Business Plan for West River Transit Authority Inc. d/b/a Prairie Hills Transit

Spearfish, South Dakota

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Disclaimer

The contents of this report reflect the work of the authors, who are responsible for the facts and the accuracy of the information presented.

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1. INTRODUCTION

1.1 Brief History of Prairie Hills Transit

Prairie Hills Transit (PHT) is the business name of West River Transit Authority Inc. PHT is a non-profit corporation and the primary public transportation service provider for five counties in southwestern South Dakota. PHT provides dial-a-ride services in 12 of the region's communities and from those communities to Rapid City, the regional center for medical services and shopping. It also provides daily fixed-route and commuter services in select areas.

PHT began providing nutrition-related service in the city of Spearfish in 1989. That service subsequently took on a broader public focus and new services were initiated in several other communities within the region. Other area transit services later came under the PHT umbrella when those operators asked PHT to take over their operations. PHT incorporated as West River Transit Authority in 1997. It is governed by a 13-member board of directors comprised of representatives from each of the counties served by Prairie Hills and various client organizations and demographic groups.

As will be described in subsequent chapters, PHT's services are tailored to each of the communities that it serves. In some areas, its services are designed to meet the needs of senior and disabled residents. In other cities, services are also responsive to the needs of commuters and school children. Hours and days of service also vary depending on local needs. In all instances, services are provided both within the community and to regional centers for medical appointments, shopping, etc. During fiscal year 2008, PHT provided nearly 112,600 one-way rides within its service area. PHT continues to look at growth options related to the scope of operations in communities that are already being served and relative to other communities within the region.

Figure 1.1 presents a map showing the five-county service area covered by PHT. This map also shows the location of Rapid City, the region's largest city and its primary service center. Rapid City is located in Pennington County. Except for commuter routes, PHT does not provide services which originate in Pennington County. Many of its services are, however, provided to individuals from outlying counties who are traveling to or from Rapid City. More information on PHT's service area and existing services is presented in Chapters 3 and 4.

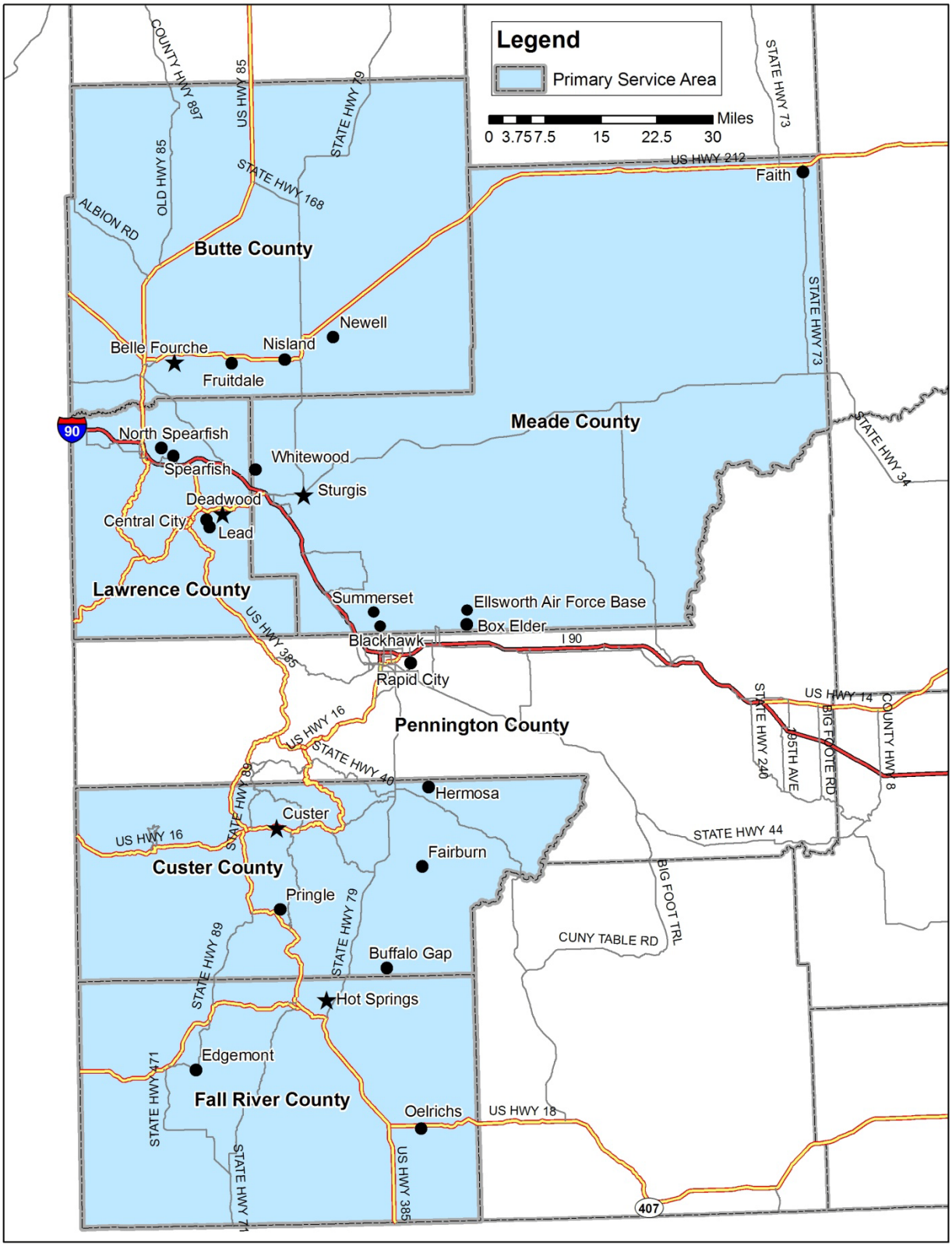

Figure 1.1 Regional Map and Counties Served

Figure 1.2 depicted PHT's historic system growth in terms of both passenger trips and vehicle miles traveled. As this graph indicates, PHT experienced a growth in ridership from fiscal year 2004 through 2007; usage declined slightly from 2007 to 2009. Vehicle miles traveled increased slightly from 2004 to 2006 and then increased significantly in 2007 and 2008. PHT currently operates a fleet of 35 vehicles.

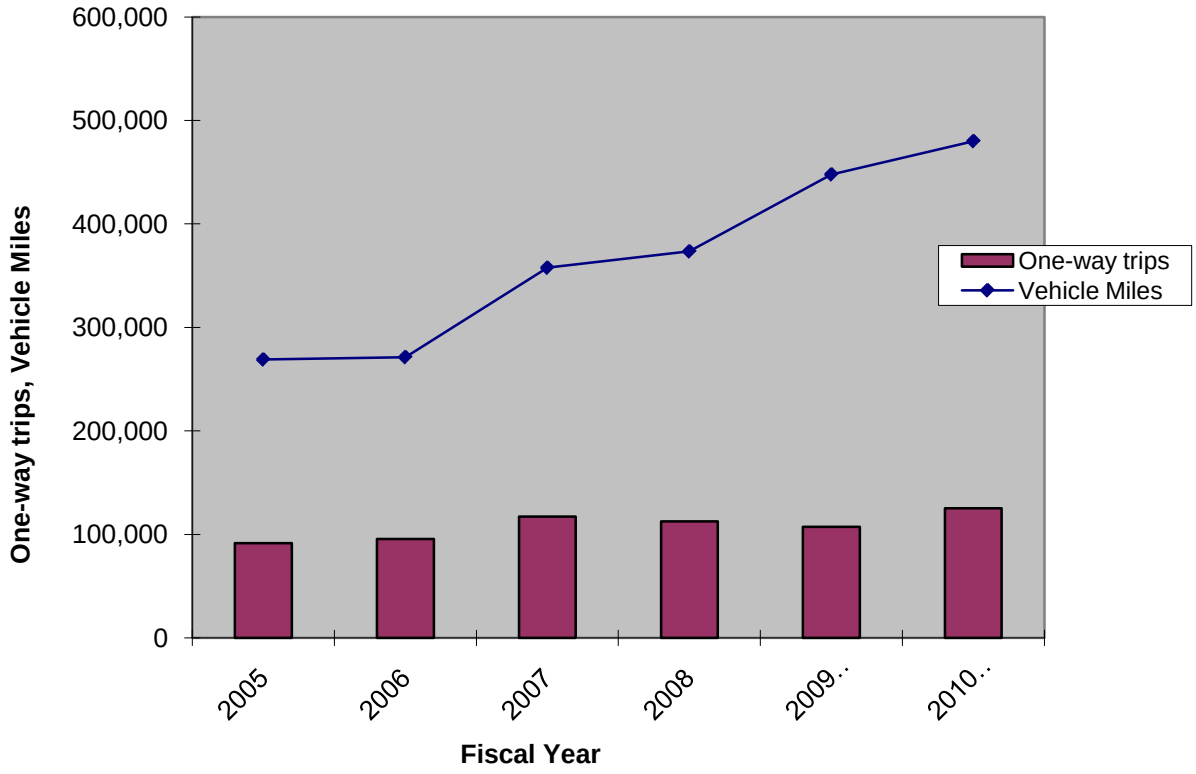

Figure 1.2 Operating Trends

PHT celebrated its 20th anniversary October 1, 2009. Table 1.1 identifies some of the milestones events that occurred during PHT's first 20 years in operation. As this list indicates, many of the milestones were celebratory and involved service expansions and even a national recognition award. The recent separation with Evergreen Management Company represents a major challenge and, as will be discussed in Chapter 4, precipitated the need for major staffing changes that would normally be undertaken much earlier in a transit system's life. Clearing that hurdle and the construction of a new administrative, maintenance, and storage facility in Spearfish will be highlights in the near future.

Table 1.1 Milestones

Date	Milestone
1989	Spearfish Senior Transportation began service
1994	Newell and Belle Fourche added
1996	Service expanded to Lead, Deadwood, Central City and Sturgis
1997	West River Transit Authority, Inc. (WRTA/PHT), a nonprofit corporation, was organized to provide rural public transportation.
2001	New (used) bus facility in Spearfish
2002	Evergreen Management Co. organized and provided management services to West River Transit Authority under contract.
2004	Assumed management of Custer service from the Custer Area Transportation group. Constructed three-stall bus facility in Sturgis and two-stall bus facility in Belle Fourche.
2005	Service expanded into Hot Springs and constructed a three-stall bus facility in Custer.
May 2006	Service added to Edgemont area
2007	Barbara Cline named Community Transportation Association of America Community Transportation Manager of the Year Received funding for new administrative, maintenance and storage facility in Spearfish
2009	Evergreen Management Co. terminated management services agreement with PHT; 50′ x 70′ concrete parking lot paved at Sturgis facility using ARRA federal stimulus funds.

Since virtually all public transportation services in the United States cost more to operate that the revenue generated from riders, transit systems almost always require federal, state, and local funds to supplement operating revenue and to acquire capital equipment and facilities. Fortunately, federal funding has increased in recent years and has made it possible for services such as PHT to expand their services and to cover associated costs. Table 1.2 summarizes key operating and financial data for the past five years and indicates the growth in revenue, expense, and federal, state, and local support for PHT's operating budget.

Table 1.2 Operating and Financial Trends

	2005	2006	2007	2008	2009 (Projected)	2010 (Budget)
One-Way Passenger Trips	91,565	95,543	117,234	112,599	107,323	125,250
Total Vehicle Miles	269,030	271,308	357,683	373,469	447,865	480,000
Total Vehicles	24	24	26	31	35	35
Operating Revenue	$32,558.44	$40,348.63	$55,865.09	$62,452.36	$58,650	$60,000
Operating Expense	$586,516.05	$704,543.06	$895,134.52	$981,945.99	$1,068,496	$1,342,510
Federal 5311 Funds	$216,576.79	$292,940.09	$336,114.09	$451,969.79	$486,948	$709,222
Title III Funds	$60,948.41	$70,972.00	$70,972.00	$72,745.98	$74,201	$74,201
State Funds	$31,555.00	$76,696.00	$70,283.00	$65,281.00	$70,301	$50,416
Local Effort	$277,435.85	$263,934.97	$417,765.43	$531,627.64	$218,346	$366,444

1.2 Nature and Purpose of Business Plan

In mid-2008, the South Dakota Department of Transportation (SDDOT) contracted with the Small Urban and Rural Transit Center (SURTC) at North Dakota State University to deliver a hands-on workshop to assist interested transit agencies in preparing business plans for their organizations. PHT was one of four agencies that responded to this invitation.

Following an intensive two-day workshop in August 2008 where managers and staff of the participating systems worked on their plans, SDDOT asked SURTC to assist each of the systems in completing its plan. This outside assistance was intended to provide an objective review of each existing organization and its operations and to formulate a detailed business plan to guide system operations during the next three to five years.

This plan is designed to help PHT assess its strengths and weaknesses and to identify opportunities for service enhancements and increased efficiency. Further, the plan will forecast future capital and operating fund needs and help PHT communicate its plans and vision to local stakeholders and to funding agencies that may be a source of needed funds.

This chapter provides a brief overview of the history of PHT and a summary of operating and financial trends. The next chapter describes and evaluates PHT's organizational structure and governance and presents PHT's stated mission, vision, and goals. Chapter 2 also presents a select set of transit industry performance measures that PHT can use to evaluate future options. Chapter 3 provides demographic data on the area served by PHT and inventories the area's other means of transportation. Chapter 4 provides a detailed discussion and evaluation of PHT's current operations. The information presented in this chapter provides much of the justification for the recommended plan presented in this document.

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

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

As will be discussed in Chapter 2, PHT is currently undergoing a drastic administrative restructuring. This restructuring was necessitated by an unanticipated announcement by its management company that it would be discontinuing its services to PHT with 90 days notice. While this change may result in long-term opportunities for PHT, it created a very tumultuous situation during the summer and fall of 2009. This plan will hopefully provide PHT with guidance that will facilitate a more sound management structure and increased efficiencies and overall effectiveness relative to the mobility services that it provides to residents of the region.

2. ORGANIZATION AND GOVERNANCE

2.1 Purpose and Mission

According to its 1997 Articles of Incorporation, West River Transit Authority, Inc. (d/b/a Prairie Hills Transit) is organized to identify needs and coordinate the public transportation activities and operations in western South Dakota. Its bylaws elaborate on this mission and vision by specifying that the organization will:

- Coordinate the activities and operations of participating projects, including:
  - Reviewing related transportation operations,
  - Sharing operating techniques and recommending procedures for improved service,
  - Establishing guidelines of area-wide transportation operations, and
  - Engaging in promotional activities and funding programs.
- Coordinate with federal, state, and local agencies to provide information and data for the purpose of determining public transportation programs and needs of western South Dakota, and
- Gain information, experience, and proficiency in the planning and operation of a public transportation service, which could be applied in other areas of the state.

In 2003, PHT's board of directors adopted corresponding vision and mission statements. The vision statement provides that, "West River Transit Authority, Inc. (WRTA) will provide unified direction for the changing transportation needs within its focus." PHT's mission statement, as revised in 2009, states that "West River Transit Authority, Inc., dba Prairie Hills Transit, a non-profit organization, will promote, support, and deliver safe and efficient public and specialized transportation for patrons in its service area."

Prior to its incorporation in 1997, PHT operated public transportation services under management provided by North Central Health Services, Inc. These services were initiated in Spearfish in 1989 and were an outgrowth of the local nutrition program. Services subsequently expanded via new starts in Belle Fourche, Deadwood, Central City, Lead, Newell, Nisland, and Whitewood. Further expansion came when Prairie Hills took over existing transit operations in Sturgis and the Southern Hills communities of Custer, Edgemont, and Hot Springs.

Additional service expansions are currently being contemplated to the communities of Black Hawk, Piedmont, and Summerset. All three of these communities are located along Interstate I-90 in Meade County between Sturgis and Rapid City. It is envisioned that these new starts would be traditional services which are comparable to those provided in other communities. In addition to these new starts, PHT also operates commuter services from Rapid City to Spearfish and from Belle Fourche to Spearfish. Additional commuter services are also being considered from communities in western South Dakota to energy industry job sites in eastern Wyoming.

PHT's services have expanded beyond the pronouncements of its Articles of Incorporation and Bylaws and subsequently adopted mission and vision statements. Prairie Hills has expanded its operations to be the primary public transportation service provider in much of southwestern South Dakota. Based on the financial support received from four of the five involved counties

and several area communities, PHT strives to be responsive to requests for service from all area residents.

As Chapter 3 will illustrate, there is a wide variation in community characteristics within the five county area. PHT services are tailored to meet the needs of each community. While services in several communities involve primarily transporting local senior and disabled residents to local destinations or to medical appointments in other communities, services in larger communities include comparable services on a more frequent basis and other services to meet the needs of commuters and school-aged residents.

2.2 Board of Directors

As is the case for most non-profit corporations, overall responsibility for PHT's activities is vested with a board of directors. PHT has a 13-member board of directors. The board meets monthly and is comprised of representatives from each of the counties served by PHT and various client organizations and demographic groups. Nonparticipation by board members (i.e. three consecutive unexcused absences) is grounds for removal from the board.

In addition to providing for geographical diversity across PHT's service territory, the board of directors encompasses a broad array of professional backgrounds and individuals who are well positioned within their communities. Some of the professions represented on the board include attorney, mechanic, finance officer, bank president, legislator, mayor, gaming executive, and disability services professional. The board also includes a system user/rider. Five of the communities served by PHT also have local advisory boards that meet monthly to discuss local services, funding, complaints, etc. Prairie Hills attempts to have a representative at each of these local meetings.

Members of PHT's board of directors hold prominent positions within their communities and the board is highly engaged in the operations of the system. These attributes serve PHT well as it plans for the future.

2.3 Organization and Management Structure

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

As indicated earlier, local transit services were initiated in Spearfish by North Central Health Services, Inc., a local not-for-profit organization. These initial transit service offerings were an outgrowth of the local senior nutrition program. Through a series of acquisitions and mergers, PHT management services were eventually taken over by Evergreen Management Services, Inc.

Barbara Cline serves as the system's executive director. She was an integral part of the service when it began operations in 1989 and is the only executive director that Prairie Hills has ever had. She is actively involved in numerous state and national transit projects and both she and Prairie Hills are nationally recognized for excellence within the transit community. Cline was named the 2007 transit manager of the year by the national Community Transit Association of America.

In 2002 PHT's service area expanded to encompass much of southwestern South Dakota and Evergreen Management continued to play a major role in its operation. Via a contractual arrangement, Evergreen provided PHT with accounting, payroll, human resource, and computer-related services. All of PHT's employees were technically employed by Evergreen.

In May of 2009, Evergreen Management informed PHT that it was terminating its relationship with PHT. Evergreen was, in effect, choosing to disassociate itself with the provision of transit services and would be focusing s on nutrition services and housing for elderly, low income, and disabled individuals. The announced effective date of the termination was August 30, 2009.

This sudden and unexpected announcement created a severe hardship for PHT because the change would leave the service without any accounting or payroll systems, human resource mechanisms, or computer functions. Immediate actions were obviously necessary.

PHT was eventually able to convince Evergreen Management that a termination date of September 30, 2009, was more appropriate because it would coincide with the end of PHT's fiscal year. This change also gave PHT an additional 30 days to make corresponding adjustments.

During the summer of 2009, PHT moved swiftly to hire a bookkeeper and a human resource manager. PHT also contracted with a local contractor to manage its computer network, dispatch software and associated hardware, and related services. While the skeletal structure has been put in place to manage PHT, numerous adjustments will be forthcoming to transition away from Evergreen to a free-standing management system.

PHT's current organizational structure is typical of a system that has grown over the years. It also underwent some significant changes in mid-2009 given the sudden changes related to Evergreen Management discussed above. Figure 2.1 illustrates PHT's current organizational structure; it is very flat with numerous functional areas reporting directly to the executive director. This structure allows the director to keep close tabs on all system functions but it can also restrict decision-making processes and inhibit the career development of personnel within the organization.

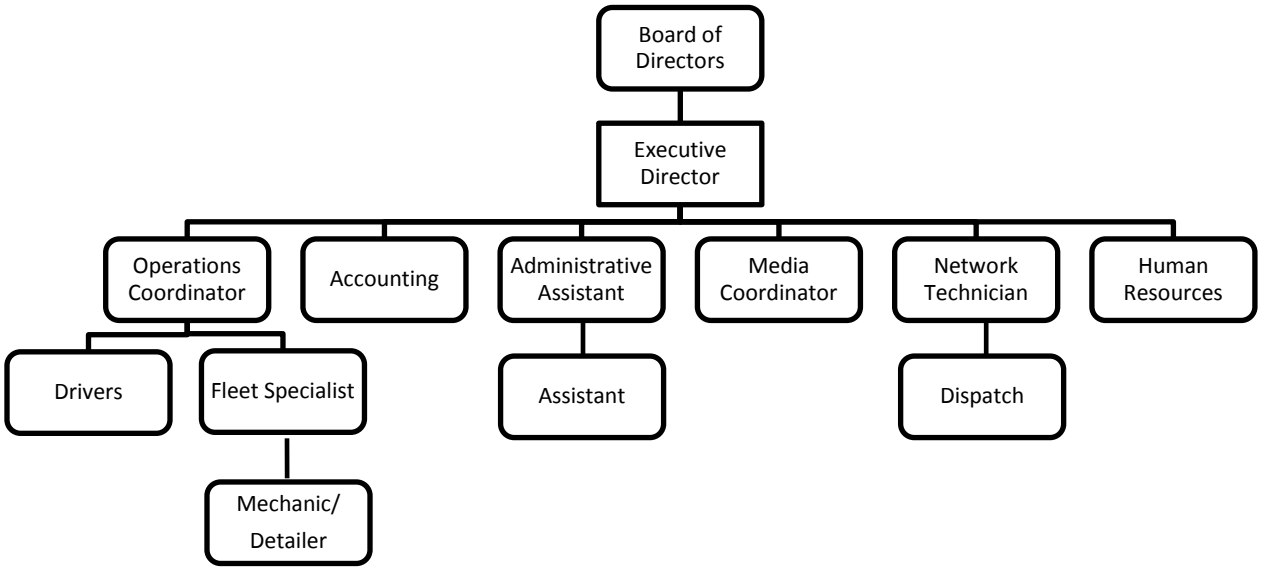

Figure 2.1 Current Organizational Chart

Possible changes to PHT's organizational structure will be discussed in Chapter 6.

3. SERVICE AREA DEMOGRAPHICS AND EXISTING PUBLIC TRANSPORTATION SERVICES

3.1 Demographics

PHT provides public transportation in a five-county area in southwestern South Dakota. Services are, however, provided primarily to 12 cities located in these counties. Related services are provided both within these communities and from these communities to other service hubs within the region. Requests for service from residents in other parts of participating counties are handled on a case-by-case basis. A fuller description of the services provided by PHT in each community is presented in Chapter 4.

According to the 2000 Census, the population of PHT's five-county service area was 69,877. Estimates in2008 show a 3.1% increase to 72,062. As indicated in Table 3.1, the largest population increases were in Custer, Lawrence, and Butte Counties (8.7%, 7.9%, and 5.5% respectively). Meade County experienced a population decline of 1.1% and Fall River County showed a decline of 4.1%.

Figure 3.1 on the following page shows PHT's service area and corresponding year 2000 population data. This figure includes Pennington County even though it is not one of the counties served by PHT. This county is included because Pennington's largest city, Rapid City, is one of the primary destinations for many PHT patrons.

The five-county area is geographically large and sparsely populated. Related land area and population statistics are presented in Table 3.1. As this table indicates, population densities are in the single digits for all but Lawrence County. South Dakota, as a whole, has a population density of 10.6 per square mile. Even though the state has a relatively low population density, it is still considerably higher than most of Prairie Hills' service area. Low population densities make the provision of transit services especially challenging.

Table 3.1 Population Trends and Densities

	2000 Population	2008 Population	Population Change	Square Miles of Land	Population / Square Mile
Butte County	9,094	9,593	+5.5%	2,249	4.3
Custer County	7,275	7,811	+8.7%	1,558	5.0
Fall River County	7,453	7,145	-4.1%	1,740	4.1
Lawrence County	21,802	23,524	+7.9%	800	29.4
Meade County	24,253	23,989	-1.1%	3,471	6.9

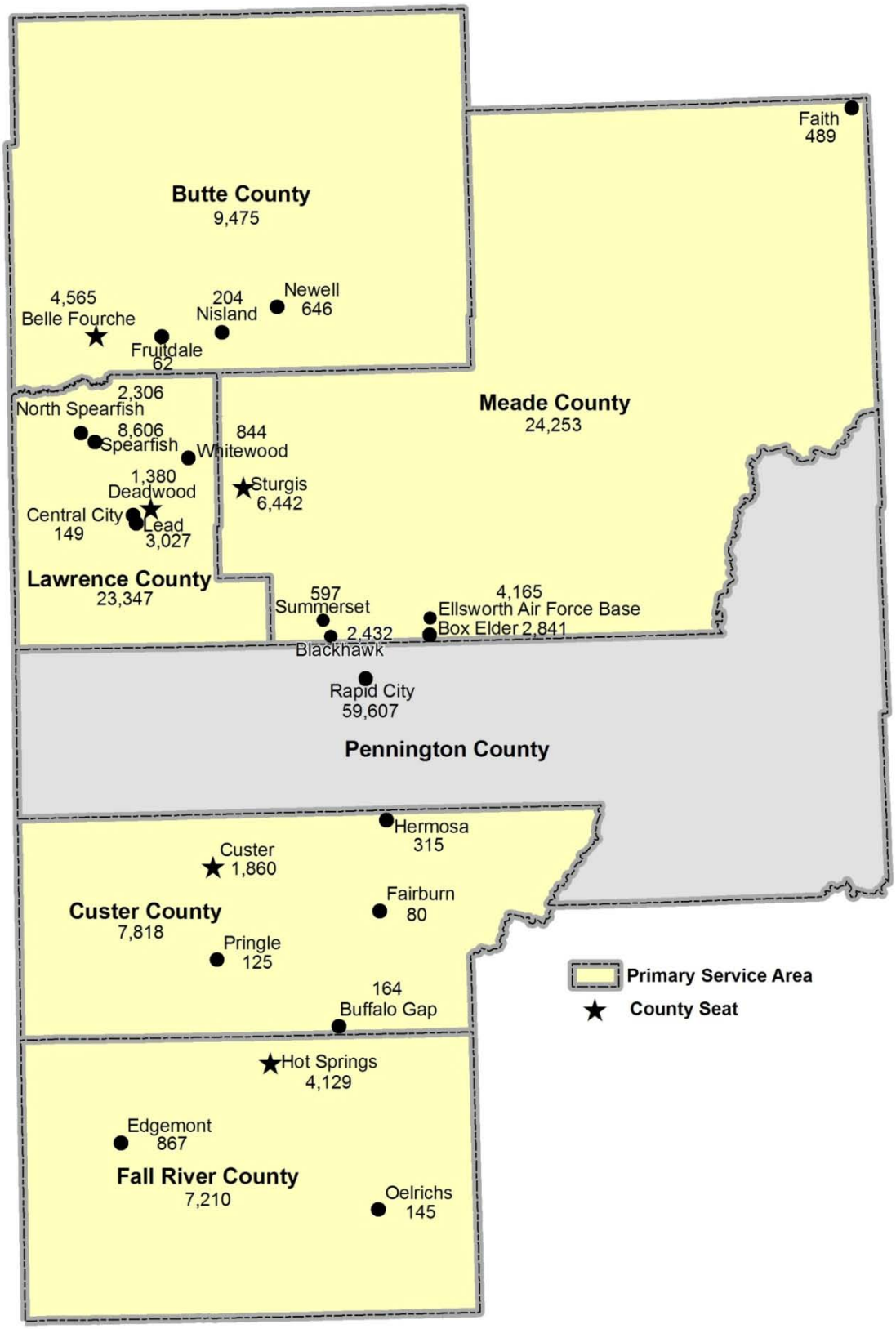

Figure 3.1 Service Area

Figures 3.2 – 3.6 show the locations and populations of the cities in each of the counties served by PHT. The cities served on a regular basis by PHT are shown in italics. As these maps illustrate, PHT serves most of the larger cities in the region. The major exceptions are Summerset, Box Elder, and Ellsworth Air Force Base, all of which are located in Meade County near Rapid City. The other largest exceptions are Faith in far northeast Meade County (117 miles northeast of Spearfish - population 489) and Hermosa in eastern Custer County (19 miles south of Rapid City - population 315).

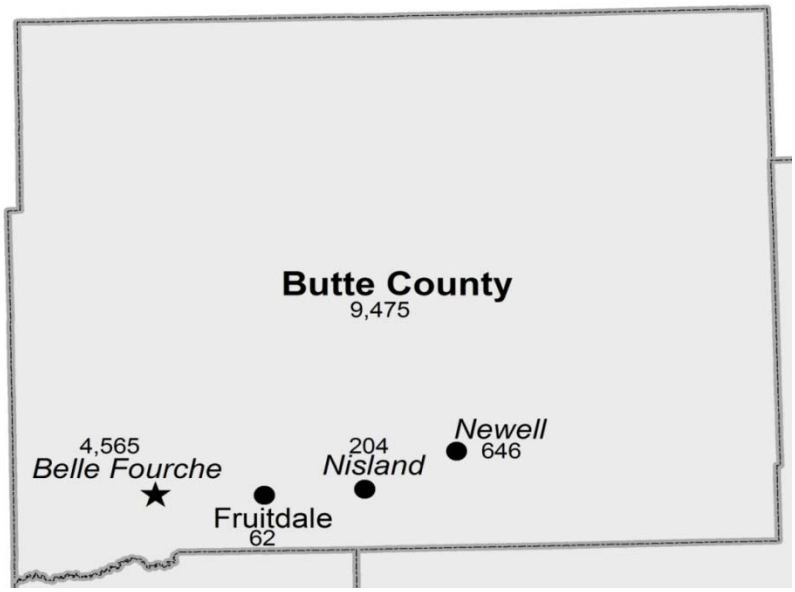

Figure 3.2 Butte County Cities and Populations

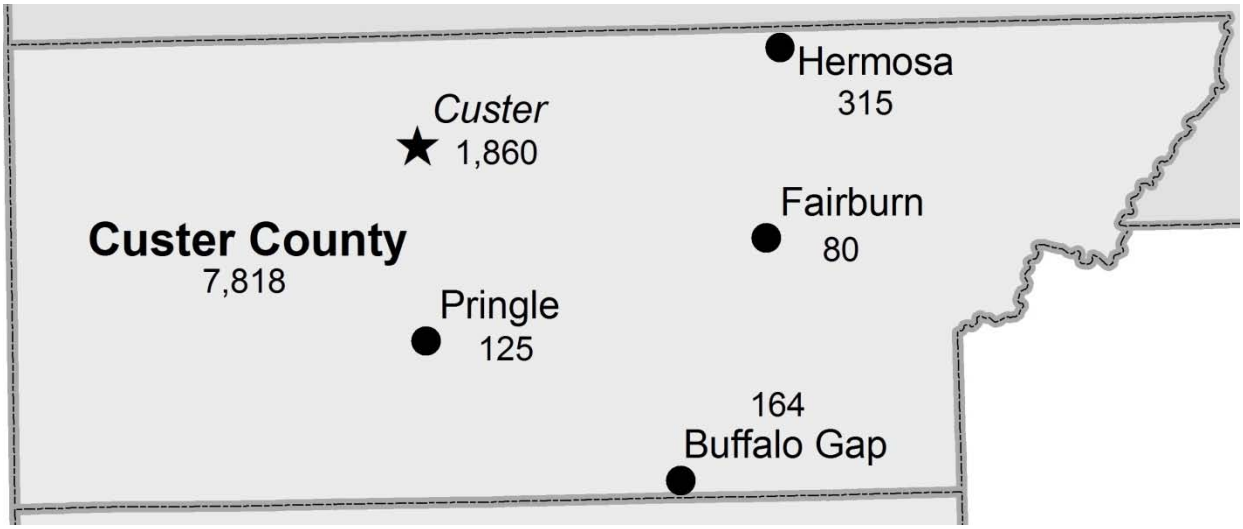

Figure 3.3 Custer County Cities and Populations

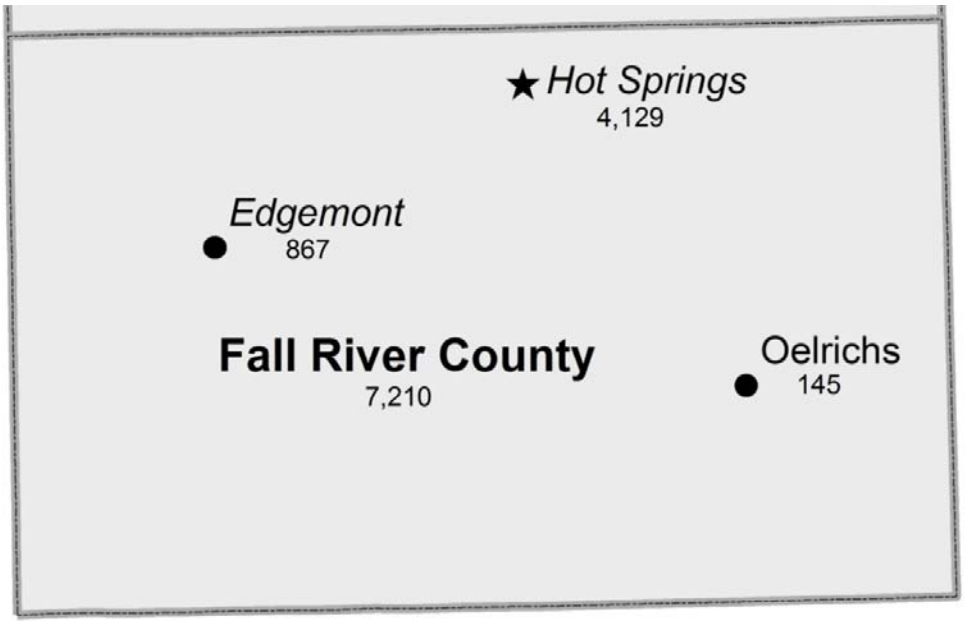

Figure 3.4 Fall River County Cities and Populations

Figure 3.5 Lawrence County Cities and Populations

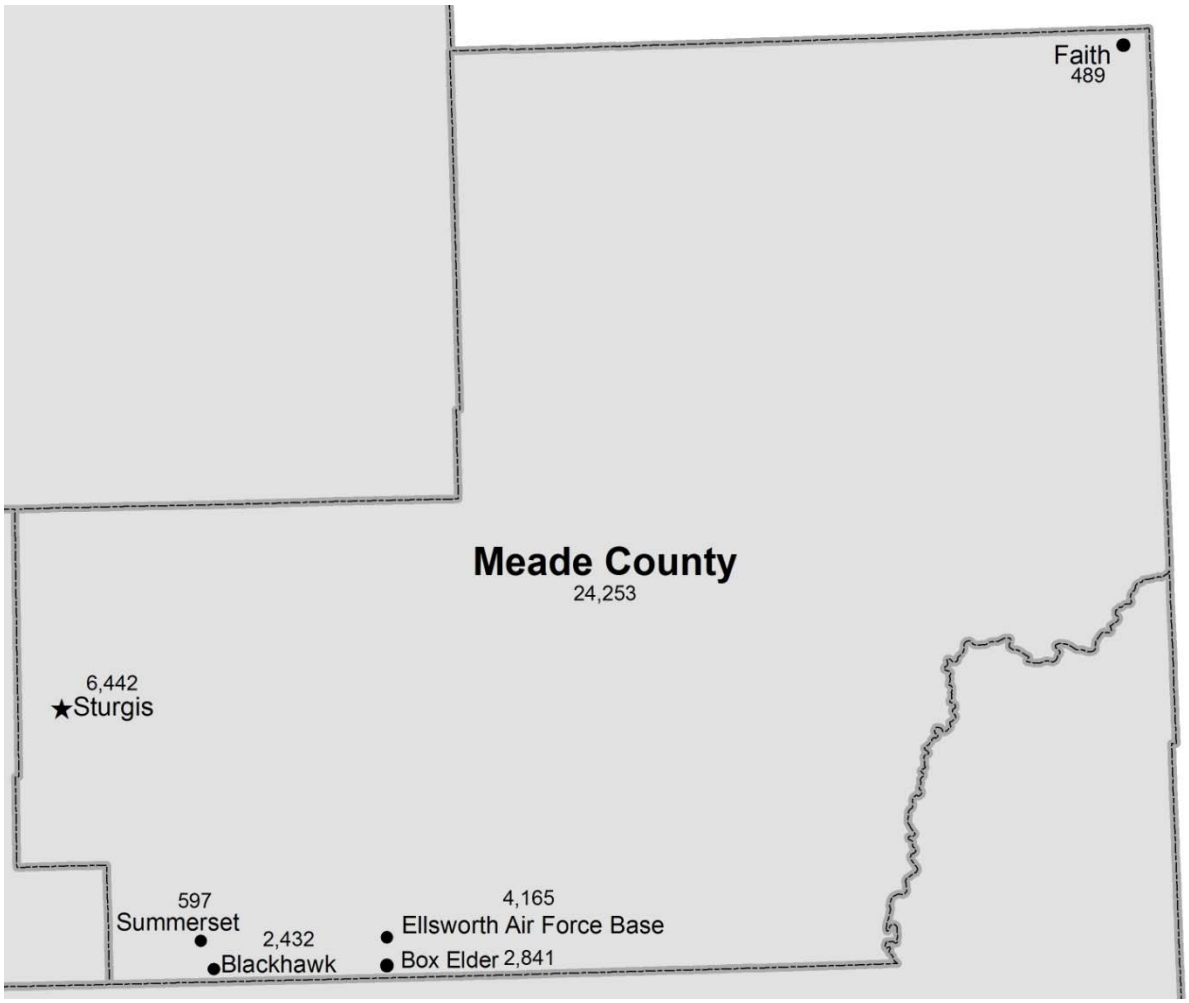

Figure 3.6 Meade County Cities and Populations

Nationally, transit clientele typically includes minorities, disabled, senior citizens, and low-income individuals. Table 3.2 presents related census data for each of these segments of the population for each of the counties in PHT's service area. This table also includes a comparison with national and South Dakota statistics. Table 3.3 presents corresponding data for each of the communities served by PHT. As will be discussed in Chapter 4, youth also account for a significant percentage of PHT's overall ridership.

A comparison of the county statistics in Table 3.2 with comparable national and state figures indicates that counties in the area have significantly lower minority populations while their senior populations are slightly higher than national and state averages. County disabled populations are comparable to state and national figures, except for Fall River County. This deviation coincides with the location of a Veterans Administration Hospital in that county. The number of low income individuals in the area is slightly lower than state and national averages while the number of individuals in households without automobiles is much lower than is the case nationally. This deviation is typical of rural areas, where alternative forms of transportation are limited and vehicle ownership is more of a necessity.

Table 3.2 County Populations of Transportation Disadvantaged Individuals

	Total Population	Minorities	Age 65+	Disabled 16-64 (Go Outside Home)	Individuals Living in Poverty Age 16-64	Individuals Living in No-Vehicle Households
Butte	9,094	407 / 4.5%	1,378 / 15.2%	159 / 1.7%	602 / 6.6%	240 / 2.6%
Custer	7,275	424 5.8%	1,167 / 16.0%	135 / 1.9%	422 / 5.8%	341 / 4.7%
Fall River	7,453	707 / 9.5%	1,674 / 22.5%	253 / 3.4%	556 / 7.5%	589 / 7.9%
Lawrence	21,802	918 / 4.2%	3,192 / 14.6%	412 / 1.9%	2,074 / 9.5%	1,039 / 4.8%
Meade	24,253	1,782 / 7.4%	2,530 / 10.4%	492 / 2.0%	1,305 / 5.4%	976 / 4.0%
South Dakota	754,844	11.3%	14.3%	2.4%	7.5%	6.1%
National	281.42M	24.9%	12.4%	4.1%	7.3%	10.3%

Table 3.3 City Populations of Transportation Disadvantaged Individuals

	Total Population	Minorities	Age 65+	Disabled Age 16-64 (Go Outside Home)	Individuals Living in Poverty Age 16-64	Individuals Living in No-Vehicle Households
Belle Fourche	4,565	227 / 1.0%	789 / 17.3%	84 / 1.8%	539 / 12.6%	190 / 4.2%
Central City	149	1./ 0.7%	6 / 4.0%	4 / 2.7%	16 / 10.7%	0 / 0.0%
Custer	1,860	75 / 4.0%	364 / 19.6%	16 / 0.9%	205 / 11.3%	178 / 9.6%
Deadwood	1,380	57 / 4.1%	232 / 16.8%	23 / 1.7%	141 / 10.8%	125 / 9.0%
Edgemont	867	59 / 6.8%	213 / 24.6%	30 / 3.5%	156 18.6%	49 / 5.6%
Hot Springs	4,129	493 / 11.9%	1,058 / 25.6%	131 / 3.2%	551 / 14.8%	456 / 11.0%
Lead	3,027	129 / 4.3%	393 / 13.0%	38 / 1.3%	384 / 12.9%	233 / 7.7%
Newell	646	17 / 2.6%	121 / 18.7%	5 / 0.8%	85 / 13.7%	12 / 1.9%
Nisland	204	35 / 17.2%	38 / 18.6%	3 / 1.5%	46 / 26.9%	18 / 8.8%
Spearfish	8,606	402 / 4.7%	1,557 / 18.1%	146 / 1.7%	1,362 / 17.4%	529 / 6.1%
Sturgis	6,442	335 / 5.2%	1,313 / 20.4%	192 / 3.0%	756 / 12.0%	460 / 7.1%
Whitewood	844	37 / 4.4%	47 / 5.6%	40 / 4.7%	83 / 9.8%	35 / 4.1%

Note that there is some obvious overlap and possible double or triple counting related to data presented in Tables 3.2 and 3.3. For example, a minority individual may also be low-income and disabled. The data presented in these tables was compiled to minimize such occurrences but they cannot be totally eliminated. Despite these overstatements, these tables do give some indication of the size of the mobility disadvantaged populations in Prairie Hills' service area.

3.2 Existing Transportation Services

As indicated earlier, PHT operates in five counties in far southwestern South Dakota. The area is traversed by Interstate I-90 and numerous U.S. highways including14, 16, 18, 85, 212, and 385. The area is also served by a wide range of state, county, and local roadways. The primary means of personal mobility in the area include:

- Automobiles
- Transit services
- Taxi services
- Intercity bus
- School buses
- Commercial air service

Each of these forms of personal mobility will be discussed in the following subsections.

3.2.1 Automobiles

Personal automobiles are used to satisfy most of the personal mobility needs of area residents. Based on the estimates presented in Table 3.2, more that5 95% of the residents in the counties served by Prairie Hills Transit live in households that have a personal automobile. This number is slightly higher than the statewide average (94%) and considerably higher than the national average (90%). This finding is typical of rural areas where relatively few transportation options are available.

According to the U.S. Department of Transportation's 2001 National Household Transportation Survey, Americans average about four trips per day and 87% of all trips are made via personal vehicle. As would be expected, persons without a driver's license tend to make the fewest trips per day – 2.6. Based on this trips-per-day average, the region's 3,185 residents without direct access to automobiles need to make nearly 8,300 trips per day, trips that must be made by some means other than an automobile operated by a member of the individual's household.

3.2.2 Transit Services

Other than Prairie Hills Transit, the only public transit services in the region are the paratransit and fixed-route services in Rapid City and a paratransit service operated in eastern Pennington County. Within PHT's five county service area, there are also client-specific services for disabled individuals in Sturgis (Black Hills Special Services) and Spearfish (Northern Hills Training Center). PHT's services will be discussed in Chapter 4.

3.2.3 Taxi Services

Within PHT's five county region, traditional taxi services are available in Deadwood, Lead, Spearfish, and Sturgis. At one time, PHT contracted with the taxi service in Deadwood and Lead to provide after-hours service (5 p.m. to midnight) during peak summer and winter tourist seasons. The level of service being provided was, however, deemed unacceptable and the contract was discontinued.

3.2.4 Intercity Bus

The region's only intercity bus service is operated by Jefferson Lines. Service is provided along Interstate Highway I-90 between Sioux Falls, South Dakota, and Billings, Montana, with subsequent connections to more distant destinations. Area boarding locations include Rapid City, Sturgis, and Spearfish. Service to and from Bismarck, ND, is also available via an interline connection at Murdo, SD. Jefferson Lines' South Dakota route map is presented in Figure 3.7.

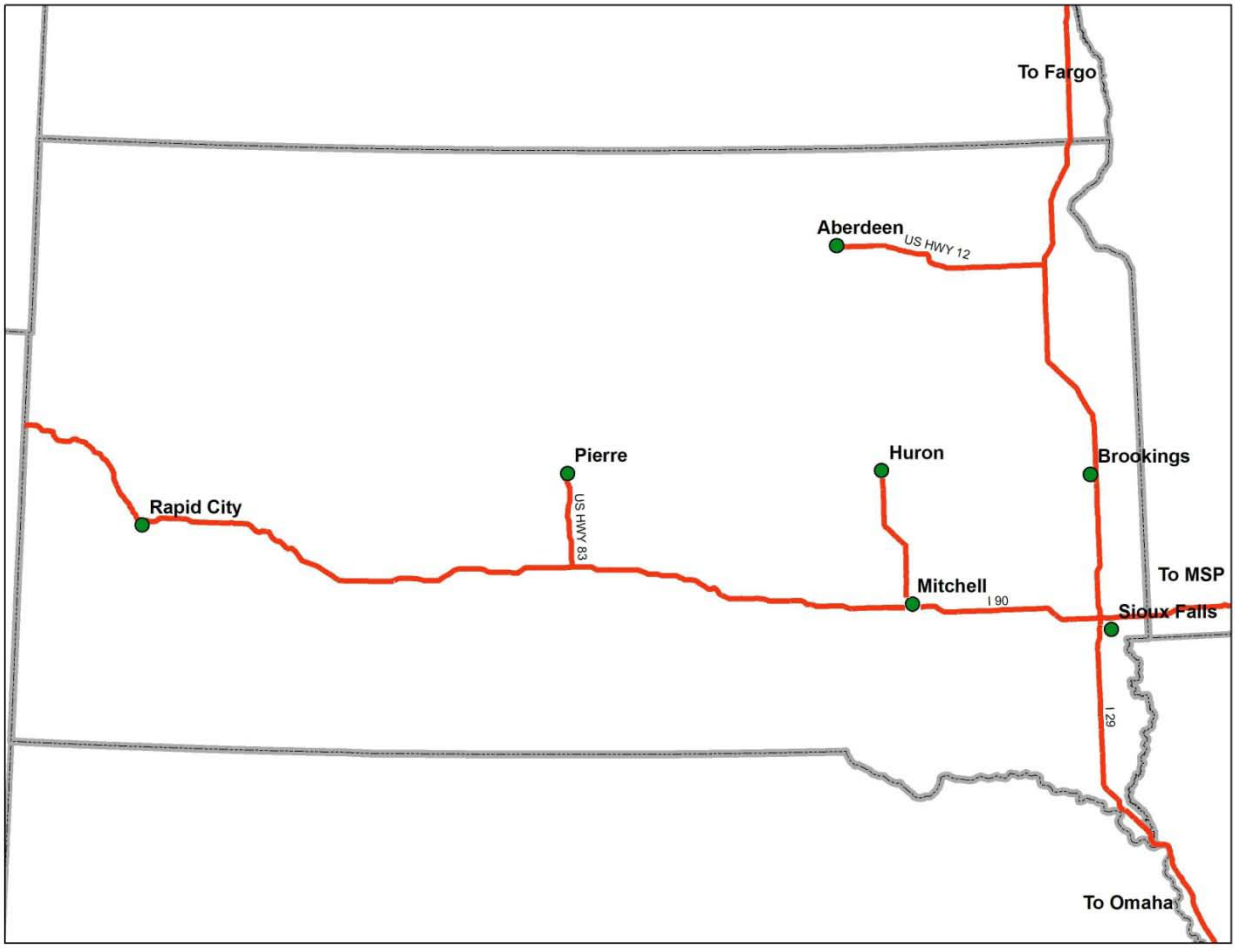

Figure 3.7 Jefferson Lines Route Map

3.2.5 School Buses

Schools buses are not typically a form of public transportation but they merit mention because they provide daily transportation services to a large segment of the population. School districts normally provide transportation services to their students, either with buses run by the district or via services provided under contract by private operators. Some districts provide services to all students but in many instances services are limited to those students who live outside the city in which the schools are located. These services routinely involved both daily routes to and from school and trips for local and out-of-town activities such as field trips and athletic events. PHT contracts with the school districts in Edgemont and Custer to provide transportation services for disabled students. PHT also transports students in Spearfish, Sturgis, Deadwood, Lead, and Hot Springs. These in-town services are provided as a part of PHT's normal daily service and are not contracted for by the local school districts.

3.2.6 Commercial Air Service

Area residents access commercial air service via the commercial airport in Rapid City. Four airlines provide inbound and outbound services that connect the region to Minneapolis, Denver, Chicago, Salt Lake City, Las Vegas, and Phoenix. These services are provided by Delta/Northwest Airlines, United Express, Allegiant, and Frontier.

4. SERVICES, FACILITIES, AND PERFORMANCE MEASUREMENTS

PHT's services have been briefly discussed in previous chapters. This chapter presents a more detailed description of these services and related operations and facilities. Performance measures related to these services will also be discussed.

4.1 Services, Fares, and Scheduling

As mentioned in Chapter 3, PHT provides services to 12 communities spread across a five-county area in southwestern South Dakota. In several of these communities, services are designed to meet the occasional needs of senior and disabled residents. These services are typically provided from two to five days per week. Some service days are for local trips while others are for trips to other cities within the region.

In other communities, such as Spearfish and Deadwood, PHT operates an expanded schedule that runs from early morning to late evening for five to seven days per week. "Tripper services" in Spearfish, Sturgis, Deadwood, Lead, and Hot Springs are designed to facilitate usage by local school students during the school year. PHT also operates commuter services from Sturgis to Spearfish and from Belle Fourche to Spearfish, Deadwood, and Lead.

As these descriptions illustrate, each community's services are designed to meet the specific needs of that community. A community-by-community summary of PHTs' services and related schedules is presented the Appendix.

Table 4.1 presents ridership data filed by PHT with the South Dakota Department of Transportation. As this table indicates, Prairie Hills provided approximately 112,600 one-way trips in fiscal year 2008. Of those trips, approximately one-third involved senior citizens; the remaining rides were split fairly evenly among disabled and youth riders and the general public. The largest categories of trip purposes were employment and education. This rider and trip profile is fairly similar to statewide averages.

Table 4.1 Ridership Characteristics and Trip Purposes

Ridership Characteristic	Total Trips	% of Trips
Elderly	37,762	33.54%
Disabled	22,071	19.60%
Youth	26,647	23.67%
General public	26,119	23.20%
Total one-way trips	112,599	100.00%

Trip Purposes	Total Trips	% of Trips
Medical	15,429	13.70%
Employment	30,129	26.76%
Nutrition	9,821	8.72%
Social/recreation	16,242	14.42%
Education	26,014	23.10%
Shopping	9,041	8.03%
Other	5,923	5.26%
Total one-way trips	112,599	100.00%

The charts in Figures 4.1 and 4.2 give graphic presentations of the trip purpose and rider characteristics detailed in Table 4.1.

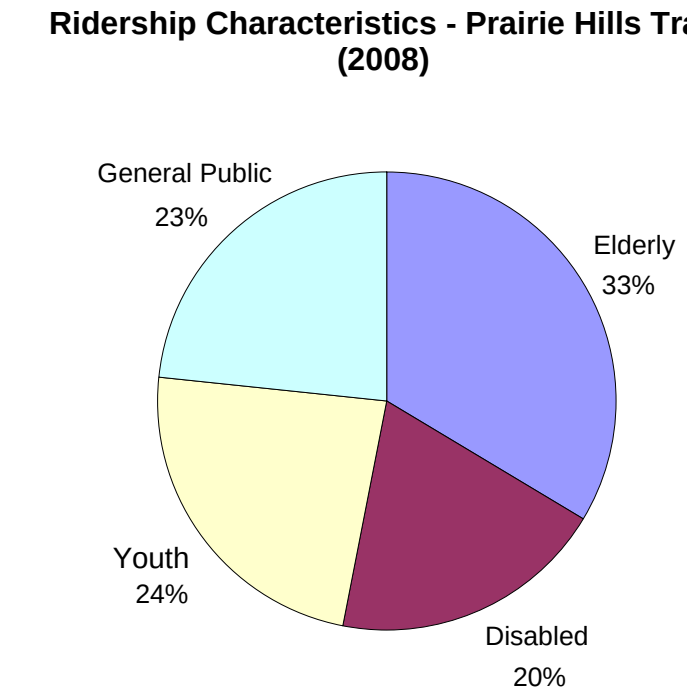

Figure 4.1 Ridership Characteristics

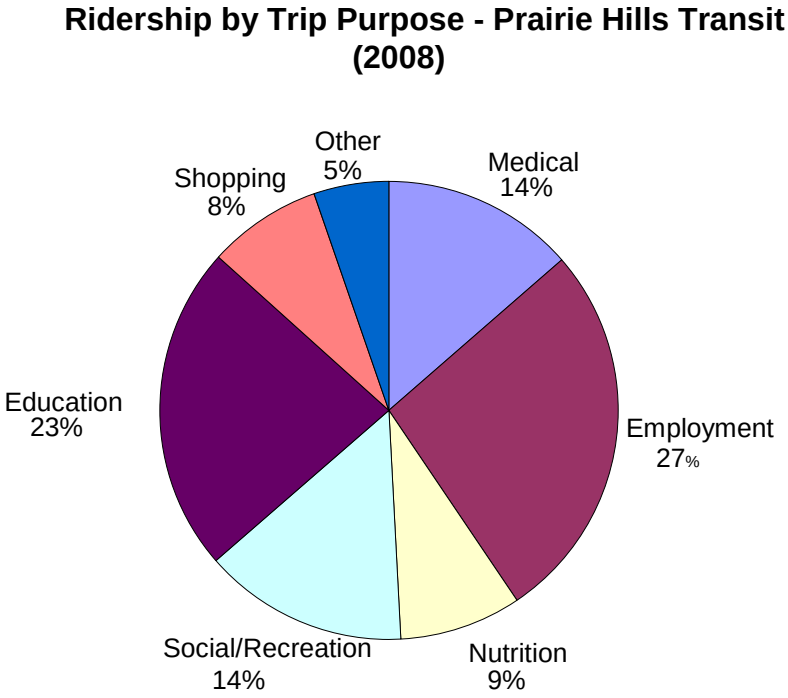

Figure 4.2 Ridership by Trip Purpose

Figures 4.3 and 4.4 show recent trends in expenses and expenses per mile, two frequently used measures of efficiency. As Figure 4.3 indicates, total expenses have increased each year for the past five years. The large increase projected for 2010 may not occur because PHT traditionally overestimates expenses and may not expand services as planned.

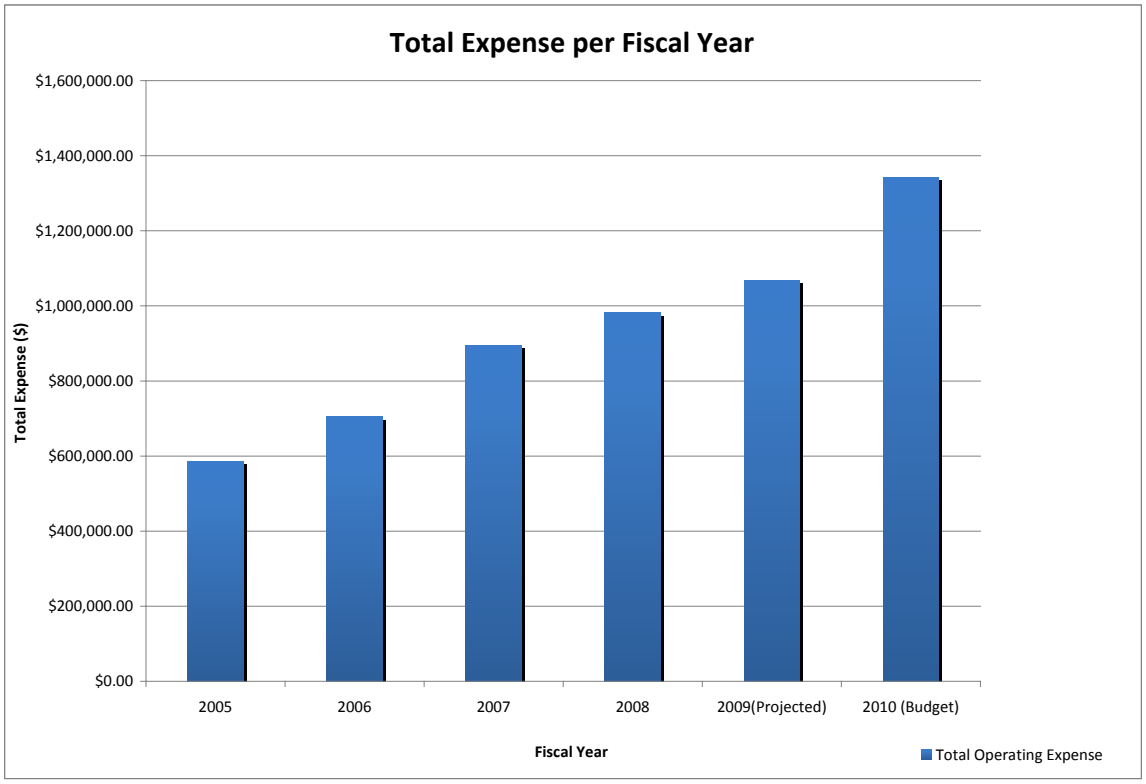

Figure 4.3 Operating Expenses 2005-2010

As Figure 4.4 indicates, expense per vehicle mile has remained relatively constant and even declined in 2009. This occurred because PHT increased its miles of service during that time period and fixed costs remained relatively constant. This, in turn, reduced the expense per mile statistic. As indicated earlier, the projected jump in 2010 expenses per mile is based on a service level that may not occur.

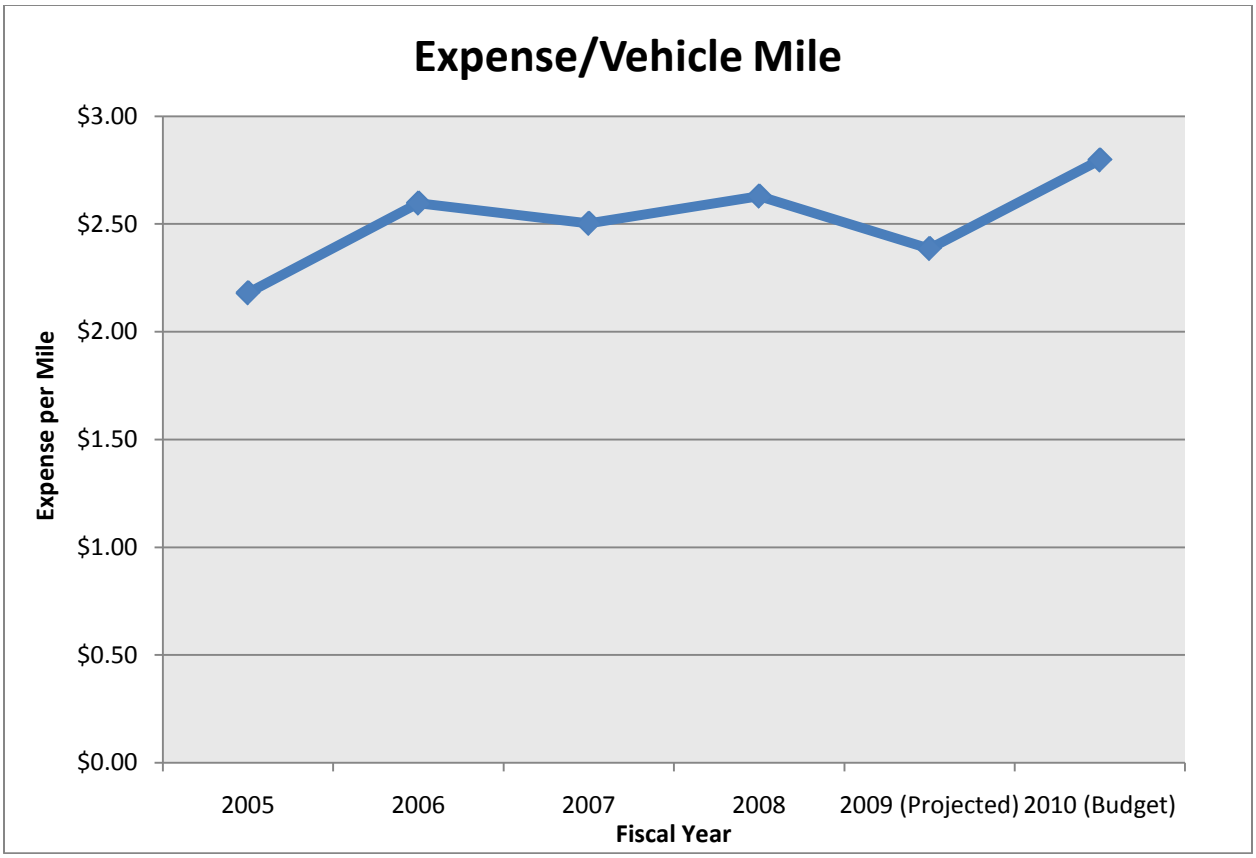

Figure 4.4 Operating Expenses Per Vehicle Mile

Between 2004 and 2009, PHT's ridership increased by approximately 22% while its vehicle miles of service increased by 75%. This expansion in service, as measured by vehicle miles, allowed PHT to respond to more trip needs throughout its sparsely populated five-county service area, but it also resulted in a reduction in efficiency as measured by passenger trips per mile or per vehicle hour. Nevertheless, PHT provides an estimated 3.2 one-way passenger-trips per vehicle hour, a typical productivity for a rural system like PHT.

Each of PHT's services (in-town demand response, out-of-town, and long-distance medical trips) perform differently when compared on the basis of one-way trips per vehicle hour – a key measure of performance. While PHT's overall performance is comparable to other similar systems, some of the services may be under performing. PHT's scheduling and dispatching computer software can produce reports on miles, hours, and passenger trips by route, vehicle, time of day, etc. These measures should be used to analyze and monitor the performance of each of its various services. The use of performance measures will be discussed further at the end of this chapter and in Chapter 6.

As illustrated in the Appendix, PHT typically charges $2 for local, one-way trips and $2.50 for round trips. Slightly higher fares are charged for trips within a three mile radius outside each

city and special fares apply to youth passengers. Seniors age 60 and older may ride at no charge but these passengers are encouraged to pay regular fares on a donation basis.

PHT provides rides from each community to Rapid City and, in some instances, to other communities within the region. These trips typically involve medical or other appointments. Related fares vary depending on the distances involved. The round-trip fare for trips to Rapid City range from $15 to $30 depending on the distance involved. The one-way fare for commuter services range from $3-$6 depending on the distance involved; multi-trip discount packages are available for frequent riders.

All trips, both local and to other communities, require scheduling by 2 p.m. the prior day; some exceptions are made on a case-by-case basis. Patrons may call local phone numbers or a toll-free number to make trip arrangements. All calls are routed to a central dispatch office located in Spearfish. A related trip manifest is subsequently prepared and transmitted to local drivers in each community. All vehicles are equipped with on-board equipment which allows drivers to be in contact with the dispatch office. As indicated earlier, PHT is in the process of deploying computerized trip log equipment in approximately one-fourth of its transit vehicles.

4.2 Facilities, Staffing, Marketing, and Management

PHT's main offices are located in Spearfish. Until recently, its administrator was based in a congregate housing complex while other administrative staff members and mechanics were located in a downtown facility that is owned by PHT. This facility is approximately 17,500 square feet, about one-third of which is office space and two-thirds is for vehicle maintenance and storage. Up to 11 vehicles may be stored in this facility. Following the recent disassociation of PHT and Evergreen Management, PHT's administrator was forced to move into the downtown facility, resulting in extremely crowded quarters.

In addition to its main maintenance and storage facility in Spearfish, Prairie Hills also leases/owns vehicle storage facilities in Belle Fourche, Sturgis, Custer, and Edgemont. Each of these facilities has 2-3 stalls and office space. PHT also plans to build a new bus storage facility in Hot Springs. It is expected that the new facility in Hot Springs will include three vehicle bays and office space. It will be built with state and federal funds and a local in-kind match (donated land). This facility will be built during or after the 2010 construction season.

PHT has also received at $1.598 million grant from the Federal Transit Administration to build a new administration, maintenance, and storage facility in west Spearfish, near an access point to Interstate I-90. An additional $1.5 million in federal stimulus money has also become available for this building. The city of Spearfish has donated the 4.86 acre site which is valued at approximately $360,000. Prairie Hills also estimates that it could sell its existing facility for approximately $350,000. Final architectural work in underway and it is hoped that work on the new facility will be completed by the end of the 2010 construction season. Current cost estimates are at $4.75 million.

As of October 1, 2009, PHT had 40 employees, 26 of which are drivers. Of these drivers, nine are full-time and 17 are part-time. Ten employees have been with PHT for five years or more and 13 have been employed by PHT for 3-5 years. Eleven employees have been with PHT for less than one year. Three new management positions (bookkeeper/payroll, human resources/trainer, and network technician) were created and filled recently in response to the discontinuance of administrative service by Evergreen Management as discussed in Chapter 2.

PHT's organizational structure was also discussed previously in Chapter 2. PHT management is the responsibility of its board of directors. Day-to-day management is delegated to PHT's administrator. This person oversees daily operations and provides direction to the staff described earlier.

As previously discussed, until October 1, 2009, many of PHT's administrative functions were performed on a contractual basis by Evergreen Management. Given the discontinuance of that relationship, PHT has expanded its administrative staff and functions related to financial and human resource management. This is an extremely formative situation that will involve evolving job descriptions and work responsibilities. Functions such as payroll administration and employee policies will need to be completed. Transit systems that are 20 years old would have normally handles such matters years ago but for PHT, these are matters that are just now being tended to. Some of these matters need to be addressed immediately, (e.g. payroll) while others will be handled as time allows within the next several months.

PHT hired a community media coordinator in late 2008 to help market its transit services throughout participating communities and counties. This individual works with the media, employers, and other entities to create increased awareness of PHT's services and promote utilization. Marketing-related recommendations are presented in Chapter 6.

4.3 Vehicle Maintenance and Replacement

PHT operates its transit services using a fleet of 35 vehicles. Several types of vehicles are used to meet current needs including minivans, small cutaway buses, larger buses, and, more recently, Sprinter vans. PHT normally has three vehicles available as standby units. These vehicles are based in Spearfish, Custer, and Sturgis; even these vehicles may be placed into service during peak periods. Some fleet vehicles are not reliable enough to use for longer trips.

As indicated earlier, PHT owns a building in Spearfish that houses its administrative offices and its vehicle maintenance and storage facilities. Three small vehicle storage facilities are located in outlying communities. PHT employs one full-time and two part-time mechanics. These mechanics provide traditional maintenance and repair functions on all of PHT's vehicles. Warranty and specialized work is done by non-PHT mechanics. PHT's vehicle storage and maintenance functions will be greatly enhanced by the construction of the proposed administrative and operations facility in 2010.

Table 4.2 shows the current roster of vehicles. The average age of PHT's fleet is 5.3 years if all vehicles are included; however, if the three oldest vehicles (model years 1989, 1991, and 1994) which are used very occasionally are omitted from this calculation, the fleet age is 4.2. Because most of PHT's vehicles have a useful life of 6 years or less, this average age is a concern and suggests that an aggressive replacement plan needs to be implemented to avoid reliability problems and high maintenance expenses associated with vehicles that are operated beyond their economic life. While PHT has been successful in obtaining new vans in the past year or two, this aggressive replacement effort must continue in order to retire the large number of 2003 vehicles.

PHT's mix of vehicle size is generally sufficient for its current operations and has been greatly enhanced by the acquisition of the fuel-efficient Sprinter buses in 2008. In some instances, overall fleet efficiencies would be enhanced if small vehicles were available to provide medical trips from outlying communities to regional medical facilities. A replacement plan for PHT's fleet is presented in Chapter 5.

Table 4.2 Transit Vehicle Roster (10/31/09)

ID #	Year	Chassis	Body	Fuel	Accessible?	Capacity	Wheelchair Positions	Mileage	Life Expectancy	Earliest Replacement	Desired Replacement
1	2003	Ford E450	Cutaway	Diesel	Yes	8	2	109,743	5	2008	2010
2	2003	Ford E450	Cutaway	Diesel	Yes	14	2	49,680	5	2008	2013
12	1989	Ford E350	Cutaway	Gas	Yes	8	2	Unknown	5	1994	2010
14	2003	Ford E450	Cutaway	Diesel	Yes	16	2	101,871	5	2008	2011
15	1991	Ford E350	Cutaway	Gas	No	24		104,140	4	1995	2011
18	2002	Ford E350	Cutaway	Diesel	Yes	12	2	100,588	5	2007	2012
19	2002	Ford E450	Cutaway	Diesel	Yes	16	2	98,988	5	2007	2012
20	2003	Ford E450	Cutaway	Diesel	Yes	16	2	83,411	5	2008	2012
21	2003	Ford E450	Cutaway	Diesel	Yes	14	2	107,990	5	2008	2013
22	2003	Ford E450	Cutaway	Diesel	Yes	14	2	152,542	5	2008	2010
23	2003	Ford E450	Cutaway	Diesel	Yes	14	2	102,405	5	2008	2011
24	2003	Ford E350	Cutaway	Diesel	Yes	8	2	138,931	5	2008	2010
25	2003	Ford E450	Cutaway	Diesel	Yes	14	2	100,634	5	2008	2010
30	2001	Dodge	Caravan	Gas	No	6	0	148,092	4	2005	2010
31	2002	Dodge	Caravan	Gas	Yes, ramp	3	1	99,922	4	2006	2011
32	2005	Dodge	Caravan	Gas	No	6	0	55,375	4	2009	2014
33	2006	Dodge	Caravan	Gas	No	7	0	35,767	4	2010	2014
34	2008	Chevy	Uplander	Gas	No	6	0	51,095	4	2012	2015+
35	2008	Chevy	Uplander	Gas	No	6	0	48,818	4	2012	2015+
36	2008	Chevy	Uplander	Gas	Yes, ramp	3	1	13,717	4	2012	2015+
51	2002	SVI	Trolley	Diesel	Yes	24	2	17,824	10	2012	2015+
70	2003	Ford E450	Cutaway	Diesel	Yes	12	1	82,323	5	2008	2013
71	2003	Ford E450	Cutaway	Diesel	Yes	12	1	98,593	5	2008	2012
72	2006	Ford E450	Cutaway	Diesel	Yes	18	1	69,855	5	2011	2012
73	2005	Chevy C5500	Bus	Diesel	Yes	16	2	70,180	6	2011	2013
74	2005	Ford E350	Cutaway	Gas	Yes	10	2	33,290	5	2010	2011

Table 4.2 (continued)

75	2006	Dodge V2500	Sprinter	Diesel	Yes	5	2	61,788	6	2012	2013
76	2008	Chevy C5500	Bus	Diesel	No	24	0	18,925	6	2014	2015+
77	2008	Chevy C5500	Bus	Diesel	No	24	0	15,183	6	2014	2015+
78	1994	Ford E350	Cutaway	Diesel	Yes	7	2	141,539	5	1999	2010
79	2008	Dodge V3500	Sprinter	Diesel	No	16	0	7,957	6	2014	2014
80	2008	Dodge V3500	Sprinter	Diesel	Yes	11	2	15,001	6	2014	2014
81	2008	Dodge V3500	Sprinter	Diesel	No	8	0	7,325	6	2014	2014
82	2008	Dodge V3500	Sprinter	Diesel	Yes	8	2	4,283	6	2014	2014
83	2008	Dodge V3500	Sprinter	Diesel	Yes	8	2	1,916	6	2014	2015+

4.4 Performance Measures

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

Commonly used performance measures include:

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

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

At present, Prairie Hills Transit does not have a formal performance monitoring process. Related recommendations will be presented in Chapter 6.

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

The purpose of this chapter is to project five-year operating and capital budgets for Prairie Hills Transit. The challenge facing PHT and most other rural transit systems is to obtain sufficient funding to operate all of the services needed within their community since the needs almost always out-strip funding. PHT has been successful over the years in obtaining local government funding, service contracts, and contributions that have allowed it to expand its services. One of PHT's biggest challenges is to maintain this support by being responsive to as many counties and communities as it can so it can sustain local financial support. This local financial support will be critical as PHT seeks additional federal and state funds that will be required to maintain and expand its services.

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

5.1 Proposed Service Changes

PHT has expanded rapidly over the past five years but still has a number of additional service needs that could be addressed if funding can be obtained. As outlined in Table 5.1, these expansion options include daily commuter services connecting Deadwood and Spearfish and Deadwood and Sturgis, plus an extension of existing service in Spearfish to include later weekend night service and regular service to the Rapid City airport.

Table 5.1 also shows the assumptions used to estimate ridership, revenue, and expenses for each of these service options. While these estimates are sufficiently detailed for this business planning purpose, PHT will need to refine them as they fine tune the operating plans for each service before implementation. Corresponding ridership forecasts are based on an assumed number of one-way trips per hour that might typically be expected for the type of service proposed. The expense estimates are the incremental expenses of the operation that include driver wages and fringe benefits, fuel, maintenance, and insurance, but do not include administrative and other fixed expenses. The budget presented in the next section shows projected expenses, revenue, and federal/state and local funding shares for a continuation of existing services and the same statistics if the three new services are added in 2011 and 2012.

Table 5.1 Proposed Service Additions

Service Option	Start Year	Number of Vehicles	Hours/ Day	Days/ week	Avg. Speed	Total Annual Hours	Total Annual Miles	Trips/ Hr	Total Rides	Average Fare	Revenue	Total Incr. Expense
JARC (work trips) – Spearfish to Deadwood	2010	2	7	5	11	3,570	37,500	4.00	20,400	$2.00	$28,600	$71,300
JARC (work trips) – Deadwood to Sturgis	2011	2	7	5	11	3,570	37,500	4.00	20,400	$2.00	$28,600	$71,300
Extended weekend night service in Spearfish (5 hrs/night, 2 days/week)	2011	0	5	2	12	520	6,240	3.00	1,560	$2.00	$3,120	$12,150
Regular service to Rapid City airport from Spearfish	2012	1	12	5	20	3,060	61,200	1.00	3,060	$10.00	$30,600	$74,800

5.2 Five-Year Operating Revenue and Expense Budget

PHT's ability to provide the existing level of service, as well as to consider the three expansions presented in the preceding section, will depend on its ability to obtain federal, state, and local funding to cover expenses not covered by fares, contracts, and other revenue. Table 5.2 presents three sets of projections including the continuation of existing services; the revenue, expense and deficit associated with the service expansions; and a section that adds the new services to existing ones and projects a five-year forecast for the total system. These projections assume an annual increase in operating expenses of 4% and an annual growth in revenue of 2%. Further, because federal funding shares vary depending on type of expenses (e.g., operating versus administrative), the overall federal share is a blend of the two ratios. This blend is estimated to be 75% in 2010 and beyond. It is also assumed that increased federal funding will be available to match increasing project expenses.

The projections of local share required over the next five years show that, just to maintain the existing level of service, PHT will need to attract 26% more federal, state, and especially local funding. To implement the three new services discussed in Section 5.1 will require that these amounts increase by 47% compared to 2010. As discussed in Section 5.4 of this chapter, PHT's funding sources may be able to provide this increased level of funding, but PHT will need to continue its aggressive efforts to attract outside funding, service contracts, and local share contributions to make this plan a reality.

The expense estimates presented in Table 5.2 are based on the application of a costing formula that takes into account how specific line items vary by mileage and hours of service and if they are fixed or variable. Table 5.3 shows the application of this model to PHT's 2010 budget. The result of the cost allocation is a formula for calculating expenses based on the number of miles and vehicle hours involved in providing service.

As can be seen in Table 5.3, each line item in the budget is assigned to one of the three cost categories – miles, hours, or fixed. Mileage-related expenses include fuel, tires, and maintenance. Hour-related expenses include driver wages and fringe benefits. Nearly all other expenses do not vary as service is added or subtracted and therefore are considered fixed in the short-run. As noted above, approximately 40% of PHT's expenses fall into this fixed category. Therefore, when calculating the expense associated with a service reduction, only the mileage and hour-related expenses are considered. The only exception to this is the inclusion of the cost of vehicle insurance if vehicles are added or eliminated from the fleet.

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

Assume:	4.00%	% Annual increase in expenses
	2.00%	% Annual increase in revenue
	75.52%	Average percentage federal funding

Existing Service

	2010 Budget	2011	2012	2013	2014	2015
Total expense	$1,342,511	$1,396,211	$1,452,060	$1,510,142	$1,570,548	$1,633,370
Total revenue	$370,350	$377,757	$385,312	$393,018	$400,879	$408,896
Net project expense	$972,161	$1,018,454	$1,066,748	$1,117,124	$1,169,669	$1,224,474
Federal share	$734,222	$769,185	$805,658	$843,705	$883,390	$924,780
Total local share	$237,939	$249,269	$261,089	$273,419	$286,280	$299,693
Total federal and local share	$972,161	$1,018,454	$1,066,748	$1,117,124	$1,169,669	$1,224,474
% Increase in federal share from base year	0.00%	4.76%	9.73%	14.91%	20.32%	25.95%
% Increase in local share from base year	0.00%	4.76%	9.73%	14.91%	20.32%	25.95%

Additional Services

	2010 Budget	2011	2012	2013	2014	2015
Total expense	$71,327	$200,547	$286,361	$297,815	$309,728	$322,117
Total revenue	$28,560	$77,979	$111,375	$113,602	$115,874	$118,192
Net project expense	$42,767	$122,568	$174,986	$184,213	$193,854	$203,925
Federal share	$32,300	$92,569	$132,158	$139,126	$146,407	$154,014
Total local share	$10,467	$29,999	$42,828	$45,087	$47,446	$49,911
Total federal and local share	$42,767	$122,568	$174,986	$184,213	$193,854	$203,925

(Table 5.2 continued)

Existing Plus Additional Services

	2010 Budget	2011	2012	2013	2014	2015
Total expense	$1,413,838	$1,596,758	$1,738,421	$1,807,958	$1,880,276	$1,955,487
Total revenue	$398,910	$455,736	$496,687	$506,621	$516,753	$527,088
Net project expense	$1,014,928	$1,141,022	$1,241,734	$1,301,337	$1,363,523	$1,428,399
Federal share	$734,222	$861,754	$937,816	$982,831	$1,029,797	$1,078,794
Total local share	$280,706	$279,268	$303,918	$318,506	$333,726	$349,604
Total federal and local share	$1,014,928	$1,141,022	$1,241,734	$1,301,337	$1,363,523	$1,428,399
% Increase in federal share from base year	0.00%	17.37%	27.73%	33.86%	40.26%	46.93%
% Increase in local share from base year	0.00%	-0.51%	8.27%	13.47%	18.89%	24.54%

Table 5.3 Operating Expense Unit Cost Model (Using 2010 Budget Data)

Budget Line Item	Total System	Cost Factor Allocation			
		1=Hours, 2=Miles, 3=Fixed	Hours	Miles	Fixed
Transportation Operations					
Driver wages	$378,030	1	$378,030	$0	$0
Driver benefits	$90,000	1	$90,000	$0	$0
Dispatcher wages	$85,000	3	$0	$0	$85,000
Dispatcher benefits	$14,789	3	$0	$0	$14,789
Fleet support specialist	$33,000	2	$0	$33,000	$0
Fleet support specialist benefits	$5,700	2	$0	$5,700	$0
Transportation expense	$0		$0	$0	$0
Fuel	$116,000	2	$0	$116,000	$0
Other	$13,500	2	$0	$13,500	$0
Total Transportation Operations	$736,019				
Maintenance Expense					
Mechanic wages	$54,845	2	$0	$54,845	$0
Mechanic benefits	$12,400	2	$0	$12,400	$0
Maintenance/repairs	$24,800	2	$0	$24,800	$0
Garage utilities/maintenance	$26,195	2	$0	$26,195	$0
Total Maintenance Expense	$118,240				
Insurance					
Vehicle	$67,000	3	$0	$0	$67,000
Workman's comp./building	$12,000	3	$0	$0	$12,000
Other	$3,550	3	$0	$0	$3,550
Total Insurance Expense	$82,550	3	$0	$0	

(Table 5.3 continued)

Administrative Expense					
Director salary	$72,800	3	$0	$0	$72,800
Director benefits	$9,500	3	$0	$0	$9,500
Administrative assistant	$54,000	3	$0	$0	$54,000
Admin. assistant benefits	$16,192	3	$0	$0	$16,192
Driver supervisor	$28,080	3	$0	$0	$28,080
Driver supervisor benefits	$7,457	3	$0	$0	$7,457
Operations coordinator	$54,000	3	$0	$0	$54,000
Operations coordinator benefits	$9,688	3	$0	$0	$9,688
Community media coordinator	$22,613	3	$0	$0	$22,613
Community media coord. Benefits	$2,701	3	$0	$0	$2,701
Human Res/acting./IT	$49,920	3	$0	$0	$49,920
human Res/accting/IT benefits	$15,751	3	$0	$0	$15,751
Marketing/promotion	$8,000	3	$0	$0	$8,000
Office supplies/phone	$41,000	3	$0	$0	$41,000
Management contract	$3,000	3	$0	$0	$3,000
Travel	$4,000	3	$0	$0	$4,000
Other	$7,000	3	$0	$0	$7,000
Total Administrative Expense	$405,702				
Total Expense	$1,342,511		$468,030	$286,440	$588,041
		Units	34,700	480,000	35
		Unit Cost Factor	$13.49	$0.60	$16,801

5.3 Capital Improvement Plan and Budget

The on-going operation of PHT will require, at a minimum, the replacement of existing vehicles. PHT operates its transit services using a fleet of 35 vehicles (see Table 4.2 for a vehicle roster). Approximately 30 vehicles are required during periods of maximum service so PHT usually has up to five vehicles in reserve. Several types of vehicles are used to meet current needs including minivans, small cutaway buses, larger buses, and, more recently, Sprinter vans.

PHT has been successful in obtaining funds for new vehicles over the past two years but only about one-third of its fleet is less than three years old. Furthermore, about half the fleet is six years old or older and includes a number of 2003 vehicles purchased as part of South Dakota's statewide purchase in that year. Even excluding the oldest vehicles which are held for special limited purposes, PHT's fleet age is more than 4.2 years – high by industry average. While most of PHT's vehicles have several more years of service life, the agency needs to fund a capital replacement plan to retire five or more vehicles per year in the next two to three years.

In addition to vehicles, plans call for the addition of two bus maintenance and storage facilities in Hot Springs and Deadwood/Lead, the construction of up to five bus stop shelters, and the addition of smart card/swipe reader technology to its on-board computers. Vehicle replacement and other capital expenditures are estimated to cost between $457,000 and $539,000 for each of the next five years. Given the corresponding 20% match requirement, PHT will need to raise between $91,500 and $107,700 each year over the forecast period. A summary of the capital replacement plan and budget is presented in Table 5.4.

Table 5.4 Five-Year Capital Budget

Routine Vehicle Replacement

Vehicle Type	Estimated	2010		2011		2012		2013		2014	
	2009*	No.	Total Cost	No.	Total Cost	No.	Total Cost	No.	Total Cost	No.	Total Cost
Minivan	$28,000	2	$58,240	0	$0	0	$0	0	$0	2	$68,133
Cutaway bus 12/2	$70,000	5	$364,000	5	$378,560	5	$393,702	3	$245,670	0	$0
Sprinter bus	$80,000	0	$0	0	$0	0	$0	1	$93,589	4	$389,329
Mid/bus	$120,000	0	$0	0	$0	0	$0	1	$140,383	0	$0
Total units		7		5		5		5		6	
Total cost			$422,240		$378,560		$393,702		$479,642		$457,461
Federal/state share (80%)			$337,792		$302,848		$314,962		$383,714		$365,969
Local share (20%)			$84,448		$75,712		$78,740		$95,928		$91,492
*Future Years increased by:		**4.0%**	per year								

Other Capital Expenditures

Capital Item	2010	2011	2012	2013	2014
Bus facility – Hot Springs		$130,000			
Bus facility – Deadwood/Lead			$130,000		
Bus shelters	$40,000				
Smart card technology			$15,000		
Total cost	$40,000	$130,000	$145,000	$0	$0
Federal/state share (80%)	$32,000	$104,000	$116,000	$0	$0
Local share (20%)	$8,000	$26,000	$29,000	$0	$0

(Table 5.4 continued)

Total Capital Expenditures

Capital Item	2010	2011	2012	2013	2014
Vehicles	$422,240	$378,560	$393,702	$479,642	$457,461
Other capital	$40,000	$130,000	$145,000	$0	$0
Total cost	$462,240	$508,560	$538,702	$479,642	$457,461
Federal/state share (80%)	$369,792	$406,848	$430,962	$383,714	$365,969
Local share (20%)	$92,448	$101,712	$107,740	$95,928	$91,492

5.4 Revenue Sources to Finance Capital and Operating Needs

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

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

5.4.1 Operating Revenue

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

Operating revenue, defined as income received through fares or contracts for providing rides and donations by riders and other individuals, provides a significant portion of PHT's non-grant income. Most of this income is received through fares paid by individual riders or third parties. For fiscal 2010, PHT has budgeted fare revenue of $60,000 or about 5% of its total operating budget. The only ways for operating revenue from fares to increase is to increase ridership or increase fares. Because fares only represent a very small part of PHT's total income, raising them, even by a significant percentage, will not increase overall revenue and is not likely to be the best way to obtain more income.

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

PHT also provides transportation under contract to human service agencies, educational institutions, preschools, daycare programs, private employers, nursing homes, churches, and other nonprofit organizations. It also provides rides for Medicaid recipients. In 2009, PHT received approximately $280,000 via contracts with about 20 different organizations, including $100,000 for Medicaid transportation.

One feature of federal and state funding programs that is unique to transit operations is that transit systems may use these contracts either as operating revenue, which is the more traditional way of accounting for revenue received for providing a service, or they may use it as local match. The only requirement for transit systems is that they must cover 15% of their operating expenses from fares or local contributions (including contract income). Therefore, most rural transit systems, including PHT, treat a portion of their contract income as operating income to reach the 15% threshold and then use the remainder to meet local match requirements.
In the future, PHT is likely to continue to receive significant contract funding. However, if it is to obtain the required level of local matching funds, it will need to increase funding from these contracts in future years.

5.4.2 Federal Funding Programs

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

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

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

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

Another popular funding program to transit systems such as PHT is the federal New Freedom Program (Section 5317). This program was authorized by SAFETEA-LU to provide funding to allow transit organizations to offer transit services that are above and beyond those required by the Americans with Disabilities Act. Like the JARC program, the New Freedom Program for non-urbanized areas is administered through the states. Federal funds can reimburse up to 50% of operating expenses and up to 80% of capital expenditures.
PHT was one of five South Dakota rural transit systems to receive JARC and New Freedom funds administered by SDDOT and has expended about $40,000 since fiscal 2007 from a total grant award of just over $300,000. Both JARC and New Freedom program funds must be reauthorized by Congress in order to continue beyond the current continuing resolutions. Therefore, it is difficult to project future grants to PHT from these programs.

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

5.4.3 State Funding Programs

SDDOT provides operating assistance to rural transit systems using state general funds. In fiscal 2008, SDDOT distributed $696,212 in operating assistance to the 21 rural systems eligible for the program. The state funding allocation has two components - base level funding and an incentive program. The allocation of base level funds is based on past assistance levels and the amount of funding appropriated. For the past few years, base level funding has remained constant and SDDOT has used new state monies to fund the incentive portion of the grant program. Systems receive incentive funds if they have increased ridership, added service (vehicle miles), and/or reduced operating expenses per vehicle mile. Not all systems receive incentive funds. PHT has received incentive funding in recent years, including 2009, but it was not awarded incentive funds for 2010.

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

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

In fiscal 2008, $285,811 in Title III-B funding was distributed to the 21 rural transit operations. Total funding for this program has not grown in recent years and future funding is expected to remain stable. Furthermore, the amount received by each system is based on shares determined many years ago and may have little to do with the number of senior or disabled persons currently being transported. PHT receives just over $74,000 per year from this program and little growth can be expected.

5.4.4 Local Government Funding

While operating revenue (fares and contracts) and federal and state grants typically cover the majority of the capital and operating expenses incurred by rural transit systems, these programs also require direct local contributions for match. Obtaining these local funds is a significant problem, not only for PHT, but also for most rural transit systems. Fortunately, PHT is able to cover most of its local match requirements with contracts and charitable grants such as the one it receives from the United Way. Nevertheless, local government contributions are crucial to PHT's current and future success. In recent years PHT has received contributions from a number of counties and local communities that it serves. The level of support varies from year to year. For fiscal 2008, local communities contributed about $100,000 in cash or in-kind services (fuel).

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

6. SUMMARY AND KEY ACTION ITEMS

Prairie Hills Transit has had a very successful 20-year history. It started as a small, nutrition-related transit service in Spearfish and has evolved into a multi-county system providing services tailored to each of the communities that it serves. It is, however, currently undergoing growing pains that are traditionally experienced much earlier in a transit's systems life – software installations, personnel policy development, etc. These later-than-normal processes are directly related to the discontinuance of the management relationship involving Evergreen Management Services. PHT will emerge from this period as a better system, but clearing intermediate hurdles will be both time-consuming and demanding. It is hoped that this business plan will lend direction to some related management decisions.

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

6.1 Organization and Governance

PHT is organized as a non-profit corporation – a typical and effective structure for providing public transportation services. PHT is governed by an active 13-member board of directors that is representative of the counties and clientele being served. The board of directors and the executive director have been heavily stressed by immediate needs related to severed relations involving Evergreen Management. Those demands have caused management and staff to delay action on other items that would otherwise have been addressed – things such as long range planning, service expansions, etc.

As the dust settles and mechanisms are put in place to replace services that were previously provided by Evergreen, it is recommended that PHT's board of directors engage in training to develop/refine long-range skills. Despite its illustrious 20-year history, PHT is actually at a critical juncture regarding matters related to funding, management, service expansions, etc. Heightened awareness and skill levels related to strategic planning would suit the board and the rest of PHT well.

It is also recommended that PHT review its current organizational structure. As indicated in Chapter 2, PHT has a relatively flat organizational chart that provides several subordinates with direct access to the executive director. At the present time, PHT's operations coordinator, accountant, media coordinator, network technician, and human resources director all report directly to the executive director.

This type of structure is very typical for organizations that have grown from small to intermediate size services. While this structure is easily expanded and permits ready communications to upper management, it can also bog upper management down with frequent inquiries on relatively minor matters. This, in turn, keeps upper management from devoting time

to tasks such as long-term planning, fund raising, board of director training, etc. Overly easy access to upper management can also inhibit the cultivation of mid-management personnel and the grooming and identification of future organizational leaders. In response to these shortcomings and in an attempt to provide training and assessment opportunities for possible future leaders of the organization, PHT may want to consider a revised organizational structure.

Figure 2.1 in Chapter 2 illustrated PHT's current organizational structure. The easiest modification to the existing structure would be to create a business manager position with authority over all accounting, media, computer network, and human resource functions. This approach, as depicted in Figure 6.1, would reduce the number of management personnel that report to the executive director from five to two and would free the director to do more strategic planning. It would also give the organization the opportunity to groom and assess employees who might eventually be elevated to more senior positions within the organization

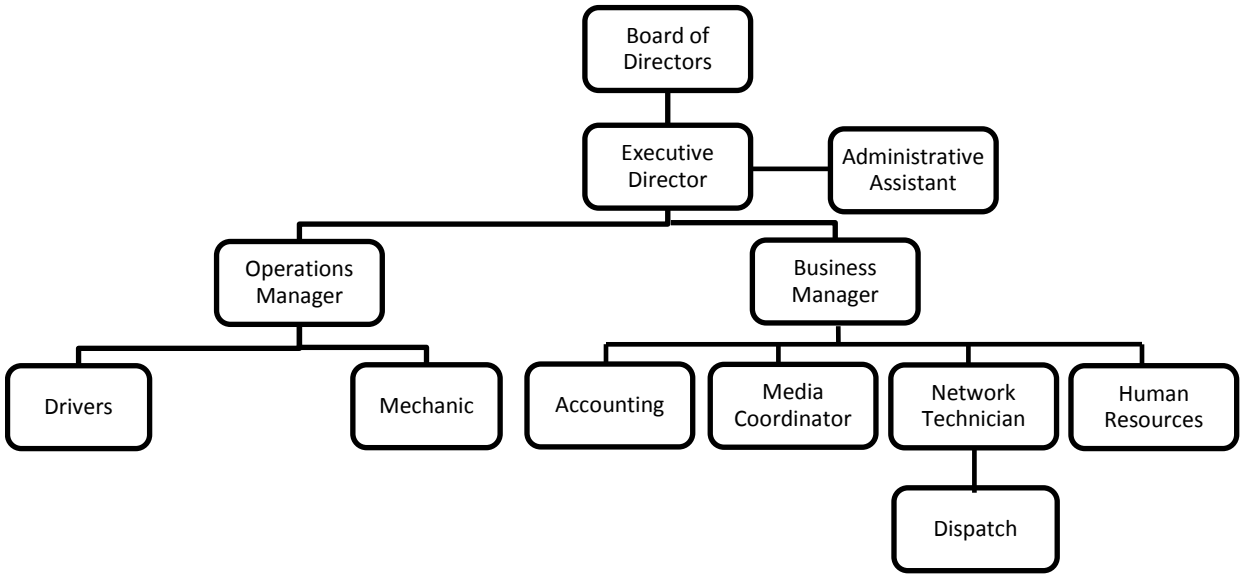

Figure 6.1 Revised Organizational Structure

Unfortunately, this approach to restructuring does not recognize budgetary realities which may limit PHT's ability to hire additional management personnel, especially given the fact that PHT has already hired new administrative employees to accommodate changes prompted by the disassociation with Evergreen Management.

It should also be noted that, with 40 full- and part-time employees and an operating budget of approximately $1 million, PHT already has an above-average number of administrative employees (i.e. accounting, media coordinator, network technician, and human resources positions). PHT may, therefore, want to consider the creation of a business manager position which would be responsible for job functions typically associated with such a position plus human resources and/or accounting functions. If necessary, that person in that position could also be given an administrative assistant to handle more routine job functions such as accounting

postings, human resource records management, etc. A similar consolidation could be made on the operations side of the organization by making the operations manager responsible for driver supervision. A corresponding organizational chart is presented in Figure 6.2.

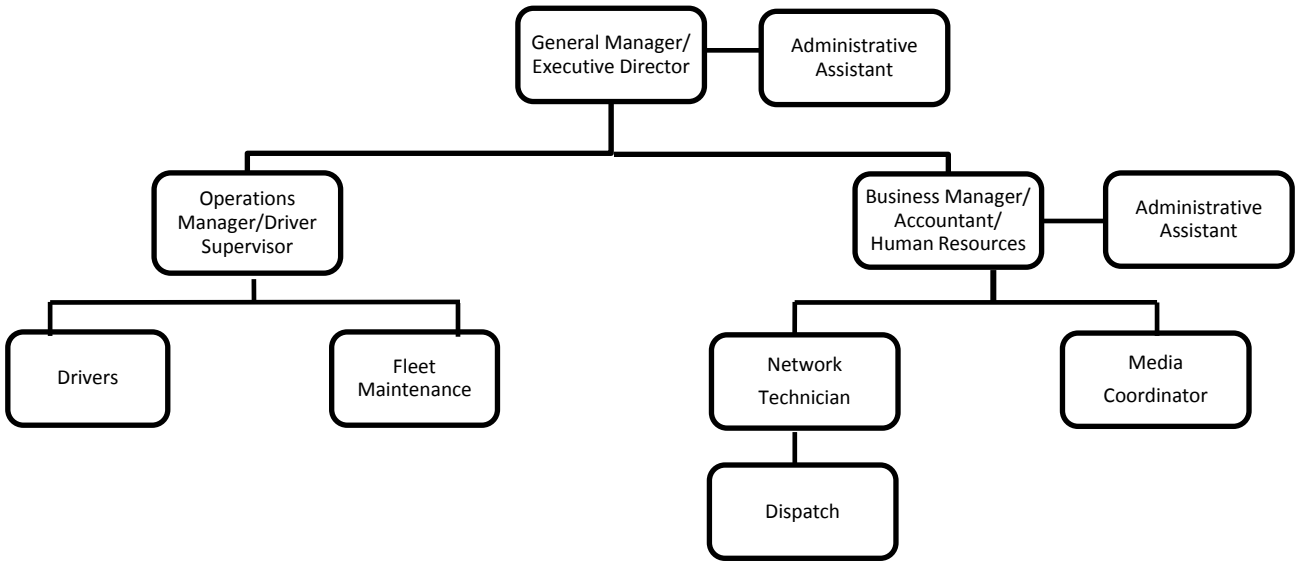

Figure 6.2 Alternative Organizational Structure

Additional consolidations may be possible with other non-operational positions (i.e. media coordinator and network technician), depending on related workloads and the skill sets of the individuals involved. In some instances, it may be beneficial to consider contracting for work for functions that require special skills but less than full-time coverage. A related option would be to share a position with some other organization.

It is anticipated that many of the organizational changes discussed above, if pursued, would be made incrementally. It is hoped that some of PHT's existing administrative personnel have the capabilities to assume additional responsibilities and even move into some of the higher level positions provided for in the proposed organizational structure, thereby minimizing or eliminating the need to hire all new administrative personnel. Promoting from within, when possible, also has a positive effect on employee morale. Consolidating the functions discussed above would alleviate potential budgetary pressures that would otherwise exist and would bring PHT's administrative structure more in line with similar size rural transit systems.

Organizational restructuring may result in the elevation of some existing positions to areas of increased responsibility. These changes may result in the need for commensurate salary increases. The size of such increases will be dictated by the local job market and the exact responsibilities that are assigned to each position. Preparing a system-wide salary plan would be appropriate, especially given the wholesales changes that were necessitated by PHT's disassociation with Evergreen Management. Increased annual operating costs (salaries) may result.

As indicated earlier, PHT is governed by a 13-member board of directors. If PHT expands its services to additional communities, as expected, its board of directors may consider expanding its size to include representatives from those communities. While a slightly larger board may be manageable, at some point adding members to represent newly served areas will make the board too large.

As an alternative, PHT's board of directors may want to consider setting its size at a specified number and requiring representation from each of the five counties served plus representatives from various client sectors (senior citizens, disabled residents, Job Services, Human Services, medical community, Vocational Rehabilitation, economic development, etc.). Under such an arrangement, the board could also include a specific number of unspecified "at large" members to be chosen by the board. This "at large" provision would give the board the ability to invite individuals or organizations with particular interests or abilities to be a part of the board. Additional participation in PHT's governance could be accomplished by making various community representatives members of committees that report to the board of directors.

6.2 Succession Planning

The genesis of PHT's operations occurred more than 20 years ago. It started as a small, local service that was created to augment a local nutrition program in Spearfish. Since that time it has grown to provide public transportation services in a five-county area. Its 40 employees and 35 vehicles provide in excess of 112,000 one-way rides per year.

During its 20 year history, PHT has had only on executive director. Much of the program's success can be attributed to that individual. As is the case in all long-standing organizations, executive leadership must eventually change. PHT should position itself for eventual changes and groom other personnel to assume leadership positions within the organization. This process can be facilitated by providing related training and a restructuring that delegates authority and responsibility to future leaders. This delegation provides entrusted individuals with valuable experience plus it gives the organization an opportunity to observe related performance and to make assessments concerning subsequent promotions.

Implementing the organizational structure discussed earlier would facilitate this leader identification and grooming process but other approaches may also be pursued to identify and prepare PHT's future leaders. Regardless of the approach used, steps must also be taken to provide leadership training to key management personnel. Conscious efforts must be taken in this regard to prepare for an inevitable change in leadership. A smooth transition is dependent on it.

6.3 Market for Transit in Service Area

PHT provides extensive public transportation services within some of the communities in its multi-county territory. In all cases, local services appear to be tailored to the needs of each individual community. In some communities, for example, daily services are available for school children, senior citizens, commuters, etc. In other communities, services are less frequent and, as dictated by local demographics, primarily meet the needs of senior citizens.

As discussed in Chapter 2, PHT's Articles of Incorporation indicate that it is organized to identify needs and coordinate the public transportation activities and operations in western South Dakota. PHT has grown to increasingly fulfill that mandate. Future initiatives should be taken to further that effort. These initiatives might include:

- Reassessing the needs of individual communities and making subsequent modifications to existing services to better satisfy those needs (hours of service, frequency, etc). Specific examples include longer weekend service in cities such as Spearfish, deviated fixed-routes in development areas, and services to the regional airport in Rapid City.
- Determining the need for and feasibility of new JARC routes between communities such as Sturgis and Deadwood and Spearfish and Deadwood. Commuter routes into Wyoming should also be assessed.
- Determining if additional communities within PHT's existing service area are in need of service (e.g. Piedmont, Black Hawk, Summerset).
- Determining if new or expanded commuter services are needed within PHT's existing territory or between points therein and outlying areas such as eastern Wyoming and Rapid City.
- Initiating discussions with Pennington County concerning the need for services in rural areas of that county, thereby allowing PHT to address personal mobility needs across a greater portion of western South Dakota.
- Continuing to work with urban area transit services in Rapid City to coordinate the delivery of region-wide transit services and to facilitate connectivity and program efficiency.

PHT's board of directors, management, and staff are currently burdened with pressing needs concerning administrative reorganization, new facility construction, and day-to-day operations. These pressing needs may be inhibiting PHT's ability to initiate meaningful discussions concerning the region's service needs and related service expansions. Those initiatives should, however, be undertaken as soon as time permits.

6.4 Marketing

As discussed in Chapter 4, in late 2008 PHT hired a media coordinator to help create additional exposure for PHT within the communities and counties that it serves. This individual has been actively involved with working with local media outlets to develop stories that involve personal mobility and creating awareness of PHT and the services that it provides. PHT is to be congratulated for this effort and encouraged to continue and expand these awareness efforts.

In addition to this undertaking, there are additional efforts that might be undertaken to increase exposure and awareness. For example, many of PHT's vehicles have only the service's name and logo on the front doors of the vehicle. Unfortunately, this signage is relatively small, provides no contact information, and is totally unnoticeable from behind the vehicle. PHT may want to consider moving the signage to the full panel sides of the vehicle, as well as the back. This signage should include both PHT's toll-free number and its website address. Notations concerning the provision of transportation services to the general public should also be included.

PHT may also want to consider new efforts to get individual employees and teams of employees involved in community activities throughout its service area (United Way, local service organizations, special community projects, etc.). These efforts would contribute to PHT's current efforts to increase local exposure and awareness. Such endeavors may also contribute to employee job satisfaction plus certain events can be used as team-building exercises which contribute to a positive work environment.

6.5 Vehicles and Facilities

As indicated earlier, during the past 20 years PHT has grown from a fledgling, nutrition-related service to a transit organization that serves a five county area and provides more than 112,000 rides per year with a fleet of 35 vehicles. Its headquarter building is a 17,500 square foot structure in Spearfish that houses PHT's administrative offices and serves as its primary vehicle maintenance and storage facility. As indicated in Chapter 4, PHT also has vehicle storage facilities in several outlying communities.

Chapter 4 also indicated that PHT has procured funding for a new administrative, regional maintenance, and storage facility in Spearfish. It will include a licensed daycare facility for employee and community use. This facility, when built, will replace PHT's existing structure and should address most of PHT's space for the foreseeable future. PHT's board of directors and staff should reassess its space needs once the new facility is constructed and occupied. Long-term planning related to its new structure and outlying facilities will be warranted, especially if PHT experiences continued growth.

An additional office/storage facility is also being planned for Hot Springs. As discussed in Chapter 5, PHT is also planning to add a bus storage facility in Deadwood/Lead and passenger bus shelters in high-volume locations.

As indicated above, PHT currently operates a fleet of 35 transit vehicles. Related vehicle inventory information was presented in Chapter 4. As described in Chapter 4, PHT owns a fleet of 35 vehicles and, for the past two years, has been successful in obtaining funds to replace the oldest vehicles. However, it still operates with a large number of 2003 vehicles that are reaching the end of their useful lives. Even omitting three very old vehicles that are kept for special purposes, PHT's average fleet age is 4.2.

Because most of PHT's vehicles have a useful life of 6 years or less, this average age is a concern and suggests that an aggressive replacement plan needs to be implemented to avoid reliability problems and high maintenance expenses associated with vehicles that are operated beyond their economic life. While PHT has been successful in obtaining new vans in the past year or two, this aggressive replacement effort must continue in order to retire the large number of 2003 vehicles.

Given the size of PHT's fleet and the relatively long distances that many of its passenger trips entail, administrative personnel must aggressively monitor the status of its fleet and develop short- and long-term replacement schedules that provide for a vehicle fleet that is capable of responding to the personal mobility needs of its community customers and individual riders.

PHT's vehicle fleet reflects a relatively even mixture of new, intermediate age, and older vehicles so it appears that PHT personnel have been doing a good job of staying current with a replacement schedule. This degree of attention should be maintained.

6.6 Scheduling and Dispatch

PHT is in the process of implementing a computerized scheduling, dispatching, and vehicle tracking system. The software is provided by HB Software Solutions (HBSS). In addition to the typical scheduling and dispatching capabilities normally found in automated systems, the one used by PHT includes portable devices used by drivers to upload and download ridership information, including trip manifests. With the addition of modem interfaces, these portable devices can communicate with central dispatch and provide vehicle location information.

PHT currently has eight modems in service or on order. When these units are in place, one-fourth of PHT's fleet will be able to communicate real-time location information to the central office. The goal is to have at least one AVL-equipped vehicle in each community by mid-2010. Once the basic system is fully implemented, PHT hopes to add integrated smart/swipe card technology so that it can track riders and improve billing efficiency. The capital budget includes additional funds for the expansion of this system.

6.7 Fare Structure

PHT services cover a broad geographic area plus it offers a wide variety of services that are tailored to each individual community. As illustrated in the Appendix, PHT's fare structure is generally consistent across its territory. Efforts should be ongoing to maintain consistency, both within its fare structure and related to contracts for service that it may enter into with human service agencies, school districts, etc.

6.8 Human Resources

As discussed earlier, PHT is undergoing significant organization change related to the discontinuance of its relationship with Evergreen Management. Unlike established policies, systems, and mechanisms that exist in other 20-year-old transit operations, PHT is , in many respects, managing human resource functions like a start-up business rather than one that is mid-size and well-established.

It appears that PHT is applying due diligence to related efforts. Staff has been hired and policies and mechanisms are being put in place. PHT's board of directors and administration should monitor this situation closely and review its progress on an annual basis, at least for the next few years, to ensure that appropriate mechanisms have been put in place and that they are being managed appropriately.

6.9 Financial Management

PHT's financial management functions are much like the human resource functions discussed in the preceding section. Significant and appropriate steps have been taken to fill the void created by the disassociation with Evergreen Management. Ongoing monitoring and annual reviews of related implementation steps and day-to-day administration is recommended to ensure this vital function is being handled properly.

6.10 Funding

PHT has grown rapidly over the past five years. Its miles-of-service has increased by 75% and its operating budget has nearly doubled. PHT's ability to attract state and federal transit funds and secure the necessary local match has allowed it to grow and to satisfy more of the mobility needs of residents in its large service area.

Over the past five years, federal funding of rural transit has grown rapidly and PHT has been able to access these funds for both capital and operating expenditures. PHT will need to continue to increase funding in order to maintain existing service levels and to expand its operations. Federal, state, and local operating funds will need to increase by approximately 25% over the next five years if PHT is to maintain existing services. Proposed service expansions will require nearly a 50% increase in funding.

Federal funding, a crucial ingredient for financing operations and capital improvements, is currently uncertain because of delays in reauthorization of related federal transit programs. Fortunately, rural transit has been a high priority in the past and will garner continued support in future reauthorizations. A key to attracting future federal funds will be PHT's ability to obtain local matching funds. Local communities and organizations will need to increase their contributions to PHT accordingly.

6.11 Performance Measures

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

Table 6.1 presents a suggested list of statistics and indicators that PHT should compile, use for internal management, and report to its board and outside organizations and individuals. Most indicators can be reported monthly, though the financial indicators require revenue and expense data that might only be available on a quarterly basis. PHT already collects most of the data required to develop this performance report. Expense per hour statistics, to be most meaningful, should reflect expense data reported on an accrual basis, not a cash basis, because the hours and expenses should cover the same time period.

The three quality-of-service measures listed in Table 6.1will require collection of three new pieces of information. The complaint and road call measure will require PHT to develop a tracking system for these items that could be as simple as having maintenance personnel fill out a road call slip when an unscheduled vehicle switch-out occurs and then tabulating the results in the office each month or quarter. Likewise, complaint tracking can be accomplished by a short form that indicates the time, date, person complaining, and nature of the complaint along with follow-up actions which resulted. PHT's computerized scheduling and dispatching system can provide important, but typically hard-to-track, on-time performance information.

Table 6.1 Proposed Performance Measures

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

(Table 6.1 continued)

One-way trips/vehicle hour	Key measure of overall system productivity that measure the fit between the number of hours of service provided and the demand for the service. Calculated by dividing one-way trips by vehicle hours. Can be calculated and tracked for system and for individual routes or services.	Scheduling and dispatching software reports	Time series by month, also compare annually to other peer systems	Improvement from year to year	Typical range for demand response system is 2 - 6 one-way trips/hour
Percent trips on-time	Defined as percentage of trips provided within the "on-time" window for the demand response service, e.g., within + or - 15 minutes of the scheduled time. A key measure of quality of service	Scheduling and dispatching software reports	Time series by month	100% on time is goal	Set an internal standard of say 90% + or - 15 minutes of requested pick up
Number of road calls	Defined as the number of vehicle service interruptions that result in passenger delays and/or require a non-scheduled vehicle switch. A key measure of service quality and maintenance effectiveness	Either separate paper log or from entries in scheduling and dispatching software reports	Time series by month	Zreo is the goal, but not likely so reduction over time	No standard
Number non-policy complaints	A non-policy complaint is one that related to on-time performance, driver conduct or attitude or other concern about the quality or safety of service. It does not include complaints such as areas not served, hours of service, or fare level, for example	Separately kept paper log and file Computerized spread sheet	Time series by month	Zero is the goal, but unlikely, so reduction over time is the goal	No standard

6.12 Key Action Items

This business plan contains a number of recommended service changes, major capital projects, and recommendations for internal changes to help PHT more effectively accomplish its mission and deliver high-quality public transit service to small urban and rural areas of southwestern South Dakota. To help focus attention on key action items and to provide milestones for accomplishing these actions, five key action items are presented in Table 6.2, along with corresponding dates and assignments of responsibility. This table can be used to monitor the success of the plan over the next few years.

Table 6.2 Key Action Items for 2010-2014

Action Item	Implementation Date(s)	Total Operating and Capital Costs	Person Responsible for Implementation	Key Milestones
1. Finalize plans and oversee construction of the proposed administrative, maintenance and bus storage facility	Occupy facility in 2011	$4.75 million	Executive director and board	Finalize building plan and finance package by 3/31/10 Begin construction second quarter of 2010; initiate plans to serve as Jefferson Lines agent shortly after building is occupied Occupy new facility 2011
2. Modify organizational structure to develop future leadership within organization and to free-up executive director's time to focus on non-day-to-day issues; effort will facilitate succession planning	Initiate changes beginning mid-2010	Disassociation with Evergreen Management has necessitated new hires and increased operating costs. Further increases in operating costs will be dependent on additional new hires, if any, and findings of the recommended compensation survey	Executive director and board	Review recommended organizational changes with Board of Directors by 3/31/10 Finalize changes and corresponding job descriptions during second quarter of 2010. Institute changes effective 7/1/10

(Table 6.2 continued)

3. Initiate discussions with counties, cities, and contracting agencies to assess adequacy of current levels of service, local contributions, current fare structure, and contract terms and revenues	Increased attention being mid-2010	No initial increase in operating costs; costs will increase if services are expanded	Executive director, business manager, and board	Review existing levels of service, local contributions, existing fares, and contracts during third quarter. Identify expansion options and move toward consistency in fares, local contribution, and contract revenues, if discrepancies are found. During third quarter of 2010, initiate discussions with local jurisdictions to assess local needs and to seek contributions commensurate with services provided.
4. Monitor operational and capital needs and make full use of existing capabilities	Begin January 1, 2010	No initial operating or capital costs; long-term costs will be dependent on identified needs	Executive director and business and operations managers	Develop a vehicle fleet replacement schedule during the first half of 2010; also identify office and equipment maintenance needs associated with new building. Beginning in the third quarter of 2010, pursue funding to satisfy long and short-term needs. Activity should be ongoing. During the first half of 2010, review capabilities of computerized dispatch software and take steps to ensure that full use is made of related capabilities, including use of performance measures data.
5. Marketing and community awareness	Begin January 1, 2010	None significant increase in operating cost	Executive director, business manager, executive director, and media coordinator	Beginning in the first quarter of 2010, maintain and intensify efforts to create local awareness of available services via website, news releases, public presentations (e.g. service clubs), etc. Increase visibility via additional signage on PHT vehicles (name, phone #, web address, etc.)

6.13 Future Business Plan Updates

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

The biggest challenges facing PHT in the near future involve setting up an administrative framework to internalize processes previously performed by Evergreen Management and constructing a new administrative/maintenance/storage facility in Spearfish. The workloads associated with these activities will force potential service expansion opportunities to the back burner, at least for the time being.

Long-range funding will also present a significant challenge. PHT, like other rural transit providers, is heavily dependent on federal and state funding. It must also generate sufficient local income from fares, contracts, or donations to meet local funding mandates. Reauthorization of federal transit funding programs may present related challenges related to both actual funding levels and new program mandates. It is anticipated that new federal legislation will be passed within two years and related provisions may impact PHT's ability to implement various components of this business plan.

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

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

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

APPENDIX: PRAIRIE HILLS' SERVICES, SCHEDULES, AND FARES

Belle Fourche
Local Service Monday, Wednesday, & Friday
8 a.m. – 4 p.m.
Requests must be submitted by 2 p.m. on prior day
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 beyond 3 miles
Under 60 – same as seniors (required)
Youth - $2 & $3

Service to and from Spearfish Monday through Friday
8 am departure and 3 pm return
Fare: $10

Trips to Rapid City: M, W, & F with prior day notice by 2 p.m.
Fare: $22

Custer
Local Service Monday – Friday
7:30 a.m. – 4 p.m.
Requests must be submitted by 2 p.m. on prior day
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 for 1.5-3 miles; $4 & $5 for 3-6 miles
Under 60 – same as seniors (required)
Youth - $2 & $3

Rapid City – 1st and 3rd Thursday (4 person minimum) with prior day notice by 2 p.m.
Fare: $15

Deadwood – Lead (including Central City)
Local Service Daily
6:15 a.m. – Midnight (off season rides after 5:00 pm require advanced scheduling)
Requests must be submitted by 2 p.m. on prior day
Fares: 60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 for outside 3 miles;
Under 60 – same as seniors (required)
Youth - $1.75 & $2:50

Commuter routes between Deadwood & Lead
Rapid City – M, W, & F with prior day notice by 2 p.m.
Fare: $22-$24

Edgemont
Local Service Monday – Friday
8 a.m. – 4 p.m.
Requests must be submitted by 2 p.m. on prior day
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT
Under 60 – $2 OW, $3.50 RT
Youth - $2 & $3

Hot Springs – 1st & 3rd Tuesday and Thursday
Hot Springs & Rapid City – 1st & 3rd Friday
Fares: Hot Springs $18
Rapid City $25

Hot Springs
Local Service Monday – Friday
7 a.m. – 4 p.m.
Requests must be submitted by 2 p.m. on prior day
Grocery trips M & F
Shopping trips (Tuesday pm
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 beyond local
Under 60 – same as seniors (required)
Youth - $2 & $3; add $1 outside city

Rapid City – 1st & 3rd Fridays
Fare: $20

Newell & Nisland
Local Service Tuesday & Thursday
8 a.m. – 4 p.m.
Requests must be submitted by 2 p.m. on prior day
Fares: 60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 beyond local
Under 60 – same as seniors (required)
Youth - $2 & $3

Trips to Rapid City M, W, & F - $30
Belle Fourche $15
Spearfish $18
Sturgis $15

Spearfish
Local Service:
Monday – Friday - 7:30 a.m. – 7 p.m.
Saturday - 10 a.m. – 3 p.m.
1st Saturday - 9 a.m. – 4 p.m.
Sunday - 8 a.m. – 1 p.m.
Specified shopping destinations on various days
Requests must be submitted by 2 p.m. on prior day
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT, $3 & $3.50 outside 3 miles;
Under 60 – same as seniors (required)
Youth - $2 & $3; additional $1 outside city
Free transportation to Hickory House senior meal site for noon meals Monday-Saturday

Rapid City – M, W, & F $22

Round trip Commuter route from Spearfish to communities along I-90 ending in Rapid City Monday through Friday

Sturgis
Local Service Monday – Friday
7:30 a.m. – 4 p.m.
To Ft. Meade – 7:30 a.m., 11:30 a.m., 3:30 p.m.
Requests must be submitted by 2 p.m. on prior day
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT
Under 60 – $2 OW, $2.50 RT, $3 & $3.50 outside 3 miles
Youth - $2 & $3
Free transportation to Sturgis Nutrition meal sites M – F

Rapid City – M, W, & F $22

Round trip Commuter route from Sturgis to communities along I-90 ending in Rapid City Monday through Friday

Round trip Commuter route from Sturgis to Spearfish along I-90 ending in Spearfish Monday through Friday

Whitewood

Local Service Tuesday & Thursday
Fares:
60 & Over – suggested donation $2 OW, $2.50 RT
Under 60 – $2 OW, $2.50 RT, $3 & $3.50 outside 3 miles
Youth - $2 & $3
Requests must be submitted by 2 p.m. on prior day

Rapid City M W F $22