N.C. Department of Transportation

Pricing Your Transit Services

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Federal Investigators Pay Visit to Ottumwa Transit Authority

In August of 2011, Mass Transit printed this article. Federal investigators were there because the State Audit found misrepresentation of the following facts:

- Inflation of Ridership
- Altered Time Cards
- Failure to Follow Record Retention Standards

Results (as reported in this article)

- People were fired
- Case turned over to Iowa Attorney General
- Temporarily lost contracts for State and Federal Funding
  - Restored with reduced levels

Other Data Stories

Vehicle Utilization Data
• A Point In Time
  • Able to be reviewed by you as well as used performance plans (technology plans AND CTSPs)
• Should be able to average the two weeks, multiple by 51 and be close to annual ridership

Billing Rules and Service Delivery Models
• “Just Drive A Few More Miles”
• Shared Miles and Hours – based on a revenue model NOT an efficiency model
• Temporarily lost contracts for State and Federal Funding
  • Funding restored with reduced levels
Differences in Costs

What Other Data Do We Have?

• Opstats
  • Peer Groups based on our opportunities to succeed
  • Cost Per Service Mile – varies greatly
    • Randomly selected systems – ranged from $1.14 to $1.97
    • Operating costs allowed as admin costs in your grants
    • WHERE IS THE GAP? In Kind Contributions

What Do We Need to Start Identifying?

• Ways to set up our budgets to make reporting easier
• In Kind Contributions – use as match
• Passenger mile data by agency (periodically)
• Monthly completion of OpStat form
Can’t Manage It If You Can’t Measure It

1. Data

2. Information

3. Knowledge
Fully Allocated Cost Model

New Look
• Completed 15 months ago
• Needs to not have calculations hidden
• Needs to have multi variable output

Opportunities
• Explain your costs
• Bid on new services
• Identify costly trips
Kai Monast
NCSU Institute for Transportation Research and Education
Ben Garrison
Iredell County Transportation
Why use a Fully Allocated Cost?

Iredell County Area Transportation System was created in 2003 as a department of Iredell County Government.

System created as an Enterprise Fund with separate Fund Balance. No local funding supports the transit service. Pay indirect cost for Finance Department, HR, and other support services. Goal in creating ICATS was to establish a self-sustaining department.

I was once told that “you can have the greatest program in the world, but if you can’t pay for it, then you will not go very far”.
Budget

County uses an accounting system called MUNIS
Three Budgets for ICATS:

- Administrative
- Operations
- Revenue

The sum of all expenditures must equal the sum of all revenue.

The Administrative Budget parallels the NCDOT/CTP Admin Budget
The Fully Allocated Rate Setting Model is used during budget preparations to help insure that we are drawing down the proper fully allocated cost rate.

If questioned about our rate, it helps defend our charges Just Good Business to help insure that we are running an efficient and cost-effective service.

By monitoring our expenditures and revenues we can project and modify our budget as needed.
What about 5310 and 5316 grants

FTA allows systems to draw down fully allocated costs for service
- Need to show fully allocated cost
- Report/ Invoice under G313: Transportation Clients
- Create separate Billing Rules for the service
- Total Costs minus Fare Revenue = Net cost
- 50% Net invoiced FTA Grant and 50% local match
- Local match can be ROAP or other contract revenue.

*It all starts with having a Fully Allocated Cost Rate.*
When?

Fully Allocated Rate Setting Model is used during budget preparations for the new fiscal year.

When sending out new contracts, the rate is sent to contracting agencies.

The rate is sent with new 5310 or 5316 projects.
Why use a Rate?

Iredell uses a shared service mile rate to insure that we are capturing all of our costs. The rate, unlike Revenue Miles includes “deadhead” miles.

Often contracting agencies ask us to provide trips that are certainly not efficient in design. Our rate insures that they are paying for their inefficient trips requests.

Easier to project if the same rate is applied to all service. With all being equal there is no room for argument.

Shared Service Hour rate is used for our deviated Fixed Route. Time is critical as opposed to mileage.
George Hodges
Davidson County Transportation
Davidson County

• Use of Contractors
  • Fully Allocated Costs
  • Trip Cost compared to Contractor Cost
• Conversion to Zone-Based Billing
• Use of Grant Opportunities
  • Leveraging ROAP funds
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<tr>
<th>Billing Type Comparison</th>
<th>Passenger Miles</th>
<th>Service Mile/ Hour</th>
<th>Revenue Mile/ Hour</th>
<th>Trip Rate</th>
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Questions?