5 percent; and
- Disadvantaged business enterprise—5 percent.

It should be noted that Michigan specifies a number of factors to be considered under each of these criteria. Also, because the request for proposals specifies the service to be provided, there are no criteria addressing the degree to which the proposal meets state goals for intercity bus service.

### **Evaluation of Project Proposals: Factors Considered**

A more subjective statement of evaluation factors can be found in the *Pennsylvania DOT 1999–2002 Intercity Bus Program Guidelines and Application (19)*. This program provides operating assistance. The applications are reviewed “. . . on the basis of the service’s importance in maintaining an essential network of intercity public transportation services throughout the commonwealth, and on the basis of financial and non-financial performance factors.” Factors considered in the review process include the following:

*(continued)*

*(Continued from previous page)*

1. Adherence to the prescribed grant application procedures and deadlines;
2. Average cost recovery (revenue to expense), a financial performance indicator that reflects the percentage of project expenses that is recovered by total revenue;
3. Average trip lengths per passenger, total boardings, average load factors, nature of travel, and other characteristics;
4. Whether alternative services are available;
5. Whether all potential avenues for improving the financial performance of the service through scheduling, pricing, or marketing efforts have been exhausted;
6. Available state funding appropriated by the General Assembly;
7. Available federal funding appropriations; and
8. Assessment of need relative to other requests and available funding.

The application cites a goal of at least a 40-percent cost recovery. All funded services are subject to an annual reapplication and annual approval. If the cost recovery on a route falls below 40 percent, it may not be funded upon reapplication (depending on funding availability).



#### **STEP H: ADHERE TO REPORTING AND COMPLIANCE REQUIREMENTS**

All programs using public funds involve reporting requirements. These requirements are intended to ensure that public funds are used for the intended purpose and to allow the effectiveness of the use of the funding to be determined. Reporting requirements should be defined in the grant application or RFP so that proposers will understand what is required and can then estimate what the costs of the reporting may be.

Reporting does not need to be onerous or complex and, in many cases, should involve the collection of information that the manager of any service or operation would want to have. For operating assistance, typical data items to be collected include the following:

- Passenger boardings (on the route or segment receiving the assistance);
- Total vehicle-miles;
- Revenue-miles;
- Revenue by source (i.e., fares, package express, advertising, etc.);
- Expenses (typically a rate per mile times the number of miles); and
- Road calls or service events (e.g., service interruptions).

Depending on the program, such reports could be required to accompany invoices for reimbursement on a monthly or quarterly basis. If required annually, the reporting may require reconstruction of data and may prove to be inaccurate, particularly if the needed information has not been recorded as the project operates. Other factors could include data on lift uses on accessible equipment or perhaps intermodal trips, if there is joint ticketing that allows such data to be captured.

For vehicle capital, the items that might be captured in monthly or quarterly reports might include the following:

- Passenger boardings on that vehicle;
- Lift boardings;
- Total vehicle-miles;
- Revenue-miles in scheduled service (or on a particular route or service, if specified);
- Fuel consumption (as an indicator of condition);
- Maintenance activities and repairs and expenses; and
- Accidents or other damage.

Some of these factors may be different from the vehicle logs normally kept by carriers because they are likely not to track boardings by vehicle, and, if there are requirements limiting usage to in-state service or to a particular route or service, capturing the mileage operated on those services would represent an additional reporting effort.

Reporting on facilities is likely to be the same as for any transit construction project, unless the program is providing funding toward operation of the facility. In that case, reporting might be requested on the number of boardings; on the number of wheelchair boardings; on operating expenses (e.g., utilities); on maintenance and repair expenses; and on revenues from vending, subleases, advertising, and any other related activities or noteworthy events (e.g., incidents, accidents, crime, etc.).

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## STRATEGY 4

# PROVIDING OPERATING ASSISTANCE

### INTRODUCTION

As described in Strategy 3, one of the major ways of implementing effective rural intercity bus services is to provide operating assistance to maintain or implement service. Operating assistance is an effective way to

- Put service on the road in places that do not have it (either having lost it or never having had it), and
- Maintain existing services that are not profitable to private for-profit carriers and may be subject to service reductions or abandonment of the service.

The choice of operating assistance as a strategy depends on the goals of the state or funding entity. If those goals include provision of service in particular areas not served by market-based services or more general goals about maintaining existing service, operating assistance is likely to be the most appropriate strategy. It may also be selected as the most appropriate strategy based on input from carriers, who see gaps in their network or have identified routes or segments that are no longer profitable. Rural transit agencies might also provide input on regional transit or intercity feeder service needs.

### Operating Assistance

Operating assistance is a key means of maintaining existing rural intercity bus services, filling gaps in the network, providing feeder services, reinstating abandoned service, or implementing new services. Operating assistance can be used to maintain or implement specific services addressing gaps or needs. Operating assistance can include (1) assistance to intercity carriers to keep existing service, to bring a former service back, or to start service on a new route or (2) assistance to local or rural public transportation providers for rural feeder service or for regional intercity services connecting to longer-distance intercity services.

Operating assistance can be provided by or through states, regional bodies, and local jurisdictions or transit authorities to implement new rural intercity services or maintain existing services. Operating costs include those line items associated with running the service and make up the largest percentage of the costs of providing any transportation service. Operating costs include driver labor and associated fringe benefits (these two costs make up the largest share of operating expenses), fuel, vehicle maintenance, insurance licenses, administrative costs, and taxes. Private for-profit firms also include depreciation on the vehicles as part of their fully allocated operating costs; however, if the vehicle is federally funded, the amount funded cannot be depreciated. Similarly, private carriers treat vehicle lease costs as part of the fully allocated operating cost although the Section 5311 program would allow vehicle lease costs to be funded as capital.

Under the Section 5311(f) program, operating assistance can be provided under the same matching ratios used for all Section 5311 programs, that is, 50 percent of the net

operating deficit costs (the remaining costs after fare revenues have been deducted) is the maximum amount that can be federally funded.

Operating assistance can be provided in a number of ways. FTA Section 5311 lists “. . . purchase of service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small transit operations and intercity bus carriers.” Private for-profit intercity carriers, private nonprofit transit operators, and public transit operators are all eligible recipients under Section 5311(f). A number of state-funded programs provide operating assistance with other match ratios or funding mechanisms.

### **Advantages of Operating Assistance**

The advantages of operating assistance are as follows. Operating assistance

- Directly translates into service on the street;
- Can be targeted very specifically to particular routes, schedules, services, users or operators;
- Can be used to maintain or support an entire network;
- Can be provided in a number of different ways, including methods that are designed to provide incentives to increase ridership; and
- Provides a more direct control over the service—if a carrier fails to operate the service as specified in its subsidy agreement, funding can be cut (in contrast to the difficulty of retrieving publicly funded buses, lifts, or facilities).

### **Disadvantages of Operating Assistance**

Disadvantages of operating assistance are as follows:

- Operating assistance may need to be continued indefinitely to maintain the service being supported (as is the case with other rural and small urban transit services).
- Funding the net deficit on a formula basis does not provide incentive to the operator to increase ridership (and revenue) and to reduce the deficit (note that this is true of rural and urban public transit generally and is not specific to intercity services).
- User-side subsidies, although a type of operating assistance, do not result in the provision of service. They are unlikely to create enough ridership to sustain rural services.
- Section 5311(f) provides federal funding for no more than 50 percent of the net deficit. Funding the remaining 50 percent requires funding from the carrier, state, or local entities.

The major advantage operating assistance offers compared with other strategies is that it puts service on the street in the most direct way possible. It can be targeted to particular routes, schedules, users, operators, or types of service. If state funding is used, programs can be developed in ways to provide incentives to carriers to increase ridership or to support the entire intercity network (rather than focusing on the rural segments). The major implementation disadvantage is that under the Section 5311(f) program, a source of funding must be found to provide the nonfederal match, and carriers may not want to provide the local match themselves. The other potentially problematic aspect of operating assistance for rural intercity services is that it is likely to be an ongoing cost, just as it is for other transit services.

### **Development of an Operating Program—North Carolina**

The State of North Carolina has provided limited operating assistance for rural intercity services through various mechanisms since its original use of FTA Section 18 funding in 1979 to support intercity service on the Outer Banks. The state is currently in the process of implementing a new rural intercity assistance program in response to needs identified in the 1997 statewide transit plan, *Transit 2001 (4)*.

The development of the new program began with a statewide solicitation sent to intercity carriers, urban transit providers, local and regional transportation planners, and rural transit operators. This solicitation requested information on intercity service needs. A wide variety of needs were identified, and an analysis of them led to priority being given to reinstating services in several areas of the state that had lost service following deregulation and the Greyhound bankruptcy.

As these areas did not currently have service, an RFP for an operating program was issued. The RFP called for proposals for service in three geographic areas of the state and described the general parameters of the service desired. Operating assistance was chosen as the best means to actually implement service and to test the market for services in these areas. Also, the amount of funding (a combination of Section 5311[f] and state funds) was unlikely to be able to support a capital program in addition to the operating funds that would be needed to support these services during the start-up period. The state is currently reviewing the resulting applications.

### **ALTERNATIVE MEANS OF PROVIDING OPERATING ASSISTANCE**

The inventory of rural intercity projects revealed that there are a number of different ways to implement operating assistance, depending on the goals to be addressed and institutional barriers. There are examples of successful implementation of many different arrangements—there is no one correct way. However, there are a number of choices to be made that depend on the goals involved, funding sources, and institutional factors. Table 7 presents alternatives for operating programs.

#### **Initial Decision: Purpose**

It is likely that the type of service need has been identified based on the solicitation of input and other planning efforts. Addressing the various service needs may include one or more of the service types listed in Table 7, including the following:

- **Rural feeder service**—service provided by a local or regional provider that makes meaningful connections with the national intercity services,
- **New or replacement intercity routes**—service on corridors or segments that are not currently served either because intercity bus service has been discontinued or it never existed,
- **Maintaining existing intercity routes**—support for existing intercity services that are not producing sufficient revenue to warrant continuation by a private for-profit carrier without assistance,
- **Maintaining existing intercity networks**—support for existing intercity services on a regional or statewide basis, and
- **Funding individual trips**—subsidizing ticket purchases (also known as user-side subsidies) for some or all intercity passengers.

A program of projects may be developed that would include several different service types to address identified needs. For example, a single program might fund a rural feeder, maintain service on the route it is connecting with and provide user-side subsidies for particular user groups (i.e., the elderly, persons in a particular area, indigent travelers, etc.).

**TABLE 7 Operating assistance for rural intercity bus services—alternative elements**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>• Feeder</li> <li>• New service</li> <li>• Maintain routes</li> <li>• Maintain network</li> <li>• Fund individual trips</li> </ul>	<ul style="list-style-type: none"> <li>• Grant to rural operator to provide service</li> <li>• Grant to local entity to contract for service</li> <li>• Grant to local entity to purchase tickets</li> <li>• Grant to intercity carrier to provide service</li> <li>• Contract with intercity carrier to provide specific services</li> </ul>	<ul style="list-style-type: none"> <li>• FTA S. 5311 Operating</li> <li>• State funding (General Fund, Transportation Fund)</li> <li>• Carrier funding (other revenues)</li> <li>• Other local funding</li> </ul>	<ul style="list-style-type: none"> <li>• S. 5311(f) 50% of net operating deficit; 50% carrier</li> <li>• S. 5311(f) 50% of net operating deficit; 25% carrier; 25% local</li> <li>• S. 5311(f) 50% of net operating deficit; 50% state funding</li> <li>• S. 5311(f) 50% of net operating deficit; remaining 50% is state/local as called for in State Management Plan</li> <li>• State formula: \$0.X per bus-mile plus \$0.Y per passenger (New York)</li> <li>• State formula: \$0.0X per passenger-mile (North Carolina)</li> <li>• State contract: carrier keeps revenue, bids, net cost</li> <li>• State % subsidy of ticket price</li> </ul>	<ul style="list-style-type: none"> <li>• Fully allocated</li> <li>• Fully allocated less capital (if vehicle capital for service is also provided)</li> <li>• Variable (wheel) costs only</li> <li>• Ticket costs</li> <li>• Operating costs (FTA definition)</li> </ul>	<ul style="list-style-type: none"> <li>• Higher service levels or continuation of service on existing network—statewide or regional</li> <li>• New/replacement service in unserved area</li> <li>• Maintenance of existing service on particular segments</li> <li>• Links from rural area to existing intercity network</li> <li>• Additional person-trips for participating users</li> </ul>

It should be noted that the columns in the table each present alternatives that were identified from projects that have been implemented. However, although a range of alternatives is listed for each column, there are particular combinations that have been implemented that demonstrate the potential relationships among various options. The following sections present these combinations.

### **Funding a Local Entity to Contract for Service**

This approach has been used in a number of cases in which, for one reason or another, support for intercity or feeder services cannot be provided directly. Table 8 presents the basic components of this strategy. In some states, the rural transit assistance programs have been developed in such a way that all assistance is provided to localities, which may then contract for service. Funding may be suballocated, or it may simply be that this arrangement developed historically because all recipients were local governments or transit providers. In some cases, other state restrictions may prevent direct contracts between state agencies and intercity carriers—in Nebraska, the state constitution prohibited grants to private for-profit firms; in Vermont, state transportation enabling legislation formerly did not include intercity bus providers in its definition of public transit.

Providing funding for intercity or feeder services to or through a local entity has several potential disadvantages. One is that intercity services may well cross through several local jurisdictional boundaries, and it can be difficult or impossible to find a local sponsor for such services, much less to find a local match from several jurisdictions. Another advantage is that, in many cases, the local recipient may have to be a transit

**TABLE 8 Funding a local entity to contract for service**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>New service</li> </ul>	<ul style="list-style-type: none"> <li>Grant to local entity to contract for service</li> </ul>	<ul style="list-style-type: none"> <li>FTA S. 5311 Operating</li> <li>State funding (General Fund, Transportation Fund)</li> <li>Carrier funding (other revenues)</li> <li>Other local funding</li> </ul>	<ul style="list-style-type: none"> <li>S. 5311(f) 50% of net operating deficit; 50% carrier</li> <li>S. 5311(f) 50% of net operating deficit; 25% carrier; 25% local</li> <li>S. 5311(f) 50% of net operating deficit; 50% state funding</li> <li>State contract: carrier keeps revenue, bids, net cost</li> </ul>	<ul style="list-style-type: none"> <li>Fully allocated</li> <li>Fully allocated less capital (if vehicle capital for service is also provided)</li> <li>Operating costs (FTA definition)</li> </ul>	<ul style="list-style-type: none"> <li>New or replacement service in unserved area</li> </ul>

operator, who may see funding passed through to another operator as lost funding for its own operations. From a private carrier perspective, it can be difficult to identify a local recipient willing to apply for funding and to contract for the service. Also, an issue for both the state and the service provider is the need to go through an additional layer at every step in the process—grant application, invoicing, cost reimbursement, and reporting.

However, the facts are that such arrangements can be made and that the need to have a local recipient does not have to be a barrier to funding rural intercity services or projects. The key is to find a local recipient who meets all the requirements and is supportive of the project. Wisconsin has funded a number of intercity bus routes for many years through local grant recipients who in turn contract with Greyhound and other private carriers. The survey identified two other projects that are examples of this arrangement: the Indiana DOT contracting with the City of Warsaw, Indiana, to contract with Greyhound Lines; and North Dakota providing funding to the Souris Bay Transportation Authority, which the authority uses to contract for service from a local private intercity bus company.

**Indiana DOT, City of Warsaw, and Greyhound Lines**

In 1999 and 2000, the City of Warsaw, Indiana, received Section 5311(f) operating funds; the city passed the funds through to Greyhound Lines to reinstate two routes that had been abandoned by another private carrier several years earlier. The commission agent who had represented the previous carrier made the city aware of the lack of intercity bus service and helped direct the city to contact Greyhound Lines. Initially, the city applied to the state for planning funds for a feasibility study. The City contracted with Greyhound, who in turn contracted with a consultant. The study results were used as the basis for the grant application for operating assistance. The Mayor of Warsaw also wrote to the mayors of towns along the routes asking for letters of support for the application. The Indiana DOT awarded these funds to the City of Warsaw, with Greyhound Lines

*(continued)*

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providing the local match. Greyhound invoiced the city, which in turn invoiced the state. Standard Indiana transit operating reporting forms were used and again were submitted by Greyhound to the city and from the city to the state. Beginning in 2001, Greyhound will be the direct recipient of the Section 5311(f) funds for this project, which will streamline the administrative process.

The routes were intended to provide coverage on an east-west route from Fort Wayne to Gary and on a north-south route from Elkhart to Indianapolis. In order to increase the potential success, the actual services were designed to operate from Fort Wayne to Chicago (see Table 241 in *Russell's Guide*) and from Kalamazoo, Michigan, to Indianapolis (see Table 243 in *Russell's Guide*) (1). Greyhound billed only for miles operated in Indiana. A subsidy rate per mile was set based on the anticipated ridership (developed in the feasibility study) and an average ticket price. The ridership levels have been quite close to those predicted (about 25,700 per year), but the average ticket price was lower (\$14.95), with the result that Greyhound has not fully covered its costs. Ridership levels have grown since the service started, and with state support, the service continues. Calculated performance measures demonstrate the need to recognize the differences between intercity bus service and rural public transit because the service has only .10 boardings per mile (low for fixed-route transit service), but a farebox cost recovery of 54 percent (much higher than most rural and urban transit).

### FORT WAYNE—CHICAGO

READ DOWN		SCHEDULE NUMBER		READ UP	
4562					4563
Folder No.		<b>241</b>		4-1-01	
		<b>FREQUENCY</b>			
6 00	Lv	Detroit, MI	(239)	Ar	
8 45	Ar	Fort Wayne, IN		Lv	
8 50	Lv	▲FORT WAYNE, IN	(EST) GLI	Ar	7 10
9 20	▲	Columbia City			6 40
9 50	▲	Warsaw			6 10
10 20	Ar	▲Plymouth, IN		Lv	h 5 40
10 30	Lv	Plymouth, IN	(EST) (243)	Ar	5 35
11 10	Ar	South Bend, IN		Lv	4 55
7 35	Lv	Indianapolis, IN	(EST) (243)		8 30
10 20	Ar	Plymouth, IN		Lv	5 40
10 35	Lv	▲Plymouth, IN	(EST)	Ar	5 25
11 30	⊙	Valparaiso	(CST)		4 30
12 10	Ar	▲Gary, IN		Lv	3 50
12 15	Lv	▲Gary, IN		Ar	3 45
12 35	▲	Hammond, IN			3 25
1 05	▲	Chicago (95th & Dan Ryan Expy.), IL			2 55
1 30	Ar	▲CHICAGO, IL	(CST) GLI	Lv	2 30

IT or T — Indian Trails.

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### ELKHART—SOUTH BEND—INDIANAPOLIS

READ DOWN		SCHEDULE NUMBER		READ UP	
4561					4560
Folder No.		<b>243</b>		4-1-01	
		<b>FREQUENCY</b>			
10 30	Lv	Detroit, MI	(250)	Ar	7 45
2 45	Ar	Kalamazoo, MI		Lv	3 30
1 45	Lv	Grand Rapids, MI	(1484) IT	Ar	3 50
2 45	Ar	Kalamazoo, MI		Lv	2 50
3 25	Lv	▲KALAMAZOO, MI	(ET)	Ar	2 30
3 45	Ar	▲Elkhart, IN	(EST)	Lv	12 10
4 10	Lv	▲Elkhart, IN	(EST)	Ar	11 45
4 40	Ar	▲SOUTH BEND, IN		Lv	11 15
4 55	Lv	▲SOUTH BEND, IN		Ar	11 10
f		Lakeville			f
f		Lapaz			f
5 35	Ar	▲Plymouth, IN		Lv	h10 30
5 40	Lv	Plymouth, IN	(241)	Ar	9 20
7 10	Ar	Fort Wayne, IN		Lv	8 50
3 30	Lv	Chicago, IL	(241)	Ar	2 30
5 25	Ar	Plymouth, IN		Lv	10 35
5 40	Lv	▲Plymouth, IN		Ar	10 20
f		Argos (Jct. 31 & 10)			f
6 05	▲	Rochester			9 55
6 35	▲	Peru			9 25
f		Grissom A.F.B.			f
7 05	⊙	Kokomo			9 00
f		Tipton (Jct. 31 & 28)			f
7 50	⊙	Westfield			8 15
f		Carmel (Jct. 31 & Range Line Rd.)			f
8 30	Ar	▲INDIANAPOLIS, IN	(EST)	Lv	7 35
9 45	Lv	Indianapolis, IN	(EST) (202)	Ar	5 20
2 05	Ar	St. Louis, MO	(ET)	Lv	12 35
9 05	Lv	Indianapolis, IN	(EST) (238)	Ar	8 05
12 10	Ar	Louisville, KY	(ET)	Lv	5 55
9 25	Lv	Indianapolis, IN	(EST) (238)	Ar	6 45
12 25	Ar	Cincinnati, OH	(ET)	Lv	5 30
.....	Lv	Indianapolis, IN	(EST) (202)	Ar	7 05
.....	Ar	Columbus, OH	(ET)	Lv	4 25

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**North Dakota DOT, Souris Basin Transportation Board,  
and New Town Bus Lines**

In northern North Dakota, the Souris Basin Transportation Board—a private nonprofit transportation agency—receives Section 5311(f) operating assistance to provide intercity bus service. Its service area is rural, stretching over 11,000 square miles in eight counties. The agency operates paratransit and route-deviation service, as well as one intercity route between Minot and Crosby. The agency also contracts with New Town Bus Lines, a local family-owned bus company, to operate three additional intercity routes, which replace routes previously abandoned. The state provides one-half of the operating deficit for the intercity routes with Section 5311(f) funds. The private operator is allowed to keep freight and package express revenues. For the Minot-to-Crosby route directly operated by the agency, the local match for the operating costs is funded with North Dakota state transit aid. The private carrier is also assisted with capital funding for vehicles. Eighty percent of the capital costs for three vans was provided by the Souris Basin Transportation Board (Section 5309 funding), with the remaining 20 percent provided by New Town Bus Lines.

**Funding a Rural Transit Agency to Provide Rural Intercity Bus Service**

The survey of states revealed numerous examples of state transit agencies using Section 5311(f) for operating assistance to rural transit operators to provide rural intercity bus services directly. Section 5311(f) is not restricted in any way regarding the type of provider or the type of vehicle (no air service, rail service, or water transportation, however). Typically, this funding is provided directly from the state to the operator under the existing Section 5311 program, but it is targeted to specific routes that can be characterized as “intercity” under the Section 5311(f) program. Table 9 presents the elements of this approach. The local match is generally provided by the state or local entities. Often, the operating assistance is accompanied by capital assistance for vehicles.

Rural intercity services operated by a rural transit agency offer the advantage that there may be local government support for the 50 percent of the deficit that cannot be federally funded. In addition to providing meaningful connections to the national intercity bus network, such services may also be able to meet regional transportation needs for medical, personal business, or shopping trips (although this depends a great deal on the schedules). In many cases, the private for-profit intercity bus firms would rather not operate rural services that are likely to have low ridership and require only a van or small bus.

There are several potential drawbacks to the provision of rural intercity bus service by rural transit operators although most can be addressed in the project implementation. One is that the rural operators generally do not offer joint ticketing with the intercity carrier, so the customer is faced with a separate fare for each leg of the trip. A second is that rural operators do not generally provide information about the service in *Russell’s Guide*,

**TABLE 9 Funding a rural transit agency to provide intercity service**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>New service</li> </ul>	<ul style="list-style-type: none"> <li>Grant to rural operator to provide service</li> </ul>	<ul style="list-style-type: none"> <li>FTA S. 5311 Operating</li> <li>State funding (General Fund, Transportation Fund)</li> <li>Other local funding</li> </ul>	<ul style="list-style-type: none"> <li>S. 5311(f) 50% of net operating deficit; remaining 50% is state/local as called for in State Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Operating costs (FTA definition)</li> </ul>	<ul style="list-style-type: none"> <li>New or replacement service in unserved area</li> </ul>

and it may not be known to the staff at the Greyhound nationwide telephone information centers. Thus, a customer outside the area has no way of knowing that the services exist and may not consider the bus at all. Both of these issues can be addressed by working with the connecting intercity carrier and placing schedule information in *Russell's Guide (I)*.

Another significant issue is that these services generally have very low ridership and very low cost-recovery ratios. The ridership tends to be low because the service is not known to intercity travelers, and connecting for intercity trips requires a transfer and often a separate fare. As a result, passengers tend to take shorter trips with lower fares. Revenues per passenger on rural transit operations also tend to be low, and low average fares multiplied by few passengers results in low cost recoveries. Levels more typical of rural general public services—10 to 20 percent—are common. However, often this service type is chosen because it better meets local needs or because there are issues with contracting for private for-profit carriers.

### **Florida DOT; Polk County, FL; and Intercity Transit**

In the spring of 2000, central Florida's Polk County began implementation of its InterCity Transit services using Section 5311(f) funding. Polk County, with an area of 2,010 square miles, is the fourth largest county in the state. Section 5311(f) was identified as a potential funding source for the county's services because the services could meet the definition of "intercity" in the guidelines and because the intercity funding was in a separate statewide program, rather than being sub-allocated on a formula basis like the rest of the Section 5311. This would allow Polk County to add the intercity routes while maintaining existing levels of demand-responsive service.

Three routes are operated, each approximately 45-miles long. Two round-trips per day were operated during the first year. The three routes meet in Winter Haven, at a common transfer point with the local transit system. All trips make scheduled stops in Winter Haven at the Greyhound station and the Amtrak station on both the inbound and outbound trips. Fares are \$1.00 per trip for adults, \$0.50 for students and for adults with disabilities, and free for children under 6 years of age. Multiride tickets and passes are also available. There is no joint ticketing with Greyhound or Amtrak, and schedules are not coordinated. The countywide paratransit service provides the required ADA paratransit. The vehicles used are all small cutaway-type vehicles, equipped with wheelchair lifts and bicycle racks on the front. A logo and paint scheme were developed for use in marketing materials and to make the buses distinctive. The name "Polk County InterCity Transit" was chosen to differentiate it from the demand-responsive service and the local transit operations.

After a year of operation, ridership has climbed to more than 1,000 boardings per month or approximately 2.5 per service hour. Ridership is generally transit dependent, including students, workers, and mothers with small children. At 7 to 8 percent, farebox recovery is typical of rural transit services. The bicycle racks have proven to be useful. No information is available on the number of riders making connections to Amtrak or Greyhound. An evaluation is planned as part of an upcoming transit study.

There have been 4 years of grants to provide the capital and operating funds for this service. The federal share is all Section 5311(f), and the local match is provided by Polk County. Federal and state operating funding through June 2002 amounts to approximately \$722,000, and the requested fourth year of federal funding is \$220,000, which is to be matched by a similar amount in state and local funds.



**Funding a Rural Transit Operator to Provide Feeder Service**

A similar type of service and funding arrangement involves funding of rural feeder service provided by a rural transit operator with the Section 5311(f) funds. Table 10 presents the elements of this approach. The federal program specifically identifies such service as eligible, noting that it does not have to be fixed-route, fixed-schedule service. It may be demand-responsive paratransit service or route-deviation service. The project may even include extended hours of service on local services to allow connection with intercity services, and marketing. Feeder services can also connect with rail or air service where it is feasible. If the feeder service is fixed-route, fixed-schedule service, it is possible that it could require ADA-complementary paratransit if the service does not have the characteristics of commuter or intercity service.

**Arkansas DOT and the Central Arkansas Development Council—South-Central Arkansas Transit: Example of a Rural Intercity Feeder Service**

In Arkansas, South-Central Arkansas Transit (SCAT) operates an intercity route that serves as a feeder to the Greyhound network. The Section 5311 provider in the area is the rural operator, a community action agency—the Central Arkansas Development Council (CADC)—based in Malvern, southwest of Little Rock. The operator had previously established a working relationship with Greyhound, serving as the local agent for the national carrier in Malvern, where the CADC offices are shared with the Greyhound terminal. When needs for service from the El Dorado area—south of Malvern, within the economically depressed south-central part of the state—were identified, Greyhound suggested that the rural transit operator would be the logical provider. The rural operator began the route from El Dorado to Malvern in 1999. Greyhound pays CADC \$0.65 per bus-mile to operate the route, and additional funding is provided by a subsidy from the state through the Section 5311(f) program. Additional local match funds are provided in part through federal Community Services Block Grant funds and contract revenue. CADC continues to be the Greyhound agent in Malvern, and ticket commission revenue provides additional revenue to the system.

The service operates twice a day each way, connecting directly with Greyhound at Malvern, but also making local stops along the route. It meets needs for both intercity and local trips. A 20-passenger vehicle, rather than an intercity coach, is used by SCAT on the route. The vehicle is often full. First year ridership was 2,987 trips, and it is considered to be very successful by both CADC and Greyhound. The service is included in Greyhound’s listings in *Russell’s Guide* (see the guide’s Table 478 [1]) and is therefore included in the information available through Greyhound’s website and 1-800 national telephone information system.

An issue that arose during this project is the need to clarify which regulations are appropriate for such a feeder service—FTA regulations for public providers or FMCSA regulations—particularly concerning insurance levels, drug-testing requirements, and registration requirements. CADC is a private nonprofit agency and so is not exempt from FMCSA jurisdiction as a political subdivision. At the same time, it is not providing interstate service and so would seem to be exempt. Resolving these issues has been a problem for this feeder service.

**TABLE 10 Funding a rural transit operator to provide feeder service**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>Feeder</li> </ul>	<ul style="list-style-type: none"> <li>Grant to rural operator to provide service</li> <li>Grant to local entity to contract for service</li> </ul>	<ul style="list-style-type: none"> <li>FTA S. 5311 Operating</li> <li>State funding (General Fund, Transportation Fund)</li> <li>Other local funding</li> </ul>	<ul style="list-style-type: none"> <li>S. 5311(f) 50% of net operating deficit; remaining 50% is state/local as called for in State Management Plan</li> </ul>	<ul style="list-style-type: none"> <li>Operating costs (FTA definition)</li> </ul>	<ul style="list-style-type: none"> <li>Links from rural area to existing intercity network</li> </ul>

Although it is not spelled out in the FTA guidance, an implied definition of feeder service would likely also include the requirement that it make meaningful connections with scheduled intercity service to more distant points. “Meaningful connection” is not defined, but it implies that the services connect in physical proximity and that the schedules are coordinated to minimize waiting time.

## **THE BASIC ELEMENTS OF FUNDING INTERCITY CARRIERS**

The alternative to funding a local entity to provide or contract for rural intercity bus service is the development of a direct contract between the state transit agency and the intercity carrier. There is historical precedent in the role of the states in regulating intercity bus service prior to BRRRA. With the regulatory role preempted by federal legislation, the state roles in maintaining rural services become those of planner and funder.

There are a number of advantages to a direct link between the carrier and the state transit agency. One is that service needs that cross through many jurisdictions are more easily addressed because there is no need to coordinate between localities in the development of contracts and for local match. A second is that the state becomes the locality with regard to the local match, providing some or all of the portion of the net deficit that is not federally funded. Several states that use state funding for intercity services provide all of the subsidy assistance. A third is that direct linking avoids the need to work through an intermediary as compared with funding through a locality that in turn contracts for the service. The grant application process, contracting, invoicing and payment, and reporting can all be transacted directly between the state agency and the carrier.

FTA has clarified some of the earlier questions under Section 5311(f) about the nature of the relationship between private for-profit carriers and the state transit agencies (20). FTA generally allows states to pass through federal funds to public bodies and private non-profit entities as subrecipients and to private for-profit firms as third-party contractors. However, for the Section 5311(f) program, FTA will allow private for-profit firms to be subrecipients. If a carrier does not want to accept all the requirements that accompany subrecipient status, it may prefer to have a contract relationship with the state that applies the requirements only to the portion of the operations being provided under the contract. States can choose to use either the subrecipient or third-party contractor arrangements. Carriers are likely to prefer the contractual relationship, and the audit and other requirements for this mechanism will be much easier for all parties.

It should be noted that FTA calls for a merit-based process in selecting operators—ensuring that the service is eligible, the operator is qualified, federal and state requirements are met, the operator is the best or only provider to offer that service, and the cost is fair and reasonable.

There are numerous examples of direct state-carrier arrangements identified in the surveys of the states and carriers. Key differences in the approaches used include

- The funding formula—the net deficit approach of the FTA programs as compared with other formulas used in state programs,
- The nature of the solicitation—RFB for a special service or RFP, and
- The source of the nonfederal portions of the match.

### **Funding Intercity Carriers to Operate Particular Routes**

Several examples illustrate that different approaches can be implemented, depending on funding requirements and local preferences. Table 11 presents the basic elements of this approach. In California, the state has contracted with Greyhound to operate several rural routes using Section 5311(f) funding. In Michigan, state funding is used to main-

**TABLE 11 Funding intercity carriers to operate particular routes**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>Maintain routes</li> </ul>	<ul style="list-style-type: none"> <li>Grant to intercity carrier to provide service</li> <li>Contract with intercity carrier to provide specific services</li> </ul>	<ul style="list-style-type: none"> <li>FTA S. 5311 Operating</li> <li>State funding (General Fund, Transportation Fund)</li> <li>Carrier funding (other revenues)</li> <li>Other local funding</li> </ul>	<ul style="list-style-type: none"> <li>S. 5311(f) 50% of net operating deficit; 50% carrier</li> <li>S. 5311(f) 50% of net operating deficit; 25% carrier; 25% local</li> <li>S. 5311(f) 50% of net operating deficit; 50% state funding</li> <li>State contract: carrier keeps revenue, bids, net cost</li> </ul>	<ul style="list-style-type: none"> <li>Fully allocated</li> <li>Fully allocated less capital (if vehicle capital for service is also provided)</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance of existing service on particular segments</li> </ul>

tain intercity service on several routes using a request for bids approach. In Minnesota, the state has used Section 5311(f) to reinstitute rural intercity service on several routes.

These examples indicate that a state can contract directly with intercity carriers to provide service in rural areas using Section 5311(f), relying on the carrier to provide the local match. However, they also suggest issues that need to be considered—issues that are directly linked. These issues include the requirement that carriers provide the 50 percent of the net deficit as local match, productivity and performance, and policy on time limits for operating assistance.

### California DOT and Greyhound

California subsidizes the operation of selected Greyhound routes serving rural portions of the state. One such route operates through Mono County on Highway 395 on an intercity route between Los Angeles and Reno, Nevada. Mono County is home to Mammoth Lakes, a major ski resort area. After Greyhound ceased operation on the portion of the route serving Mammoth Lakes because of a highway closure and poor revenue performance during off-peak months, Mono County officials worked with the California DOT—Caltrans—to secure operating assistance to reinstate the service once the highway was reopened. County officials understood the importance of the Greyhound service in linking the Mammoth Lakes resort area to larger population centers.

The subsidized portion of the route extends from Mammoth Lakes to the California-Nevada border, a distance of about 85 miles. Caltrans provides one-half of the eligible operating cost through Section 5311(f) funds, and Greyhound is responsible for the other half. The project cost has varied from year to year, with the FY 2001 application calling for \$135,000: half to be supplied by Greyhound, and the other half to be Section 5311(f) funding. Annual ridership has remained stable at approximately 2,000 boardings.



### Minnesota DOT and Jefferson Lines

The Minnesota DOT subsidized operation of intercity service provided by Jefferson Lines on the east-west corridor between Albert Lea and Worthington for 2 years. This route had been abandoned 15 years earlier because of low ridership, but it was identified as a potential project in the statewide bus study.

The state provided a 2-year operating assistance demonstration grant using Section 5311(f) funds to Jefferson Lines to reinstate the Albert Lea–Worthington service, a distance of about 100 miles. The Section 5311(f) funds covered 50 percent of the operating deficit, with Jefferson Lines covering the remaining 50 percent. Ridership on the reinstated service was initially below expectations, but Jefferson Lines extended the route another 50 miles to Sioux Falls, South Dakota. In addition, a service between Albert Lea and Rochester was revised to improve connections and increase ridership.

Jefferson Lines did not apply for continued funding support for this route after the initial 2 years, but has continued the service on its own.



### TIME LIMITS AND PROJECT PERFORMANCE

California's program managers have called for a 2-year time limit on operating assistance for rural intercity services, expecting that such service will become self-sufficient in that time or that it should be eliminated. However, such a time limit is not a requirement of the federal program, nor is it required of any other kind of rural or urban public transit. The rationale for the time limit is that the level of Section 5311(f) intercity funding is so limited that a few ongoing projects would absorb all of it, leaving no room in the program to accommodate new projects that are potentially more productive. However, a program can be designed to eliminate less productive projects without necessarily ending all operating projects after an arbitrary period.

An example of this approach can be found in Pennsylvania's operating assistance program, which includes a 40-percent cost-recovery goal for all intercity operating projects. All intercity operating projects must reapply every year—those with cost-recovery ratios below 40 percent may not receive continuing funding if the state and federal budget amounts do not permit funding of all applications. Projects that are consistently below that level may (and have been) discontinued. New projects must include data from experience or other information that would indicate the expected cost-recovery levels. This data regarding cost recovery is easier to obtain in Pennsylvania because the program focuses on maintenance of existing services for which there is ridership and revenue data. But this arrangement allows program managers to drop low-performing

projects and replace them within a constrained budget. The arrangement also recognizes that it is unlikely that rural intercity bus services will become self-supporting.

### **CARRIER PARTICIPATION IN LOCAL MATCH**

One carrier response to the survey noted that the major barrier to participation in Section 5311(f) is the requirement for a 50-percent local match. For many intercity bus routes serving multiple jurisdictions, local government funding is difficult to obtain, so carriers are asked to provide the local match. In many cases, carriers have provided the match out of funds generated on other services, so it is not always a barrier. It is likely that the difference in carrier attitude reflects the scale of the operator. A large national or regional firm may be more likely to agree to pay the local match in order to gain traffic for its network, resulting in additional revenue elsewhere in the system.

The local-match requirement, however, has a direct relationship to productivity and carrier incentives. If a carrier has agreed to provide 50 percent of the net deficit, it should expect that the combination of fare revenue and the 50 percent of the deficit provided by the program will at least cover the direct costs of the operation and make a contribution to indirect costs. If ridership is so low that the combination of the federal share and revenues is less than the direct operating costs, the carrier may well decide to end the service—thereby eliminating a poor-performing project. And if a carrier is already “losing” money on the contract by providing the match, it may be reluctant to spend its own money on marketing efforts.

At first glance it would seem that requiring the carrier to provide the entire 50-percent match is one way to eliminate low-ridership routes; however, it may reduce or eliminate participation by smaller regional firms (observed in the survey as lack of carrier interest). It may also result in carrier decisions to drop subsidized services that state or local officials may see as necessary despite low usage.

If funding is available, a state could provide some or all of the local match. Providing all of the local match would make rural intercity bus service much more attractive to private carriers. A compromise approach that reduces state funding requirements but requires carrier participation is for the state to provide 25 percent (or some other percentage) of the net deficit (in addition to the federal Section 5311[f] 50 percent), with the carrier or local governments responsible for the balance. The Pennsylvania program follows this approach, and it has a number of regional carriers participating, suggesting that this level of assistance is sufficiently attractive to both small and regional firms and national carriers. This suggests a strategy of including a performance goal for operating assistance as part of the project agreement and providing a portion of the net deficit out of state funds.

### **Alternative Contract Arrangements**

If state funds are being used for operating assistance, the state has the flexibility to develop alternative formulas to provide for service under its programs. As compared with the FTA net-deficit approach, alternatives may be sought to increase competition among carriers, to share risk, and to provide more incentives to carriers to increase ridership and revenue. One major example is Michigan, which has had a state-funded intercity bus program for nearly 25 years.

Following a program evaluation in 1987, Michigan decided to provide operating assistance for the rural routes in the northern part of the state and in the Upper Peninsula. However, instead of funding the net deficit on the routes, the state issues an RFP

for operation of the routes. Carriers are allowed to keep the revenues, and each firm's bid includes a single per-mile cost to the state. The carriers develop their bid rate based on the difference between their estimate of the revenues and their costs. The selection of carriers is based in part on price, but also includes qualifications and experience. The carriers can be provided with buses by the state as well, so capital costs can be reduced.

### **Michigan DOT, Greyhound, and Indian Trails**

In the State of Michigan, selected intercity services are funded at 100 percent of their operating deficit using state funds. The state recognized years ago the importance of intercity services in its rural areas and has subsidized various initiatives over the years since deregulation of the intercity bus industry. For operations, the state uses a competitive bid process to select an intercity carrier to provide service for selected corridors of the state in which service is needed, but not profitable to operate. The state specifies the corridors to be served and the frequencies desired. Carriers submit bids that include qualifications, experience, and price. The carrier keeps the revenues, and its bid to the state reflects its expected revenues and the amount of its costs that it wants to have covered by the combination of state contract funding and revenues. The bid is on a cost-per-mile basis. This arrangement shares the risk with the carriers and provides incentives to the carrier to increase ridership and revenues.

Currently, Greyhound and Indian Trails operate routes under the program. The routes subsidized all serve the more rural northern part of the Lower Peninsula and the Upper Peninsula. These services do not have "overhead" traffic between major population centers to provide a revenue base, so the state provides operating funding. A number of the routes have been subsidized for more than 10 years—for example, a route serving the western coast of the state along Lake Michigan from Grand Rapids to St. Ignace. The state recognizes that continued operation of services in these parts of the state will require ongoing funding. Michigan also provides accessible intercity coaches to the carriers for use on scheduled services within the state, which reduces the operating costs to the carriers.

### **Funding Carriers to Maintain a Network**

In some cases, states have provided funds using formulas linked to the desired outputs rather than formulas linked to the operating losses. Table 12 presents the basic elements of this approach. These funding formulas have also been implemented in part as incentives to the carriers to provide more service or to seek more riders. They typically are used to support the statewide network rather than to support individual routes or segments. Two such programs include the New York State Transportation Operating Assistance Program and a program in North Carolina.

### **New York State Transportation Operating Assistance Program**

In New York, the state DOT provides operating assistance to most transit operators under the State Transportation Operating Assistance program. Among the 130 operators receiving assistance are many regional intercity bus carriers providing rural services. These carriers are included in the Upstate Formula Bus System portion of the program. The funding is based on a formula that pays a set amount to the carrier per vehicle-mile, plus a set amount per passenger, on the designated routes or route segments. The formula is adjusted periodically. From January to March 2001, these carriers were paid \$0.69 per vehicle-mile plus \$0.405 per passenger. This level is adjusted for upstate and downstate portions of the formula program. Carriers must submit mileage and ridership counts on the designated segments.

**North Carolina Rural Assistance**

The North Carolina DOT’s Public Transportation Division has provided limited funding to Carolina Trailways for several years to assist in maintaining services on several routes in rural eastern North Carolina. In order to provide an incentive to the carrier, the state preferred paying for the desired outcome rather than paying more for greater losses. The desired result was more passenger-miles. Since the carrier kept revenue data in terms of cents per passenger-mile, the state decided to pay a fixed amount to the carrier for each passenger-mile on the affected routes. If the carrier got more ridership, it could invoice for more funds. However, the annual application process involved a review of losses on the routes, and the amount per passenger-mile adjusted downward or upward. The amounts involved were small—\$0.02 per passenger-mile, amounting to annual subsidies under \$30,000—suggesting that these routes were marginally unprofitable rather than being in dire straits. However, the approach has been successful in maintaining the services, and one route has improved to the point where state assistance is no longer needed.

**Funding for User-Side Subsidies**

The survey identified only limited use of user-side subsidies at this time. User-side subsidies offer the advantage of being able to provide assistance that is targeted to particular subgroups or areas. Table 13 presents the basic elements of this approach. However, the subsidies are unlikely to result in enough additional trip-making to support the continuation of unprofitable service or the implementation of new service. Earlier programs in Washington State and South Dakota have been discontinued. North Carolina provides limited funding to the Traveler’s Aid Society to purchase bus tickets for indigent persons.

**CONCLUSIONS**

Operating assistance has the major advantages of allowing the program manager to put service on the road if there are gaps in service or to maintain particular services that are in danger of being abandoned. The Section 5311(f) program offers flexibility in terms of the organizational arrangements, and there is enough experience to suggest that ways can be found to accommodate local needs. The easiest approach appears to be the use of direct state funding of carriers using the third-party contracting approach, with projects selected through the Section 5311 solicitation or RFPs.

**TABLE 12 Funding carriers to maintain a network**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>Maintain network</li> </ul>	<ul style="list-style-type: none"> <li>Grant to intercity carrier to provide service</li> <li>Contract with intercity carrier to provide specific services</li> </ul>	<ul style="list-style-type: none"> <li>State funding (General Fund, Transportation Fund)</li> <li>Carrier funding (other revenues)</li> </ul>	<ul style="list-style-type: none"> <li>State formula: \$0.X per bus-mile plus \$0.Y per passenger (New York)</li> <li>State formula: \$0.0X per passenger-mile (North Carolina)</li> </ul>	N.A.	<ul style="list-style-type: none"> <li>Higher service levels or continuation of service on existing network—statewide or regional</li> </ul>

**TABLE 13 Funding for user-side subsidies**

<i>Purpose</i>	<i>How</i>	<i>Funding Sources</i>	<i>Potential Funding Formulas</i>	<i>Potential Cost Definitions</i>	<i>Potential Results</i>
<ul style="list-style-type: none"> <li>Fund individual trips</li> </ul>	<ul style="list-style-type: none"> <li>Grant to local entity to purchase tickets</li> </ul>	<ul style="list-style-type: none"> <li>State funding (General Fund, Transportation Fund)</li> </ul>	<ul style="list-style-type: none"> <li>State % subsidy of ticket price</li> </ul>	<ul style="list-style-type: none"> <li>Ticket costs</li> </ul>	<ul style="list-style-type: none"> <li>Additional person-trips for participating users</li> </ul>

The major difficulty is the need to provide local funding for the nonfederal share of the net-operating deficit. Some states have decided that for intercity routes, the state is the appropriate level jurisdiction to provide some or all of the local share. In other states, the local share must be provided by the carrier or by a local unit of government (such as a county). All of these approaches have been used successfully at some location. However, the carriers have noted that requiring them to provide the nonfederal share of the deficit means that they continue to lose money on the route, reducing their incentive to participate in operating assistance projects with this requirement.

## STRATEGY 5

# PROVIDING CAPITAL ASSISTANCE

### INTRODUCTION

Capital assistance for rural intercity bus services can include funding for a variety of projects. State funding projects prior to ISTEA set the precedent of providing funding in various ways for buses and intermodal terminals. More recently, under the Section 5311(f) program, funding for “intercity bus shelters, joint-use stops and depots” was specifically mentioned in the act although FTA also notes that capital assistance under the program could include support for accessibility equipment such as wheelchair lifts, improvements to existing intercity terminals, modifications to transit facilities to support shared use, and equipment for intelligent transportation systems (ITS) technology implementation. Other uses are not precluded by FTA, so the purchase of vehicles is also possible.

Under FTA Section 5311(f) and other federal transit programs that could be used for capital (as discussed in Part I’s Chapter 3), the standard federal funding ratio of 80 percent federal funding to 20 percent local match generally applies. One exception is the Section 3038 Rural Transportation Accessibility Incentive Program, which provides for direct grants from U.S. DOT to intercity carriers for accessibility capital and training with a maximum 50-percent federal share and with the remainder provided by the carrier or other local source (21).

The following sections address each of these basic types of capital funding as elements of this strategy:

- Vehicles,
- Lifts,
- Facilities, and
- Signing, computers, and ITS.

Each of these types of capital assistance is appropriate for achieving different objectives, which will be discussed separately for each category.

### VEHICLES

Provision of capital for vehicles makes sense primarily as a strategy to improve the quality of service, to provide needed vehicles for implementing new service (if the transit operator or carrier does not have sufficient vehicles available), and to support the overall infrastructure for scheduled intercity service. Capital funding for vehicles can also provide improved accessibility through the provision of lift-equipped vehicles. Vehicle capital can also be focused to support a particular route that has adequate revenue to pay operating costs, but not replacement capital. However, such services are not common, and providing a vehicle alone often may not be sufficient to maintain or implement new rural intercity service.

### Advantages and Disadvantages of Capital Assistance for Vehicles

Capital assistance for vehicles has both advantages and disadvantages. The advantages are as follows:

- New vehicles can make the service more attractive, both through improved amenities and the increased reliability that new vehicles should provide.
- New vehicles can reduce operating costs by reducing the capital costs to the operator and through lower maintenance costs. In some cases, in which existing service operates at the margins, provision of public capital will make continued service feasible as a result of the lowered costs.
- New vehicles equipped with lifts and other accessibility features can make intercity services accessible (22). This accessibility equipment allows operators to meet their obligations under the ADA and creates the potential for seamless services connecting accessible local services with the intercity network.
- The 80-to-20 federal–local match ratio requires a lower local match, and private carriers may well be willing to pay most or all of it, allowing a state to use Section 5311(f) funds with a minimal amount of state or local funding.
- Capital assets may have a relatively long life, allowing the benefits of the vehicle to continue well beyond the funding year. These benefits vary with the type of vehicle and its maintenance, but an OTRB has a service life of at least 12 years.
- Analysis may reveal that the number of vehicles used to provide scheduled service is limited and that assistance in purchasing a relatively small number of vehicles could have a major impact.

There are also disadvantages to capital assistance for vehicles, which are as follows:

- Vehicle capital usually represents a small percentage of the fully allocated costs of providing service, so provision of a vehicle by itself may not be enough assistance to permit continuation of unprofitable services without also providing operating assistance.
- Contracts with providers must include requirements that restrict the vehicles to use on scheduled services (as opposed to charter or other service), require adequate maintenance, and require insurance. States may also want to add restrictions on the usage pattern of vehicles so that the vehicles provide the intended service improvement. Enforcement of such provisions can require continued monitoring, and repossessing vehicles can be difficult.
- The costs of providing a number of vehicles can be high enough to exhaust the available funding: new accessible OTRBs can cost \$350,000 to \$400,000 each, and the accessibility features alone may cost \$30,000 per vehicle. Smaller vehicles equipped for rural intercity service may cost as little as \$60,000 each, but they will have a much shorter service life.

Private for-profit intercity carriers may find capital programs attractive because the reduction in capital and operating costs allows a lower break-even point on scheduled services. As intercity carriers generally rotate vehicles among different services, these cost savings can benefit all scheduled services. Several states have recognized that providing vehicle capital can provide significant support in maintaining scheduled services generally. Michigan has used state funding for a number of years for a program to lease accessible OTRBs to intercity carriers for scheduled services in that state. Massachu-

setts has used state funds for reduced-cost bus leases to private intercity carriers providing service in that state, including commuter services.

The use of vehicle capital assistance to support service on a particular route is more of a problem because the savings in capital and maintenance costs may not be nearly enough to allow a private firm to operate the service with fare revenue alone. If a route is marginal—that is, the fare revenue is sufficient to pay the direct operating costs (“wheel costs”) such as driver wages and fringes, fuel, tires, and direct maintenance—providing a bus with capital assistance may aid in maintaining the service. This is particularly true if the route has been operated with fully depreciated equipment that needs replacing. A private operator may be willing to continue the service but unwilling to invest in new equipment for it. This need can be addressed by using capital assistance.

In some cases, states have provided vehicle capital assistance to firms in return for assurances that particular rural services would be continued. The Georgia intercity program used this technique because state policy does not provide match for operating assistance, and private carriers were unwilling to pay 50 percent of the net deficit, but were supportive of paying local match for vehicles. Private carriers also favor capital assistance if it is structured to allow the carrier to buy the vehicle at the end of its service life. This allowance is an incentive to the carrier to maintain the vehicle and allows the carrier to purchase a vehicle with a known maintenance and service history.

Public rural operators performing intercity or feeder services are likely to require the vehicles to operate such services where the feeder services represent service expansion. However, the lower fare levels associated with the short trip are likely to mean that operating assistance will also be needed by such operators to provide rural intercity service.

### **Vehicle Types**

Vehicles used for rural intercity bus services range from vans to OTRBs, and all types have been obtained with capital assistance. Usually vans or small buses are used for rural routes or feeder services operated by rural transit operators. Vans were purchased for New Town Bus Lines in North Dakota for use on rural intercity services, and a 20-passenger bus is used by SCAT in Arkansas for feeder service. Private intercity carriers experimented with smaller vehicles in the past, but more recently have favored full-size OTRBs because of the standardization of parts and maintenance, the ability to handle peak loads, and flexibility in substituting vehicles on different services.

As previously mentioned, there are a number of different types of vehicles that may be used for intercity or feeder service.

#### *OTRBs*

The type of bus generally used by the major private-for profit intercity carriers or public transit commuter operators is commonly called an “intercity bus” or “intercity coach.” A more technical name used in federal legislation and regulations is “over-the-road bus.” An OTRB is defined as having a high deck for passenger seating above baggage compartments. These buses are available in lengths of 35, 40, and 45 feet with seating capacities ranging from 35 to 57, depending on seating configuration. They are heavy-duty buses with an expected service life of 12 years or longer.

Accessible OTRBs are available with a wheelchair-lift package that includes the lift, an additional door, folding or sliding seats, and passenger restraints. These features usually add \$30,000 to the cost of the bus.



*Photo courtesy of Northwestern Stage Lines Inc.*

**Over-the-road bus.**

*Mid-Size Buses*

Not all services require such a large or expensive bus as an OTRB. A number of manufacturers produce commercial buses that can be equipped for use in intercity or rural feeder services. Mid-size buses are smaller (30, 35, or 40 feet in length) with smaller passenger capacities (approximately 20 to 35). These buses have a shorter expected life (7 to 10 years) and cost less than an OTRB.

The passenger decks on mid-size buses are closer to the ground, leaving less room for underfloor baggage bins (an option often included for intercity use). Providing significant amounts of baggage or bus package-express space requires installation of rear cargo bins in place of seating, in turn requiring a longer bus to provide a given level of seats.



*Photo courtesy of Blue Bird*

**Mid-size bus—front.**



*Photo courtesy of Blue Bird*

**Mid-size bus—rear.**

### *Conventional Truck-Based Buses*

In addition to the purpose-built flat-fronted medium-size buses, a number of manufacturers now offer commercial buses that are based on a truck chassis, with the engine in front of the passenger compartment. This arrangement is called a “conventional” design when found in trucks and also when found in buses. These buses can also be ordered in a wide variety of lengths, with or without underfloor baggage compartments or rear baggage compartments. Lengths are usually 30 to 34 feet with anywhere between 18 and 37 seats.

The truck-based bus is often less costly than the purpose-built bus and is likely to have a 7 to 10-year expected life. Maintenance costs may be lower because of the use of more standard truck parts and the ease of reaching mechanical units that are not housed under the floor of the bus, but under a separate hood. With the placement of the engine in front and a rear baggage compartment, these buses offer fewer seats in a given length. However, the high floors may allow the elimination of wheel housings, providing more usable seating.



*Photo courtesy of Glaval Bus*

**Truck-based bus.**

### *Cutaway Small Buses*

For rural feeder services or short rural intercity routes with limited loads, a number of operators use the small buses typical of rural transit operation. This bus is based on a heavy-duty van chassis that is “cut away” behind the cowl so that a bus body can be installed, thus the term “cutaway” bus. For rural intercity use, cutaway buses may be ordered with rear baggage compartments and more comfortable seating (for longer times on board). The design life is shorter, generally 4 to 7 years, and the buses are less costly to buy than are the other options. Again, lengths and seating capacities vary considerably—from 21 to 30 feet in length and seating from 15 to 30 passengers.



**Cutaway small bus.**

### Vehicle Capital—State Funding for Accessible OTRBs

The State of Michigan provides state funding for vehicle capital to support scheduled service in the state. The Intercity Bus Capital Equipment Program allows eligible companies to apply for five buses per year for use on scheduled services. The vehicles are eligible for replacement after 6 years or 450,000 miles. The buses are owned by the state and leased to the carrier for \$1.00 per year. All buses must be fully ADA accessible.

The vehicles must be used on regular-route service that originates at or is destined to points in Michigan. Out-of-state-only service with these buses is permitted only to specific places—Chicago and Toledo for the Lower Peninsula service and Duluth and Milwaukee for the Upper Peninsular service. State-funded buses must be used for scheduled service at least 5 days per week and at least 150 miles per day. The buses cannot be used for charters, tours, school bus service, park and ride, or contract services.

The carrier must obtain three competitive bids on the buses, and the selection of buses is to be made jointly with the Michigan DOT. Factors considered in the procurement include the type of buses already in the carrier's fleet, parts inventory, staff familiarity with the type of vehicle, resale value, and purchase price. The carrier must agree to maintain and insure the bus and to provide a security deposit that can be used for repairs at the end of the vehicle's service life.

### Use of Section 5311(f) for Purchase of Accessible Intercity Coaches

The Georgia DOT provides accessible intercity coaches to private for-profit operators of scheduled service in the state using Section 5311(f) funding. Six coaches have been provided to Southeastern Stages and Greyhound Lines. The state retains title to the vehicles and leases them to the carriers for \$10.00 per year. The initial lease period is 24 months and is renewable to a maximum of 6 years or 500,000 miles. The carriers have the first option to purchase the vehicles at the end of the lease period at 80 percent of the market price. The state requires that the vehicles be used only for scheduled service at least 5 days per week and 150 miles per day. The carriers receiving the vehicles must ensure that service to particular cities (named in the contract) in Georgia is operated. The carrier must identify the services to be provided in order to qualify for the vehicle lease program. The vehicle may leave the state on round-trip services, but must return within 36 h. The carrier is responsible for all insurance, fees, and maintenance costs. The vehicles must be marked as owned by the state and leased to the applicant. The vehicles must meet ADA accessibility requirements.

In developing this program, the Georgia DOT faced a number of administrative issues. The vehicles had to be purchased by the Georgia Department of Administrative Services. The state's procurement regulations had to be reconciled with the desire of the carriers for OTRBs compatible with the rest of their fleets. In addition, the need to develop a lease agreement between the state and the private operators took some time.



## *Vans*

For feeder service requiring a limited number of seats, full-size vans have been used in the past. Often these vans are modified to include a raised roof and a wheelchair lift; they may have different seating arrangements. The cost is less than a cutaway bus, but the seating capacity is likely to be less, from 7 to 14 passengers. The expected service life is 4 to 5 years.

In any case, the specifications of the vehicle should be reviewed to ensure that it is equipped to operate on long routes and at higher speeds. On smaller buses used for local service, this may require different axle ratios, improved cooling, and better brakes. In terms of amenities, vehicles used for intercity service will have a need for baggage space, and the seating should be appropriate for longer trips. OTRBs will be equipped for this service, but smaller vehicles may need to be equipped differently than vehicles used in local service. States generally have required that all vehicles meet ADA standards, including provision of a lift, necessary doors, and passenger restraints.

General information on vehicle types, makes, and specifications can be obtained from industry periodicals. These include *Bus Ride*, *Metro Magazine*, *Mass Transit*, and the *Community Transportation Reporter* (23–26). These magazines publish special issues at different times during the year highlighting different vehicle types. Websites for vehicle manufacturers can also be useful sources of information and can often be accessed through links from the American Public Transportation Association’s website ([www.apta.com](http://www.apta.com)), ABA’s website ([www.buses.org](http://www.buses.org)), or UMA’s website ([www.uma.org](http://www.uma.org)).

## **Issues Regarding Capital for Vehicles**

### *Use of Vehicles for Intercity Service*

There are two sets of issues regarding the use of vehicle capital for intercity services. One set of issues applies to private for-profit carriers, and the other set to public and private nonprofit transit operators.

*Private-for-Profit Carriers:* Vehicles provided to private for-profit carriers for scheduled, fixed-route intercity bus services must be restricted to that type of service. In the early years of the Michigan vehicle assistance program, some vehicles provided to some carriers were used for charter and tour services (unless restricted, the carriers basic approach is to assign the newest and most attractive services to charters and tours far from home base). Some carriers were providing scheduled services in other states. If Section 5311(f) or other federal funding is involved, the funding is specifically not available for charter or tour services.

Thus, the contract arrangements must limit the use of the vehicle to scheduled, fixed-route service. Limitations on the length of time a vehicle can leave the state may also be needed. It should be noted that most intercity bus operators have scheduled vehicle rotations or equipment pools that service particular route combinations and that maintaining operational efficiency may require a vehicle to travel to other states. Also, passenger convenience may require that a bus operate to major destinations that may be outside a given state (see the Michigan program for an example). These requirements should be negotiated with the carriers prior to developing program restrictions.

*Public and Private Nonprofit Transit Operators:* Definitions in the Section 5311(f) program guidance call for the funding to be used for specific types of long-distance

services involving a meaningful connection with intercity services. The definitions of intercity service in the program guidance also call for the capacity to transport baggage. As part of the capital application process for Section 5311(f) vehicle capital, information should be required about the capacity of the vehicle to carry baggage and the connection with intercity service: Are schedules or fares coordinated? Are stops or depots shared? Is information about the connection available to intercity travelers as well as local passengers?

In addition, it should be noted that the same restrictions on the use of the vehicle for charters or tours apply to public and private nonprofit transit operators. Enforcement of restrictions on vehicle usage can be based partly on information in the operating reports required of the contractor, but periodic spot checks may also be needed to ensure that the capital is being used for its intended purpose and is being maintained.

### *Local Match*

Unlike operating assistance, local match is much less often a barrier to vehicle capital assistance. Private carriers may be much more likely to provide the local share out of their own funds, and local transit systems and governments may also be more supportive of the capital match.

### *Carrier Purchase Options*

Several of the state programs that have leased vehicles to private carriers have included provisions to allow the operating carrier the option of first refusal to purchase the vehicle at the end of the lease period. This approach has two advantages—the use of the leasing arrangement may provide more control over the use of the vehicle, and providing favorable buy-out options to carriers acts as an incentive to maintain the vehicle. If the vehicle is not leased, but instead the carrier puts up the local match, the state may keep a lien on the vehicle until it reaches the end of its service life. At that time, the lien could be removed and the carrier could be allowed to retain the vehicle, providing 80 percent of the salvage value at the time the operator disposes of it.

### *Vehicle Specifications*

Procurement regulations under federal, state, and local public programs generally require competitive bidding for the purchase of vehicles. Intercity carriers are likely to desire vehicles that are similar to the other vehicles in their fleets—to simplify parts inventory, driver training, maintenance, and warranty administration—and so may be leery of a competitive bid process. FTA Buy America requirements may also limit the competition. As can be seen in the Georgia program, one approach has been the inclusion of factors other than price in the competitive bid criteria so that the choice of a responsive bid involves consideration of the other issues of importance to the intercity operator.

## **LIFTS**

Another type of capital assistance provided in a number of states is funding to private intercity carriers for the purchase of wheelchair lifts on new coaches being purchased and, in some cases, to retrofit existing coaches. As described earlier in the report

(see Table 6), private operators of OTRBs are now subject to ADA requirements. These requirements vary with the size of the carrier and with the percentage of the carrier's service that is fixed-route. But for regular-route carriers that are defined as Class I carriers (i.e., carriers with more than \$5.3 million in annual revenues), all new coaches purchased for fixed-route service must be equipped with a lift and related accessibility equipment. On OTRBs, this package includes the wheelchair lift, an additional door, folding seats, and wheelchair restraints and belts. The entire package costs an additional \$30,000 to \$35,000 on a new bus. Retrofitting the package to an existing coach can cost \$40,000 although retrofitting is not required by the ADA.

The Class I fixed-route carriers have until 2006 to make 50 percent of their fleets accessible and until 2012 to become 100-percent accessible. Until that time, the carriers must provide accessible service on a 48-h advance notice. Small firms that have less than 25 percent of their fleet in fixed-route service may offer equivalent accessible service on 48 hours notice, and may not have to purchase accessible coaches. Small firms that have more than 25 percent of their fleet in fixed-route service will have to purchase accessible coaches if they purchase new coaches, but there is no timetable for their fleets to become accessible. All vehicles acquired for fixed-route operation by private operators of smaller vehicles have been required to be accessible since the initial implementation of the ADA regulations in 1991, and this requirement continues.

Thus, the fixed-route or regular-route segment of the industry is faced with a substantial additional cost to provide accessibility. To the extent that funding assistance can be provided, this requirement can be met sooner. As more and more vehicles are accessible, travel opportunities for persons with disabilities will increase. In addition, intermodal trips by users of accessible local rural and urban public transportation will become possible. Also, providing assistance to smaller carriers to purchase accessibility equipment when they buy a new bus or to retrofit an existing bus may be the best way to assist small carriers in providing useable, accessible service if they have their own vehicle to meet the 48-h rule.

As ADA accessibility is a federal requirement, there are two programs providing funding to assist in the purchase of accessibility equipment. One is the Section 3038 Rural Transportation Accessibility Incentive Program, which provides federal funding directly to carriers for up to 50 percent of the costs of accessibility equipment and training. The overall funding levels in this program are low when compared with the total cost of implementing the ADA rules. One state, New York, has assisted intercity carriers in preparing their grant applications (by providing GIS mapping assistance showing the relationship of concentrations of persons with mobility limitations to routes) and providing the 50-percent local match. However, the limited funding under this program will lead to carriers seeking funding elsewhere. The second program is the Section 5311(f) program, which specifically mentions accessibility equipment as eligible for funding and an intended use. Consequently, several states—including California, Texas, Minnesota, and Pennsylvania—have provided funding to carriers for the purchase of accessibility equipment on new vehicle purchases.

### **Advantages and Disadvantages of Capital Assistance for Lifts**

The primary advantages of providing funding to meet this need are that funding will help support regular-route service through reduction of capital costs, will improve the availability of accessible coaches, and will improve intermodal connectivity for persons with disabilities. The most significant disadvantage of providing funding is the need states or localities may have to identify the coaches that will receive the accessibility

### **New York State Provision of Technical Assistance and Funding for Private Operators of OTRBs**

NYDOT has worked with a number of the state's intercity carriers in recent years to help them obtain funding through the federal Section 3038 Rural Transportation Accessibility Incentive Program, a grant program initiated under TEA-21 to help intercity operators pay for the incremental capital and training costs of complying with ADA requirements. NYDOT developed a model application to help the carriers and conducted extensive GIS analysis to assess ridership demand, which was then used in the applications, strengthening the carriers' positions. New York State also matched funds for the local share. The state's efforts were rewarded: New York's carriers received significant federal funds through the grant program.

### **California Funding for Accessibility Equipment**

A Greyhound Lines analysis found that 20 coaches would need to be made accessible each year for the next 13 years to provide full accessibility for California service. The firm applied for Section 5311(f) capital funding for accessibility equipment on 20 coaches at a unit cost of \$35,000 per vehicle for the lifts, additional door, folding seats, restraints, and so forth. Eighty percent of the project cost of \$700,000 was federally funded, and the 20 percent local match was funded by Greyhound. Greyhound has applied for capital funding for the same purpose in Iowa, Minnesota, Pennsylvania, and Texas.

features and to tie the coaches in some way to service in the state providing the funding. This is similar to the situation for vehicles. Carriers usually place vehicles in a pool or rotation that serves a particular route, and states may feel a need to restrict the use of the accessibility equipment purchased by their program to the services that primarily operate in their state. However, the major concern should not be the physical location of a particular lift, but the level of availability of accessibility to citizens of the funding state.

## **FACILITIES**

Another focus of capital assistance is funding for passenger facilities, including many types of projects. These projects include new intercity bus stations, intermodal facilities, repairs to existing stations, accessibility improvements to existing stations, passenger amenities at rural transit facilities, signs, shelters, benches, and so forth. A major rationale is to improve service quality and attractiveness. In a number of user surveys, the condition of terminals has been identified as a concern of passengers in both urban and rural areas. New facilities can enhance intermodal connectivity, improve ADA accessibility, and support local economic development goals. The scale of facility projects can vary greatly, from low-cost repairs, ramps, or signs to major intermodal facilities in urban locations. FTA will permit use of Section 5311(f) funding on projects in urbanized areas to the degree that the project serves rural intercity bus operations.

### **Advantages and Disadvantages of Capital Assistance for Facilities**

The advantages of capital assistance for facilities are as follows.

- Facility improvements can improve both service quality and the image and attractiveness of intercity services. Facility improvements may address a need identified by users as a high priority.
- Facilities can be intermodal including intercity bus services and local rural and urban transit, Amtrak, taxis, and airport ground transportation in a single facility—allowing easy, safe, and convenient passenger connections.
- Facility improvements can focus on providing improved accessibility for persons with disabilities, meeting ADA requirements for transportation facilities.
- Public joint facilities may reduce carrier costs as compared with operating separate facilities (some public, some private). Reduced costs may allow continuation of otherwise marginal services.
- New or improved facilities may address other local goals, such as urban redevelopment, traffic mitigation, and so forth, depending on the design and scope of the facility.
- Limited improvements such as outside benches, shelters, and signs are relatively inexpensive and, if provided systemwide, could improve the visibility and image of rural intercity services.
- Limited passenger facilities for intercity passengers can be added to rural transit maintenance and administrative facility projects (if the location makes sense), providing improvements with a relatively low incremental cost.
- Facility improvements (if maintained) are long-term investments, providing a stream of benefits over 20 or 30 years.

The disadvantages of capital assistance for facilities in rural areas are as follows.

- Better passenger facilities, in and of themselves, will not create or maintain rural services.
- Intermodal passenger facilities can be quite costly, potentially using limited rural funding for relatively few projects.
- Intermodal passenger facilities can involve many participants and take a significant ongoing staff involvement on the part of the local developers, the transit operator, the carriers, and the state.
- In rural and small urban areas, intercity bus agencies may be commission agencies operated by other types of nontransportation businesses (e.g., restaurants, hotels, gas stations, etc.). In addition, the commission agency may change frequently. Both the fact that these are nontransportation businesses and the lack of stability may make it difficult to justify permanent facility improvements.
- Locations with the greatest need for improvement are likely to be in urbanized areas because they would have the high numbers of boardings or transfer passengers that would justify significant investment (it should be noted that Section 5311[f] permits funding of facilities in urbanized areas to the extent that it directly benefits rural services).
- There must be ongoing operation, maintenance, and repair activities to retain the passenger appeal of the facility.

Although many persons familiar with intercity bus services would agree that there is a need for improved passenger facilities, it can be difficult to determine the most effective way to improve bus stations, given limited resources. In order to change the overall perception of bus stations, improvement in many locations would be needed, with significant costs. In order to affect the greatest number of passengers, it would seem

### Capital Program—Texas

The Texas Rural Intercity Program has focused exclusively on planning, marketing, and capital assistance. The program's goals include strengthening the connection between rural areas and the regional and national intercity bus networks, supporting services to meet intercity travel needs in rural areas, and supporting the infrastructure of the intercity bus network through planning and marketing assistance and through capital investment in facilities and vehicles. Eligible projects include the construction, rehabilitation, maintenance, or acquisition of public transit facilities; vehicle capital projects including modifications to make buses accessible or the purchase of accessible intercity buses; and planning and marketing aimed at increasing public awareness and ridership.

Facilities funded under the program must provide equal access for all intercity bus operators serving the community and must include another mode in addition to intercity bus. The other modes include passenger rail, urbanized area public transit, rural public transit, or commercial air service. Preference is given to projects serving a greater number of modes. Proposals for projects are required to present the project in phases, and a long-term contract is signed for the whole project although phases may be funded in different years. Funding is available for facilities in urbanized areas, but only for aspects of the project that benefit and support rural services.

Vehicle capital projects include the accessibility modifications needed on OTRBs or the purchase of smaller accessible buses intended for use on intercity services (equipped with baggage compartments).

Planning projects include feasibility studies, route and schedule plans, and facility studies. Marketing includes television, radio, and print advertising; billboards and signs; market research; route maps and schedules; information kiosks; and other promotional activities.

The program is funded with Section 5311(f) funds, which provide 80 percent of the cost of all projects. The other 20 percent must be provided out of local funds. Eligible recipients include private for-profit intercity carriers and local public bodies and agencies.

The focus of the Texas program on facilities and vehicle accessibility is in part due to the state's close working relationship with the TBA, which is composed of the private intercity carriers providing scheduled passenger service in the state. Facilities are a major priority of the industry. It should also be noted that the level of intercity bus service in much of Texas has remained high and that many rural areas have retained service.

### Hawthorne Transportation Center in Minneapolis

The need for a new intercity station facility in Minneapolis was identified in user surveys conducted as part of the statewide intercity bus study. Rural users identified the poor conditions at the state's major hub as a barrier to their use of the intercity bus services. Under the provisions of the Section 5311(f) program, rural funds were eligible for use on an urban project to the extent that rural services were improved. The Minnesota DOT provided \$800,000 in Section 5311(f) funding to the City of Minneapolis as part of the funding for the \$24,000,000 facility. Recently completed, the Hawthorne Transportation Center includes new station facilities for intercity bus services operated by Jefferson Lines and Greyhound, a major parking garage, city offices, and bicycle facilities. A pedestrian bridge connects the center to a major local bus transfer facility across the street and to the downtown skyway system.



### **New Hampshire Uses CMAQ FHWA Funds to Design and Construct Two Intermodal Facilities**

The New Hampshire DOT (NHDOT) funded the design and construction of intermodal facilities in Concord and Portsmouth using CMAQ highway funds. Because both projects are park-and-ride facilities, they were eligible for FHWA money, which is preferred by NHDOT to FTA money because the grant administrative requirements are less onerous. Both projects are owned by the state and leased to private carriers who cover the operating cost of the facilities out of revenues. The private carriers were chosen through a competitive RFP process; they earn a profit from ticket revenues on their own tickets and through commissions charged to ticket other operators' services. The locations of the two facilities are also thought to support their profitability.

### **Capital Assistance for an Intermodal Station—San Marcos, Texas**

The Capital Area Rural Transportation System (CARTS) recently completed construction of a new intermodal station in San Marcos, Texas. This project illustrates the potential for facility development in rural areas using Section 5311(f) funding. The facility serves CARTS—a nine-county rural system with its own intercity routes, paratransit, and local San Marcos fixed-route service—as a passenger hub and the location of administrative offices in San Marcos. In addition, it is the Greyhound station because CARTS is the Greyhound commission agent in San Marcos.

The station includes Amtrak platforms, serving two trains per day. The facility has been built with the potential to serve commuter rail on the potential Austin–San Antonio rail line, with commuter rail parking for 600 cars programmed but not yet built. Other future elements include CARTS bus storage and a parcel intended for future transit-oriented development. Thus, the facility offers full intermodal connectivity in a modern and attractive facility, with future potential. It also provided local economic development benefits by improving an underused industrial parcel near the train tracks, setting the stage for future redevelopment in the area.

Initial Section 5311(f) funding was awarded by TxDOT in 1997, and additional amounts were provided in subsequent years through 2000. The total cost, including land, was \$1,858,709, of which \$777,852 was Section 5311(f). The remainder came from a variety of sources. Greyhound is paying the 20 percent local share of the match for the intercity bus portion of the facility; in return, it will pay no rent for 10 years. During that time, Greyhound will pay its prorated share of the operating costs (a similar arrangement was also used in the development of an intermodal terminal in Waco, Texas). CARTS and the state of Texas also provided funds, including funds from a special fund for priority projects. The planning process included TxDOT, Greyhound Lines, Amtrak, Southwest Texas State University, city and county officials, and neighborhood groups.



that the improvements should be concentrated in large urban areas, again with high costs and long development times. A number of states are performing planning studies in an attempt to develop long-term plans for facility improvements and provide a rationale for assessing particular proposals.

If there is a local rural transit operator or intercity carrier with a specific project that would increase intermodal connectivity, improve accessibility, and improve service

quality, it may make sense to provide funding if the cost is not disproportionate to the ridership at that location.

### Issues Regarding Capital for Facilities

The major issues regarding facilities are where to make these investments and what scale of project is appropriate. Several states—Washington, Texas, and Pennsylvania—have conducted studies to inventory passenger facilities, to assess needs, and to develop strategic plans for improvement. In addition, when new facilities are contemplated, an initial feasibility or scoping study is suggested to determine likely participants, to identify needs, and to determine what elements should be included and the cost. From an intercity carrier's perspective, the limited capital funds should be used on facilities that will serve the most passengers. These facilities include not only large urban terminals, but also junction points and rest stops that may be in smaller towns. At the local level, it may make sense to fund intercity bus-related improvements as part of overall transit facilities that meet other needs—local transfer centers, administrative offices, or maintenance facilities—even if the number of intercity passengers is low. From a state or regional perspective, the potential for intermodal links is a significant justification. The needs and focus should be identified in advance—it may be that many existing facilities can be improved sufficiently with repairs to major systems, rehabilitation of public areas, and access improvements.

As with any capital improvement, another issue is the need to have continuing control over the investment to ensure that it is producing transportation benefits. For facilities, this can be an issue in rural areas in which bus commission agents have other primary businesses and in which there may be substantial turnover in agents. This issue can be addressed by having the rural transit operator become the agent and control the facility or by limiting improvements at agencies to such moveable amenities as signs, benches, shelters, seating, and so forth.



These issues suggest that in many rural areas, it would make sense to include intercity bus passenger facilities as part of any new local rural transit projects. The rural operator could become the intercity bus commission agent, producing additional revenue for local match and becoming the single point of contact for community transportation needs. An alternative arrangement might involve providing space to the commission agent. With the public transit operator as the local entity owning the facility, continuing control is ensured. The incremental costs of intercity passenger amenities for a rural stop are likely to make up a small portion of the overall cost of a facility that also meets the local needs. A key element of this strategy is site selection because the intercity carrier will need easy bus access and visibility to potential users.

### **OTHER CAPITAL: SIGNING, COMPUTERS, AND ITS**

In addition to vehicles, accessibility equipment, and facilities, capital funding can also be used for other equipment and expenditures that benefit rural intercity services. Trailblazer signing to direct travelers to station locations, computer systems for improved ticket sales and information, or accessibility equipment have all been identified from survey results.

One area of likely growth is in funding for projects involving ITS—a broad term for the application of technology to improve the performance of transportation systems. The private intercity carriers have begun to explore the potential for improving services using computers and improved communication, including the use of GIS for mapping and planning, global positioning systems (GPSs) for identifying the location of vehicles, computerized ticketing and information, and increased use of the internet to provide schedule and fare information. The carriers are already involved in many of these developments, and assistance is needed to connect the information about intercity bus services with information about other transit options to present users with complete trip information. Also, assistance is needed to bring the higher-technology systems to small towns and rural areas. Finally, technology offers the potential for greatly improving the connectivity between intercity bus systems and local public transportation, beginning with efforts to ensure connectivity for persons with disabilities. Finally, at least one state has used capital funding for preventive maintenance costs, providing this assistance on a per-mile basis.

### **Advantages and Disadvantages of Other Capital**

The specific benefits will vary with the type of project. One type of project has funded computers and software for bus agents in rural areas to connect with Greyhound's TRIPS system to provide service information and to assist in ticket sales. This type of project will enable agents to provide information and sales much more reliably and easily. By making the job easier, the system should aid in attracting and retaining rural agents. Another project has provided computerized data on local transit systems to intercity bus information office staff members, allowing them to describe local connections. Onboard GPS and communication technologies will allow bus station personnel to determine the actual location of the vehicle and provide information about actual arrivals, increasing the customer perception of reliability. Such technologies also will provide emergency communication options. Eventually, real-time information about vehicle locations and schedules may allow connections between urban and rural services to be provided on demand.

As in the case of other capital, technology alone will not result in service in areas that are otherwise unable to support operations from fare revenue. Also, as in the case of many technology purchases, there can be issues regarding compatible systems and systems integration. Also, carriers may have proprietary information and ticket sales software or systems that are needed and cannot be supplied under competitive bid procurement. Finally, as in the case of intermodal facilities, intermodal information systems may involve a number of actors and become more difficult to implement.

#### **Purchase of Computers and Software for Use by Agents in Rural Areas**

This project involves the purchase of 35 computers, equipped with software for Greyhound's TRIPS information and ticket sales software. The computers and software are intended for use by agents in small towns and rural areas across Michigan. Eighteen of the computers are provided to Greyhound agents; another 12 are to be used by Indian Trails agents, and 5 are going to agents who sell tickets on both carriers. These agents will be able to sell tickets on the system for either carrier. The computers are linked to Greyhound's national TRIPS ticketing system. Some of the agents are primarily bus commission agents, some are rural transit operators, and some have another primary business.

The project costs \$77,000, 80 percent of which was provided by Section 5311(f). The remaining 20 percent was shared by Greyhound, Indian Trails, and the Michigan DOT. Similar projects are underway in Texas, Minnesota, and Iowa.

#### **Capital Funding for Preventive Maintenance**

The Iowa DOT has an intercity program that provides funding for several different kinds of projects, including assistance to maintain existing routes, assistance for new feeder routes, marketing assistance, and vehicles and facility improvements in support of ADA. Private intercity bus firms, public transit operators, and local communities are eligible. The program element designed to support the existing intrastate system provides \$0.10 per revenue-mile for preventive maintenance and insurance costs, providing the carrier's documented preventive maintenance expenses are \$0.125 per mile or greater. Carriers have the option of requesting funding for up to 80 percent of insurance expenses per mile, not to exceed \$0.10 per mile, or a combination of preventive maintenance and insurance costs (again, not to exceed 80 percent and \$0.10 per revenue vehicle-mile).

Funding is allocated based on existing miles of Iowa intercity service. To be eligible services must serve intercity bus terminals in Iowa that are part of the nationwide intercity bus network. Participating carriers must provide a quarterly report of the number of Iowa passengers by origins, destinations, location of ticket sales, miles of revenue service, and total cost per revenue-mile. Approximately \$300,000 per year is available for this program element (27).

The state uses Section 5311(f) funds for this program and is able to take advantage of the fact that FTA has allowed preventive maintenance and insurance to be funded at the 80-percent federal-match ratio used for capital projects. Under FTA guidance, a grantee purchasing service that includes preventive maintenance and insurance costs can apply for capital assistance for this portion of the purchased service (28). The local match is provided by the carrier through the expenditure of the additional \$0.025 per mile for preventive maintenance.

## STRATEGY 6

### PROVIDING MARKETING ASSISTANCE

Marketing can be an effective strategy for supporting rural intercity bus service although it is often given inadequate attention. Marketing can serve a number of objectives: informing riders and potential riders about the availability of service, increasing ridership overall or on selected services and routes, supporting public and community relations, and building partnerships with other providers and agencies. States can support this strategy by providing funding assistance to carry out marketing plans and marketing activities and by encouraging local project sponsors to include marketing in their project planning and implementation.

#### ADVANTAGES AND DISADVANTAGES OF MARKETING ASSISTANCE

Key advantages to marketing assistance include the following.

- Promotional efforts are needed to inform potential riders about new or reinstated services or to let them know about existing services that have not been marketed. Carrier marketing efforts typically are national or regional rather than route-specific.
- Marketing materials or campaigns can inform the public about the existence of services and the potential for making connections between various modes—individual modes or carriers are unlikely to market a multimodal network.
- User surveys can provide information on service attributes that are desired and on the best way to reach rural transit riders with information and promotions.

The disadvantages of marketing assistance are as follows:

- Marketing activities in themselves will not make marginal services financially feasible for private operators, nor will they result in the operation of new services; and
- The relationship between various marketing activities and ridership is not well known.

The limited experience with intercity bus marketing efforts over time has not resulted in any single formula or approach that can be generally applied; however, it has been observed that if new or replacement services are being implemented, promotional campaigns in the towns along the route will be needed to let the public know that there is bus service, when it operates, where to catch it, and what it costs. If an area has been without bus service for some time, it is very difficult to recapture lost ridership, and it is difficult to overcome the impression that there is no service.

#### MARKETING PLAN

Under the marketing function, there are a number of approaches and activities that can be considered and implemented. One initial activity is developing a marketing plan.

Such a plan sets out the specific actions to be done and identifies the costs involved. Importantly, the plan should articulate the objectives to be accomplished—for example, informing the community about a new route and developing ridership to meet a specified target after a certain time period. A marketing plan need not be complex or long, but it should address several topics: the marketing objectives, specific actions to meet the objectives, a timeline for implementation, and a budget. It should be noted that several states have indicated that marketing plans may be required from applicants seeking operating assistance for intercity routes.

**MARKET RESEARCH**

Another approach is market research. Planning and implementation of marketing activities can be more effective if the audience is identified and targeted. To this end, research on rider groups and characteristics can be appropriate: Who are the primary rider groups? What sorts of trips are they taking? What improvements would they like to see to increase their usage? These are questions that can be asked through rider surveys, providing answers that can then be used to target advertising and other marketing and to improve services.

**Surveys of Households and Intercity Bus Users**

To assist TxDOT in evaluating its intercity bus services, research was undertaken in 1993 by the Texas Transportation Institute (TTI) (29), part of Texas A&M University. As part of the research, TTI carried out two surveys: the first was a household survey, and the second an onboard rider survey. The household survey was mailed to a random sample of households in the state to obtain information on demographics, attitudes about intercity bus travel, knowledge of the intercity system, and use of intercity service. Questions to identify the types of improvements that would induce nonriders to use the bus were also asked. The onboard survey was conducted to collect information on rider characteristics and to identify features important to riders. For the latter question, 11 features were listed, and respondents were asked to rate each factor in terms of its importance. The question was phrased as follows:

*A number of different factors are important to people in deciding to use intercity bus service. Please circle the number that best explains how important the following features are to you in deciding to use the intercity bus. The higher the number, the more important you feel a factor is to you.*

*How important is . . .*

- bus fare. . . . . 1 2 3 4 5*
- the speed of the bus trip. . . . . 1 2 3 4 5*
- leaving and arriving on time . . . . . 1 2 3 4 5*
- auto parking near the bus station. . . . . 1 2 3 4 5*
- leg room and comfortable seats . . . . . 1 2 3 4 5*
- the location of the bus station . . . . . 1 2 3 4 5*
- safety at the bus station and on the bus . . . . . 1 2 3 4 5*
- food service at the bus station . . . . . 1 2 3 4 5*
- local city bus transportation at destination . . . . . 1 2 3 4 5*
- having express bus service . . . . . 1 2 3 4 5*
- frequency of intercity bus service. . . . . 1 2 3 4 5*

Riders' responses to this question revealed that the four most important features of intercity bus service are safety at the bus station and on the bus, leg room and comfortable seats, leaving and arriving on time, and the fare.

Using different survey techniques, rider surveys have been done through several intercity bus studies. Onboard surveys are perhaps the most commonly used. Surveys can also be done as intercept surveys at terminals, by mail-out, and over the telephone. Selection of the appropriate technique will be affected by the resources available and by the specific objectives of the survey effort.

Another type of market research involves the use of focus groups to provide more detailed information about preferences and concerns affecting their willingness to use bus services. Focus groups involve small groups of persons who are prequalified for participation based on demographics, product use, or other qualifications. During the focus group session, a series of questions is asked by a trained facilitator. Participants are asked to give their answers to the questions, and the facilitator can probe for additional insights. This technique formed the basis for a market research project conducted by Jefferson Lines under a grant from the Minnesota DOT.



### **Using Focus Groups in Market Research**

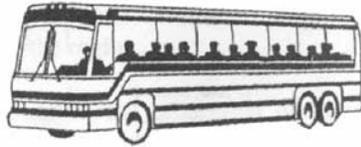
Jefferson Lines, in an effort to better understand the marketplace for intercity bus transportation in its service areas of Minnesota and Iowa, conducted a market research project in these areas. Focus groups were used to develop insight regarding different market segments. The focus groups were segmented by age (students or those who are older than 50); by location of residence (urban, suburban, or small urban areas); and by intercity bus use (riders in the past 12 months or nonriders who would consider bus use). Participants were recruited by a marketing firm, bus agents, community leaders, student organizations, senior organizations, bus company staff, and on the bus. Each group had 8 to 12 participants and a single facilitator to gather the opinions and concerns of the participants. A total of 245 persons participated in 26 sessions held in a variety of locations in Minnesota and Iowa.

Separate conclusions were reached for the student and senior markets, with particular aspects varying somewhat between users and nonusers. The conclusions developed for each market segment were then used as a basis for potential bus company responses to desires of the market. Potential responses include service changes such as more express service or more campus to campus service, changes in terminal locations to service shopping malls, and changes in marketing to better reach these groups. Potential marketing efforts include changes in the provision of information about services, changes in placement of limited advertising dollars, and nontraditional means of reaching potential riders (such as through organizations or links to websites).

### **Joint Marketing for Intercity and Local Bus Services**

NYDOT developed and produced a marketing and information guide for intercity and local bus services. This comprehensive guide provides information on services throughout the southern portion of the state. The number of guides printed was 30,000, and the guide was distributed throughout the 11-county southern region. A prime market for the guide included colleges and universities located in the southern portion of the state, which ordered large numbers for their students. Cost for development and production was funded 80 percent by federal Section 5311(f) funds, and the remainder was funded through state funds.

# **YOUR GUIDE to the Southern Tier Bus Network**



**Linking Intercity,  
County, and City  
Public Transportation  
Systems  
in**

**Allegany, Steuben, Schuyler,  
Chemung, Tompkins, Tioga, Cortland,  
Broome, Chenango, Otsego,  
and Delaware Counties**



**Joseph H. Boardman, Commissioner  
New York State  
Department of Transportation**

**OCTOBER 1997**

## USER INFORMATION MATERIALS

Development of user information materials is an important marketing activity. Such materials include straightforward brochures and timetables that provide hard-copy material to users and potential users about the services that are available and how to use them. Such materials can be produced for a particular service or system; statewide information materials have been produced—for example, in New York State.

### Telephone Information Center for Local and Intercity Bus Services

A telephone information center was developed in western Massachusetts to provide centralized information on local and intercity bus services and connections. The marketing project was funded by the State of Massachusetts, which provided funds for both the marketing efforts and capital needs such as telephone hardware and software. The project was spearheaded by the regional intercity carrier, Peter Pan Bus Lines, which worked with the regional public transit authorities to implement the project. Peter Pan operates the information center, providing information about its services, connections with the transit authorities, and general information about transit services. For specific, detailed questions about transit services, Peter Pan refers callers directly to the appropriate transit authority. In addition to the telephone information service, the project has involved local advertising and brochure development to market available services and connections that are provided between the transit authorities and Peter Pan services. Costs for the project were funded at 80 percent through the Section 5311(f) program, with the remainder funded through Peter Pan Bus Lines.

**Peter Pan**  
GMTA - FRTA  
Your Community Link  
To The Entire Northeast!

**BOSTON  
NEW YORK**  
DAILY  
EXPRESS SERVICE

**Peter Pan**  
800-343-9999

Greenfield • 233 Main Street  
Timber Hill Coffee House,  
Charlemont Inn Route 2, Mohawk Trail  
Deerfield Service Station Rts. 5 & 10

Materials also include developing and providing telephone information services, which give riders and potential riders more sophisticated information channels. These projects include several call centers implemented in recent years to improve information access, including projects in Massachusetts and Iowa. Both of these projects have been implemented in partnership with the regional intercity carrier.

Trailblazer signs are another approach toward marketing, serving two primary purposes. First, the signs are daily “advertising” to the community about the availability of intercity service. Second, the signs facilitate travelers’ access to the station and the intercity services provided at the station. Although not an innovative or “Madison Avenue–type” marketing concept, such trailblazer signs can be effective ongoing advertising for intercity service, for both those who live in the community and those who are visiting.

### **Trailblazer Signs and Marketing Campaigns**

The State of Georgia funded a project to install directional signs in communities throughout the state to improve accessibility to intercity bus stations and services. Working together with Greyhound, directional signs—often called “trailblazer” signs—have been placed at key intersections and interchanges in most communities in which intercity stations are located. The exact number of signs installed depends on the size of the community: larger cities have 10 to 12, and smaller communities have as few as 1 or 2 signs. Generally, signs have been installed along state roads, so there have been no right-of-way issues. Such signage clearly marks the travel path to the bus stations, easing travelers’ access to the facility and the intercity bus services.

Another Georgia marketing project was a campaign to publicize the relocation of the downtown Atlanta intercity bus station. The station—which serves Greyhound Lines, Southeastern Stages, Georgia Trailways, and Capitol Trailways—was relocated from a well-known location of long standing to an interim facility at the Metropolitan Atlanta Rapid Transit Authority rapid rail station. Many of the passengers using the station originate in rural areas of Georgia, so Section 5311(f) funds (matched by Greyhound) were used to fund the marketing effort to let users and the public know about the change in location.



### **PROMOTIONAL ACTIVITIES**

There is a wide array of activities that can be implemented to market intercity services—from radio spots using public service announcements, to giveaways of low-cost items such as pencils or refrigerator magnets, to one-time events in the community to create publicity and interest, and even to contests in which a special trip is offered as the prize. Developing such activities is limited only by creativity and funding.

### **Community Involvement in Marketing and Promotion**

When the CADC in Malvern, Arkansas, implemented its new intercity service, marketing and promotion were part of the early activities. Developed to provide feeder service from rural and economically depressed south-central Arkansas to the Greyhound intercity network in Malvern, the new service was inaugurated with fanfare. A large media event was planned and produced. Greyhound operated a standard over-the-road coach bus (the regular service uses a 20-passenger van) over the route, picking up local dignitaries and chamber of commerce members at each stop along the route. Members of the development council and local media representatives also rode along. At each community, the group disembarked from the bus and posed for photographs. Lunch was then provided at the final stop.

## COMMUNITY RELATIONS AND PARTNERSHIPS

Developing positive relationships in the community and partnerships with other organizations can build the image of intercity service, which in turn can lead to greater support and increased ridership. Such relations can be built in numerous ways, such as working with the local transit system to establish and advertise connections between the two services. Station managers can facilitate taxi access to the station by providing a taxi stand, telephones, and a listing of local cab companies. Intercity carriers can advertise in the local communities they serve through Chamber of Commerce publications and newsletters targeting certain groups, such as seniors. Carriers can search out opportunities for commission agents who help build the image and standing of intercity service—for example, in a small community in Virginia, Greyhound has developed a relationship with the local transit system in which each supports the other’s services and Greyhound benefits from the transit system’s visibility and success in the community.

### Local Transit Operator as Intercity Bus Commissioned Agent

In Virginia, the City of Fredericksburg—located halfway between Washington, D.C., and Richmond, the state capital—implemented a new transit system in 1996 called Fredericksburg Regional Transit, or simply “FRED.” When looking for a facility to house the new system, the city found that Greyhound was looking for a local agent to sell intercity tickets and staff its station. The city arranged to move into the Greyhound facility, which was located almost at the geographic center of the transit service area. With its central location, the facility was designated as the hub and central transfer point for the new system’s routes and became known as “FRED Central.” With 17 intercity buses arriving and departing each day, Greyhound continued to provide significant service to the community. FRED staff sells tickets for Greyhound service. The new transit service quickly became popular and successful, and Greyhound benefits from association and proximity.

This joint effort has been so successful that Greyhound has sought out similar opportunities in the region. As a result, Loudoun Transit is now the Greyhound agent in Leesburg, Virginia, and Annapolis Transit is the Greyhound–Carolina Trailways agent in Annapolis, Maryland.



## STRATEGY 7

### CREATING PROJECT COMBINATIONS

In the preceding sections, information was provided regarding a variety of project types that can be used to provide improved rural intercity services. It is important to note that the most effective strategy may be a combination of projects. In the project examples accompanying each strategy, instances have been noted of projects that included additional elements. As more projects are funded and experience is gained, state agencies, carriers, and local transit operators have all begun to recognize that an effective approach may well require several elements. For example, a comprehensive approach to a potential rural intercity route could include a planning component to assess the feasibility and to design the service; vehicle capital to provide attractive, accessible vehicles and to reduce the operating and capital costs; operating assistance to implement the service; and local marketing to get the word out to potential riders. Such a project could even include terminal facility improvements at major origins and destinations, along with signs, benches, and shelters at intermediate stops. Such a comprehensive approach is likely to offer a much higher chance of success than does implementation of any single element. In addition, strategies can be combined into a single grant agreement if needed, reducing the administrative workload.

Plans, policy goal statements, or needs assessments may call for particular emphasis areas in each category—for example, operating assistance may be included in a program, with the emphasis on serving particular regions or corridors that are currently without service, or operating assistance may be focused on those routes that have been identified as possibly facing discontinuation. A program may allow for vehicle capital only in conjunction with operating assistance or only for services in specific areas. This kind of tailoring may best be developed in consultation with policymakers, advisory groups, or industry associations.

#### **Combined Assistance Strategy: Iowa DOT and Burlington Stage Lines**

The project agreement between the Iowa DOT and Burlington Stage Lines (which is doing business as Burlington Trailways) provides assistance to support a number of rural routes and service in Iowa. The project includes the following:

- Operating assistance for the Iowa portions of service between Des Moines and Chicago via Burlington;
- Administrative assistance for the Iowa portion of that route, for intercity service between Cedar Rapids and St. Louis, and for intercity service between Mason City and Cedar Rapids;
- Marketing assistance to include depot signs for the rural Iowa portions of all these routes;
- Capital assistance for the purchase of two accessible OTRBs to operate Section 5311(f) rural routes; and
- Capital assistance for computer hardware and associated equipment to support rural intercity services; software for scheduling and ticketing for three terminals was also included.

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Each of these elements required a different level of local match, which was provided by the carrier. The total project cost came to \$553,374, of which Section 5311(f) provided \$350,565. Subsequent projects for these routes included publication of route-specific timetables and funding for placement of schedule information in *Russell's Guide (I)*.

In the second year, a combination of operating and administrative assistance for intrastate service in Iowa was provided through the reimbursement of carrier maintenance expenses up to \$0.10 per mile (provided that the total maintenance cost was \$0.125 per mile or greater); or, alternatively, insurance expenses up to \$0.10 per mile; or a combination at that rate. This funding also came from Section 5311(f) combined with local match from the carrier, Burlington Trailways.

Another way of combining strategies is to provide funding for projects that support the overall scheduled service *network* through capital assistance while providing operating assistance and marketing support for *particular routes or services* that are not self-sustaining, but that provide needed access. For example, network capital assistance could include capital for accessible vehicles, accessibility equipment, information centers, statewide signage, and facility improvements. Route assistance could include operating assistance, marketing assistance, facility capital for points on that route, and, perhaps, vehicle capital. Assistance or contracts for particular routes can also be used as a means of creating dedicated connecting or feeder services for rail passenger service as implemented in California. Although the connecting bus routes may or may not be eligible for funding as rural services, this approach addresses the state goal for a *seamless* surface transportation network.

### California's Amtrak Thruway Bus Service

Another example of combining program elements can be found in California, where the state's rail passenger program has included intercity bus services combined with rail passenger services in a single, seamless network of statewide surface transportation. In cooperation with Amtrak, Caltrans provides feeder bus service statewide, connecting with rail service at specified stations and substituting for rail service (i.e., "bus bridge" service) in certain corridors. This service is called Amtrak Thruway Bus Service and is funded with state funds. There is a single ticket and fare for trips involving both a bus and rail segment, and the bus services are scheduled to meet connecting trains at the train stations, allowing an easy and convenient transfer. It is marketed to users in timetables, in promotions, in Amtrak's computerized schedule and telephone information system, and on the internet as a single system.

The intercity rail feeder bus service consists of three types of service.

1. **Dedicated service:** Dedicated connections are operated exclusively for Amtrak passengers holding Amtrak tickets. This service is used primarily by passengers making part of their trip by train. Schedules are designed to connect to Amtrak trains although passengers may use the services to connect with other train service, such as commuter services operated in the Los Angeles and San Francisco regions.
2. **Mixed-mode:** Buses in mixed-mode service are operated in conjunction with regular intercity bus carriers. Amtrak passengers are carried on the same bus as the bus company's own passengers. In some cases, mixed-mode buses make more stops than do those shown in the Amtrak timetable. Amtrak passengers may ride the buses to or from these stops, but must buy their Amtrak ticket to the next Amtrak fare point beyond the stop.
3. **Interline service:** This service is essentially the same as mixed-mode, except that the bus service receives no financial subsidy from Caltrans or Amtrak other than passenger revenue. Amtrak tickets are honored, and the carrier receives compensation for each Amtrak passenger carried.

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There are 18 routes providing feeder service. Caltrans reports ridership and revenue statistics by route. For FY 1999 (July through June), the average productivity was 17.5 passengers per bus trip with a high of 27.2 passengers per trip on the route between San Jose and Santa Barbara. This high is followed closely by service between Bakersfield and Los Angeles with a productivity of 26.3 passengers per trip. California also evaluates the feeder bus routes and ridership in terms of revenue generated. This evaluation is done in conjunction with the connecting rail service. Caltrans calculates for each feeder route “net-generated revenue,” which is the total revenue for bus and train generated by the riders using bus and rail minus the cost of the bus service. This analysis shows, for FY 1999, that the total net-generated revenue for the bus routes is just under \$8,494,000, which is almost \$255 per feeder bus trip. On a bus-passenger basis, the net-generated revenue is \$14.59 for the same fiscal year.

Caltrans provides funding for this project to Amtrak, which in turn contracts with the bus carriers for the specific transportation services. During FY 1999 (October 1998 through September 1999), the cost for the Thruway Bus Service was \$3,512,980. Caltrans pays any net operating loss of the feeder buses that serve the state-supported routes. The operating loss consists of total bus operating costs (this is what is billed by the contracting bus operators) minus the feeder bus revenue credits. These credits are a proportional share of the rider’s entire rail–bus fare assigned to the bus portion of the trip.

Funding for the service comes from state funds, specifically the Public Transportation Account. This account was designated by state legislation as a trust fund for use only for transportation planning and mass transportation purposes. It is funded primarily from sales tax on the sale of diesel fuel and the sales tax from a portion of the state excise tax on gasoline. A portion of the funding is provided for intercity rail, and the monies are the state’s exclusive source of intercity rail operating funds and also have provided funding for intercity rail capital.

The choice of strategies will depend on local needs, goals for rural intercity services, and available funding levels—but it is unlikely that there is a single strategy that is the only appropriate answer.

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19. *Pennsylvania DOT 1999–2002 Intercity Bus Program Guidelines and Application*.
20. *FTA Circular 9040.1E: Non-Urbanized Area Formula Program Guidance and Grant Application Instructions*, "Chapter 7: Intercity Bus; Paragraph 6. Eligible Recipients." Federal Transit Administration, U.S. DOT, Washington, DC (1998); see Appendix A.
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## **PART III**

### **DETAILED PROJECT DESCRIPTIONS**

## INTRODUCTION TO PART III

As part of this project's research and data-collection efforts, state program managers were surveyed for current information about specific intercity bus projects funded in each state (the survey efforts were described in detail in Chapter 1). Based on responses from 26 of the 50 states, survey data identified 267 intercity bus projects. These projects ranged from subsidizing the re-establishment of intercity bus service in a rural corridor in Minnesota, to a statewide planning study in Washington to assist the state in funding decisions for intercity bus service, to printing and distributing maps of the intercity bus service available in Texas.

The research team then selected a subset of the total projects for follow-up with local project sponsors to obtain more detailed information about the project, with a particular interest in assessing a range of projects and identifying the types of funding programs being used at the local level. To select the subset for follow-up, the research team attempted to find a cross section of intercity bus projects, including those involving operations, capital, marketing, and planning and projects showing a mix of types. The research team also asked state program managers to identify those projects that they thought would be good case studies. Based on these various selection criteria, the project team followed up with 50 projects, which are described in this part of the report. Information and details on some of these projects are also included in this report's discussion of strategies to support and improve intercity service in Part II.

The projects described in Part III are listed in Table 14, which categorizes the projects by the following:

- The primary *type* of project (e.g., planning, operating, capital, and marketing);
- Whether the local agency serves as a commission agent for an intercity carrier; and
- Whether the project involves a terminal.

As can be seen from Table 14, many of the projects cross categories—for example, a number of projects include both an operating and a capital component, and the local agent serves as a commission agent as well. Beyond this, the array of projects described in Part III shows considerable variation. Some projects can be seen as traditional intercity bus service, using an OTRB and serving rural communities along a corridor between two population centers. Other projects provide intercommunity service using lift-equipped vans; operating only several days per week; and focusing on connecting rural residents to services and destinations available in larger communities such as hospitals, employment, and social services and on providing connections to regional and national travel opportunities at an intercity bus terminal, Amtrak station, or even regional airport. Rural mobility, almost by definition, involves travel from small communities to larger ones and, many times, to cities as well, enabling those living in rural areas to meet their various needs. Intercity bus service, in its various forms, is a key component to ensuring rural mobility.

The remainder of Part III presents the local projects. The projects are organized alphabetically by state.

TABLE 14 Project characteristics

Project by State	Planning	Operating		Capital	Marketing	Commission Agent	Terminal
		Intercity Service	Regional/ Feeder Service				
Arkansas #1			◇			◇	
California #1		◇					
California #2		◇					
California #3			◇				
Colorado #1		◇					
Florida #1			◇	◇			
Georgia #1				◇			
Idaho #1			◇			◇	
Idaho #2		◇					
Idaho #3			◇				
Idaho #4			◇	◇		◇	
Indiana #1		◇					
Iowa #1				◇			◇
Iowa #2			◇		◇	◇	
Iowa #3					◇		
Kansas #1			◇				
Kansas #2			◇	◇	◇		
Maine #1			◇				
Massachusetts #1		◇			◇		
Massachusetts #2				◇	◇		
Michigan #1		◇					
Michigan #2				◇			
Michigan #3				◇			
Minnesota #1				◇			◇
Minnesota #2					◇		
Minnesota #3		◇					
Minnesota #4		◇					
Montana #1			◇				
New Hampshire #1				◇			
New Hampshire #2				◇			◇
New York #1		◇					
New York #2			◇	◇	◇		
New York #3				◇			
New York #4					◇		
North Carolina #1		◇					
North Dakota #1			◇				
North Dakota #2			◇	◇			
Pennsylvania #1		◇	◇				
Texas #1				◇			◇
Texas #2	◇						◇
Texas #3	◇						◇
Texas #4				◇			◇
Virginia #1				◇		◇	◇
Virginia #2				◇		◇	◇
Washington #1	◇						
Washington #2			◇				
Washington #3			◇				
Washington #4			◇				
Washington #5			◇				
Washington #6				◇			◇

## PROJECT DESCRIPTIONS

### ARKANSAS

ARKANSAS #1	<i>South Central Arkansas Transit</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Central Arkansas Development Council Malvern, Arkansas</i>

#### Background

The Central Arkansas Development Council (CADC), located in Malvern, Arkansas, southwest of Little Rock, is a community action agency that operates a variety of programs, including an 11-county public transportation system. This transportation system, South Central Arkansas Transit (SCAT), is the Section 5311 provider in the area. SCAT also provides human service agency transportation and is the Medicaid broker in the region.

Since 1992, Greyhound has served Malvern on its Schedule 478 between Nashville and Dallas (providing service within Arkansas between Little Rock and Texarkana). During this time, CADC has been the Greyhound commission agent in Malvern. CADC has used the 12.5-percent Greyhound commission for local match for its Section 5311 program. In its role as commission agent, the agency staff has built a good working relationship with Greyhound staff. CADC's offices are shared with the Greyhound Terminal in Malvern.

#### Project Description

South-central Arkansas is an economically depressed area. As such, there is relatively high demand for both public bus service and intercity bus service. With the advent of the Section 5311(f) program and the possibility of operating assistance for routes in rural areas that historically could not support themselves, Greyhound staff identified a need for service from Malvern to El Dorado. Greyhound proposed the idea to SCAT and suggested that SCAT was the logical operator of the service. SCAT agreed and has been operating this route since March 1999. The route is 122 miles one way.

The SCAT-operated segment is provided 7 days a week, twice a day, bringing people from El Dorado to Malvern to connect with the Greyhound network and providing more localized travel opportunities. This segment is well used for

a variety of trip purposes, including Medicaid trips and work trips. A 20-passenger vehicle is used on the route, and it is often full. Ridership for the first year of service was 2,987 passenger trips.

#### Marketing

A large local media event was held when service began on this route. Greyhound operated an OTRB on the route, which picked up local dignitaries, Chamber of Commerce members, the CADC Board of Directors, and local media representatives. The group posed for photo opportunities and press releases at each city that was to be served on the route. Lunch was served in El Dorado. On a routine basis, this route is marketed by Greyhound, primarily through the listing in *Russell's Guide (1)*.

#### Challenges

Although this route has been successful for the agency, there have been some challenges faced during the implementation process. The two major challenges are (1) the FHWA operating authority and (2) reporting and accounting tasks.

Because the agency "stands in the shoes" of Greyhound for this segment, it is subject to FMCSA interstate carrier operating regulations. The local FMCSA office in Little Rock did not know how to handle an FTA grantee seeking FMCSA route authority (with regard to the differences in insurance requirements, etc.) and had to refer CADC staff to the Washington, D.C., office. It would have been much easier for agency staff if they could have had their questions answered locally.

Another challenge has been the reporting and accounting requirements of the grant. The state requires that CADC separate the Section 5311 grant costs and activities from the Section 5311(f) grant costs and activities. SCAT must also report monthly to Greyhound from each of the four ticketing sites on the SCAT spur.

#### Cost

CADC continues to be the Greyhound commission agent in Malvern, using this revenue to offset the operating costs of the route. CADC is paid \$0.65 per mile to operate the route. The annual operating expense for the route is about \$31,500, with a share of this coming from the Section 5311(f) program.

The sources of local match include Community Services Block Grant funds and contractual revenue.

**CALIFORNIA**

CALIFORNIA #1	<i>Mammoth Lakes to Reno, Nevada, via Greyhound</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Mammoth Lakes, California</i>

**Background**

Intercity bus service was provided to Mammoth Lakes in Mono County, California, through the Los Angeles–Reno, Nevada, corridor along Highway 395. The destruction of Highway 395 in north Mono County, caused by flooding in early January 1997, forced the closure of the highway by state officials; this segment of the Greyhound service was being operated along this highway. The alternate route proposed by the state would have circumvented all but two of the communities north of Mammoth Lakes, a major ski resort area. Because operating service along the alternate route would have further eroded revenue during the off-peak winter and early spring months, Greyhound chose not to operate service along the alternate route.

In July 1997, Greyhound reinstated the service on Highway 395 between Mammoth Lakes and the California–Nevada border after working with Mono County and the state to secure operating assistance through the federal Section 5311(f) program and continued to operate the service from the California–Nevada border into Reno at its own cost. The intercity service is critical in linking the Mammoth area to the larger population centers. Since that time, the service has continued to receive federal Section 5311(f) operating support.

Mono County realizes the importance of intercity bus services to its area and has actively supported the retention and development of such service—for example, the local airport is upgrading its facility with an FAA grant, and the area is looking to intercity bus service as a way to provide links to a broader market area for the airport. The county is also working with other counties in the region and with Caltrans to expand transit opportunities into and through nearby Yosemite National Park, using intercity bus service as part of this network.

**Project Description**

The subsidized portion of the route extends from Mammoth Lakes to the California–Nevada border, a distance of about 85 miles. There is one trip into and one trip out of Mammoth each day. Greyhound uses a standard OTRB to provide the service.

Greyhound has reported annual ridership of close to 2,000 passenger trips (April 1, 1999 through March 31, 2000) on the subsidized service and expects a modest growth in ridership—5 percent—over the next several years.

**Cost**

The first-year cost for the project in FY 1998 was \$114,740, with one-half provided by the state (Caltrans) using federal Section 5311(f) funds and the other half by Greyhound. The second-year (FY 1999) cost was \$126,834 with Caltrans contributing one-half with 5311(f) funds and Greyhound the other half. For FY 2000, under the same cost-sharing arrangement, the project cost was \$144,002. Caltrans is applying for the federal Section 5311(f) grant for FY 2001 in the amount of \$135,006 under that same cost-sharing arrangement.

Reportedly, the Caltrans regional office serving Mono County was reluctant to provide the operating subsidy after the first 2 years, believing that such subsidy should be used for “start-up” purposes and not to provide an ongoing subsidy for a private carrier.

CALIFORNIA #2	<i>Plumas County Intercity Service along Feather River via Greyhound</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Plumas County, California</i>

**Background**

Plumas County, California, a rural county northeast of Sacramento, provides local public transportation services through a contractual relationship with a local not-for-profit agency, the Alliance for Work Force Development, with fixed-route and route-deviation services. Additionally, the county has recently worked with Greyhound to reinstate intercity service.

Until the early 1990s, the county had been served by Greyhound along a route between Sacramento, California, and Reno, Nevada. Within Plumas County, the route ran along Highway 70. However, in the early 1990s, Greyhound elected to realign the route so that it traveled along Highway 80, south of its former corridor and no longer within Plumas County. The county recognized local needs for the intercity service through the annual state-mandated process of determining unmet transit needs in rural counties and worked with Greyhound to move the route back to Plumas County.

**Project Description**

The intercity route, called the “Feather River route” by Plumas County, now travels along Highway 70 through the county, serving Sacramento and Reno. The route, reinstated in October 1999, provided morning service into Sacramento and

evening service into Reno. Ridership was limited, and there were local requests to reverse the scheduling so that Plumas County residents could travel into Reno in the morning rather than in the evening. This change was made with the schedule essentially reversed in August 2000, and it is expected that ridership will grow. Greyhound has been cooperative, particularly in light of plans for a new Greyhound route running through the northern part of the county, which may need additional subsidy from the county.

**Cost**

The project cost is the additional cost to Greyhound to realign the route into Plumas County, reported to be \$343,100 for FY 1998 (although service did not begin until FY 1999–2000). One-half of the project cost is provided through the state with federal Section 5311(f) funds and the other half by Greyhound.

The county has not yet sought additional Section 5311(f) subsidy beyond this initial period, holding Greyhound’s performance in observation. The county expects it could obtain additional funding through the Section 5311(f) program should this be needed and could provide such assistance to Greyhound if the carrier continues with the Feather River route.

CALIFORNIA #3	<i>California’s Amtrak Thruway Bus Service-Feeder Bus Services to Rail Service</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>State of California and Amtrak</i>

**Background**

Caltrans in cooperation with Amtrak provides feeder bus service statewide, connecting with rail service at specified stations and substituting for rail service (“bus bridge” service) in certain corridors. This service is called “Amtrak Thruway Bus Service” and is funded with state funds.

**Project Description**

The intercity rail feeder bus service consists of three types of service:

1. *Dedicated service.* Dedicated connections are operated exclusively for Amtrak passengers holding Amtrak tickets. This service is used primarily by passengers making part of their trip by train. Schedules are designed to connect to Amtrak trains although passengers may use the services to connect with other train service, such as commuter services operated in the Los Angeles and San Francisco regions.

2. *Mixed-mode service.* Buses in mixed-mode service are operated in conjunction with regular intercity bus carriers. Amtrak passengers are carried on the same bus as the bus company’s own passengers. In some cases, mixed-mode buses make more stops than do those buses shown in the Amtrak timetables. Amtrak passengers may ride the buses to or from these stops, but must buy their Amtrak ticket to the next Amtrak fare point beyond the stop.
3. *Interline service.* This service is essentially the same as mixed-mode except that the bus service receives no financial subsidy from Caltrans or Amtrak other than passenger revenue. Amtrak tickets are honored, and the carrier receives compensation for each Amtrak passenger carried.

There are 18 routes providing feeder service. Caltrans reports ridership and revenue statistics by route. For FY 1999 (July–June), the average productivity was 17.5 passengers per bus trip, with a high of 27.2 passengers per trip on the route between San Jose and Santa Barbara. This high is followed closely by service between Bakersfield and Los Angeles with a productivity of 26.3 passengers per trip. This latter service is known as a “bus bridge,” providing bus service between the two cities on what is called the “I-5 Grapevine Corridor” (because of the winding, steep curves of that portion of Interstate 5). The state would like to close the service gap, providing direct train service along this corridor in the central portion of the state because this network has become one of the most heavily traveled segments of the California Amtrak network.

The state also evaluates the feeder bus routes and ridership in terms of revenue generated. This evaluation is done in conjunction with the connecting rail service. Caltrans calculates for each feeder route “net-generated revenue,” which is the total revenue for bus and train generated by the riders using bus and rail minus the cost of the bus service. This analysis shows, for FY 1999, that the total net-generated revenue for the bus routes is just under \$8,494,000, which is almost \$255 per feeder bus trip. On a bus passenger basis, the net-generated revenue is \$14.59 for the same fiscal year.

**Cost**

Caltrans provides funding for this project to Amtrak, which in turn contracts with the bus carriers for the specific transportation services. During FY 1999 (October 1998 through September 1999), the cost for the Thruway Bus service was \$3,512,980. Caltrans pays any net operating loss of the feeder buses that serve the state-supported routes. The operating loss consists of total bus operating costs (this is what is billed by the contracting bus operators) minus the feeder bus revenue credits. These credits are a proportional share of the rider’s entire rail-bus fare assigned to the bus portion of the trip.

Funding for the service comes from state funds, specifically the Public Transportation Account. This account was designated by state legislation as a trust fund for use only for transportation planning and mass transportation purposes. It is funded primarily from sales tax on the sale of diesel fuel and sales tax from a portion of the state excise tax on gasoline. A portion of the funding is provided for intercity rail, and the monies are the state’s exclusive source of intercity rail operating funds and also have provided funding for intercity rail capital.

**COLORADO**

COLORADO #1	<i>Greyhound Service along the U.S. 40 Corridor in Colorado</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>City of Steamboat Springs, Colorado</i>

**Background**

Greyhound operates service along the U.S. 40 corridor between the Utah–Colorado border and Denver, with Steamboat Springs served along the way. The area is very rural. The route operates at a deficit and was in danger of service reduction or elimination without subsidy.

**Project Description**

The City of Steamboat Springs was interested in Greyhound maintaining service along this corridor. Although the route is not profitable, many people do use it. In order to help keep the service, the city agreed to apply for Section 5311(f) funds and be the administrative agent for the grant. The city is pleased with the way the partnership arrangement is working and is looking at other opportunities for partnerships with Greyhound, including a potential facility project.

**Cost**

The total project cost for the route is \$175,249, with \$92,000 of this amount coming from the Section 5311(f) program and \$83,429 coming from Greyhound.

**FLORIDA**

FLORIDA #1	<i>Polk County InterCity Transit</i>
PROJECT TYPE	<i>Operating and Capital Assistance</i>
AGENCY	<i>Polk County, Florida</i>

**Background**

In the spring of 2000, Polk County began implementation of its InterCity Transit services using Section 5311(f) funding. Polk County, located in central Florida, is the fourth largest county in the state; with an area of 2,010 square miles, the county is larger than Rhode Island. The total population in 2000 was 483,924. Polk County includes 17 cities ranging in size from Lakeland at 78,452 (the 2000 population) to Highland Park at 220 residents. Only 37.5 percent of the population lives in the incorporated areas. Phosphate mining, agriculture, and tourism underpin the local economy. Lakeland is an urbanized area and has had fixed-route transit for a number of years. The second largest city, Winter Haven, began operating a local transit system in February 1999. Polk County used the Section 5311 funding allocated to it under the Florida program, along with the state’s Transportation for the Disadvantaged (TD) program, to operate a countywide demand-response service focusing primarily on riders who are elderly or have disabilities. Greyhound services operate through the county on routes between Orlando and Naples, Orlando and West Palm Beach, and Tampa and Jacksonville. County stops served include Lakeland, Lake Alfred, Bartow, Haines City, Winter Haven, Cypress Gardens, Fort Meade, Lake Wales, and Frostproof. Schedules on the north-south Greyhound routes do not allow daily employment or school commutes because the buses pass through this area in the middle of the day (although the Tampa-Jacksonville route has schedules all day).

The genesis of the project began with calls from users of the demand-response service desiring regular service between the towns in the county for work and school trips or to reach county services in Bartow. Transit Development Plans and Transportation for the Disadvantage Plans performed by (or for) Florida’s Transportation Planning Organization (the MPO in Florida) also identified the need for scheduled service from the rural areas to the towns as an alternative to door-to-door paratransit.

Section 5311(f) was identified as a potential funding source for these services because the services could meet the definition of intercity in the guidelines and because the intercity funding was in a separate statewide program rather than being suballocated on a formula basis like the rest of Section 5311 funds. This would allow Polk County to add the intercity routes while maintaining existing levels of demand-responsive service. A first grant application for five vehicles, radios, and other capital needs was submitted in 1997. During the period before the vehicles arrived, a committee composed of staff from the Florida DOT, Polk County, and the Transportation Planning Organization refined and revised the routes, met with potential user groups and city managers, and identified stop locations. As a scheduled rural service, a general goal of the project was to have 4 to 5 boardings per hour after 3 years of operation—approximately 15,000 boardings per year.

**Project Description**

Initially, three routes were operated, covering a total of 135 one-way route miles. Each route was approximately 45-miles long. Two round-trips per day were operated during the first year. Schedules were designed to provide a morning in-bound trip from the more rural areas and an evening out-bound trip. Additional frequencies are planned. The three routes are scheduled to meet in Winter Haven at a common transfer point with the local transit system and to meet the hourly transit service to Lakeland. All trips make scheduled stops in Winter Haven at the Greyhound station and the Amtrak station on both the in-bound and out-bound trips. Fares are set at \$1.00 per trip for adults, \$0.50 for students or adults with disabilities, and free for children under 6. Multiride tickets and passes are also available. There is no joint ticketing with Greyhound or Amtrak, and schedules are not coordinated. The countywide paratransit service provides the required ADA paratransit because the service is all fixed-route, fixed-schedule. The vehicles used are all small cutaway-type vehicles equipped with wheelchair lifts and bicycle racks on the front. A logo and paint scheme were developed for use in marketing materials and to make the buses distinctive. The name “Polk County InterCity Transit” was chosen to differentiate it from the demand-responsive service and the local transit operations in Winter Haven and Lakeland.

A second-year grant application provided operating funding and capital for computers. In the third-year grant application, three more buses were requested, along with continued operating funding. An application for a fourth year, not yet approved, calls for two more buses and additional operating funds to add a Lake Wales–Bartow route.

After a year of operation, ridership has climbed to more than 1,000 boardings per month or approximately 2.5 per service hour. Routes have been adjusted to coordinate with other services. Ridership is generally transit dependent, including students, workers, and mothers with small children. Farebox recovery is typical of rural transit services at 7 to 8 percent. The bicycle racks have proven to be useful because the flat terrain and good weather allow riders to use bicycles to access buses at either end of the trip. No data is available on the number of riders making connections to Amtrak or Greyhound. An evaluation is planned as part of an upcoming transit study.

**Cost**

There have been 4 years of grants to provide the capital and operating funds for this service. The federal share is all Section 5311(f), and the local match is provided by Polk County. The initial grant for the vehicles included approximately \$160,000 in federal funds matched by \$40,000 in local match. Federal and state operating funding through June 2002 amounts to approximately \$722,000, and the requested fourth year of federal funding is \$220,000, to be matched by a similar amount in state and local funds.

**GEORGIA**

GEORGIA #1	<i>Georgia Intercity Bus Signage Project</i>
PROJECT TYPE	<i>Capital</i>
AGENCY	<i>Georgia DOT and Greyhound Lines, Inc.</i>

**Background**

In 1994, a consultant-prepared intercity bus study for Georgia identified the need for increased accessibility of intercity bus stations in local communities and recommended installation of directional signs to make stations easier to find (2). This recommendation was supported by the Intercity Bus Steering Committee, which included representatives of the Georgia Municipal Association, Georgia Public Service Commission, Georgia DOT, FTA, Greyhound Lines, Southeastern Stages, and the Atlanta Regional Commission (Atlanta’s MPO). The project was first funded in 1995 and provides ongoing maintenance. Greyhound Lines, Inc., researched the major arteries of each of the local communities and prepared a sign-location plan.

**Project Description**

The directional signs are green and contain an icon of a bus, the words *Intercity Bus Station*, and an arrow indicating the direction to the station. They are placed at key intersections and interchanges in most of the communities in which intercity bus stations are located. (Signage has not been placed in communities in which agent turnover is frequent because of the update effort that would be involved.) The number of signs installed depends upon the size of the community, with as few as 1 or 2 signs placed in some of the smallest communities and as many as 10 to 12 in larger urban communities.

The signs were manufactured by the DOT sign shop and were installed at recommended locations by the local DOT field offices, coordinated through the DOT’s seven district offices. For the most part, the signage has been installed along state roads, and there have not been right-of-way issues.

Greyhound Lines maintains and shares with the DOT an inventory of this signage with maps of the communities surrounding each station, including the locations of the signs. When agents change or stations move, Greyhound Lines reassesses the signage need for the affected community and provides recommendations for relocation to the DOT Office of Intermodal Programs. Work orders for new and relocated signs are then relayed to the appropriate DOT office.

**Cost**

This project is funded with Section 5311(f) funds, and the 20-percent local match is provided by Greyhound Lines. The FY 1998 costs for the project totaled \$12,062.

**IDAHO**

IDAHO #1	<i>Northeastern Idaho Intercity Services</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Community and Rural Transportation (CART), Inc., Idaho Falls, Idaho</i>

**Background**

CART, Inc., is a not-for-profit agency serving a vast rural nine-county area in northeastern Idaho. Based in Idaho Falls, CART operates transit services within the City of Idaho Falls and within various smaller communities in the region and operates intercity services throughout northeastern Idaho and beyond. All of CART’s intercity services are coordinated with those of Greyhound so that riders can transfer to the Greyhound network. Essentially, CART provides connector service from the rural communities to the more urbanized hubs that offer Greyhound service. CART also functions as the Greyhound agent for the region, so riders transferring to Greyhound can purchase tickets directly from CART.

CART began its first intercity service in 1986 and has developed additional intercity routes over time, now with seven intercity routes operating. Public support and increasing ridership have helped fuel the growth in the intercity services. The routes are not ones previously operated and then abandoned by a major intercity carrier.

**Project Description**

CART’s intercity routes include the following.

- Idaho Falls to Salmon; 204 miles one way; two round-trips per day, twice per week.
- Salmon to Missoula, Montana; 140 miles one way, two round-trips per day, three times per week.
- Idaho Falls to Jackson, Wyoming; 104 miles one way, two round-trips per day, 7 days per week.
- Driggs to Rexburg; 51 miles one way, two round-trips per day, 7 days per week.
- Rexburg to Idaho Falls; 24 miles one way, seven round-trips per day, 5 days per week.
- Idaho Falls to Pocatello; 50 miles one way, one round-trip per day, 7 days per week.
- Idaho Falls to west Yellowstone; service during poor-weather months (September through May) when Greyhound cannot operate in the area because of weather; 108 miles one way, one round-trip per day.

CART uses a small 15-passenger, lift-equipped vehicle for all its intercity services. Ridership on the intercity services runs about 12,000 passenger trips annually. Overall, about one-half of the riders are travelers and tourists and, on some of the routes, it is a much higher percentage—for example, the route to W. Yellowstone is almost exclusively travelers and tourists.

**Cost**

The intercity routes together cost approximately \$150,000 to operate on an annual basis. Federal Section 5311(f) funds contribute toward this total; for FY 2000, this amount was \$23,720. The remaining funds are locally generated from sources including ridership fares (which generate about 40 percent of operating costs), Medicaid funds, and freight charges. The operator also uses its 14-percent commission collected as the Greyhound agent as local match funds. Such commission funds generate about \$56,000 annually.

IDAHO #2	<i>Boise Area Intercity Services Operated by Commuter Bus, Inc.</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Commuter Bus, Inc., Caldwell, Idaho</i>

**Background**

Commuter Bus, Inc., is a private bus company based in Caldwell, Idaho. Two of its routes are subsidized with federal Section 5311(f) funding. One of these routes, called the “intercity route,” is a relatively new service, initiated in May 1999. The second route, called the “rural route,” had been operated by a private bus company in the 1970s, but was discontinued when that company was purchased. The route was reinstated by Commuter Bus in 1995.

**Project Description**

The intercity route serves the small communities of Middleton, Star, and Eagle into Boise. The route is about 35 miles one way, with one round-trip provided 5 days per week. A 47-passenger OTRB is used for the service. This route provides about 1,000 to 1,100 passenger trips per month. The provider is pleased with the ridership response to this relatively new route.

The rural route operates between Caldwell, Napa, and Boise. This route is about 30 miles one way, and one round-trip is provided 5 days per week. This service also uses a 47-passenger OTRB. Ridership is about 1,500 passenger trips per month.

Both of the provider’s intercity routes are targeted to commuters traveling into Boise and serve other riders as well. To serve riders needing a wheelchair lift, the provider has applied for a grant to help acquire accessible vehicles through TEA 21’s Rural Transportation Accessibility Initiative.

**Cost**

The state provides approximately \$60,000 annually in federal Section 5311(f) funds to the operator to help subsidize the service. The subsidy is set at 50 percent of operating expenses and 80 percent of administrative expenses.

IDAHO #3	<i>Northern Idaho Community Express–Intercity Services</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Northern Idaho Community Express, Coeur d’Alene, Idaho</i>

### Background

Northern Idaho Community Express (NICE) is a not-for-profit agency based in Coeur d’Alene, Idaho, founded to provide transportation within the five counties of northern Idaho, including Benewah, Bonner, Boundary, Kootenai, and Shoshone Counties. Among the various transportation services provided, NICE operates two intercity routes. These routes have been provided for the past 10 years or so. Initiation of the services came through expressed local needs; these routes were not ones previously operated by a private carrier.

### Project Description

The first route operates between Coeur d’Alene and Sandpoint, a distance of about 50 miles. On weekdays, there are three round-trips per day. On Saturdays and Sundays, there is one round-trip, which operates only on demand. NICE runs a 32-passenger, lift-equipped vehicle on the route. Ridership is about 800 passenger trips per month. The route provides connections with Greyhound service in Coeur d’Alene.

The second route operates only on Thursdays, providing service between Shoshone County and Coeur d’Alene, with intermediate stops in the communities of Kingston, Smelterville, Kellog, Osbourne, and Wallace. This route is about 60 miles one way, and service is operated with a 12-passenger lift-equipped van. Once the vehicle reaches Coeur d’Alene, it provides intracommunity trips for the passengers who have traveled in from the rural towns. (This intracommunity portion of the service is funded with funds other than Section 5311(f) because such service is not eligible through the Section 5311(f) program.) Ridership on this route is around 40 passenger trips per month.

### Cost

As reported by the state, the intercity services are subsidized at about \$25,000 annually with federal Section 5311(f) funding. Local-match funds of about \$25,000 come directly from the not-for-profit agency. More detailed information on local funding was not available.

IDAHO #4	<i>Pocatello Regional Transit Intercity Services</i>
PROJECT TYPE	<i>Operating and Capital Assistance</i>
AGENCY	<i>Pocatello Regional Transit, Pocatello, Idaho</i>

### Background

Pocatello Regional Transit (PRT) is a public transit provider—organized as a department of the City of Pocatello, Idaho; it creates service to Pocatello and to surrounding rural areas through intergovernmental agreements and the State public utility commission. PRT also provides intercity transit service to both Burley and Rexburg, Idaho, providing connections to and from Greyhound and the national intercity bus network. PRT began operating the intercity routes at Greyhound’s request after the major carrier had abandoned that service in 1990 in the aftermath of the carrier’s strike.

With the loss of local Greyhound service, the City of Pocatello has served as the local agent, generating approximately \$30,000 annually with its 17-percent commission on ticket sales and freight arrangements. The city even bought the former Greyhound building, which retains the bus carrier’s sign in front.

Service coordination with Greyhound, however, has been difficult, particularly in recent years. PRT believes that ridership decline on its intercity service in the past few years is due, at least in part, to the lack of coordination with Greyhound, which apparently does not provide route or schedule information to its local riders on PRT services although these latter services are specifically set up to coordinate with Greyhound schedules.

### Project Description

PRT operates two intercity routes. The first route operates on a daily basis, 365 days per year, from Pocatello to Burley—a distance of about 70 miles—providing service into Burley and the nationwide intercity bus network through connections to Greyhound. The PRT vehicle then waits in Burley for 90 minutes to ensure a transfer with Greyhound service and then travels back to Pocatello. Ridership on this route is low: approximately 120 passenger trips per month, which is lower than in the earlier years of this service. This route also serves the communities of American Falls and Rupert. PRT generally uses a van for the route, but will place an accessible vehicle on the route should there be a need.

The second route operates on a demand basis between Pocatello and Rexburg. This route also serves the communities of Blackfoot and Idaho Falls and is intended to serve originating transfers from Burley or Rupert. Given current demand, the route operates three or four times per week.

In addition to funding support for operation of the intercity services, PRT has received capital assistance to help with the acquisition of the vehicles used to operate the routes.

### Cost

Based on FY 1999 data, costs for PRT’s intercity services included close to \$15,000 for administration and more than \$42,000 for operations for a total of about \$57,000. The

agency received about \$17,000 in farebox revenues. The net cost was funded through Idaho’s Section 5311(f) program at about \$24,500, with the local match provided through the agency’s other grant programs. During FY 1999, PRT also received capital assistance through the Section 5311(f) program for about \$12,700.

**INDIANA**

INDIANA #1	<i>City of Warsaw and Greyhound</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>City of Warsaw, Indiana</i>

**Background**

In 1996, American Bus Lines abandoned operations of what are now Greyhound Routes 241 and 243. The discontinuation of these routes left north-central Indiana without intercity transportation services. Following Indiana DOT policy, Greyhound Lines, together with the City of Warsaw, applied for planning funds in 1998 to perform a feasibility study for reinstatement of these routes. Reinstatement was determined feasible with the city receiving operating funds through Section 5311(f) to start service in March 1999.

**Project Description**

Route 241 operates one eastbound and one westbound trip per day between Fort Wayne and Chicago with stops in Columbia City, Warsaw, Plymouth, Valpariso, Gary, and Hammond. Route 243 operates one northbound and one southbound trip per day between Indianapolis and Kalamazoo, Michigan, with stops in Carmel, Westfield, Tipton, Kokomo, Grissom Air Force Base, Peru, Rochester, Argos, Plymouth, Lapaz, Lakeville, South Bend, and Elkhart. Ridership on these two routes is currently estimated at 22,000 trips per year. Greyhound Lines owns and maintains the OTRBs operated on these routes. Greyhound submits quarterly report invoices to the City of Warsaw, and the city in turn invoices the Indiana DOT before reimbursing Greyhound.

**Cost**

In 1999, the City of Warsaw was awarded \$162,016 in operating funds to reinstate the intercity service in north-central Indiana through a subcontract to Greyhound Lines. The 50-percent local match was provided by Greyhound. The following year (i.e., in 2000), the city received slightly more grant funding—\$162,906—for operations, with Greyhound continuing to provide the 50-percent local match.

Beginning in 2001, Greyhound will be the direct recipient of the Section 5311(f) funds for this project, which will streamline the administrative process.

**IOWA**

IOWA #1	<i>Transportation Center in Cedar Rapids</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Five Seasons Transportation and Parking, Cedar Rapids, Iowa</i>

**Background**

Five Seasons Transportation and Parking operates a ground transportation center in the central business district of Cedar Rapids, Iowa. The center was built in the early 1980s as an intermodal facility, providing space for intercity bus carriers and the city bus system. The facility is linked with skywalks to an office building and two parking facilities. Over the years, a library has also been built and linked to the center, and an apartment complex was built over the city bus facility (40 units, market rate). The center also houses a transit museum, the Cedar Rapids historical archives, a food vendor, and a transit information booth that offers real-time city transit bus information (the locations of the vehicles are tracked using a GPS system).

Following the deregulation of the intercity bus industry, the intercity carriers that use the facility (Greyhound, Jefferson Lines, and Trailways) reduced service to Cedar Rapids and did not need as large a space as they occupied in the center. The management of the center began to research how the extra facility space could be used and how any renovations could be financed.

**Project Description**

After numerous alternatives were considered, it was decided that a primary school was needed in the community and that one could be located in the facility. The intercity bus portion of the facility was gutted and rebuilt as a smaller intercity bus depot and as a kindergarten–through–third grade Montessori school. The project was completed in 1997. There are currently 137 children enrolled at the school. The smaller bus depot is affordable for the intercity bus carriers, thus allowing them to remain as viable tenants in this mixed-use, multi-modal ground transportation center.

**Cost**

Five Seasons Transportation and Parking was awarded an FTA Liveable Communities Grant to help finance the project. The grant was for \$1.2 million and was supplemented with private funds (raised through urban renewal bonds) and local funds (a portion of the local transit levy).

IOWA #2	<i>Dodger Area Rapid Transit Service</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Mid-Iowa Development Association, Dodger Area Rapid Transit, Fort Dodge, Iowa</i>

## Background

In the era prior to intercity bus deregulation, intercity bus service was provided in Fort Dodge, Iowa. When the intercity bus carriers cut back their services to areas that were not profitable to serve, they typically tended to focus on Interstate corridors and not on cities and towns that were not directly on the Interstate. Fort Dodge was one such city.

When operating assistance became available for intercity bus routes in 1992, the local transit provider in Fort Dodge—Dodger Area Rapid Transit (DART)—applied for funds to provide service to link Fort Dodge with Jefferson Lines at its stop along I-35 at the Boondocks Truck Stop, a location about 30 miles from the city.

## Project Description

The DART-operated link operates twice a day, providing service on Schedule 752 from Fort Dodge to the Boondocks Truck Stop at the junction of I-20 and I-35. Although ridership on the route is relatively low, it has grown steadily over the years. Package express service also helps support the route. DART is the commission agent for Jefferson Lines in Fort Dodge.

There are two major markets in Fort Dodge that currently use the service. These markets are a state prison and several major trucking companies. Released prisoners use the link to access the intercity bus network and go home. The trucking companies use the link to transport drivers back and forth from the Interstate truck stop.

DART initiated a second intercity bus link to provide service from Pocahontas to Humbolt and Fort Dodge and then to tie into the existing intercity bus link to serve the Boondocks Truck Stop. This service began in January 2000.

## Marketing

DART works closely with Jefferson Lines in marketing and advertising the feeder route(s). Ongoing advertising projects include newspaper advertisements, discount coupons, community outreach, and special events. Marketing projects can be funded at the 80-percent level through the Iowa Intercity Bus Program (with some limits, including project caps and a \$100,000 total statewide). Jefferson Lines will often provide the 20-percent local match in order to help DART with specific marketing projects. DART is continually trying

to get the word out in the community that their service connects with the intercity bus network.

## Challenges

One challenge in financing routes provided under the Iowa Intercity Bus Program is the method used to calculate the amount of assistance provided. The state has devised a formula that reimburses carriers based on preventive maintenance and the insurance expenses incurred. The rural transit systems typically do not have high enough costs in these two cost categories to qualify for the highest rate of reimbursement offered by the state.

## Cost

Existing routes are funded through the Iowa Intercity Bus Program using Section 5311(f) funds at 10¢ per revenue vehicle-mile based primarily on preventive maintenance and insurance costs. Funding is allocated based on existing miles of Iowa intercity bus service. New connector and feeder services are funded up to 50¢ per mile based on preventive maintenance and insurance costs. The existing route from Fort Dodge to the truck stop was budgeted for \$9,375 in FY 2000, with \$7,500 from Section 5311(f) and the remainder from Jefferson Lines as a carrier match. The new service to Pocahontas is budgeted at \$20,075, with \$16,060 of that amount coming from the Section 5311(f) program. There is also a budget of \$15,000 to market the new route, with \$12,000 coming from the Section 5311(f) program. Local match for DART has included the following sources: local transit taxes (obtained through an ad valorem property tax in the city dedicated to public transit), farebox, Jefferson Lines, and commission revenue.

IOWA #3	<i>Centralized Call Center in Mason City</i>
PROJECT TYPE	<i>Marketing Assistance</i>
AGENCY	<i>Jefferson Lines, Mason City, Iowa</i>

## Background

In the early 1980s, Jefferson Lines and the State of Iowa, with a 6-month federally funded demonstration grant from the Iowa DOT, researched the feasibility of developing transportation links between local transit providers and intercity bus carriers. Each participating local partner served as a source of information for its transportation services and intercity bus service. This concept formed the basis for future public transit–intercity bus partnerships in Iowa.

Although positive relationships were formed, there were also problems. Specifically, the local people providing the intercity bus route and schedule information were doing this on a limited part-time basis and had trouble accurately quoting

intercity bus information. Because of these difficulties, Jefferson Lines and the Iowa DOT decided to move to a centralized call-center approach. The call center was developed in Mason City. The call center provided both local public transit and intercity bus information. When the 6-month demonstration period was over, there had been a good response and some elements of success, particularly in the development of relationships between the public transit providers and the private carriers. However, there was not enough volume to justify keeping the call center operating.

**Project Description**

Jefferson Lines was awarded a Section 5311(f) grant by the Iowa DOT to try the call center concept again. The new call center will be in Mason City at the Jefferson Lines depot at the Clear Lake–Mason City Airport. The call center will have a toll-free telephone number and will provide information on all Iowa intercity bus services and on connecting services offered by Iowa’s 16 regional transit systems and their contract providers. The call center is part of a package of marketing strategies that Jefferson Lines will be implementing in Iowa over the next year. The marketing program will start with focus groups to determine what approaches people think will be effective in terms of marketing intercity bus and local transit services. Jefferson Lines will then develop an information brochure and a marketing-and-sales strategy based on what is learned from the focus groups. The project goal is to develop a seamless, intermodal system of information and travel for all travelers, including those passengers requiring special assistance.

**Cost**

The call center and associated marketing projects are budgeted to cost \$154,000, with \$123,200 (80 percent) of this cost coming from Section 5311(f) funds and the remainder coming from Jefferson Lines.

**KANSAS**

KANSAS #1	<i>OCCK, Inc.–North Central Kansas Express</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>OCCK, Inc., Salina, Kansas</i>

**Background**

OCCK, Inc., is a not-for-profit, multipurpose human service agency in Salina, Kansas, which serves nine counties in the north-central region of Kansas. Greyhound’s intercity bus service in this region included one route serving the small

communities between Belleville and Salina along Highway 81. When Greyhound service on this route was discontinued, OCCK realized that transportation needs would go unmet, particularly given that an important medical facility is located in Salina. The agency took over the route at the initiative of certain board members representing one of the small communities involved, making some minor adjustments to the routing based on the needs of the agency’s clientele.

**Project Description**

The North Central Kansas Express route runs between Belleville, Kansas (located on the Nebraska border), and Salina, along Highway 81, serving Belleville, Concordia, Minneapolis (Kansas), and Salina. OCCK has assigned one mid-size transit vehicle to this service. Generally, riders using the route give 24-h notice that they intend to ride, and service is provided on a first-call, first-served basis. Some days, the agency cannot meet all the requests for service on the route given the demand. One round-trip is provided each weekday. Once the vehicle reaches Salina, transportation is provided to the riders within Salina to meet their various trip needs, typically medically related. It is estimated that 75+ percent of the ridership is generated by the medical complex in Salina.

**Cost**

The Kansas DOT reports the project cost at more than \$150,000 over the project’s 5-year history. Funding is provided through federal Section 5311(f) with local funds coming from a variety of sources, including the community of Concordia; support from the medical facility in Salina; and in-kind services of OCCK, which provides other transportation services with sponsorship from the Kansas DOT.

KANSAS #2	<i>Northwest Kansas Intercity Service–CARE-Van</i>
PROJECT TYPE	<i>Capital, Operating, and Marketing Assistance</i>
AGENCY	<i>Developmental Services of Northwest Kansas, Hays, Kansas</i>

**Background**

Developmental Services of Northwest Kansas (DSNWK) is a private, nonprofit agency serving clients with developmental disabilities across a large, rural 18-county area of northwestern Kansas. Among its various services, the agency provides transportation.

The hospital in Hays, Kansas—one of the larger communities in northwestern Kansas—wanted to expand its reach to a larger geographic area, with transportation service to the

facility being part of the plan. DSNWK realized that its clients could be better served with access to this hospital—the Hays Medical Center—and pursued funding through Kansas’ federal Section 5311(f) funding program to start up intercity service to provide access to the medical center. The resulting transportation service, initiated in 1997, is a cooperative agreement between DSNWK and the Hays Medical Center.

### Project Description

The transportation program, called “Community Access Rural Express” or “CARE-Van,” provides general public transportation through the corridor between St. Francis and Hays, Kansas, serving 14 communities in northwest Kansas between St. Francis and Hays. Within this corridor, the program serves three routes, which vary by the specific communities that are served. One of the key goals of the program is to provide scheduled transportation into Hays where individuals in the region can access specialized healthcare services and developmental disabilities facilities that are not readily available in the smaller communities. Specifically, transportation is provided to the intercity bus terminal, medical facilities, medical offices, developmental disabilities facilities, and the Area Agency on Aging within Hays.

Service is operated Monday through Friday as needed. Each route is about 200 miles one way, with one round-trip provided each service day. The agency uses a 13-to-15 passenger lift-equipped van. The service is coordinated with local transportation in Hays and with other rural transit providers that serve as feeders to the CARE-Van service.

Fares are set at 50¢ per county. For the program’s first 3 years, the fare was only half this amount. Ridership averages about 75 trips per month; it has had a high of 120 trips one month and a low of 35 another.

### Costs

Over FYs 1997 to 2000, the state reports that the federal Section 5311(f) share has been \$131,200 and the local share has been \$76,000, with the funding provided for capital, operating, and marketing support. Local funding has come from the Hays Medical Center as well as from DSNWK. The cost for the vehicle was shared between the state, with 80 percent of the purchase cost, and Hays Medical Center, with the remaining 20 percent.

A small portion of the funding has been allocated for marketing. These efforts have involved advertisement in the area-wide phone directory and in local newspapers, ads on the Hays radio stations, and occasional public service announcements on cable television. Marketing is handled by the medical center.

## MAINE

MAINE #1	<i>ShuttleBus–Portland Intercity Run</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>ShuttleBus, Biddeford, Maine</i>

### Background

Intercity bus service had been provided in the Biddeford-to-Portland corridor by Mainlines, a private provider serving the region, but was discontinued in 1989–1990. Because of public pressure to maintain the service, it was taken over by ShuttleBus despite low ridership. ShuttleBus, a quasi-municipal public transit provider, serves Biddeford, Saco, and Old Orchard Beach in southern Maine. Although the route was financially draining for ShuttleBus for a number of years, the agency stayed the course, bringing service improvements and focusing management attention to ensure quality service. Ridership on the route has grown considerably, with a 25-percent increase in ridership just in the past 2 years and close to a fourfold increase in farebox receipts since the early 1990s. ShuttleBus now considers the service successful. Other local transportation providers apparently share this view: in the most recent procurement for service operation of the route, the bidding process drew the interest of the private sector, with a bid submitted by a private company to take over the route.

### Project Description

The Portland Intercity Run begins in Biddeford and travels north to Portland, along the way serving the communities of Old Orchard Beach, Scarborough, and South Portland. The route is approximately 24 miles one way and takes about 1 h, traveling along the U.S. 1 corridor. There are six trips on weekdays, four on Saturdays, and two on Sundays. ShuttleBus operates a standard 40-ft transit bus on the route.

Major destinations served by the route include a large mall in South Portland and a variety of destinations in Portland, including employment sites and the intercity bus terminal, which provides connections to many intercity routes. Beaches in Old Orchard Beach are also a draw.

ShuttleBus staff report that ridership is a mix of rider types: commuters traveling to and from the Portland area in the peak periods, shoppers traveling to the large mall, and beachgoers traveling to Old Orchard Beach during summer months, among others. This mix of riders creates bidirectional transit use, which improves productivity.

### Cost

The Maine DOT reports the cost of the route was \$135,755 for FY 1999–2000. Of this, \$34,787 was from federal Section 5311(f) funds, and \$37,787 is a local match. This match

comes from local funds that the communities of Biddeford, Saco, and Old Orchard Beach contribute each year to Shuttle-Bus operations.

**MASSACHUSETTS**

MASSACHUSETTS #1	<i>Briefly Restored Intercity Service Between North Adams and Boston</i>
PROJECT TYPE	<i>Operating and Marketing</i>
AGENCY	<i>Peter Pan Bus Lines, Inc., Springfield, Massachusetts</i>

**Background and Barriers**

Intercity bus service between North Adams in western Massachusetts to Boston had been operated prior to 1987. The Massachusetts Executive Office of Transportation and Construction (MEOTC) administers the Section 5311(f) program. The interest in restoring intercity service to the abandoned corridor was shared by MEOTC and Peter Pan Bus Lines, Inc.; however, the 50-percent net operating deficit subsidy usually provided through the Section 5311(f) program was not adequate to make operation of the restored service profitable for Peter Pan Bus Lines. As an alternative, the MEOTC was able to provide a 2-year subsidy for 50 percent of the operating costs beginning in 1997, thus allowing Peter Pan Bus Lines to retain passenger revenues.

**Project Description**

The route, which spans the Commonwealth on primarily non-Interstate highways, did not attract adequate ridership to make it profitable to operate. Despite a marketing campaign that was part of the project, Peter Pan was averaging less than five passengers per day (falling far short of the ridership needed to recover costs) and decided not to continue operating the route after the initial subsidy ended. Asking for local operating subsidies to make up the difference was not feasible because the route spanned many jurisdictions.

**Cost**

Section 5311(f) provided \$270,000 in subsidies for this project, which was 50 percent of the operating cost. Peter Pan Bus Lines was permitted to retain the passenger revenues for this experimental 2-year project.

MASSACHUSETTS #2	<i>Telephone Information Center</i>
PROJECT TYPE	<i>Capital and Marketing</i>
AGENCY	<i>Peter Pan Bus Lines, Inc., Springfield, Massachusetts</i>

**Background**

Peter Pan Bus Lines, Inc., identified a need for central information on local and intercity service connections in western Massachusetts. Telephone hardware, software, and marketing resources were needed to implement this service. Funding was received from MEOTC in 1995 to implement this project.

**Project Description**

Peter Pan Bus Lines worked cooperatively with the four regional transit authorities (RTAs) in western Massachusetts that provide local service connecting with the intercity bus stations. Peter Pan operated (and continues to operate) the telephone information center that provides general information about the local service providers while referring callers to the RTAs directly for up-to-date schedule information. The marketing component of the project included advertising in newspapers and on radio and billboards in nonurbanized areas and designing and printing brochures that included information on the intercity services and on each RTA. The logos of the RTAs appeared with that of Peter Pan on all materials.

A related project was funded in 2000 to update the technology, including online ticket sales through Peter Pan Bus Lines' website, and for new marketing to advertise rural intermodal connections in cooperation with the RTAs. Development of this project is underway.

**Cost**

The 1995 project cost was \$200,000, 80 percent of which was funded by Section 5311(f). Peter Pan Bus Lines provided the local match, partly in cash and partly in kind.

**MICHIGAN**

MICHIGAN #1	<i>Michigan Intercity Bus Service Operated by Greyhound and Indian Trails</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Michigan DOT, Greyhound, and Indian Trails</i>

**Background**

In the years following the deregulation of the intercity bus industry, the State of Michigan Transportation Commission recognized that in certain rural areas of the state, it is not profitable to operate intercity bus service, but that such service is needed. Michigan intercity bus initiatives have included the purchase of vehicles for intercity bus service in these areas,

but the capital assistance was not enough for the operators to remain viable.

The Michigan DOT's Bureau of Urban and Public Transportation, Passenger Transportation Division (UPTRAN) provides operating assistance for intercity bus service that is proposed to be abandoned, for reinstatement of discontinued service in corridors without intercity bus transportation, and for new service deemed necessary by the DOT.

**Project Description**

UPTRAN conducts a competitive bid process to select a carrier to provide daily intercity bus service for selected corridors of the state in which service is needed, but is not profitable. Currently Greyhound is under contract for service on a north-south corridor from Calumet, Michigan, to Milwaukee, Wisconsin; an east-west service from St. Ignace, Michigan, to Duluth, Minnesota; and a daytime route from Marquette, Michigan, to Green Bay, Wisconsin. The current contract is for FY1999–FY2002.

Indian Trails also receives operating assistance for two routes in Michigan: one on the state's west coast from Grand Rapids to St. Ignace and one on the state's east coast from Bay City to St. Ignace. These routes have been subsidized since November 1990.

Michigan subsidizes these services exclusively with state funds. The subsidies fund 100 percent of the operating deficit.

**Cost**

The cost for the 3-year Greyhound contract is \$3,738,978 (for the entire 3 years). The cost for the Indian Trails subsidies has totaled \$2,379,656.

MICHIGAN #2	<i>Michigan Intercity Bus Capital Equipment Program</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Michigan DOT</i>

**Background**

To help support intercity bus services in the state and to improve accessibility for persons with disabilities, Michigan provides vehicles for lease or purchase to intercity bus carriers operating service in the state.

**Project Description**

Michigan purchases vehicles and leases them for a fee to eligible intercity bus carriers. Full-size intercity buses are leased through this program. The lease contracts are in effect for 6 years from each project award, at which time the carriers

can purchase the vehicles from the state at the vehicles' depreciated value.

These buses are restricted to regular-route service that originates at or is destined to points in Michigan, to round-trip services to points outside of Michigan, or to both, that will be completed within 24 h. Regular-route service must operate at least 5 days per week and in excess of 150 miles per day. No carrier is eligible for more than five buses per year, subject to the appropriations and State Transportation Commission approval. All intercity bus equipment purchased or leased under this program is to be lift-equipped in conformance with ADA.

**Cost**

Cost information for this project was not provided. It is estimated that the project costs the state about \$3.3 million annually for the purchase of vehicles (assuming 10 vehicles). The state also gets revenue back from the carriers at the time of purchase (at the 6-year point).

MICHIGAN #3	<i>Michigan Computerized Ticketing System Subsidy</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Michigan DOT</i>

**Background**

The State of Michigan initiated this project to provide funding to equip rural and small urban ticket agencies with computerized ticketing systems to facilitate efficient and timely ticketing and information regarding ridership capacity.

**Project Description**

This project provided for the purchase of 35 computers, each equipped with Greyhound's TRIPS software. Of the 35 computers, 18 are being provided to agents who are located on Greyhound routes, 12 are being provided to agents who are located on Indian Trails routes, and 5 are being provided to dual-ticket agents. The provision of the computers to the five shared locations allows joint ticketing on schedules of either provider from the given location. All of the computers tie into the nationwide Greyhound ticketing system. The local agents receiving the computers are typically commission agents. Some are small business operators; others are local transit providers.

**Cost**

The total cost of the computers was \$77,000. Of that cost, 80 percent was funded through the Section 5311(f) program;

the remaining 20 percent was split proportionately among the Michigan DOT, Greyhound, and Indian Trails.

**MINNESOTA**

MINNESOTA #1	<i>Hawthorne Transportation Center, Minneapolis, Minnesota</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Minneapolis, Minnesota</i>

**Background**

The Hawthorne Transportation Center is a major infrastructure facility recently completed in downtown Minneapolis. The center houses a 975-space parking garage, an intercity bus terminal, and city offices and has bike lockers, showers, and lockers. It is connected via skyway to the major local bus transfer facility and also to the downtown Minneapolis skyway system.

**Project Description**

The Hawthorne Transportation Center serves as a major parking facility and as a key intermodal connecting point in the central business district, incorporating national and regional intercity bus service, local public and private transportation services, and the pick-up and drop-off point for charter and tour operations.

**Cost**

Section 5311(f) funds are being used to fund a portion of the intercity facilities in the transportation center for a total of \$800,000 for FY 2000–2001. The total cost of this large project is more than \$23,000,000, with the City of Minneapolis using a variety of funding sources beyond Section 5311(f).

MINNESOTA #2	<i>Jefferson Lines, Southern Minnesota Marketing Project</i>
PROJECT TYPE	<i>Marketing Assistance</i>
AGENCY	<i>Jefferson Lines</i>

**Background**

Jefferson Lines has provided intercity bus service in Minnesota for more than 75 years. The Jefferson routes provide nationwide intercity bus connections and regional services, including service to the Minneapolis–St. Paul airport. In recent years, the requests for airport and specialized regional services have been growing because of increased Minneapolis–St. Paul traffic and parking problems and an aging southern-Minnesota population. The new riders and potential riders represent a dif-

ferent market than the traditional intercity bus passenger market. Jefferson Lines is developing a marketing program to build on the recent demand for this emerging market.

**Project Description**

Jefferson Lines is conducting an intercity bus marketing study in central and southern Minnesota. This project is an ongoing one (funded for 2000 and 2001) that has several elements.

Initially, this project involved a series of research efforts: passenger surveys, onboard interviews, and focus groups. The focus groups brought people together to discuss every aspect of intercity and local bus service in Minnesota, including the following:

- Why customers ride the bus (travel purpose),
- What influences customers to ride the bus,
- The information process prior to the trip,
- The promotion of the service,
- The perception of riding the bus,
- The image of the intercity carriers,
- The perception of the depot facilities, and
- Future product development.

The information gleaned from the focus groups will be used to develop new products, marketing strategies, and materials that will build ridership in Minnesota.

One of the strategies already being employed is the development of seamless, intermodal travel with local transit providers. This piece of the project involves identifying potential service partnerships that benefit the traveling public. Because each county defines its own transportation system and organizational structure according to its defined needs, it is necessary to view and develop connections for each county on an individual basis. The goal of this part of the project is to identify and promote these service connections.

The project also includes the following:

- Jefferson’s website,
- Media advertising, and
- A computer and information system for select rural Minnesota agencies.

**Cost**

The budget for this project is \$262,400 with \$209,920 (80 percent) coming from the Section 5311(f) program and the remainder from Jefferson Lines.

MINNESOTA #3	<i>Jefferson Lines, Albert Lea to Worthington, Minnesota</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Jefferson Lines</i>

**Background**

The east-west corridor between Albert Lea and Worthington, Minnesota, stretches 100 miles along Interstate 90 and includes four rural communities. This corridor has not had bus service for 15 years.

**Project Description**

Jefferson Lines was awarded a 2-year operating assistance demonstration grant (2000 through 2001) from the Minnesota DOT with Section 5311(f) funds to reinstate service from Albert Lea to Worthington. When ridership during the initial 10 months did not meet expectations, Jefferson extended the route to a larger population center, Sioux Falls, South Dakota, which was another 50 miles one way. In addition, Jefferson Lines revised an existing route between Albert Lea and Rochester to improve east-bound connections for the new route. It is expected that the revisions will increase ridership.

**Cost**

The project is funded with a Section 5311(f) grant of \$89,696. This grant is being used to cover 50 percent of the operating deficit of the route; Jefferson Lines is covering the remaining 50 percent.

MINNESOTA #4	<i>Jefferson Lines, Mankato to Rochester, Minnesota</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Jefferson Lines</i>

**Background**

Rochester, Minnesota, is home to the Mayo Clinic. As such, Rochester is an important travel destination. The city has had continuous intercity bus service on a north-south corridor from Minneapolis for many years. However, the east-west corridor between Mankato and Rochester has not had service for more than 10 years. Mankato is 68 miles from Rochester and is home to a large state college.

**Project Description**

Jefferson Lines was awarded a 2-year operating assistance demonstration grant (2000 through 2001) from the Minnesota DOT with Section 5311(f) funds to reinstate service from Mankato to Rochester. Ridership on the reinstated service was initially strong, but showed little growth after the start despite community cooperation and media coverage. The market for bus service from Mankato was greater in the corridor going to Minneapolis, which is served by Greyhound and Mankato

Land-to-Air. The run was short, which made it difficult to keep a driver on the route (wages are based on miles driven). Finally, the depot in Mankato was not in good condition, resulting in passenger complaints. Local plans for a new facility were dropped, so improvement appeared unlikely.

**Cost**

Section 5311(f) funds are being used to cover 50 percent of the operating deficit, and Jefferson Lines is covering the remaining 50 percent. The Section 5311(f) grant was for \$72,453.

**MONTANA**

MONTANA #1	<i>Valley County Transit–Intercity Service</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Valley County Transit, Glasgow, Montana</i>

**Background**

Valley County Transit is a county public transit provider in northeastern Montana, providing dial-a-ride service within the Glasgow area. The provider recently began operating an intercity route, which had been served some years ago by a local private carrier. Need for intercity service was identified because there was no other bus service in the area after the private carrier ceased operations on the route. Based on the need, Valley County Transit initiated the route in July 1999 using a Section 5311(f) subsidy from the State of Montana.

**Project Description**

Valley County Transit’s intercity route operates between Glasgow and Glendive, a distance of about 200 miles. Service operates once per week—on Thursdays—providing a round-trip, with a connection with Greyhound in Glendive and with Amtrak in Wolf Point. In addition to Glasgow and Glendive, there are a number of small communities that are served along the route, including Nashua, Frazer, Wolf Point, Poplar, Brockton, Culberston, Sidney, and Savage. There are plans to include a new stop in Fairview and to make some of the existing stops “flag stops.”

The agency generally uses a 17-passenger vehicle on the route and will use a wheelchair-lift, accessible vehicle should there be a need. In addition to passenger transportation, Valley County Transit provides freight transportation and package delivery on the route although this has been limited to date. Ridership on the new route is low but has been building. The transit provider has initiated a number of marketing and public information efforts to advertise the new route.

**Cost**

The State of Montana provides a subsidy of \$8,000, using Section 5311(f) funds, for the intercity route. The local match of \$8,000 comes from several sources, including donations and Valley County revenues. The provider reports great difficulty in finding the local match. Local governments apparently are not able to assist financially.

**NEW HAMPSHIRE**

NEW HAMPSHIRE #1	<i>Purchase of Commuter Buses for Lease to Private Carriers</i>
PROJECT TYPE	<i>Capital</i>
AGENCY	<i>New Hampshire DOT</i>

**Background**

New Hampshire DOT (NH DOT) wanted to increase commuter services along Interstate Routes 95 and 93. In order to attract private carriers to provide the service, a profit margin is necessary. NH DOT found that providing inexpensive vehicles to the private carriers enables operators to operate commuter bus service and to earn a profit.

**Project Description**

NH DOT has purchased 11 intercity coaches (45-ft MCIs) to date under this program. The 20-percent local match for each coach is provided up front by the private carrier that leases it; there is no further lease charge. The lease is a 12-year period. During this time, the vehicle may only be used to provide public commuter bus service; no charter service is allowed. At the conclusion of the 12-year lease, the leasing operator has the right of first refusal—they may purchase the bus for its remaining value, retain it at no additional expense, and continue to use it to operate the original commuter service, or return the bus to NH DOT. The operators who are participating in this program are C&J Trailways, Concord Trailways, and Coach Company.

**Cost**

Federal CMAQ FTA funds were used to purchase the vehicles, with the 20-percent local match provided by the private carrier who leases it. The cost to purchase the 11 vehicles has totaled \$4.3 million during the years 1996 through 2000.

NEW HAMPSHIRE #2	<i>Concord and Portsmouth Intermodal Facilities</i>
PROJECT TYPE	<i>Capital</i>
AGENCY	<i>NH DOT</i>

**Background**

A study conducted in the late 1960s recommended that an intermodal facility be constructed in Concord, New Hampshire. Concord Trailways initially approached the city as a potential CMAQ applicant for this facility. NH DOT, however, felt it was the state’s responsibility to apply for this project due to the proposed location of the facility on state-owned property near an Interstate interchange. The decision to lease the facility to a private carrier who operates the facility was based on the expertise of the private operator and the absence of an operating funding source.

**Project Description**

The project includes a 270-space park-and-ride facility and a terminal building that houses the intercity bus station. The state owns the facility and leases it to Concord Trailways, which operates 15 round-trips per day into the facility. A competitive RFP process was used to select the private contractor/lessee, who pays for the operations of the facility. This arrangement is profitable for Concord Trailways, which may charge a commission to ticket for other operators’ services. The current lease is for 5 years with a 5-year option; there is no charge for the lease.

This successful public-private partnership served as a model for a similar, larger project in Portsmouth. The state’s role in developing the Portsmouth Transportation Center was logical in that the site selected for this facility was a decommissioned airbase being transferred to state property located near the intersections of two state highways and I-95. This project, which was built in two phases, includes 965 park-and-ride spaces, a terminal building, new highway interchanges, and a facility maintenance building. The successful bidder to operate this facility is C&J Trailways, which operates 31 one-way trips per day through the facility. Both the Concord and Portsmouth facilities are profitable for the private operators to lease and operate in large part because their locations are far enough from Boston to be competitive, yet not so far from Boston that ridership drops off. NH DOT hopes that a statewide intercity bus facilities study currently underway will recommend approaches for attracting private operators to lease facilities further north and south.

**Cost**

Federal CMAQ FHWA money, matched by state dollars, funded both this project and the Portsmouth Transportation Center project. Because both projects are park-and-ride facilities, they were eligible for FHWA money, which is preferred by the state to FTA money because the grant administrative requirements are less onerous. The total Concord Intermodal Facility project cost, funded in 1996, was \$1.7 million, including the 20-percent state match. The Portsmouth Transportation

Center cost \$8.3 million in 1998 and 2.2 million in 2000 for a park-and-ride expansion, including a 20-percent state match.

## NEW YORK

NEW YORK #1	<i>New York State Operating Assistance for Intercity Bus Services</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>New York State DOT</i>

### Background

Since the 1970s, the State of New York has provided operating assistance to intercity bus carriers, recognizing that such bus service is critical for those dependent upon it for long-distance travel. In New York, intercity bus ridership is composed primarily of individuals without cars, students, seniors, and military personnel. State assistance for intercity services long predates funding available through the federal program—Section 5311(f).

New York's Statewide Transportation Operating Assistance (STOA) program, initiated in 1975, uses state general funds and dedicated taxes, providing funding to public transportation authorities, municipally owned and operated transit systems, and private providers sponsored by a public entity or Indian tribe. The program also allows the state to sponsor multicounty bus services directly.

### Project Description

Using STOA funding, the state established the Intercity Bus Program, with an objective of ensuring continued provision of intercity bus service to geographic areas of the state in which public transportation is needed. New York, which has the most extensive intercity route system in the country, currently subsidizes more than 110 routes annually with STOA funding. These routes have a total mileage of more than 9.5 million; about 60 percent of these miles are in rural areas. There are currently nine private intercity carriers that are subsidized, including Greyhound, the nation's largest carrier.

The program is administered through annual contracts between New York's DOT and the bus carriers. The contracts identify specific routes to be served and frequency of service. State operating assistance is provided through a passenger and vehicle-mile formula. The FY-2000 formula (the formula is set annually through the state budget process) provides 40.5¢ per passenger carried and 69¢ per vehicle-mile traveled. It is reported that the state's financial support, together with initiatives by private carriers, have resulted in ridership increases (4 percent from FY 1998 to 1999) and increases in miles operated (2 percent from FY 1998 to 1999).

### Cost

For FY 2000, the program is providing approximately \$8.5 million to subsidize intercity bus services. Since 1996, the state has provided \$41 million in state subsidy and \$250,000 in Section 5311(f) funds through this program.

NEW YORK #2	<i>New York State Assistance to Rural Counties</i>
PROJECT TYPE	<i>Operating, Capital, and Marketing Assistance</i>
AGENCY	<i>New York State DOT</i>

### Background

The State of New York has provided state financial assistance for intercity bus services since the 1970s. State funding, described earlier, is provided directly to the intercity carriers. With the availability of Section 5311(f) funds, the state has provided funding to rural counties to assist with capital needs, operating, and marketing assistance for their intercity bus services.

### Project Description

New York provides assistance to qualified rural counties to assist with the acquisition of capital equipment and with operating and marketing assistance. The state determines which counties have the most pressing intercity needs through an internal review process. Much of the capital assistance is for replacement vehicles.

### Cost

For FY 1996 through 2000, the program has provided \$3,278,500 in funding assistance. Of this total, \$2,511,000 has been in Section 5311(f) funds; \$218,000 in state funds; and \$549,500 in local-match funds. Much of the local money is from counties' general funds, with a small amount generated from advertising revenues.

NEW YORK #3	<i>New York State Capital Assistance for Improving Accessibility</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>New York State DOT</i>

### Background

The State of New York, as part of ongoing efforts to support and improve intercity bus services, established a recent program of assisting intercity carriers to obtain funding for wheelchair lifts for their coaches and for providing operator

and maintenance training through the FTA’s OTRBs Accessibility Program.

**Project Description**

The state has worked very closely with a number of private intercity carriers over the past 2 years to help carriers obtain funding through the federal OTRBs Accessibility Program, a grant program introduced with TEA-21 in 1998 to help operators pay for the incremental capital and training costs of complying with ADA requirements for OTRBs. The state developed a model application to assist the carriers, conducted extensive GIS analysis to assess ridership demand as input to the application data, and provided some of the match funding.

As a result of their efforts, the state received 30 percent of the funds awarded nationally through the federal grant program for FY 1999. Of the 11 carriers nationwide that received funds, 2 are New York bus companies.

**Cost**

For FYs 1999 and 2000, this program has used the following funds:

- \$300,000 in FTA funding through the OTRB Accessibility Program;
- \$55,000 in state funds;
- \$295,000 from the private bus carriers; and
- \$250,000 in federal Section 5311(f) funds.

NEW YORK #4	<i>Marketing and Information Guide for Intercity and Local Services in Southern Part of State</i>
PROJECT TYPE	<i>Marketing Assistance</i>
AGENCY	<i>New York State DOT</i>

**Background**

To help support its extensive intercity bus network, New York produced a marketing and information guide for intercity and local bus services.

**Project Description**

In 1996 and 1997, New York developed and produced a comprehensive guide to intercity bus service and to the local transit services available throughout the southern portion of the state. The guide was intended to both publicize the availability of services and to educate users and potential users on the routes and schedules. About 30,000 copies of the guide were distributed throughout the 11-county southern region of

the state. Colleges and universities were particularly interested in the guide and ordered large numbers for their students. There have been discussions at New York DOT about the need for another, more current edition of the guide and also about producing a statewide guide.

**Cost**

Development and production of the guide in 1996 and 1997 cost a total of \$100,000, with \$80,000 coming from federal Section 5311(f) funds and the remaining amount from the state.

**NORTH CAROLINA**

NORTH CAROLINA #1	<i>Financial Assistance to Carolina Coach for Intercity Services</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Carolina Coach, Raleigh, North Carolina</i>

**Background**

Carolina Coach is a private bus carrier in North Carolina. Some of its intercity service is subsidized by the State of North Carolina although there is less subsidized service than in past years: recent increases in intercity bus ridership have meant that revenue per operating-mile has exceeded operating costs per mile on some of the formerly subsidized routes, so the state has withdrawn its subsidy. Should the increases in intercity ridership continue, the remaining subsidized service may also lose its state operating subsidy.

**Project Description**

Carolina Coach is currently operating service between Wilmington and Washington, North Carolina, on a subsidized basis. The service, which is considered “to and from” service and which is part of the carrier’s regionwide network with service continuing on from the two communities, operates once per day, throughout the year. The distance between Wilmington and Washington is about 144 miles one way. In addition to serving the communities of Wilmington and Washington, this subsidized service also serves the communities of Camp Lejeune, Jacksonville, and New Bern and, on a flag-stop basis, Scotts Hill, Hampstead, Holly Ridge, Maysville, and Chocowinity.

Until FY 2000, Carolina Coach operated three additional “to and from” routes that were subsidized by the state. However, once these routes were no longer operating at a loss to the carrier, the subsidy was withdrawn.

**Cost**

The carrier is subsidized 2¢ per passenger-mile. Based on 9 months’ worth of data from the current fiscal year, the carrier reports more than 1 million passenger-miles traveled on the subsidized service, which would have provided between \$25,000 and \$30,000 in subsidy on an annualized basis at existing ridership levels. However, the state subsidy in the current fiscal year has a cap of \$15,293, reducing the amount available to the carrier. North Carolina uses state funds for this program.

**NORTH DAKOTA**

NORTH DAKOTA #1	<i>North Dakota Intercity Service, Operated by Souris Basin Transportation Board</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Souris Basin Transportation Board, Minot, North Dakota</i>

**Background**

Souris Basin Transportation Board is a not-for-profit transportation agency based in Minot, North Dakota. The agency serves a rural, eight-county area of more than 11,000 square miles and provides route-deviation and paratransit service with a fleet of 14 vehicles.

**Project Description**

In addition to its other transit services, Souris Basin also operates intercity bus service with a route between Minot and Crosby, a distance of about 120 miles one way. There is one round-trip twice per week; the trip provides transportation for a variety of trip purposes and connects with other transportation services in Minot, including Amtrak, a small airport, and the intercity bus network, with service provided by a local carrier. Ridership on the route varies from a low of 17 passengers per month to a recent high of 45 per month. Souris Basin Transportation Board has been operating the route since 1998.

The Minot-to-Crosby route had been operated by a small private carrier, but was abandoned. Souris Basin Transportation Board tried to find another private carrier to take over the route, but without success, and so began operating the route itself as there were needs for the service. The agency sponsors three other intercity routes, which are described in the following project summary.

**Cost**

The Minot-to-Crosby route is subsidized through the State of North Dakota with federal Section 5311(f) funds on an

annual level of about \$6,600. The local match of \$6,600 is provided through the State Transit Aid Program. North Dakota’s state aid program almost doubled in FY 1999—up to about \$1.4 million.

NORTH DAKOTA #2	<i>North Dakota Intercity Service, Operated by New Town Bus Lines</i>
PROJECT TYPE	<i>Capital and Operating Assistance</i>
AGENCY	<i>Souris Basin Transportation Board, Minot, North Dakota</i>

**Background**

The Souris Basin Transportation Board (described in the prior project summary) sponsors three intercity bus routes, operates one intercity route itself, and provides route-deviation and paratransit service in the region. The three intercity routes had been operated by small private carriers in the region, but these routes were either abandoned or the carriers went out of business. New Town Bus Lines—a small, family-owned bus company started in 1989—provides a local resource for intercity operation.

**Project Description**

On behalf of Souris Basin Transportation Board, New Town Bus Lines operates the following three routes:

1. **Minot to New Town:** This route, a one-way distance of about 75 miles, operates one round-trip each week-day. With relatively low ridership, New Towns Bus Lines uses a 15-passenger van for the service.
2. **Minot to Bismarck:** A distance of about 120 miles one way, this route operates once a day, 7 days per week. Ridership ranges from about 6 to 15 riders per day. Generally, the carrier uses a 15-passenger van on days when ridership tends to be lower and a larger, accessible cut-away vehicle on days with higher ridership, when there is a need for the wheelchair lift, or both. Additional communities served by this route include Garrison, Riverdale, Washburn, and Wilton.
3. **Minot to Grand Forks:** This route, at about 195 miles one way, operates once per day, 7 days per week. On the lower-ridership days of Tuesday, Wednesday, and Thursday, the carrier uses a 15-passenger van; on the remaining higher-ridership days, a large OTRB is used. Ridership is about 5 to 10 on the lower-ridership days and up to 20 per day Fridays through Mondays. Ridership levels are influenced by participants in the job corps center based in Minot, with participants leaving Minot on weekends for the larger cities in the state. The route also serves Devils Lake and Rugby.

Based on data reported to Souris Basin Transportation Board, New Town Bus Lines provided 55,091 passenger trips and 194,012 passenger-miles in FY 1999 on its three subsidized routes.

**Cost**

As the sponsor of the intercity services operated by New Town Bus Lines, Souris Basin Transportation Board provides both operating and capital funds to the carrier. The *operating subsidy*, which comes from Section 5311(f) funds, is set based on half the operating cost for the route minus the fares, or half (operating expense minus passenger fares). Based on this formula, the subsidies for the three routes for FY 1999 are as follows:

- Minot to New Town: \$18,800;
- Minot to Bismarck: \$23,320; and
- Minot to Grand Forks: \$44,300.

The carrier must submit documentation of its operating costs to determine the subsidy level. The carrier is able to keep all revenue from freight and package transportation; the revenue is not accounted for in the formula.

Through Souris Basin Transportation Board, New Town Bus Lines has received \$80,000 in *capital funds* for the acquisition of three 15-passenger vans in FY 2000. This funding is Section 5309 funds. The local match of 20 percent has been provided by the private carrier. In FY 1995, New Town Bus Lines received a capital subsidy to purchase an accessible cut-away vehicle, which now has more than 400,000 miles because of the very-long-distance nature of the sponsored intercity routes.

**PENNSYLVANIA**

PENNSYLVANIA #1	<i>Pennsylvania Intercity Bus Program—Operating Assistance</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Pennsylvania DOT, Bureau of Public Transportation</i>

**Background**

The Pennsylvania Rural and Intercity Common Carrier Transportation Assistance Act, Act 10 of 1976, authorized the state’s DOT to assist intercity bus transportation services. Under this authorization, the Bureau of Public Transportation operated a state-funded program of operating assistance beginning at that time in 1976. When federal Section 5311(f) funding became available (originally called Section 18[i] funding), Pennsylvania incorporated the funding into the program as an additional funding source. Currently, the state provides funding on 20 routes operated by six private carriers and one

rural public transit operator. For FY 2000–2001, state funding provides 69 percent of the program cost, with federal funding providing the remaining 31 percent of the nonlocal share of the program.

**Project Description**

Pennsylvania has recognized that operating assistance is needed to maintain intercity connections on many routes in the state, both to serve rural areas and to provide links for more direct travel. The program that has evolved is now managed along with the Section 5311 program. Eligible applicants include county and municipal governments, transportation authorities, and privately owned transportation companies with Pennsylvania Public Utility Commission or U.S. DOT authority to operate intercity public transportation by bus. Intercity bus public transportation is defined as fixed-route, fixed-schedule service on routes of more than 35 miles in length (1) between two noncontiguous urbanized areas; (2) between an urbanized area and rural communities; or (3) between rural communities located in different counties. The service must be open to the general public for a fare without requirements for advance reservation or membership in any organization. No discriminating practices against persons because of age or disabilities are permitted. The program guidelines specifically state that urban mass transit service, intracounty rural public transit service, and transit services provided with vans and limousines are ineligible.

Program priorities are the continuation of existing services that would otherwise be threatened with discontinuance or a major reduction in frequency, particularly in areas with no other intercity bus service alternatives. Proposals for new services receive a lower priority, but may be proposed to reinstate service already lost, to test new markets, or to increase the level of service in a corridor.

The funding is provided with the combined state and federal shares supplying a maximum of 75 percent of the net deficit (with the Section 5311 limit of 50-percent federal share). This means that a 25-percent local share is required, and it can be provided from private operator reserves or income from nonsubsidized services; from funds supplied by political entities such as counties, cities, or townships; or funds from other private or public agencies as long as the funds are not from other state grant programs or generated as a result of the subsidized service.

Projects are developed by the carriers, who complete the state application package and submit it to the Bureau of Public Transportation on the established calendar. Because of the program’s history, carriers usually have data from existing services to use in developing estimates of required funding and expected performance.

The program is discretionary, with awards made “. . . on the basis of the service’s importance in maintaining an essential network of intercity public transportation services throughout the Commonwealth, and on the basis of financial and non-

financial performance factors for the service(s).” Factors include adherence to program requirements, average cost recovery (revenue to expense), average trip length, boardings, load factors, trip purpose, availability of alternative services, and whether all avenues for improving the financial performance of the service have been exhausted. Thus, the program application is clearly a grant application and not a request for bids for specific services that have been identified by the state.

All approved projects are subject to annual reapplication and approval. This means that if funding in the program is constrained and new projects are proposed with higher potential than have existing projects, there is the possibility that an existing project might not receive continuing funding. However, there is no time limit, so projects may continue over many years. Monthly operating and financial reports are required, and performance measures can be readily developed. The statistical summary includes the cost-recovery ratio, revenue per mile, deficit per mile, subsidy per mile, subsidy per passenger, and passengers-per-trip measures. The application clearly states that services not achieving a 40-percent cost-recovery ratio will be reviewed first for funding termination if funding is not adequate to maintain the program—and if they are consistently below 40 percent, they may be considered for termination in any event.

**Cost**

For FY 2000–2001, the year-to-date total program subsidy was \$2,073,881, of which \$616,908 was Section 5311(f) funding. The services carried 318,380 passengers. The average cost recovery was 53 percent, the average subsidy per mile \$0.92, the average subsidy per passenger \$6.51, and the average number of passengers per trip 18.4. These averages mask some significant variations: the lowest cost recovery was 2.75 percent on the service operated by the rural public operator, and the best was 83 percent on a Susquehanna Trailways route between Williamsport and Easton. Subsidy per passenger ranged from \$1.43 to \$40.99.

**TEXAS**

TEXAS #1	<i>Construction of Intermodal Terminal in Cleburne, Texas</i>
PROJECT TYPES	<i>Capital Assistance</i>
AGENCY	<i>City of Cleburne, Texas</i>

**Background**

The City of Cleburne, Texas—a small town about 30 miles southwest of Dallas and Ft. Worth—had investigated the possible restoration of its older, downtown train depot some years ago with the availability of funding through ISTEA. However,

the depot was torn down when a new freeway overpass was constructed, and the city then looked into building a new depot.

**Project Description**

Through an arrangement with Santa Fe Railroad, the City of Cleburne was deeded property for the new terminal by Santa Fe and then obtained two grants through the State of Texas for Section 5311(f) funds for the construction project. The new terminal was completed in 1999, now serves as the station for Amtrak, and houses the dispatch office for the city’s local transit system—CLETRAN—which provides demand-responsive transportation within the city.

The city is working with the intercity bus carrier that serves Cleburne to move into the new facility from its current stop at a local hotel, about five blocks away. The city would also like to have a local taxi company that could serve the new terminal, increasing the transportation options at the new intermodal facility.

**Cost**

The total cost of the construction project was approximately \$400,000, 80 percent of which was funded through the Section 5311(f) program; the remainder was local money, provided by the city through its land donations and general fund.

TEXAS #2	<i>Kerrville Bus Terminal</i>
PROJECT TYPE	<i>Planning</i>
AGENCY	<i>Alamo Area Council of Governments, San Antonio, Texas</i>

**Background**

The Alamo Area Council of Governments (AACOG) has worked with Kerrville–Coach USA Bus Company for more than 10 years to plan and develop an intercity multimodal bus terminal in the hill country northwest of San Antonio. The original location was favored in Fredericksburg, where three state highways served by two intercity bus routes intersect. However, the City of Fredericksburg did not wish to develop such a facility.

**Project Description**

When intercity bus dollars were once again made available in 1998, AACOG rural public transportation staff approached Kerrville–Coach USA and the Dietert Senior Center (DSC) in Kerrville, a small city in a neighboring county, about locating an intercity multimodal transit center in Kerrville. Kerrville is an intraterritorial headline point and is served by

Routes 780, 786, and 787 and is operated by Kerrville–Coach USA. DSC has operated as the rural public transportation agency for several years, was receptive to the idea, and had land to offer for the location. Preliminary planning work for the proposed intercity bus terminal was funded in 1999 and approval was given by the City of Kerrville, and an engineer was selected through an RFP.

Barriers were discovered and overcome to accomplish the goals of the project. The original proposed site was too small for ingress and egress of buses, and acquisition of additional property provided a workable solution for routing issues within the property and the City of Kerrville. Environmental issues, caused by the property being located next to a former fuel storage location, were discovered and corrected. Buried pipelines were improperly surveyed, but upon verification, were properly located and found to be safe and acceptable. These issues all added to the time frame of Phase 2, the construction phase of the transportation center.

Construction of the project has been funded, and a 2-year construction contract prepared. AACOG anticipates a summer 2002 opening for the intercity multimodal center. The facility will provide connections between Kerrville Coach–USA and Greyhound intercity buses, Alamo Regional Transit (the local rural public transit system operated by DSC), DSC elderly transportation, taxi service, and bicycle transportation.

**Cost**

TxDOT awarded \$90,800 in Section 5311(f) funds to AACOG to perform Phase I of the project, including architectural services, engineering, and environmental-assessment services, as well as land appraisal for the proposed transportation center in Kerrville. The \$18,160 local match was provided in the form of property ownership by DSC.

TEXAS #3	<i>Westside Multimodal Terminal Feasibility Study</i>
PROJECT TYPE	<i>Planning</i>
AGENCY	<i>VIA Metropolitan Transit, San Antonio, Texas</i>

**Background**

Improved intermodal transit connections are needed in the area west of downtown San Antonio to improve mobility and access to the area as well as to the larger region, with intercity services coming into San Antonio from rural parts of the region. Transit operators who provide service to downtown San Antonio include VIA Metropolitan Transit (the local transit provider); Greyhound Lines, Inc.; Kerrville Bus–Coach USA; and Sistema Internacionales de Transportes de Autobuses (SITA, an international subsidiary of Greyhound). Greyhound acquired SITA while the feasibility study

was underway; the international operator was formerly known as Turismos Rápidos. Americanos, another international bus line independent of Greyhound, was also established during the study development. Commuter rail service between San Antonio and Austin may also be developed.

**Project Description**

With award of grant funds from the state, VIA commissioned the development of the westside multimodal terminal feasibility study from Parsons Transportation Group, Inc., which completed the final report in February 1999 (3).

Stakeholders who provided input on the project included the city, the county, the MPO, the neighborhood association, the University of Texas San Antonio, AACOG, Greyhound Lines, Kerrville Bus–Coach USA, Turismos Rápidos, Amtrak, and Metropolitan Transit VIA. A series of public meetings was also held to gather information from the community.

The study assessed the spatial needs of the stakeholder operators as well as the proposed Austin–San Antonio commuter rail service, rental car operations, a common and retail area, and parking. Several case studies of multimodal transit stations in other cities were examined. Alternative site locations were developed and evaluated in terms of primary program functions, transit operations, urban design, and real estate and acquisition criteria. A conceptual plan was developed for the selected alternative.

The project moved into its implementation phase. As the initially selected alternative proved premature because of community concerns that emerged, another alternative is being carried forth for development. Environmental assessment work for the project has begun.

**Cost**

VIA Metropolitan Transit applied for and was awarded \$200,000 in Section 5311(f) planning funds from TxDOT in 1998. VIA provided the \$40,000 local match. Although the study is focused on a station in an urban area, the station will be served by a number of intercity carriers that serve rural areas, bringing passengers into the urban hub.

TEXAS #4	<i>San Marcos Intermodal Station</i>
PROJECT TYPE	<i>Capital Projects</i>
AGENCY	<i>Capital Area Rural Transportation System, San Marcos, Texas</i>

**Background**

The Capital Area Rural Transportation System (CARTS) began negotiations in 1996 with Greyhound Lines, Inc., to develop a permanent hub that will meet the facility needs of

both partners and that will provide connections to other transportation modes. CARTS initially requested Section 5311(f) capital funding for the project in 1996 and was first awarded the funds in 1997. CARTS closed on the property early in 1998 and worked to secure needed funds for the construction of the station each year through 2000. Other partners involved in the planning of the station included TxDOT, Amtrak, Southwest Texas State University, city and county officials, and neighborhood groups. Construction began in February 2000, and the station opened in the spring of 2001.

**Project Description**

The San Marcos Station provides intermodal connections among Greyhound, San Marcos Transit, CARTS intercity routes and paratransit, Amtrak, and the potential Austin–San Antonio Regional Rail system. Greyhound serves San Marcos with 19 vehicle trips per day, Amtrak operates 2 trains per day, and CARTS services provide local transportation in a nine-county region. Commuter rail parking facilities for 600 cars, a transit-oriented development parcel, and CARTS bus storage have also been programmed for this facility. The first phase of the station includes shared passenger facilities as well as office space for CARTS and Greyhound operations. In addition to providing convenient intermodal connections, the station development benefits the community by improving a disused industrial property.

**Cost**

The project budget—including land acquisition, design, and construction—totals \$1,858,709, \$777,852 of which is funded by the Section 5311(f) program (awarded over 3 years). Other funding sources include Section 5311 (TxDOT’s Commission Selected Projects Strategic Priority funds, which are set aside for special projects); TxDOT state funds; Greyhound Lines, Inc.; and CARTS. Greyhound Lines provided needed up-front funding for the project to CARTS through a 10-year rent-abatement arrangement.

**VIRGINIA**

VIRGINIA #1	<i>Loudoun Transit—Facility Improvements to Serve as Greyhound Agent and Stop</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Loudoun Transit, Leesburg, Virginia</i>

**Background**

Leesburg, Virginia—a small community located within the greater Washington, D.C., metropolitan region—had no Grey-

hound agent. Greyhound was interested in identifying an agent for the community, and Loudoun Transit, a small transit agency based in Leesburg, agreed to serve this role. The transit agency saw an opportunity to coordinate its local services with those of the intercity carrier, enabling its passengers, many of whom had expressed interest in traveling into Washington, D.C., to ride Greyhound into the city. With its demand-responsive service, Loudoun Transit could provide the local feeder service to Greyhound, with a stop located at the transit agency’s site, and Loudoun Transit could sell tickets for the Greyhound service. Local travelers could then ride Greyhound into Washington, D.C. However, facility improvements were needed to enable this coordination to happen.

**Project Description**

With a grant through the federal Section 5311(f) program, Loudoun Transit made a number of improvements to better meet its expanded role as the Greyhound agent and stop location. One of the transit agency’s offices was renovated so that it could serve the public coming in and out for ticket purchases and to function as a waiting area. The parking lot was paved, and a shelter installed to serve as a waiting area when the transit agency’s offices are closed.

Loudoun Transit reports that it sells about 40 Greyhound tickets per week, expanding the travel opportunities of residents in its area and generating ticket sales of about \$5,000 to \$8,000 per month. As the commission agent, Loudoun Transit gains a 12-percent commission on these ticket sales.

Based on the experience gained as the ticket agent in Leesburg, Loudoun Transit is now serving as the ticket agent in Frederick, Maryland, which is about 30 miles away and across the Potomac River. Greyhound needed an agent for Frederick and asked Loudoun Transit to step in. In this role, Loudoun Transit supplies staff to sell tickets, with Greyhound funding all the transit agency’s expenses incurred through this administrative role. The transit agency takes a 13.8-percent commission on the ticket sales, generating about \$8,000 to \$9,000 in revenues for the transit system on an annual basis.

**Cost**

The facility improvements project at Loudoun Transit’s office occurred during FY 1997 at a total cost of about \$22,000, with \$17,600 in Section 5311(f) funds and the remainder in local funds. Loudoun Transit’s local funds come from a variety of sources, including a proportion of the county’s gas tax revenues.

VIRGINIA #2	<i>Fredericksburg’s Intermodal Station</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>City of Fredericksburg, Virginia</i>

**Background**

The City of Fredericksburg, Virginia, has an older Greyhound station which, in addition to its intercity carrier role, now houses the offices of the city’s transit system and serves as the local system’s central transfer point for the routes. In addition to the physical sharing of the facility, the city—through the local transit system, FRED Bus—functions as the Greyhound agent. Although this role of ticket agent adds administrative effort, it generates a commission on passenger ticket sales, thus providing additional revenues for the local transit system. Additionally, since FRED Bus was initiated in late 1996, Greyhound sales have increased 20 percent per year (an increase resulting, in part, from improved access to Greyhound and coordination with a nearby provider).

**Project Description**

The City of Fredericksburg is in the process of buying the Greyhound property. To meet federal funding requirements, the city has been conducting site inspection work to address environmental issues and to ensure compliance with regulations. Once all issues are resolved, the site can be purchased.

Depending upon the funding available, the city will then build a new facility on the site or will remodel the existing older building. The city plans to continue the current arrangement, with the new facility serving as the offices for the local transit system, FRED Bus, and also as the Greyhound office. The Commonwealth of Virginia, through its Department of Rail and Public Transportation, is committed to assisting Fredericksburg with the project and is sharing in project costs.

**Cost**

The initial feasibility study was conducted in FY 1998. The total cost of the feasibility study was \$30,000. The state provides a federal grant of \$24,000 (through Section 5313). The state contributed \$3,000, and the city put in the remaining \$3,000.

In FY 1999, the city was given funding to purchase the property and to provide a new facility. Total funding of \$800,000 was provided. The federal share, through Section 5307, was 80 percent—\$640,000; the state provided 8 percent—\$64,000; and the local share was 12 percent—\$96,000.

**WASHINGTON**

WASHINGTON #1	<i>Washington State’s Planning Study to Identify an Intercity Network of Statewide Significance and Guide Funding Decisions</i>
PROJECT TYPE	<i>Planning Assistance</i>
AGENCY	<i>Washington State DOT</i>

**Background**

Washington State uses two primary funding programs to provide financial support to intercity bus services within the state: the federal Section 5311(f) program and the state’s Rural Mobility Grant Program. The state program was set up by the Washington State Legislature in 1993 to establish, preserve, and improve rural public transportation with one of the specific program goals being to provide operating support for services in identified deficient intercity public transportation corridors. Funding for the Rural Mobility Grant Program is provided on a biennium basis; eligible recipients are public transit agencies, tribal organizations, not-for-profits, local public bodies such as cities and counties, and private for-profit transportation providers. Grants are provided on a competitive basis for planning; vehicle and equipment purchases; and construction and operating assistance, including purchased services. The state program, unlike the federal Section 5311(f) program, has no match requirement although applicants showing a voluntary cost-sharing arrangement with local funds receive consideration.

To help guide funding decisions with the two available funding programs, the state wanted to establish a framework with a defined network of statewide significance and identification of those areas with inadequate intercity services.

**Project Description**

To establish the framework and help the state award funds to support intercity services through both the federal and state programs, Washington State DOT sponsored a consulting study to designate an intercity public transportation network of statewide significance, with an objective of determining the appropriate state role and responsibility for the provision of intercity public transportation services. The study, completed in 1999, defined an intercity network of statewide significance and identified improvements needed for intercity public transportation (4). Specifically, the study included the following:

- The designated Intercity Public Transportation Network of Statewide Significance,
- An inventory of existing services and facilities on this network,
- State standards for facilities and service on the intercity network,
- An identification of deficiencies in the current network and an analysis of future deficiencies from state forecasts of population for 2020,
- A recommended list of projects to address service and facility deficiencies on the network,
- A review of institutional barriers and opportunities that affect the intercity transportation network,
- A summary of resources that could be used to finance improvements, and
- Recommendations and implementation strategies.

This network and identified improvements are now being used by the state as a tool for making funding decisions regarding the two funding programs. The state has posted information on the deficient areas on the Internet (i.e., the map from the planning study report showing specific deficient corridors has been posted), and agencies across the state are able to access this information and to plan their services and applications accordingly. With specific information on which corridors the state has determined need intercity services, applicants can submit grant requests that have a greater likelihood of approval. The state reports that the number of applications for its state Rural Mobility Grant Program has increased since this information from the planning study has been made available.

Funding available through the federal Section 5311(f) program was about \$2 million for the grant period April 2000 through December 2001 and, for the statewide Rural Mobility Grant Program, about \$4.5 million for the FY 1999–2001 biennium. However, due to a funding cut during the second half of the biennium, the program was reduced by \$1 million.

**Cost**

The majority of the planning study was funded with federal Section 5311(f) funds for a total project cost of \$101,531. State funds provided the 20-percent local match.

WASHINGTON #2	<i>Washington State's Yakima Valley Transportation Service, Funded Through State Program</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>People for People, Yakima, Washington</i>

**Background**

Yakima County is a rural county of about 4,200 square miles located in south-central Washington. A local not-for-profit agency, People for People (PFP), provides an array of human services within Yakima County, including transportation services for specialized groups and for the general public. Transportation services are generally provided through contractual arrangements. To improve its transportation services, PFP began the Community Connector Program in 1995, with its first state grant through the state's Rural Mobility Grant Program, linking the communities within the Yakima Valley through route-deviation and demand-response services.

**Project Description**

The Community Connector Program provides route-deviation service linking the communities of Grandview, Mabton, Sunnyside, Toppenish, White Swan, Harrah, and

Wapato into Yakima and the Yakima Transit System, which provides fixed-route service within the City of Yakima. This service operates in the morning and late afternoon. During midday, the Community Connector operates within a smaller area within the lower Yakima Valley. Limited service is also provided to the communities of Gleeed, Naches, Tieton, and Cowiche. Demand-responsive service augments the deviated-route service.

PFP's most recent projects include increasing the limited service provided to several of the communities, thus providing links to Yakima. The Community Connector provides residents of the county with access to a variety of destinations within the region for employment, medical services, shopping, and other trip purposes. The service also provides connections with the transit system in Yakima and with Greyhound, which has a stop in Yakima.

Service is provided with two vehicles, and ridership is about 500 passenger trips per month. Ridership was slow to grow on the Community Connector Program because little funding was available for marketing efforts; however, as information about the service spread by word of mouth, ridership began to grow.

**Cost**

Funding for the project has been provided through the state's Rural Mobility Grant Program. The project has successfully obtained state funds for the past three biennium periods:

1. 1995 through 1997—\$227,570;
2. 1997 through 1999—\$280,300; and
3. 1999 through 2001—\$245,828.

The grants were matched by small local contributions.

WASHINGTON #3	<i>White Pass Community Center's Lewis Mountain Transit</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>White Pass Community Services Coalition, Randle, Washington</i>

**Background**

Lewis County is located in the southwestern part of Washington. The White Pass Community Services Coalition (also called the "White Pass Community Center") in Randle, Washington, is a not-for-profit agency providing a variety of social and community services in eastern Lewis County. The coalition got its start in 1991 with a focus on assisting timber workers and their families affected by the decline in the timber industry. Transportation emerged as a major issue, and the coalition became involved with efforts to improve transportation.

The agency initiated a transportation service in 1997 and later worked with neighboring counties and agencies to link its service with those operating throughout the southwestern part of the state into one coordinated transportation network. Implementation of this network—the Southwest Transportation Area-Wide Regional Service, or “STARS”—has been hampered by the loss of state transportation funding from the motor-vehicle excise tax through a voter-approved initiative in late 1999. However, portions of the network have been put into place, including the linking of the White Pass Coalition’s service with that of Cowlitz County’s CAP Transit to the south.

### Project Description

The LEWIS service is more than transportation. Its full name—the Lewis County East West Info Shuttle—denotes its other role: that of an information and referral resource for the community and riders. The vehicles are stocked with information and related materials about the various social and community services that are available in the region. The drivers are kept well informed about the various services and may even suggest a particular agency or service to a rider, as appropriate. In addition to the LEWIS service, the coalition also provides transportation into Cowlitz County to the south, with service into Longview, as part of the fledgling STARS system.

The White Pass Coalition initiated its LEWIS service in 1997. This service is a fixed-route deviation operation, providing three round-trips on weekdays between the communities of Packwood to the east and Centralia to the west, a distance of about 80 miles along the Highway-12 corridor. A number of small communities along the corridor are served, including Randle, Glenoma, Morton, Mossyrock, Silver Creek, Salkum, Ethel, and Onalaska. There are two 20-passenger, lift-equipped vehicles used for service; one smaller vehicle is available as a spare. Ridership, which is averaging about 1,200 passengers per month, is a mix of rider types. Initially, seniors were a primary rider group; then, unemployed timber workers traveling to job retraining sites became an important rider group. Now, there is a mix of riders, representing the residents living in the region.

### Cost

The LEWIS service is funded through the state’s Rural Mobility Grant Program. During the 1997–1999 period, the White Pass Coalition received \$220,000 in state funds for the service and, for the following period (1999–2001), \$405,800 in state funds. For this latter biennium, the state award made up 95 percent of the total cost, with the local agency contributing the remaining 5 percent of the total cost. The local funding has been provided through coalition funding received through a state program to assist displaced timber workers.

WASHINGTON #4	<i>Klickitat County’s Mt. Adams Transportation Service</i>
PROJECT TYPE	<i>Operating and Planning Assistance</i>
AGENCY	<i>Klickitat County Senior Services, Goldendale, Washington</i>

### Background

Klickitat County is located along the southern border of the state with Oregon. The county is a long, narrow county stretching about 85 miles along the Columbia River. As a department of the county, the Klickitat County Senior Services Agency provides a variety of services, including transportation for the elderly and persons with disabilities and, with the award of its first state Rural Mobility Grant Program grant in 1995, has provided transportation to the general public as well. With the introduction of transportation for the general public, the agency began to call its service the “Mt. Adams Transportation Service.”

### Project Description

The Mt. Adams Transportation Service is a demand-responsive program within the county. Access is provided from the rural areas throughout the county to larger communities within and outside the county so that riders can access a variety of services—including medical specialists in Portland, Oregon, to the west and in Yakima, Washington, to the north; the service also provides transfer opportunities to other intercity services. Service is provided with minibuses and paid drivers as well as by volunteers using their own vehicles.

With its most recent grant award, the Mt. Adams Transportation Service will introduce scheduled service with three trips per weekday, serving the corridor between the communities of White Salmon and Goldendale, a distance of about 50 miles. The focus of this new service is employment transportation. Connections will be made to the Oregon cities of The Dalles and Hood River, where there are greater employment opportunities. Coordination with other intercity services is also anticipated, with transfer opportunities expected with Amtrak in Wishram and Bingen and with Greyhound service in The Dalles and Hood River. Two lift-equipped vehicles will be used for this new service. Plans call for this transportation project to include the use of a part-time coordinator who will work with user groups to maximize the scheduling, market the service, and educate potential riders on using the service.

### Cost

This transportation program has received state funding over the past three bienniums:

1. 1995 through 1997—\$247,000;

- 2. 1997 through 1999—\$278,938; and
- 3. 1999 through 2001—\$433,688.

Intercity bus funds (Section 5311[f]) were also received for 2000–2001. Local funding is provided through Klickitat County and through federal Older Americans Act funds provided to the senior services program.

WASHINGTON #5	<i>Jefferson Transit's Olympic Connection</i>
PROJECT TYPE	<i>Operating Assistance</i>
AGENCY	<i>Jefferson Transit, Port Townsend, Washington</i>

**Background**

Jefferson Transit is a public transportation benefit area in Jefferson County, which is located in the northwestern part of Washington State. The agency provides a variety of transportation in Jefferson County, including, among others, fixed-route service, route-deviation service, regional and intercity bus connections, and local freight service. The stated mission of the agency is to provide safe, reliable, and convenient public transportation connecting Jefferson County and its residents to jobs, education, services, and activities.

Jefferson Transit's Olympic Connection project began in 1995 as a pilot project, providing route-deviation service in the rural western portion of the Olympic Peninsula and connecting with larger communities outside of the county. The Olympic Connection exceeded its early ridership projections and has become an important component of the transportation network in the economically depressed rural area that it serves. The service is operated under contract by a private provider.

**Project Description**

Jefferson Transit's Olympic Connection service provides intercity transportation in the western very-low-density portion of the county between Forks in Clallam County to the north and Amanda Park in Grays Harbor County to the south along State Route 101. Three round-trips are provided on weekdays with two round-trips on Saturdays. Service is coordinated to provide transfer opportunities with Grays Harbor Transit in Amanda Park and with Clallam Transit in Forks. The service deviates off the highway to serve the small communities along the way such as Queets, Clearwater, and the Lower Hoh Reservation to pick up and drop off riders. At the beginning and end of each run, the service functions as a local circulator in the community of Forks, with service available to the local hospital and the main retail area.

The Olympic Connection provides about 600 to 1,000 trips per month, translating to a productivity of about 2.5 to 5 pas-

sengers per revenue-hour. The service operated fare-free during the initial months to generate ridership. Once a fare was instituted, although it was modest, ridership dropped and is still climbing back up to earlier levels.

Survey data show that about 33 percent of the trips are for employment or education, 38 percent are for social or family connections, and 14 percent are for medical or shopping purposes. The remainder are for a variety of trip purposes such as after-school activities for students during the school year. In terms of the ridership, data show that 37 percent of the riders are Native American, 8 percent are Hispanic or Asian, and the rest are Caucasian.

**Cost**

This project has received state Rural Mobility Grant Program grants for the past three bienniums:

- 1. FY 1995 through 1997—\$173,000;
- 2. FY 1997 through 1999—\$239,492; and
- 3. FY 1999 through 2001—\$215,000.

Intercity bus funds (Section 5311[f]) were also received in 1997. Local funds are provided by Jefferson Transit; adjoining transit systems; and the Quinault Indian Nation, which is served by the transit program.

WASHINGTON #6	<i>Kelso-Longview, Washington Multimodal Transportation Center</i>
PROJECT TYPE	<i>Capital Assistance</i>
AGENCY	<i>Washington State DOT Rail Office</i>

**Background**

Washington State has committed to upgrading Amtrak passenger rail service along its share of the Pacific Northwest Rail Corridor in western Washington. The state's ultimate goal is to provide faster, more frequent, safe, and more reliable passenger rail service. This goal is being pursued incrementally, based on market demand, available partners, and legislative funding. This quest for improved rail service began in the late 1980s when the state legislature funded a program to improve rail stations across the state.

The state has recognized the role of intercity bus service in improving rail service: that is, intercity bus service improves accessibility to rail service and increases the market area for rail ridership. As part of the state's program to improve rail stations, various improvements were planned to provide for the link with intercity bus transportation.

Since the early 1990s, Washington has been working with local communities to upgrade rail stations along the Pacific Northwest Rail Corridor, with many of the station upgrades incorporating space for intercity bus service. The Kelso-Longview station upgrade represents one example.

**Project Description**

The original rail station in Kelso was built in 1912. The station upgrade was completed in 1995 and was a joint project between the local community and Washington State's Rail Office. Greyhound was invited to participate at the outset. The station upgrade included renovation of the older facility and an addition. Among other improvements were an expanded and improved passenger waiting area; improved accessibility for passengers with disabilities; and space for ticket agents, including a Greyhound agent. The station is served by both Greyhound intercity buses and the local community transit system.

The City of Kelso became the owner of the building in 1995 and is leasing the land from the Burlington Northern Santa Fe Railroad at \$1.00 annually for 50 years. The city will operate and maintain the facility until at least 2020, a condition of the construction grants to the city.

**Cost**

The cost for the station—the Kelso–Longview Multimodal Transportation Center—was \$3.3 million. Funding was provided through federal and state sources including the following:

- Washington State DOT Rail Program—\$1,704,500;
- ISTEA Enhancement—\$425,000;
- Surface Transportation Program Competitive Grant—\$1,082,000; and
- State Transportation Improvement Board—\$197,700.

Local support was provided through in-kind services, such as oversight during the construction process.

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**APPENDIX A****FEDERAL TRANSIT ADMINISTRATION PROGRAM GUIDANCE  
FOR THE SECTION 5311(F) PROGRAM****CONTENTS**

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- 156 U.S. Department of Transportation, Federal Transit Administration. “Dear State Transportation Colleague” letter from Administrator to Grantees; C-01-02; January 14, 2002
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 U.S. Department of Transportation

## CHAPTER VII

### INTERCITY BUS

1. PROGRAM SUMMARY. Section 5311(f) requires each state to spend fifteen percent of its annual Section 5311 apportionment "to carry out a program to develop and support intercity bus transportation," unless the Governor certifies that "the intercity bus service needs of the state are being met adequately." The required percentage applies only to the amount of FTA's announced annual apportionment of Section 5311 funds to the state, not to any funds the state subsequently transfers to its nonurbanized area formula program from another program

2. NATIONAL OBJECTIVES. In many states, intercity bus service is a vital link between otherwise isolated rural and small urban communities and the rest of the nation. In the 1980's the major intercity carriers abandoned many less productive routes. Patronage generated in rural and small urban areas, however, appears to be important to the continuing viability of the remaining intercity routes. One objective of the funding for intercity bus service under Section 5311, therefore, is to support the connection between nonurbanized areas and the larger regional or national system of intercity bus service. Another objective is to support services to meet the intercity travel needs of residents in nonurbanized areas. A third objective is to support the infrastructure of the intercity bus network through planning and marketing assistance and capital investment in facilities. FTA encourages states to use the funding under Section 5311(f) to support these national objectives as well as priorities determined by the state.

3. GOVERNOR'S CERTIFICATION. A state is not required to expend the specified percentage of its apportionment for an intercity bus program "in a fiscal year in which the chief executive officer of the state certifies to the Secretary of Transportation that the intercity bus service needs of the state are being met adequately."

The statutory provision for certification by the chief executive officer implies a statewide assessment of intercity bus service currently available and of any existing needs. The legislative history indicates that the assessment of intercity bus needs may be made "relative to other rural needs in the state." The state should make available some opportunity for obtaining public comment, particularly from existing private intercity bus operators, before deciding to certify that the needs are adequately met rather than expending the required percentage of funds. The state should document in the state management plan any process that it develops for assessing statewide needs or seeking public comment.

A state must certify for each fiscal year for which it does not intend to use fifteen percent of its Section 5311 apportionment for intercity bus service, but may include more than one year in a single signed certification. If the state determines that expenditure of some amount of funds less than the full fifteen percent will result in needs being adequately met, it may submit a "partial" certification

for the remainder of the fifteen percent and spend only the portion needed to ensure that the intercity bus needs are adequately met. If funds which have been obligated and assigned to intercity bus projects or reserved for intercity bus projects not yet selected are later determined not to be needed for intercity bus needs, or if prior year funds were withheld from obligation pending a decision on intercity bus needs, submission of a "retroactive" certification within the period of availability of the funds will permit the use of the prior year funds for other nonurbanized transit projects, subject to the notification and approval conditions described in Chapter IV. Any certification must be signed by the chief executive officer of the state or his or her duly authorized designee, and directed to the Federal Transit Administrator, with a copy to the regional office. FTA normally will not look behind a Governor's certification. The assurance the state makes as part of the annual certifications and assurances that it will meet the requirements of Section 5311(f) does not substitute for a certification by the Governor that the needs are adequately met.

4. STATE ROLE. The state implements Section 5311(f) as part of its management of the Section 5311 program. FTA encourages the state to look at the intercity bus transportation needs of the entire state and to work with neighboring states in order to adopt a program which will support a network of intrastate services and provide connections with a national network of interstate service. The state will provide available information to FTA or its contractors upon request to support a national evaluation of the implementation of Section 5311(f).

5. ELIGIBLE ACTIVITIES. Assistance under Section 5311(f) must support intercity bus service in rural and small urban areas. Section 5311(f) specifies eligible intercity bus activities to include "planning and marketing for intercity bus transportation, capital grants for intercity bus shelters, joint-use stops and depots, operating grants through purchase-of-service agreements, user-side subsidies and demonstration projects, and coordination of rural connections between small transit operations and intercity bus carriers." This listing does not preclude other capital and operating projects for the support of rural intercity bus service. For example, the state may provide operating assistance to a public or private nonprofit organization for the direct operation of intercity service after appropriate consideration of participation by private for-profit service providers. Capital assistance may be provided to purchase vehicles or vehicle related equipment such as wheelchair lifts for use in intercity service. Charter and tour services are generally not eligible for FTA assistance (see 49 C.F.R. Part 604).

FTA reminds states that 49 U.S.C. § 5323(a) requires the participation of private mass transportation companies to the maximum extent feasible in this and other FTA programs. Among the various types of projects in which private intercity bus operators may wish to participate are improvements to existing intercity terminal facilities for rural passengers, modifications to transit facilities to facilitate shared use by intercity bus and rural transit operators, operating assistance to support specific intercity route segments, and applications of Intelligent Transportation Systems (ITS) technology for coordinated information and scheduling.

6. ELIGIBLE RECIPIENTS. FTA has generally allowed the state to pass through funds to local public bodies and to private nonprofit organizations as subrecipients, while requiring that assistance to private for-profit operators of transportation service be in the form of third party contracts. For the purpose of Section 5311(f) only, however, FTA permits states to pass through funds to private intercity bus providers in a subrecipient relationship. In some instances, certain intercity bus providers may be unwilling or unable to accept the terms and conditions the state applies to subrecipients and may prefer to maintain a contractual relationship, in order to isolate the remainder of their operations from Federal requirements related to a grant. The state may use either mechanism

to provide assistance to private operators for intercity bus service. In either case, the state should use a merit based selection process to ensure that the private operator is qualified, will provide eligible service, can comply with Federal and state requirements, and is the best, or only, provider available to offer service at a fair and reasonable cost.

7. DEFINITION. For the purpose of this provision, FTA defines intercity bus service as regularly scheduled bus service for the general public which operates with limited stops over fixed routes connecting two or more urban areas not in close proximity, which has the capacity for transporting baggage carried by passengers, and which makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available. (Urban area is defined very broadly in 49 U.S.C. § 5302(a)(16) as "an area that includes a municipality or other built-up place that...is appropriate for a local mass transportation system to serve individuals in the locality.") Schedule information for intercity service is typically maintained in the Official Bus Guide (Russell's Guide). Package express service may be included, if incidental to passenger transportation. Commuter service (service designed primarily to provide daily work trips within the local commuting area) is excluded from the definition. Intercity service is not limited by the size of the vehicle used or by the identity of the carrier. Air, water, and rail service are not included.

While much of the public transportation service assisted under Section 5311 covers large distances because of the nature of the areas served, not all long distance trips are included in the definition of intercity service. For example, service which provides extensive circulation within a region (in contrast to regular but infrequent service from a limited points in the community of origin to limited points in the destination community) is not considered intercity service, although it may be an eligible public transportation service. Similarly, service which only incidentally stops at an intercity bus facility among other destinations within the city at either end of a route which covers a long distance, without regard to scheduled connections, is eligible for Section 5311 assistance as public transportation, but is not an intercity feeder service. Likewise, commuter service is excluded because it is considered a local public transportation service, eligible for assistance under Section 5311 but not counting toward the required percentage for Section 5311(f).

8. FEEDER SERVICE. The "coordination of rural connections between small transit operations and intercity bus carriers" may include the provision of service which acts as a feeder to intercity bus service. The feeder service is not required to have the same characteristics as the intercity service with which it connects, as defined in paragraph 6, above. For example, feeder service may be demand responsive, while intercity service is by definition fixed route. Examples of eligible costs include marketing and extended hours of service in order to connect with scheduled intercity service. Where feasible, intercity bus feeder service may also provide access to intercity connections with rail or air service.

9. ADA REQUIREMENTS. A public entity operating or contracting for intercity bus service is not required to provide complementary paratransit service for individuals with disabilities who are unable to use the fixed route intercity bus service. Under ADA, commuter bus service is exempt by law from the requirement for complementary paratransit service. In its implementing regulation, DOT exempted certain other services from the complementary paratransit requirement because they are functionally like commuter bus service. Similarly, intercity bus service is functionally like commuter bus service in that the service is relatively infrequent and the distance between stops is great. Like commuter service, intercity bus service does not truly serve the entire corridor along which it passes. Fixed route feeder service provided by a public entity, however, must be evaluated on a case by case basis to determine if its characteristics are those of commuter service or of transit requiring

complementary paratransit.

Vehicles acquired for use in intercity service or feeder service may be required to be accessible. (See 49 C.F.R. Part 37. The exception for over-the-road buses in the original rule applied only to private entities.) DOT recently issued (or will soon issue) a final rule regarding ADA accessibility requirements for private over-the-road bus operators.

10. FEDERAL SHARE. The Federal share for intercity projects is the same as for the Section 5311 program as a whole: 50 percent of the net cost for operations and 80 percent of the net cost for capital projects and project administration. State administration, planning and technical assistance in support of intercity bus transportation are eligible at 100 percent Federal share if applied against the cap on state administration expenses. The amount of Section 5311 funds used for planning for intercity bus transportation is not limited by the 15 percent cap on state administration. However, the Federal share of any planning assistance for intercity bus not included in the 15 percent allowed for state administration is limited to 80 percent of the planning costs.

11. CAPITAL PROJECTS IN URBANIZED AREAS. Use of Section 5311(f) funds for capital projects in urbanized areas is limited to those aspects of the project which can be identified as directly benefiting and supporting service to and from nonurbanized areas. These projects are to be included in both the metropolitan TIP and the STIP and follow the appropriate project selection requirements contained in the joint planning rule.

12. OBLIGATION OF FUNDS. In the absence of a certification from the Governor that intercity needs are adequately met, fifteen percent of the state's annual apportionment must be obligated for intercity bus transportation within the period of availability (three years).

a. Program of Projects. All projects in support of intercity bus service should be clearly identified and grouped together in the program of projects. Funds may be listed for specific projects in Category A or B, or reserved for intercity use in Category C. (Note, however, that funds in Category C must be advanced to identified projects within the period of availability.) Alternately, the percentage required to be expended for intercity bus transportation may be withheld and not obligated in a given year, if it is to be obligated at a later date along with funds from subsequent year's apportionments. The intention to withhold funds for later obligation should be noted in the state's application to FTA.

b. Budget. In the project budget, the state should separately group the projects that are dedicated to the support of intercity service under the scope code 634, "Intercity Bus Transportation." Any activity code may be used under scope code 634 to describe the intercity projects (for example, capital, operating, and planning projects, or program reserve for intercity bus projects not yet identified).

c. Labor Protections. All Section 5311 operational projects, including intercity bus projects, require agreement in writing to the terms and conditions of the standard Section 5333(b) special warranty for the Section 5311 program, or substitute arrangements approved by the Department of Labor.

d. Enforcement of Compliance. If the state does not ultimately expend the funds for intercity service, the funds will lapse to the state. If a state chronically fails to comply with the requirement to fund projects for intercity bus needs within the period of availability, FTA may

impose other sanctions. Within the parameters described in this chapter, FTA will rely on the state's determination of which projects support intercity bus transportation.

13. OVER-THE-ROAD BUS ACCESSIBILITY INCENTIVE PROGRAM. TEA-21 included a new program to assist operators of over-the-road buses comply with the capital and training requirements of the anticipated DOT rule on ADA accessibility for over-the-road buses. This funding is separate from Section 5311 funding and is administered through a national solicitation for applications from operators of over-the-road buses. The Federal share is fifty percent. The grants are subject to the terms and conditions applicable to recipients of Section 5311(f). Beginning in FY 1999, assistance is available to operators of over-the-road buses used substantially or exclusively in intercity, fixed route over-the-road bus service. In FY 2000 and thereafter, assistance will also be available to operators of over-the-road buses in other service, including local commuter, charter and tour service. This new program may supplement and/or complement assistance the states provide to intercity bus operators through Section 5311(f).

14. SURFACE TRANSPORTATION PROGRAM ELIGIBILITY. TEA-21 modified eligibility under the Surface Transportation Program (STP) to include "vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus." The state may transfer these funds to Section 5307 or 5311 to supplement assistance provided under 5311(f).



U.S. Department  
of Transportation

**Federal Transit  
Administration**

Administrator

January 14, 2002

400 Seventh St. S.W.  
Washington, D.C. 20590

C-01-02

Dear State Transportation Colleague:

In recent years, increased state and Federal funding for public transit has contributed to an expansion of mobility options, not only in America's larger cities, but in rural and small urban communities, as well. Although many rural areas are now served by public transit systems that provide general mobility and effectively coordinate human service transportation, others still have little or no public transportation service.

Privately operated intercity bus transportation is also an important part of our nation's overall surface transportation network, particularly in smaller communities and rural areas. Intercity buses provide linkages among smaller communities within a region and to larger urban areas that offer services and opportunities not available in less populated areas. It is particularly important for communities where air or passenger rail travel options are unavailable.

Unfortunately, like other transportation providers, the economic base of intercity bus operators has been adversely affected by the recent terrorist events. These operators often generate a significant portion of their total revenue from charter and tour business, which has significantly declined in the current environment. In addition, the intercity bus industry has experienced increased security threats in recent months and is facing the need to enhance security measures to ensure the safety of drivers and passengers.

Since the passage of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, states have been required to use a portion of the annual apportionment of non-urbanized formula funds (Section 5311) to support intercity bus service, unless the Governor certifies that the intercity bus needs of the state are adequately met. This provision has resulted in a number of creative public/private partnerships. Research conducted for a Transportation Cooperative Research Program project "Effective Approaches to Meeting Rural Intercity Bus Transportation Needs" has identified dozens of partnership projects, including the provision of operating subsidies to preserve essential route segments, capital projects involving intermodal facilities and vehicle acquisition, joint marketing initiatives, operation of transit feeder service to scheduled intercity routes, and transit providers serving as ticket agents for commercial bus companies. The final report, which the Transportation Research Board expects to publish early in 2002, will document many successful approaches to working with the industry.

In addition to support for rural intercity bus service under Section 5311(f), a provision of TEA-21

(Section 1108) allows Surface Transportation Program (STP) funds to be used directly to support "vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus."

Given the important role that your state agency plays in determining how Federal funds are allocated, I wanted to call your attention to the needs of the intercity bus industry and the important role it plays in our transportation network. I also want to encourage you to include the intercity bus industry in your state transportation planning process as you make long-range plans and determine how you will use STP and FTA formula funds to improve mobility in your state.

Public-private partnerships, whether through contracts for provision of transit service, joint ticketing, shared facilities, or support for specific capital projects such as security enhancements, help ensure the continued vitality of this valued part of the transportation infrastructure and enhance mobility for all. We're in the mobility business together, and, together, we can keep our communities safe and moving.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Dorn".

Jennifer L. Dorn

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<http://www.fta.dot.gov/office/public/2002/c0201.html>



U.S. Department  
Of Transportation

**Federal Transit  
Administration**

The Administrator

400 Seventh St. S.W.  
Washington, D.C. 20590

July 2, 1999

C-99-12

Dear Colleague:

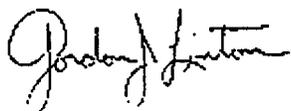
The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) made substantial changes in the treatment of intercity bus equipment and facilities under the programs reauthorized by the Act. Specifically, the eligibility of the Surface Transportation Program (STP) was expanded to include "vehicles and facilities, whether publicly or privately owned, that are used to provide intercity passenger service by bus." Formerly, only publicly owned intercity bus terminals were eligible. In addition, National Highway System (NHS) funds may also now be used for "publicly owned intracity or intercity bus terminals." We believe that these changes indicate a recognition of the integral role that intercity bus services have in the federally-assisted surface transportation system. The purpose of this letter is to outline the steps we are taking in the Federal Transit Administration (FTA) to facilitate the development of such facilities:

- Intermodal Terminals Constructed with FTA and STP Funds. An intermodal terminal constructed with FTA funds could include intercity facilities paid for with STP funds. In this case, the intercity portion could be leased to an intercity carrier or carriers without any rental payment. FTA would not normally be the grantor for STP funds used for such a purpose in an urbanized area. However, in the interest of administrative simplicity, FTA will allow FHWA to transfer STP funds for intercity bus facilities to FTA when it is part of a project for an intermodal terminal partially funded with FTA funds, and a single grant can be made.
- Rental Payments by Intercity Operators in FTA Funded Intermodal Terminals. When a part of an intermodal terminal developed with FTA assistance is used for intercity bus service, intercity operations are treated as an incidental use, and the intercity operator must pay rent to the grantee. By this letter, we are announcing a change in our policy on how that rental amount may be determined. In recognition of the new status for intercity bus facilities under TEA-21, FTA will permit grantees to charge a nominal amount of rent (e.g., \$1 per year). If grantees wish to charge more, they may do so, up to fair-market rent. However, fair-market rents should be consistent with amounts normally paid by intercity carriers for terminal space, and thus should be reasonable, given alternative locations for intercity terminals.

It should be noted that, in either of these situations, the private carrier(s) involved should not receive an unfair advantage. Thus, the public agency sponsor should select the carriers afforded below-market rents, or assistance in construction of a privately owned facility, on the basis of a competitive selection process. However, to facilitate these arrangements, we are announcing by this letter that FTA will waive the normal five-year limit on the life of a revenue contract when it involves accommodation of an intercity bus carrier or carriers in an FTA-assisted intermodal terminal.

We trust that these changes in FTA policy will facilitate the inclusion of intercity bus facilities in FTA-sponsored intermodal terminals. Please contact your FTA Regional Office for more information on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gordon J. Linton".

Gordon J. Linton

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## **APPENDIX B**

### **COMPENDIUM OF INTERCITY BUS PROJECTS**

#### **CONTENTS**

<b>161</b>	<b>Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff</b>
<b>180</b>	<b>Compendium of Rural Intercity Bus Projects Funded Under the Rail Program</b>
<b>181</b>	<b>Compendium of Intercity Bus Carrier Projects as Reported by Private Carriers</b>
<b>182</b>	<b>Compendium of Rural Intercity Bus Projects as Reported by Greyhound Lines</b>

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Alabama	None	No funding for intercity bus; however, plan is being reviewed in 2000.				Rhonda Grissom Alabama Department of Transportation (334)242-6116
Arizona	Marketing, Planning	Bullhead City—Transit system marketing/planning study	1998	\$25,000	S. 5310 State	Janis Paul (520)763-0123
Arizona	Operating	No description provided	5 years	\$211,491	S. 5311(f)	Ben Goff, Pima County, (520)740-64?? & Wayne Claw, Navajo Transit System, (520)729-4002
Arizona	Planning	Yuma multimodal transit center study	1999	\$65,000	S. 5310 State	Larry Hunt (520)783-8911
Arizona	Planning	Statewide transit needs study	2000	\$70,000	S. 5310 State	Joe Neblett Arizona DOT (602)712-8871
Arkansas	Operating	Greyhound Rural Connection Feeder Route from Malvern, AR, to El Dorado, AR	2000	\$31,455	S. 5311(f): \$25,164	Jean Harper (501)332-6215
California	Capital	El Dorado Transit, one bus for service expansion. Project # 648401	1996-97	\$225,000	S. 5311(f): \$180,000 Local: \$45,000	El Dorado County Transit Authority (530)642-5383
California	Capital	Merced County, one bus. Project # 648405	1996-97	\$215,860	S. 5311(f): \$172,273 Local: \$43,587	Larry Shankland Merced County (209)385-7604
California	Capital	Transit JPA for Merced County, one bus for service expansion. Project # 649408	1998-99	\$250,000	S. 5311(f): \$200,000 Local: \$50,000	Larry Shankland Merced County (209)385-7604
California	Capital	Riverside Transit. One 17-passenger ADA-equipped expansion vehicle. Project # 648407.	1997-98	\$60,000	S. 5311(f): \$48,000 Local: \$12,000	Stephen Oller Riverside Transit Agency (909)648-0850
California	Capital	Mendocino Transit Authority. Three 16-20 passenger replacement vehicles. Project # 647470	1994-95; 1995-96	\$227,100	S. 5311(f): \$181,680 Local: \$45,420	Mendocino Transit Authority (707)462-5765
California	Capital	Kern County. Three 30-passenger replacement vehicles. Project # 647475	1995-96	\$464,699	S. 5311(f): \$371,739 Local: \$92,960	Andrew Richter Kern Regional Transit (661)862-8887
California	Capital	Kern County. Four replacement buses. Project # 648404	1996-97; 1997-98	\$261,000	S. 5311(f): \$145,029 Local: \$116,271	Andrew Richter Kern Regional Transit (661)862-8887
California	Capital	Mendocino County- Project # 647479	1995-96	\$120,000	S. 5311(f): \$96,000 Local: \$24,000	Mendocino Transit Authority (707)462-5765
California	Capital	Sonoma County - Project # 647480	1995-96; 1996-97	\$1,035,000	S. 5311(f): \$119,929	Brian Albee Sonoma County Transit (707)585-7516
California	Capital	Mendocino Transit Authority- Construct Ukiah Transit Center. Project # 649410	1997-98; 1998-99	\$640,000	S. 5311(f): \$312,000 Local TDA	Bruce Richard Mendocino Transit Authority (707)462-5765

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
California	Capital	Kern County- three 15-20 passenger vans. Project # 649407	1998-99	\$225,000	S. 5311(f): \$180,000 Local: \$45,000	Andrew Richter County of Kern- Kern Regional Transit (661)862-8887
California	Capital	Greyhound. Twenty accessibility packages. Project # 649409	1998-99	\$700,000	S. 5311(f): \$560,000 Greyhound: \$140,000	Sherman Qualls Greyhound Lines, Inc. (972)789-7697
California	Capital	San Luis Obispo Regional Transit Authority- Rehabilitate four buses. Project # 00-226 & # 00-227	1999-2000	\$162,000	S. 5311(f): \$144,000 Local: \$18,000	John Bates San Luis Obispo RTA (805)781-4465
California	Capital	San Luis Obispo Regional Transit Authority- One replacement bus. Project # 648412	1997-98	\$265,000	S. 5311(f): \$207,118 Local: \$57,882	John Bates San Luis Obispo RTA (805)781-4464
California	Capital, Operating	City of Guadalupe- one 30-ft. bus replacement and operating funds for start-up. Projects # 648402 and 648403.	1996-97	\$274,750	S. 5311(f): \$184,650 Local: \$90,100	Henry Lawrence, Jr. City of Guadalupe (805)343-1340
California	Capital, Operating, Marketing, Planning	Section 5311(f) intercity bus discretionary funding cycle is underway. Projects will be ranked and funded from a pool of 5311(f) funds from FY 1998-99 and FY 1999-2000.	1998-99; 1999-00	\$1,354,973	S. 5311(f): \$1,354,973 Local	LaKeda Johnson California Department of Transportation (916)657-4373
California	Marketing	Mariposa County, new service. Project # 647748	1996-97	\$24,750	S. 5311(f): \$12,375 Local: \$12,375	Mariposa County Transit (209)966-3696
California	Operating	Mono County- operating assistance for route start-up. Project # 647476	1995-96	\$112,740	S. 5311(f): \$56,370 Local: \$56,370	Scott Burns Mono County Local Transportation Committee (760)924-5450
California	Operating	Amador County- operating assistance. Project # 647477	1995-96	\$56,891	S. 5311(f): \$28,446 DMV License Fee: \$28,445	Patrick Ireland Amador Rapid Transit System (209)223-2877
California	Operating	Mono County/Greyhound. Mammoth to Nevada- additional year. Project # 649405	1997-98	\$144,002	S. 5311(f): \$72,001 Local TDA: \$72,001	Scott Burns Mono County Local Transportation Commission (760)924-5450
California	Operating	Glenn County- operating assistance for new service. Project # 649406	1998-99	\$204,000	S. 5311(f): \$102,000 Local TDA: \$102,000	Gloria Weems Glenn County Transportation Commission (530)934-6700
California	Operating	Glenn County. Operating assistance. Project # 647483	1996-97	\$200,000	S. 5311(f): \$95,763 Local: \$104,237	Gloria Weems Glenn County TC (530)934-6700
California	Operating	Riverside Transit. Operating funds for start-up. Project # 648408	1997-98	\$99,470	S. 5311(f): \$49,735 Local: \$49,735	Stephen Oller Riverside Transit (909)648-0850
California	Operating	Sunline Transit- Start-up service. Project # 648409	1997-98	\$196,070	S. 5311(f): \$96,070 Local: \$100,000	SunLine Transit Agency (760)343-3456
California	Operating	San Luis Obispo Regional Transit Authority- Route 10 expansion. Project # 648410	1997-98	\$52,000	S. 5311(f): \$25,500 Local: \$26,500	John Bates San Luis Obispo RTA (805)781-4465

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
California	Operating	San Luis Obispo Regional Transit Authority- Route 9 expansion. Project # 648411	1997-98	\$213,000	S. 5311(f): \$35,155 Local: \$177,845	John Bates San Luis Obispo RTA (805)781-4465
California	Operating	Plumas County. Operating service re-instatement. Project # 649402	1997-98	\$343,100	S. 5311(f): \$171,550 Local: \$171,550	Jim Stretch Plumas County (530)283-6315
California	Operating	Butte County. Operate Sunday service. Project # 649403	1997-98	\$40,315	S. 5311(f): \$20,000 Local: \$20,315	Butte County Department of Public Works (530)538-7681
California	Operating	San Luis Obispo RTA- Route 9 second year assistance. Project # 649404	1997-98	\$213,000	S. 5311(f): \$35,155 Local: \$177,845	John Bates San Luis Obispo RTA (805)781-4362
California	Planning	Greyhound. Statewide planning project. Project # 647481	1995-96	\$90,000	S. 5311(f): \$60,000 Local: \$30,000	Sherman Qualls Greyhound Lines (972)789-7697
Colorado	Capital	Two 15-passenger vans to provide service from northeastern Colorado to the Denver Metropolitan Area.	2000	\$62,500	S. 5311(f): \$50,000 Northeastern Colorado Association of Local Governments: \$12,500	Mr. Larry Worth NECALG (970)867-9409
Colorado	Operating	Subsidize administrative costs of maintaining counter space at Dever International Airport (DIA) for Greyhound / TNM&O (Greyhound Lines, Inc.). Operating assistance in the form of rental/lease subsidy.	2000	\$23,000	S. 5311(f): \$16,100 Greyhound: \$6,900	Leigh Carlson City and County of Denver
Colorado	Operating	Operating assistance for Greyhound service in the US 40 corridor between the Utah/ Colorado state line and the Denver Metropolitan Area. City of Steamboat Springs will utilize 5311(f) funds to subsidize this route.	2000	\$175,429	S. 5311(f): \$92,000 Local: \$83,429	Wendy Du Bard, Deputy City Manager City of Steamboat Springs (970)879-2060
Connecticut		No projects				Ricardo Almeida ConnDOT (860)594-2839
Delaware	Capital, Operating, Marketing, Planning	A new segment of State Route 1 between the Chesapeake & Delaware Canal bridge and the Town of Townsend in New Castle, DE, was opened in 1999. Bus service was introduced on this corridor, providing service between Dover and Wilmington (50 miles). New MCI coaches were placed into service in February 2000 on this route. New park and ride lots were also constructed along the corridor. The appearance, comfort, and technological conveniences of the new vehicles is marketed to the general public who must pay tolls to use the new highway. Feeder services will be provided to three small towns that were cut from service when the express service was initiated.				Cathy Dennis Delaware Transit Corporation (302)577-3271

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Georgia	Capital	Six intercity bus coaches were purchased for Greyhound Lines, Inc., and Southeastern Stages.	2001	\$1,076,491	S. 5311(f): \$961,193 Greyhound Lines, Inc. & Southeastern Stages: \$215,298 total	Tony Sack Georgia DOT Office of Intermodal Programs (404)651-9207
Georgia	Capital, Marketing	Directional signage was installed and is maintained around intercity bus stations throughout Georgia; joint project with Greyhound Lines, Inc.	1998	\$12,062	S. 5311(f): \$9,650 Greyhound: \$2,412	Tony Sack Georgia DOT Office of Intermodal Programs (404)651-9207
Georgia	Marketing	An advertising campaign was undertaken in 1996 to inform the public that the Atlanta Bus Terminal moved to a new facility next to the Garnett MARTA Station.	1995	\$119,509	S. 5311(f): \$95,607 Local: \$23,902	Tony Sack Georgia DOT Office of Intermodal Programs (404)651-9207
Idaho	Operating	Intercity service is provided on Tuesday and Friday between Idaho Falls and Salmon, to include stops in Challis, Mackey, Arco, Darlington, and Moore; on Tuesday, Wednesday and Friday between Salmon and Missoula, Montana; daily service between Idaho Falls and Rexburg; daily service between Idaho Falls and Pocatello (once daily); daily service between Rexburg and Driggs, daily service between Idaho Falls and Jackson, Wyoming (seven days per week, twice per day).	1996-1999 (2000 pending)	approx. \$50,000 per year	S. 5311(f): approx. \$25,000 Local: approx. \$25,000	Don Thorp CART Inc.
Idaho	Operating	Intercity service operates Monday-Friday between Sandpoint and Coeur d'Alene and Coeur d'Alene and Spokane Transit Authority with connections to the Greyhound Bus station, Airport Express services, North Idaho College, and local services. Service is wheelchair accessible.	1996-1999 (2000 pending)	approx. \$50,000 per year	S. 5311(f): approx. \$25,000 Local: approx. \$25,000	Helen Stephens NICE
Idaho	Operating	Continue assistance for commuter service that serves Caldwell, Nampa to Boise. This route operates M-F during commuter hours; departure and arrival times are 6:30 to 7:50 am and 4:50 to 6:05 pm. Implement an Intercity Route that will serve Middleton, Star and Eagle into Boise. Both these services will be critical in congestion mitigation during the four year construction project at the Wye Interchange.	1997-1999 (2000 pending)	approx. \$60,000 per year	S. 5311(f): approx. \$60,000	Gary Sprague Commuters Bus

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Idaho	Operating	Two intercity bus routes have been established in Region IV. The North Side route provides service between Jerome, Wendell, and Twin Falls. The Buhl route provides service between Buhl, Filer, Kimberly, and Twin Falls. These routes provide connection for travelers to a long distance carrier, Greyhound, located on the south side of Twin Falls. Each service is, however, providing for additional transportation needs within the area. For this reason, they must provide additional stops within the Twin Falls area besides the long distance carrier. They each carry commuters to work, clients to social service agencies, and students to private schools and the College of Southern Idaho. A direct one stop route to the Greyhound station is not plausible because many passengers would pass desired stops in route to the station, causing as much as 45 minute extensions to their ride.	1996-1999 (2000 pending)	approx. \$45,000 per year	Section 5311(f)-\$35,000 local match -\$10,000	Jim Vining Trans IV
Idaho	Operating	In Latah County the program consists of two distinct schedules serving the general public and linking them to Moscow and Lewiston. The first is a contracted service provided by Link Transportation Systems, Inc. Link operates two daily round trips (except on Sunday) between Moscow and Elk River in Clearwater County stopping at every community with a post office. On the morning outbound leg with mail only three riders can ride but on the return as many as ten can ride. In the afternoon as many as ten can ride the outbound leg but only three on the return. The other Latah service consists of demand response service on a daily basis for priority riders to medical appointments and twice monthly service to Moscow and Lewiston through Troy to Kendrick/Julietta.	1996-1999 (2000 pending)	approx. \$25,000 per year	Section 5311(f)-\$15,000 local match -\$10,000	Karl Johanson COAST
Idaho	Operating	Intercity Service with a Greyhound connection is provided from Pocatello to Burley and from Pocatello to Rexburg.	1996-1999 (2000 pending)	approx. \$60,000 per year	S. 5311(f): \$35,000 Local: \$25,000	Ron Binggeli PRT

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Indiana	Operating	Provide operating assistance to reinstate intercity bus services in north central Indiana between Indianapolis and the Indiana/Michigan state line, and between Fort Wayne and the Indiana/Illinois state line. Greyhound lines is the operator of service and the City of Warsaw is the applicant.	1999	\$324,031	S. 5311(f): \$162,016 Greyhound: \$162,016	City of Warsaw (219)372-9595
Indiana	Operating	Provide operating assistance to provide fixed route service through rural areas of Dearborn County.	1999	\$48,776	S. 5311(f): \$23,888 Local: \$23,888 Ads on buses: \$1,000	Sally Beckley Area 12 Council on Aging (812)432-5215
Indiana	Operating	Provide operating assistance to the Transit Authority of River City to provide service to link the City of Sellersburg & Ivy Tech with the TARC transit network.	1999	\$174,720	S. 5311(f): \$87,360 Local: \$87,360	Robert Nugent TARC (502)561-5246
Indiana	Planning	Feasibility study for Terre Haute to determine if intercity bus service should be re-instated between Evansville and the IN/IL state line via US 41.	2000	\$10,000	S. 5311(f): 8,000 Greyhound: \$2,000	Randy Isaacs Greyhound (615)859-7697
Indiana	Planning	Feasibility study for the City of Bedford to determine the feasibility of reinstating intercity bus service between New Albany and Indianapolis via Paoli and Bedford.	2000	\$10,000	S. 5311(f): 8,000 Greyhound: \$2,000	Randy Isaacs Greyhound (615)859-7697
Iowa	Capital	Support for equipping two Over the Road Coaches (OTRC) with ADA compliant accessibility equipment and features, provided that carrier will assign these or other ADA compliant coaches to operate over an increasing proportion of the ICRRPS in Iowa, and per the vehicle deployment plan proposed under its "Access Greyhound" Program. Carrier shall be eligible for reimbursement of 90% of costs incurred and deemed as being specific features or equipment necessary to making two OTRC's compliant with FTA's accessibility requirements.	2000	\$77,778	S. 5311(f): \$70,000 Local/carrier: \$7,778	Randy Isaacs Greyhound Lines (615)859-7697

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Iowa	Capital	<p>Five Seasons Transportation and Parking, of Cedar, Rapids, Iowa, operates a ground transportation center (GTC) that was designed and built in the early 1980's. At the time it was designed, GTC planners were optimistic about the prospects for expanded use of intercity passenger route service. However, passenger revenues failed to keep pace with costs of operating the "intercity carrier" side of the GTC (i.e. roughly half of the multiuse terminal facility) between 1980 and 1993. As a result, it became a considerable financial challenge for intercity carriers to cover the cost of leasing the GTC space reserved for their use.</p> <p>The management of FST&amp;P responded to carrier needs by undertaking an assessment of how to retrofit the GTC to generate revenue from other types of users and downsize the space reserved for use by intercity carriers and their passengers. The FTA assisted FST&amp;P in this effort with a "livable communities" grant. After numerous alternatives were carefully considered, a considerable portion of the GTC has been leased for purposes that generate synergies within Cedar Rapids central business district and dramatically improve the GTC's affordability for intercity carriers.</p>				<p>Bill Hoekstra, Transportation and Parking Director Five Seasons Transportation &amp; Parking (319)286-5517</p>
Iowa	Capital, Operating	<p>Operating assistance and capital and non-capital maintenance costs for intercity between rural Iowa communities and Des Moines depot and airport.</p>	1996-1999	\$705,531	S. 5311(f): \$242,732	<p>Jim Breining Five Oaks Charters (515)244-4919</p>
Iowa	Marketing	<p>Support for marketing of intercity regular route passenger services (ICRRPS) provided with origins within Iowa and stops in rural communities with less than 50,000 population. Eligible expenses include producing printed route service schedules for distribution to prospective passengers, publishing ICRRPS if offered in Russell's Guide during the project period, and marketing by other means that receive prior approval from the Iowa DOT.</p>	2000	\$3,562	<p>S. 5311(f): \$2,849 Local: \$713</p>	<p>Larry Gantz Burlington Trailways (319)753-2864x25</p>

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Iowa	Marketing	The Mid-Iowa Development Association (MIDAS) receives support for marketing new connector/feeder service from the City of Pocahontas, IA and linking into the Dodger Area Rapid Transit (DART) route originating in Fort Dodge and connecting with route service provided by Jefferson Lines from its Boondocks USA stop along Interstate I-35.	2000	\$15,000	S. 5311(f): \$12,000 Local: \$3,000	Cliff Weldon MIDAS Council of Governments (515)573-8145
Iowa	Marketing	Support for marketing of intercity regular route passenger service (ICRRPS) provided with origins within Iowa and stops in rural communities with less than 50,000 population. Eligible expenses include producing printed route service schedules for distribution to prospective passengers and marketing by other means that receive prior approval from Iowa DOT. The carrier, in close consultation with the regional transit managers and Iowa DOT staff, will develop plans for an implement a project that will provide toll free travel information on all Iowa ICRRPS originating within the state, as well as any connecting service offered by Iowa's 16 regional transit systems or their contract service providers. This travel information center shall be based in Mason City.	2000	\$79,000	S. 5311(f): \$63,200 Local: \$15,800	Bonnie Buchanan Jefferson Lines (800)827-7433x316
Iowa	Marketing	The carrier shall develop a marketing strategy in close consultation with the manager for specific regional transit agencies and community leaders for promoting use of the existing services of the intercity carrier and local recipients of Section 5311 funding. Carrier's representative(s) shall work with transit agency managers for subrecipients of Section 5311 funding to develop and implement a joint market services from the following Iowa locations: Mason City, the Junction of I-35 and US Highway 20, Charles City, Waverly, Cedar Falls, Waterloo, Cedar Rapids, Iowa City, Ames, Des Moines the Junction of US Highway 92 and I-35, Osceola, and Lamoni. Details regarding the types of expenses that shall be reimbursable under each of eight separate but linked marketing projects have not, as yet, been established.	2000	\$75,000	S. 5311(f): \$60,000 Local: \$15,000	Bonnie Buchanan Jefferson Lines (800)827-7433x316

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Iowa	Capital, Operating, Marketing	Operating deficit assistance for intercity service from Des Moines to Chicago via Burlington, Cedar Rapids to St. Louis, and Mason City to Cedar Rapids. Marketing assistance for depot signs on rural parts of these routes. Purchase of 2 accessible OTRBs for intercity, Sec. 5311 eligible routes that serve IA. Purchase and installation of scheduling and ticketing software and computer hardware.	1996-1999, extended through 2000		S. 5311(f): \$553,374	Burlington Stage Lines
Iowa	Operating	Operating assistance for routes between Dubuque and Des Moines and Davenport and Des Moines	1996-1999	\$2,266,668	S. 5311(f): \$566,667	Greyhound Lines
Iowa	Operating	Support for intrastate service within Iowa. Funding was approved to reimburse carrier for preventive maintenance expenses incurred in operating intercity route service in Iowa that entails stops in rural communities with less than 50,000 population. Assistance shall be at a rate of \$.10 (ten cents) per revenue vehicle mile of service, provided that the carrier's documented preventive maintenance expense (PME) per mile is \$.125 (twelve and one-half cents) per mile or greater. If it is a carrier's preference, the agreement may be revised to allow 80% of insurance expenses (IE) per revenue vehicle mile of Iowa intercity regular route passenger service (ICRRPS) to be reimbursed; a) instead of BME, but not to exceed \$.10 (ten cents) per mile; or b) in addition to PME, but not to exceed 80% of combined BME and IE up to a combined reimbursement of \$.10 (ten cents) per revenue vehicle mile of ICRRPS during the project period.	2000	\$9,375	S. 5311(f): \$7,500 Carrier: \$1,875	Cliff Weldon Fort Dodge DART (515)573-8145
			2000	\$375,950	S. 5311(f): \$300,760 Carrier: \$75,190	Randy Isaacs Greyhound Lines (615)859-7697
			2000	\$91,895	S. 5311(f): \$73,516 Carrier: \$18,379	Bonnie Buchanan/Jeff Kruger Jefferson Lines (612)539-3418
			2000	\$54,203	S. 5311(f): \$43,362 Carrier: \$10,841	Robert Hoxie Burlington Trailways (319)753-2864
			2000		S. 5311(f): \$98,838 Carrier match	Randy Isaacs Greyhound
			2000		S. 5311(f): \$34,908 Carrier match	Bonnie Buchanan Jefferson Lines
			2000		S. 5311(f): \$15,798 Carrier match	Robert Hoxie Burlington Trailways
			2000		S. 5311(f): \$1,354 Carrier match	Cliff Weldon City of Fort Dodge-DART

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Iowa	Operating	Support for "new" intrastate service within Iowa. Funding was approved to reimburse carrier for preventive maintenance expenses incurred in operating "new" intercity route service in Iowa that entails stops in rural communities with less than 50,000 population. Assistance shall be at a rate of \$.50 (fifty cents) per revenue vehicle mile of service, provided that the carrier's documented combined cost of preventive maintenance expense (PME) and/or insurance expense (IE) per mile is \$.625 (sixty-two and one-half cents), or greater, per revenue vehicle mile or Iowa intercity regular route passenger service (ICRRPS).	2000	\$15,210	S. 5311(f): \$12,168 Local/state: \$3,042	Earl Henry Northeast Iowa Community Action Corporation (319)382-4259
Iowa	Operating	Reimbursement shall not exceed \$.50 (fifty cents) / 80%—whichever is less—of documented BME and IE allocable to service the Iowa DOT approves as being "new" Iowa ICRRPS provided by the carrier during the project period. Revenue vehicle route-miles operated to provide passengers with access to or from connecting services operated by major intercity bus carriers, Amtrak, and regional airports with commercial passenger service shall be eligible for reimbursement provided that arrival and departure times are established that optimize connectivity for intercity bus passengers.	2000	\$20,075	S. 5311(f): \$16,060 Local: \$4,015	Cliff Weldon MIDAS Council of Governments (515)576-7183
Kansas	Capital, Operating	Daily transportation for the general public along an intercity route between the cities of Belleville and Salina, Kansas.	1995-2000	\$150,000	S. 5311(f): \$150,000	Gary Rohr OCCK, Inc. (785)827-9383
Kansas	Capital, Operating, Marketing	The purpose of this project is to provide transportation for the general public from specific points in NW Kansas to Hays, Kansas, Monday through Friday. This project is a cooperative agreement between Developmental Services of Northwest Kansas and the Hays Medical Center. The van leaves St. Francis at 6:00 am on its way to Hays and makes the return trip leaving Hays at 3:00 p.m. The service provides transportation to the bus terminal, medical facilities, physician offices, dd facilities, and the Area Agency on Aging. The central goal of the service is to provide efficient schedule transportation to those unable to access specialized services locally. The van is lift-equipped and makes specific stops in each community based on demand.	1997-2000	\$206,981	S. 5311(f): \$131,152 Local: \$75,829	Ron Straight Dev. Services of NW Kansas (785)625-2018

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Maine	Operating	Portland Intercity Service. In 1997, ShuttleBus' Portland Intercity Service was reviewed & renewed by MDOT for the period 1997 through December, 1998. Since 1994 ridership on this service has grown by 50%. This service has expanded to include an additional evening weekday trip from Old Orchard Beach to Portland & back. In addition, partial Sunday service (2 mid-day trips between Biddeford & Portland) has been introduced. This service allows local patrons a chance to shop at the Maine Mall & Portland area or to connect with S. Portland Bus Service or the Portland Metro connections. Connections with major bus lines such as Vermont Transit & Concord Trailways for Sunday travel from Portland to other cities nationwide have been another obvious convenience. Given the growth in ridership on this service, ShuttleBus officials anticipate that this expanded service will continue during the 1998/99 and 1999/2000 biennium.	2000	\$135,755	S. 5311(f): \$34,787 Local: \$37,787	Biddeford-Saco-Old Orchard Beach City Hall (207)282-5408
Maine	Operating	Calais to Bangor intercity route daily service departing from Calais at 9:30 a.m., passing through Machias, Gouldsboro, and Ellsworth, and arriving in Bangor at 1:00 p.m. Connections are made with Greyhound, Concord Trailways and the Bangor International Airport. On return, the bus leaves Bangor at 3:15 p.m. and arrives in Calais at 7 p.m.	2000 (has been subsidized for over 10 years)	\$84,000	S. 5311(f): \$25,550 Local: \$25,550	Emory West West's Transportation (207)546-2823
Maine	Operating	Scheduled service includes one round trip daily between two cities, 365 days per year. The Bangor/Caribou route provides connections to Greyhound at the Bangor Bus Terminal and Concord Trailways at the Trailways Transportation Center. This project has been subsidized for over 10 years.	2000	\$221,000	S. 5311(f): \$30,000 Local: \$34,198	John T. Cyr & Sons

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Michigan	Capital	Full size ADA-accessible intercity buses are purchased or leased through this program. These buses are restricted to regular-route service that originates at, or is destined to, points in Michigan and/or round trip services to points outside of Michigan that will be completed within 24 hours. Regular-route service must operate at least five days per week and in excess of 150 miles a day. No carrier is eligible for more than five buses per year, subject to appropriations and State Transportation Commission approval.				Rex Kemp Greyhound Lines, Inc. Gordon Mackay Indian Trails, Inc.
Michigan	Marketing	Intercity Bus Program - Other Capital Equipment and Operating Assistance Requests for other types of capital equipment and operating assistance will be evaluated as part of an annual application process. Items such as computers, shelters, marketing funds, and requests for studies will be considered.	1999-2002	\$90,000		Rex Kemp Greyhound Lines, Inc.
Michigan	Marketing	Intercity Bus Program - Other Capital Equipment and Operating Assistance	1999-2002	\$100,000		Gordon Mackay Indian Trails, Inc.
Michigan	Operating	Intercity Bus Program - Operating Assistance Operating assistance is considered when no other alternative is available, for intercity bus service that is proposed to be abandoned, for reinstatement of discontinued service in corridors without intercity bus transportation, and for new service deemed necessary by the Department. Currently, Greyhound Lines receives operating assistance for three routes in Michigan.	1999-2002	\$3,738,978		Rex Kemp Greyhound Lines, Inc.
Michigan	Operating	Intercity Bus Program - Operating Assistance Operating assistance is considered when no other alternative is available, for intercity bus service that is proposed to be abandoned, for reinstatement of discontinued service in corridors without intercity bus transportation, and for new service deemed necessary by the Department. Currently, Indian Trails receives operating assistance for two routes in Michigan.	1991-2000	\$2,379,656		Gordon Mackay Indian Trails, Inc.

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Minnesota	Capital	Greyhound Lines: This is a capital project to rebuild four coaches to comply with ADA requirements.	2000		S. 5311(f): \$112,000 Operator: \$28,000	Rex Kemp, Director, Service Planning Greyhound Lines, Inc. (972)789-7056
Minnesota	Capital	Section 5311(f) funds are being used to fund the intercity bus portion of the Hawthorne Transportation Center in downtown Minneapolis. This center will serve as a key intermodal connecting point in the central business district, incorporating national and regional intercity bus service, local public and private transportation services, and the pick-up and drop-off point for charter and tour operations.	2000-2001		S. 5311(f): \$800,000 City of Minneapolis: \$23,200,000	Kathleen O'Brien, City Coordinator City of Minneapolis (612)673-2032
Minnesota	Marketing	Southern Minnesota Marketing Project: Jefferson Lines is conducting an intercity bus marketing study in central and southern Minnesota that includes coordination with the Section 5311 public transit systems in this area.	2001		S. 5311(f): \$262,400 Operator: \$52,480	Bonnie Buchanan, VP Marketing Jefferson Bus Lines (918)660-0829x316
Minnesota	Operating	Jefferson Lines, Mankato to Rochester: This is a two-year operating assistance demonstration project to provide new intercity bus service between the cities of Mankato and Rochester, a distance of 68 miles.	2000-2001		S. 5311(f): \$72,453 Operator: \$72,453	Bonnie Buchanan, VP Marketing Jefferson Bus Lines (918)660-0829x316
Minnesota	Operating	Jefferson Lines, Albert Lea to Worthington: This is a 2-year operating assistance demonstration project to provide new intercity bus service between the cities of Albert Lea and Worthington, located in south central Minnesota and are 116 miles apart.	2000-2001		S. 5311(f): \$89,696 Operator: \$89,696	Bonnie Buchanan, VP Marketing Jefferson Bus Lines (918)660-0829x316
Minnesota	Operating	Greyhound Lines Operating Assistance Bemidji to Grand Forks, North Dakota. This is a 2-year operating assistance demonstration project to reestablish intercity bus service that was discontinued in the Bemidji to Grand Forks, ND, corridor. These extremely rural destinations are 180 miles apart.	2000-2001		S. 5311(f): \$162,082 Operator: \$162,082	Rex Kemp, Director, Service Planning Greyhound Lines, Inc. (972)789-7056
Minnesota	Operating	Duluth to International Falls, Greyhound Lines: This is a two-year demonstration program to reestablish intercity bus service that was discontinued in the Duluth to International Falls corridor. These two destinations are 163 miles apart and are located in an extremely rural area.	2000-2001		S. 5311(f): \$192,764 Operator: \$192,764	Rex Kemp, Director, Service Planning Greyhound Lines, Inc. (972)789-7056

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Montana	Capital	Greyhound depot, Billings: upgrade facility to meet ADA standards		\$350,000	S. 5311(f): \$180,000 Local: \$170,000	Rudy Grossman Gen. Construction (406)259-6151
Montana	Operating	Missoula/Ravalli Transportation Management Association: operating funds for connecting outlying areas to intercity bus service		\$125,000	S. 5311(f): \$90,000 Local: \$45,000	MRMTA 406-523-4944
Montana	Operating	Valley County Transit: Operating funds for intercity route from Glasgow, MT to I94 in Glendive, MT		\$16,000	S. 5311(f): \$8,000 Local: \$8,000	Valley County Transit 406-228-8747
Nevada	Capital, Operating	Developing a statewide focus for rural intercity bus service with Job Access funding. This should be in place this year. Previously used Section 5311 for limited intercity service.	2000	\$4,000,000	S. 5311(f): \$848,000 FTA Job Access: \$1,500,000 Match: \$2,348,000	varies by region of state
New Hampshire	Capital	Purchase of commuter buses for lease/operation by private bus companies (C&J Trailways, Concord Trailways, Coach Company)	various	\$4,300,000	CMAQ-FTA Private operator	Ken Hazeltine NHDOT 603-271-2468
New Hampshire	Capital	Park and ride improvements at various lots	various		Highway	Ken Hazeltine NHDOT 603-271-2468
New Hampshire	Capital	Portsmouth Transportation Center- bus terminal and park and ride	1998 & 2000	\$10,500,000	CMAQ-FHWA State	Ken Hazeltine, NHDOT 603-271-2468 Jim Jalbert, C&J Trailways 603-430-1100
New Hampshire	Capital	Concord Intermodal Facility - bus terminal and park and ride	1996	\$1,700,000	CMAQ-FHWA State	Ken Hazeltine, NHDOT 603-271-2468 Harry Blunt, Concord Trailways 603-228-3300
New Hampshire	Capital, Operating	Support of two existing routes with changes and purchase of wheelchair lifts for retrofit of intercity coaches	2001	\$151,000	S. 5311(f): \$100,000 Private: \$51,000	NHDOT, Concord Trailways, Vermont Transit
New Hampshire	Operating	New intercity service on NH Rt 16 - RFP issues, not implemented yet	1999 & 2000	\$300,000	S. 5311(f) Private	Ken Hazeltine NHDOT 603-271-2468
New Hampshire	Planning	Statewide Intermodal Planning Project-not yet underway			S. 5307 transferred by DOT to S. 5311(f)	Christopher Morgan NHDOT 603-271-2468
New Hampshire	Planning	Southwest Region Transit Planning- will include evaluation of local intermodal center-not yet underway			S. 5313	Timothy Murphy Southwest Region Planning Commission 603-357-0057
New York	Capital	Wheelchair lifts for rural intercity coaches. Operator and maintenance training.	1999, 2000	\$900,000	FTA Intercity Accessibility Program: \$300,000 Private operators: \$295,000 S. 5311(f): \$250,000 State: \$55,000	Hudson Transit Lines, Chenango Valley Bus Lines, Adirondack Trailways, Greyhound

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
New York	Capital	Intercity Bus Sign project. Trail blazer signs for stations and bus stop location signs.	2000	\$252,000	S. 5311(f): \$210,000 State: \$42,000	New York State Department of Transportation
New York	Capital, Operating, Marketing	Rural feeder capital equipment (buses) and operating/marketing assistance	1996-2000	\$3,278,500	S. 5311(f): \$2,511,000 State: \$218,000 Local: \$549,500	Oneonta, Ulster, Chautauqua, Essex, Herkimer, Tioga, St. Lawrence, Clinton, Sullivan & Steuben Counties
New York	Capital, Planning	Intercity terminal improvements including accessibility upgrades, ticketing equipment, and customer waiting area refurbishments.	1999	\$500,000	S. 5311(f): \$400,000 State: \$50,000 Local: \$50,000	Clinton, St. Lawrence, Sullivan and Tompkins Counties
New York	Marketing	NYSDOT produced a 1996 and 1997 intercity and local bus marketing guide for the southern tier of New York.	1996, 1997	\$100,000	S. 5311(f): \$80,000 State: \$20,000	
New York	Operating	Sponsor 111 intercity routes annually. Total mileage is slightly more than 9.5 million. Approximately 60% of these miles are rural.	1996	\$7,500,000	S. 5311(f): \$250,000 State: \$41,000,000	Adirondack Trailways, Hudson Transit, Fullington Trailways, Empire Transit Lines, New York Trailways, Pine Hill-Kingston Trailways, Blue Bird, Chenango Valley Bus Lines
			1997	\$8,000,000		
			1998	\$8,000,000		
			1999	\$8,700,000		
			2000	\$9,000,000		
North Carolina	Operating	Fund six traveler's aid projects by funding 50% of the intercity bus ticket costs to transport poor people to needed destinations.	1996-00	\$30,000	State: \$30,000	Charles Glover NCDOT (919)733-4713x277
North Carolina	Operating	Provides financial assistance to Carolina Trailways for operation of two routes in eastern NC.	2000	\$15,000	State: \$15,000	Elvis Latiolais Carolina Trailways (919)833-3601x123
North Dakota	Capital	Capital funds for buses and vans to be used on routes operated by New Town Bus Lines	2000	\$80,000	S. 5309: \$80,000	Rick Thoms Souris Basin Transportation Board (701)852-8008
North Dakota	Operating	Operating subsidies for routes between Minot and Crosby, Minot and New Town, Minot and Bismarck, and Minot and Grand Forks, operated by Souris Basin Transportation Project of Minot and by New Town Bus Lines.	2000	\$93,020	S. 5311(f): \$93,020	Rick Thoms Souris Basin Transportation Board (701)852-8008
Ohio	Capital	Construction of the MAPT downtown intermodal facility.	1999	\$900,000	S. 5311(f): \$900,000	Brett Harris Ohio DOT (614)466-7440
Ohio	Capital	Purchase of the Marion Area Transit downtown intermodal facility. This facility is an old bank building that has been renovated and serves taxis, intercity bus, and local transit.	1999	\$80,000	S. 5311(f): \$80,000	Brett Harris Ohio DOT (614)466-7440
Ohio	Marketing	Statewide intercity carrier marketing brochure. Brochure included contacts, locations, and how to access the service.	1996	\$2,288	S. 5311(f): \$2,288	Brett Harris Ohio DOT (614)466-7440

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Ohio	Marketing	Completion of marketing brochure that was started in 1996.	1997	\$4,357	S. 5311(f): \$4,357	Brett Harris Ohio DOT (614)466-7440
Ohio	Operating	Salary and fringe for the MAPT Greyhound ticket agent. MAPT is the local ticket agent for Greyhound that works directly out of the MAPT facility until the intermodal terminal is built.	1998	\$18,500	S. 5311(f): \$18,500	Brett Harris Ohio DOT (614)466-7440
Ohio	Operating	Salary and fringe for the MAPT Greyhound ticket agent.	1999	\$21,241	S. 5311(f): \$21,241	Brett Harris Ohio DOT (614)466-7440
Ohio	Operating	Salary and fringe for the City of Marion ticket agent, who works for Marion Area Transit out of a downtown intermodal facility.	1999	\$14,850	S. 5311(f): \$14,850	Brett Harris Ohio DOT (614)466-7440
Ohio	Planning	Planning and design work for an intermodal transit facility for the Muskingum Authority of Public Transit (MAPT) in Zanesville, OH. The facility is intended to serve Greyhound, the local taxi company, & MAPT. A restaurant and daycare facility will also be included.	1997	\$60,000	S. 5311(f): \$60,000	Brett Harris Ohio DOT (614)466-7440
Rhode Island		No projects				Robert Letourneau Rhode Island DOT (401)222-4203x4225
Texas	Capital	Construction of an intermodal terminal in the City of Cleburne	1997	\$271,500	S. 5311(f): \$271,500 Local: \$54,300	Ron Parnell City of Cleburne (817)645-6714
Texas	Capital	Construction of an intermodal terminal in San Marcos	1997, 1998, 1999	\$777,852	S. 5311: \$777,852 Local: \$155,570	Dave Marsh CARTS (512)389-1011
Texas	Capital	Rehabilitation of existing bus terminal	1999	\$197,852	S. 5311(f): \$197,852 Local: \$39,570	TNM&O
Texas	Capital	Construction of an intermodal terminal in Waco. Joint venture with the City of Waco.	1996	\$421,914	S. 5311: \$421,914 Local: \$84,382	Greyhound Lines, Inc. (214)777-8197
Texas	Capital	Rehabilitation of an existing terminal in Dallas.	1998	\$458,250	S. 5311(f): \$458,250 Local: \$114,563	Greyhound Lines, Inc. (214)777-8197
Texas	Capital	Rehabilitation of existing terminal in Houston.	1998	\$229,500	S. 5311(f): \$229,500 Local: \$57,375	Greyhound Lines, Inc. (214)777-8197
Texas	Capital	Installation of ADA lifts to new over the road coaches.	1999	\$700,000	S. 5311(f): \$700,000 Local: \$175,000	Greyhound Lines, Inc. (214)777-8197
Texas	Capital	Rehabilitation of bus terminal in Tyler.	1998	\$310,806	S. 5311(f): \$310,806 Local: \$77,702	Greyhound Lines, Inc. (214)777-8197
Texas	Capital	Completion of terminal (Greyhound portion) in Laredo.	1997	\$140,040	S. 5311: \$140,040 Local: \$35,010	Greyhound Lines, Inc. (214)777-8197
Texas	Marketing	Print and distribute maps depicting intercity bus service available in Texas.	1997	\$6,080	S. 5311: \$6,080 Local: \$1,216	Jerry Prestridge Texas Bus Association (512)376-9898
Texas	Planning	Feasibility study of intermodal locations in downtown San Antonio	1998	\$200,000	S. 5311(f): \$200,000 Local: \$40,000	Via Metropolitan Transit (210)362-2000

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Texas	Planning	Architectural, engineering, soil report, material testing, and land appraisal costs for proposed intermodal terminal in Uvalde.	1999	\$67,909	S. 5311(f): \$67,909 Local: \$13,582	Jorge Botello Comm. Council of Southwest Texas
Texas	Planning	Architectural, engineering, environmental assessment, and land appraisal costs for proposed terminal in Kerville.	1999	\$90,800	S. 5311(f): \$90,800 Local: \$18,160	Jeannie Sagebiel Alamo Area Council of Governments
Texas	Planning	Feasibility study for site for intermodal terminal in Corpus Christi	1999	\$75,000	S. 5311: \$75,000 Local: \$18,750	Greyhound Lines, Inc.
Texas	Planning	Statewide planning project to determine intercity facility needs in Texas.	1999	\$80,000	S. 5311(f): \$80,000 Local: \$16,000	Jerry Prestridge Texas Bus Association (512)376-9898
Virginia	Capital	Loudoun Transit: facility improvement for Greyhound bus service in Leesburg, VA	1998	\$22,000	S. 5311 capital: \$17,600	Mark McGregor Loudoun Transit (703)777-2708
Washington	Capital	Purchase two wheelchair accessible transit coaches to provide intercity bus services in Pacific County and to destinations in Grays Harbor County and Astoria, Oregon.	1999	\$507,660	S. 5311(f): \$406,128 Local: \$101,532	Tim Russ Pacific Transit (360)875-9418
Washington	Operating	Provide operating assistance to sustain intercity bus transportation services to the general public from Ilwaco to Astoria, Oregon, and Raymond to Aberdeen	2000-2001	\$186,103	S. 5311(f): \$93,051 Local: \$93,051	Tim Russ Pacific Transit (360)875-9418
Washington	Capital	City of Forks Multiuse Center (Facility for making the Olympic Connection transfers)	1995-1997	\$1,232,381	State Rural Mobility Program: \$77,850 Federal (primarily STP) and local match: \$1,154,531	Dan DiGiulio Clallam Transit System (360)452-1315
Washington	Operating	Operating subsidy to provide service between the cities of Port Angeles and Forks via specified detour routes during the closure of SR101.	1999	\$120,000	S. 5311(f): \$48,000 Local: \$72,000	Dan DiGiulio Clallam Transit System (360)452-1315
Washington	Operating	Operating assistance to provide intercity bus express service between Pasco and Seattle.	1999	\$137,500	S. 5311(f): \$110,000 Local: \$27,500	Dan Carter Genie Services (509)967-2902
Washington	Operating	Operating assistance to provide fixed route intercity service between the cities of Aberdeen and Olympia; route to be performed along SR 12, the Monte-Elma Road, and Elma McCleary Road.	1999	\$100,000	S. 5311(f): \$40,000 Local: \$60,000	Dave Rostedt Grays Harbor Transportation Authority (360)532-2770
Washington	Operating	Operating assistance to provide intercity bus service between the City of Yelm and the Olympia/Lacey area.	1997	\$73,748	S. 5311(f): \$36,874 Local: \$36,874	Roger Dean Intercity Transit (360)705-5837
Washington	Operating	Operating assistance to provide intercity bus services between Mt. Vernon and Stanwood, WA	1998-1999	\$95,000	S. 5311(f): \$38,000 Local: \$57,000	Mary Dodge Skagit Transit (360)757-8801
Washington	Operating	Olympic Connection intercity service between Clallam and Grays Harbor counties along SR 101.	1995-2001	\$1,080,495	State Rural Mobility Program: \$627,492 Local: \$389,003 S. 5311(f): \$64,000	Melanie Bozak Jefferson Transit Authority (360)385-3020

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Washington	Operating	Intercity service linking Goldendale, Hood River, OR; Yakima Valley & Skamania County along SR14 & SR97.	1995-2001	\$2,643,195	State Rural Mobility Program: \$959,626 Federal & local match: \$1,548,781 S. 5311(f): \$134,788	Roger Gadway Klickitat County Senior Services (509)493-3068
Washington	Operating	Intercity service that is part of the STARS System that serves I-5 and SR 14.	1997-2001	\$542,029	State Rural Mobility Program: \$506,129 Local: \$35,900	Alan Rose Lower Columbia Community Action Council (360)425-3430
Washington	Operating	Sky Shuttle service in rural King County along SR 2.	1999-2001	\$145,684	State Rural Mobility Program: \$126,475 Local: \$18,939	Michelle Johnson Multi-Service Centers of NE King County "HOPELINK" (425)943-6752
Washington	Operating	Intercity Service in Ferry and Stevens counties.	1995-2001	\$492,697	State Rural Mobility Program: \$485,651 Local: \$7,046	Kelly Smith NE Rural Resources (509)684-8421
Washington	Operating	Intercity service in Okanogan County and connects to Link Transit in Wenatchee.	1999-2001	\$290,783	State Rural Mobility Program: \$267,520 Local: \$23,263	Todd Smith Okanogan County PTBA (509)996-2320
Washington	Operating	Intercity services that are part of the STARS System that links Raymond and Pe Ell along SR 6.	1999-2001	\$13,836	State Rural Mobility Program: \$10,239 Local: \$3,597	Tim Russ Pacific Transit (360)875-9418
Washington	Operating	Intercity service in lower Yakima Valley	1995-2001	\$920,921	State Rural Mobility Program: \$753,698 Local: \$167,223	Chris Fix People for People (509)457-8709
Washington	Operating	Intercity service in Grant, Adams, and Lincoln counties	1995-2001	\$695,534	State Rural Mobility Program: \$547,398 Local: \$148,136	Kathy Parker & Chris Fix People for People (509)765-9249
Washington	Operating	Intercity service using school buses linking three communities in Pend Oreille County	1995-2001	\$252,211	State Rural Mobility Program: \$252,211	Charlie Miller Selkirk School District (509)446-2951
Washington	Operating	Intercity service between Spokane and Newport via SR 2.	1999-2001	\$150,925	State Rural Mobility Program: \$102,427 S. 5311(f): \$31,546 Local: \$16,952	Dan Schwanz Special Mobility Services (509)532-9505
Washington	Operating	Intercity service in rural Mason County along SR101.	1999-2001	\$148,520	State Rural Mobility Program: \$75,745 Local: \$72,775	Brian Thompson Squaxin Island Tribe (360)427-2492
Washington	Operating	Intercity service that is part of the STARS System that serves I-5 & SR 12.	1997-2001	\$719,572	State Rural Mobility Program: \$524,354 S. 5311(f): \$165,000 Local: \$30,218	Doug Hayden White Pass Community Service Center (360)497-5271
Washington	Capital, Operating	Intercity service between Dayton and Walla Walla along SR 12. Vehicle purchased in 97-99	1995-2001	\$659,401	State Rural Mobility Program: \$602,959 Local: \$56,442	Commissioner Richard Jones Columbia County Public Transportation (509)382-4542
Washington	Capital, Operating	Intercity service from Pomeroy to Clarkston/Lewiston along SR 12. Vehicle purchased in 97-99.	1997-2001	\$191,479	State Rural Mobility Program: \$110,360 S. 5311(f): \$24,375 Local: \$56,744	Donna Deal Garfield County (509)843-1411

**Compendium of Intercity Bus Projects Using Funds Administered by States as Reported by State Program Staff**  
(continued)

State	Type of Project	Project Description	Project Year (s)	Total Project Cost	Project Funding	Contact Information
Washington	Capital, Operating	Intercity service that links with Klickitat County along SR 14. Vehicle purchase in 97-99.	1995-2001	\$344,500	State Rural Mobility Program: \$282,500 Local: \$62,000	Darlene Dickson Skamania County Senior Services (509)427-9466
Washington	Other	User side subsidy - purchased intercity bus tickets from private non-profit organizations to be provided to intercity bus passengers.	1996	\$129,184	S. 5311(f): \$64,592 Local: \$64,592	Barb Savary, WSDOT (360)705-7926
Washington	Other	Demonstration grant with intercity services in Grant County	1995-97	\$283,000	State Rural Mobility Program: \$220,000 Local: \$63,000	Linda Burns Grant Transit Authority (509)754-1075
Washington	Planning	Washington Intercity Public Transportation Network Final Report	1997-99	\$101,531	S. 5311(f): \$81,225 State: \$20,306	Valerie Rodman, WSDOT (360)705-7979 Karen Jones Savage, KJS Associates
Washington	Capital	Capital assistance for the purchase of two buses to serve intercity transportation in eastern Lewis County along Highway 12.	2000-2001	\$184,916	S. 5311(f): \$147,933 Local: \$36,983	Doug Hayden White Pass Community Service Center and Paratransit Services (360)497-5271
Washington	Operating	Operating assistance to sustain intercity corridor transportation services to the general public between Olympia, Shelton, and Bremerton.	2000-2001	\$781,238	S. 5311(f): \$302,458 Local: \$478,780	Dave O'Connell Mason County Transportation Authority (360)426-9434
Washington	Planning	Create a plan to develop local and intercity services in eastern Lewis County	1997-1999	\$35,000	State Rural Mobility Program: \$33,000 Local: \$2,000	Doug Hayden White Pass Community Service Center (360)497-5271

**Compendium of Rural Intercity Bus Projects Funded Under the Rail Program**

<b>State</b>	<b>Type of Project</b>	<b>Description</b>
CA	Capital	Infoposts and station signs
CA	Operating	(*)Feeder bus routes statewide meeting Amtrak/Calif. Rail passenger service.
IL	Marketing	IDOT assists Amtrak in printing brochures that publicize Amtrak's connection to thruway bus service in Illinois, providing public service announcements to the media promoting the Amtrak Thruway services and promoting these services in its sales efforts. In prior years, IDOT has directly paid for advertising that promoted Thruway bus service connections to state-supported trains.
IL	Planning	IDOT has conducted extensive planning, environmental, and financial studies for high speed rail service between St. Louis and Chicago. ICB connecting service has not been explicitly assessed, but IDOT recognizes the potential.
KS	Planning	Passenger rail study
MO	Planning	Planning a transit center in St. Louis, planning will be completed 6/00
OH	Planning	Midwest Regional Rail Initiative: 9 state effort working w/ Amtrak to improve passenger rail service in the midwest
OH	Capital	City of Sandusky: Amtrak Station rehabilitation and local bus maintenance facility
OH	Capital	Station improvement projects in Akron, Fostoria, and Youngstown
SC	Planning	(*)Feasibility study to examine the possibility of extending light-rail from Charlotte-Mecklenburg into York Co. This service would link up to ICB services in York and surrounding counties.
SC	Planning	Statewide passenger rail program was developed in 1997 to act as a blueprint for existing services and potential new services.
VA	Operating	Amtrak supports bus service at four locations in the state: Roanoke to Covington; Newport News to Norfolk; Richmond to Charlottesville; and Staples Mill Road Station in Henrico County to Downtown Richmond. It is possible that when Amtrak begins service to Main Street Station in downtown Richmond they will also support bus service to that station.
VT	Capital & Operating	Provided connecting bus service to the commuter line between Charlotte and Burlington, VT. Will pay for vehicles and may include operating subsidy.
WA	Capital	(*)Intermodal facilities at Bellingham, Mt Vernon, Everett, Seattle, Tacoma, Centralia, Kelso, Vancouver, Spokane, Wenatchee
WA	Planning	Pacific Northwest Rail corridor

(\*) These projects were recommended as case studies by state rail program managers.

**Compendium of Intercity Bus Carrier Projects as Reported by Private Carriers**

PROJECT DESCRIPTIONS	STATE
Operation of intercity bus service at \$0.58 per mile between Norfolk and Omaha, NE, with a return. Schedule runs M-F. Have an ongoing advertisement in the Norfolk Daily News and Norfolk Shopper.	NE
Act 10- Scranton to Elmira; Harrisburg- Reading; Harrisburg- Hagerstown; Harrisburg-Scranton. Act 26- Harrisburg-Lebanon	PA
Provided with motorcoaches for \$1.00 per year under the Private Carrier Bus Allocation Program. New Jersey Transit issued these vehicles as well as other maintenance equipment, such as lifts, trucks, etc.	NJ
Partial subsidy of two North Carolina intercity bus routes.	NC *
The Okanogan PTBA received a \$267,520 rural mobility grant from Wash. St. DOT to help fund and provide service from Onoville and Omak, WA, Winthrop and Omak, WA, and Omak and Wenatchee, WA. The service will begin March 6, 2000. Northwestern Stage has contracted with the Okanogan PTBA to provide the service between Omak and Wenatchee, WA.	WA *
Capital and marketing project to improve telephone information center to allow rural transit connections to be included in information disbursed by operators; marketing initiatives to promote rural transit connections.	MA
Operations and marketing project to start new service in rural area, restoring service to an area where route had been suspended about ten years earlier. Two year demonstration project failed to generate sufficient ridership to continue.	MA
Technology initiatives project to improve customer information service available and rural connections through telephone system, web site, and marketing (capital and marketing).	MA
Capital projects to acquire intercity coaches at attractive lease rates, improving service to rural areas.	MA

\* Indicates that project was also described by the state program manager

**Compendium of Rural Intercity Bus Projects as Reported by Greyhound Lines**

Project Title	Description
California- Accessibility Costs for 20 coaches	In order to achieve full fleet accessibility for California service over the next 13 years, Greyhound will need to make about 20 motorcoaches accessible each year. The incremental cost is about \$35,000 per vehicle. These coaches will be used in the Access Greyhound pool to provide accessible intercity bus service throughout California and the nation with 48-hour notice. Assistance will help Greyhound and the entire bus industry.
California- Operating Subsidy- Sacramento- Reno	Re-institution of service from Sacramento to Reno via Marysville and Oroville. Another operator attempted to run this service but was unable to do so profitably and was forced to end the service. The service area includes the communities of Marysville, Oroville, Pulga Bridge, Storrie, Tobin, Belden, Twain, Paxton, Keddie, Feather River Junior College, Quincy, Spring Garden, Sloat, Cromberg, Blairston, Portola, Beckwourth, Vinton, and Chilcoot. Greyhound will operate service into Reno at its own cost. It is about 235 miles from Sacramento to the Nevada state line. All of the communities served are under 15,000 in population. Connecting service to other points in CA and the nationwide network are available in Reno and Sacramento.
California- Operating Subsidy- Mammoth Lakes- Reno	Operating subsidy for a route between Mammoth Lakes and Reno. This route has insufficient ridership to even meet variable operating costs, but there is no other form of daily scheduled passenger transportation that serves Mammoth Lakes and Mono County
Colorado- Operating Subsidy- U.S. 40	Operating assistance for Greyhound service in the U.S. 40 Corridor between the UT/CO state line and Denver. Currently Greyhound offers two schedules daily in each direction. These schedules operate at a deficit. This project requested a subsidy of 50% of the operating deficit of these routes in order to maintain service. Without the subsidy, part or all of the service would be eliminated. The area is very rural in nature, with the communities served along the route having a total population of 18,500 (not including Denver). Because of poor ridership, Greyhound seasonally eliminated one of the schedules from Jan 6, 1999 to March 10, 1999. This action caused great concern from citizens, commissioned agents, employees, and some of the counties.
Colorado- Denver International Airport	There is currently a partnership in place between Denver International Airport, Greyhound and TMN&O that involves the airport providing counter space and curbside space for regularly scheduled intercity bus service at a minimum of cost for a trial period. The trial period, designed to give Greyhound and TMN&O time to develop the service, ends in the near future. The airport is committed to continuing the relationship, but it can no longer afford to offer the space at the current level. DIA officials are willing to provide the space at the lowest minimum bid level and to suspend the requirement that Greyhound and/or TMN&O must bid for the space. The estimated rate for 2000 is \$2,100 per month, or \$25,200, and the estimated 2001 rate is \$2,200 per month, or \$26,400. This project is requesting operating assistance in the form of rental/lease subsidy to allow Greyhound/TMN&O to maintain an in-terminal presence, with counterspace, at DIA. Without this subsidy, Greyhound's presence at DIA is likely to be eliminated.
Indiana- Operating Subsidy- Ft. Wayne- Hammond- Ind	This project is for the continuation of operating assistance for the newly reinstated service in north central Indiana between Indianapolis and the Indiana/Michigan state line, and between Fort Wayne and the Indiana/Illinois state line. The project service area has a population of about 528,000 living within a ten-mile radius of the stops. The corridors are rural and small urban, with town populations ranging from 557 to 44,962.
Indiana- Feasibility Study	This project is to fund a study to determine the feasibility of reinstating service between the IN/KY state line (from Louisville, KY) and Indianapolis. Greyhound operated a route along U.S. 150 and State Route 37 for a number of years, serving New Albany, Paoli, Bedford, Bloomington, Greenwood, and a number of other points. The route was discontinued because revenue failed to meet the variable costs of the operation. The study would determine the feasibility of reinstating service in this corridor.
Indiana- Feasibility Study- Chicago to Evansville	This project is to conduct a study to determine the feasibility of reinstating intercity bus service between Evansville and IN/IL state line via US 41. Greyhound once operated this route, but there has been no north/south service to the many communities along that route (including Terre Haute) for many years. There has been significant population growth in recent years, allowing for the possibility that service might now be more feasible. Last year Greyhound reinstated service between Evansville and Terre Haute. This study will determine the feasibility of reinstating the northern segment and better integrating the service with local and regional travel needs and interests.
Michigan- Operating Subsidies	In April 1999, the Michigan DOT awarded a contract to Greyhound for the operation of three routes in the upper peninsula area of Michigan. The previous service provider, Superior Transportation, was unable to continue serving the routes, leading MDOT to issue an RFB from private intercity carriers. Service began in May 1999. The routes are: a north/south service from Calumet, Michigan to Milwaukee, Wisconsin; an east/west service from St. Ignace, Michigan to Duluth, Minnesota; and a daytime route from Marquette, Michigan to Green Bay, Wisconsin. Ten buses are being used for this service, with one being lift-equipped. This project is subsidized with state funds exclusively, a departure from other projects in which 5311(f) money is used. Michigan will be subsidizing 100% of the operating deficit, rather than the typical 50%.

**Compendium of Rural Intercity Bus Projects as Reported by Greyhound Lines (continued)**

Project Title	Description
Michigan- Computers Application	The purpose of this project is to provide funding that will enable Greyhound Lines to equip rural and small urban ticket agencies with computerized ticketing systems to facilitate efficient and timely ticketing and information regarding ridership capacity. This project provides for the purchase of 35 computers at a cost of \$2,200 each, with TRIPS System software (from Greyhound). Five of the computers will be used by Greyhound and Indian Trails to allow joint ticketing on schedules of either provider from the given location. The local match for these five locations will be provided equally from Indian Trailways and Greyhound by way of training costs.
Michigan- Bus Capital Equipment Program (IBCEP)	Lease of motorcoaches from DOT to Greyhound to defray costs of intercity bus service.
Montana-Billings Terminal Renovation	This capital project enables GLI to make needed improvements to, and restore, the Billings terminal. This terminal is one of the original sites using the historic Art Deco design.
New York- Operating Subsidy	This operating subsidy is for service that currently operates between Watertown and Massena on Schedules 4154 and 4157.
Pennsylvania- Operating Subsidy	Operating assistance on Schedules 4624 and 4625 between Pittsburgh and Point Marion.
Pennsylvania- Operating Assistance	Operating assistance on Schedules 7955, 7956, 7958, and 7959 between Philadelphia and Scranton.
Pennsylvania- Operating Subsidy- Harrisburg-Pittsburgh	Operating subsidies on Schedules 4690, 4691, 4692, and 4693 (between Harrisburg and Pittsburgh via Johnstown).
Pennsylvania- Operating Subsidy	Operating subsidies on Schedules 4637, 4646, 7928, and 7929, between Pittsburgh and Erie.
Pennsylvania- Statewide Facility Study	This planning project is designed to assess the existing intercity bus facilities, identify the scope of statewide intercity bus facility needs, prioritize those needs in a practical manner, determine the potential for intermodal opportunities, and prepare a plan to guide the development of a statewide network of suitable intercity bus facilities.
Texas- Corpus Christi Intermodal Study	This project, funded by TxDOT and conducted by GLI, Valley Transit, and the Corpus Christi RTA will analyze potential intermodal sites in and around RTA's downtown service points that appear to be feasible for an intermodal facility location.
Texas- TBA Statewide Facility Study	This planning project is designed to assess the existing intercity bus facilities, identify the scope of statewide intercity bus facility needs, prioritize those needs in a practical manner, determine the potential for intermodal opportunities, and prepare a plan to guide the development of a statewide network of suitable intercity bus facilities.
Texas- Laredo Intermodal	This grant provided capital funding for the build out and acquisition of capital equipment for GLI's occupancy in the Laredo Intermodal transportation center.
Texas- Mobility Aid	Funds for the purchase of ScalaMobils for five terminals, including Austin, Dallas, Fort Worth, Houston, and San Antonio. This was a demonstration project to test the practicality of this equipment in day-to-day operations. GLI received a contract extension to use surplus contract funds to purchase equipment for Abilene, El Paso, and Laredo.
Texas- Waco Intermodal	This TxDOT capital grant was for the intercity bus portion of the Waco Intermodal Transportation Center.
Texas- ADA Upgrades	Funds allocated for ADA accessibility upgrades at terminals in Austin, Big Spring, Brownsville, Amarillo, Beaumont, Lufkin, and Marshall. These terminals are now fully ADA-compliant.
Texas- Dallas Terminal	Funds used for renovations and improvements to Dallas Terminal, including roof replacement, HVAC replacement, asbestos survey, and restroom renovation.
Texas- Houston Terminal	Funds used for renovations and improvements to Houston Terminal, including roof replacement, lobby ceiling replacement, HVAC replacement and lavatories.
Texas- Tyler Terminal	This capital grant provides for terminal upgrades for ICB occupants and suitable access for Tyler Transit to improve intermodal connections.
Texas- ADA Modifications for 20 Coaches	This capital grant enables Greyhound to equip 20 new motorcoaches with accessibility features including wheelchair lifts and restraints, folding/sliding seats, signage, and other features required by ADA.
Wisconsin- Operating Subsidy*	Operating subsidies for Schedules 5767 and 5768, Madison to La Crosse.
Wisconsin- Operating Subsidy*	Operating subsidies for Schedules 5849 and 5858, Madison to Fond du Lac.
Wisconsin- Operating Subsidy*	Operating subsidies for Schedules 5810 and 5813, Green Bay to Minocqua.

\* Indicates that this project was not described by the state program manager

## APPENDIX C

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Abbreviations used without definitions in TRB publications:

AASHO	American Association of State Highway Officials
AASHTO	American Association of State Highway and Transportation Officials
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
IEEE	Institute of Electrical and Electronics Engineers
ITE	Institute of Transportation Engineers
NCHRP	National Cooperative Highway Research Program
NCTRP	National Cooperative Transit Research and Development Program
NHTSA	National Highway Traffic Safety Administration
SAE	Society of Automotive Engineers
TCRP	Transit Cooperative Research Program
TRB	Transportation Research Board
U.S.DOT	United States Department of Transportation

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