

**Business Plan for River Cities Public Transit
Pierre, South Dakota**

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TABLE OF CONTENTS

- 1. RIVER CITIES PUBLIC TRANSIT AND THE PURPOSE OF THIS BUSINESS PLAN..... 1**
 - 1.1 A Brief History of River Cities Public Transit 1
 - 1.2 The Nature and Purpose of this Business Plan 5

- 2. RIVER CITIES PUBLIC TRANSIT ORGANIZATION AND GOVERNANCE 7**
 - 2.1 Purpose and Mission of River Cities Public Transit 7
 - 2.2 Board of Directors..... 8
 - 2.3 River Cities Public Transit Organization and Management Structure..... 10

- 3. THE MARKET FOR PUBLIC TRANSPORTATION IN THE RIVER CITIES
PUBLIC TRANSIT SERVICE AREA 13**
 - 3.1 Demographics of River Cities Public Transit Service Area..... 13
 - 3.2 River Cities Public Transit’s Current Markets..... 17
 - 3.3 Analysis of River City Transit’s Markets and Future Potential 19

- 4. DESCRIPTION OF CURRENT SERVICES, OPERATIONS, VEHICLES,
AND FACILITIES 21**
 - 4.1 River Cities Public Transit Services 21
 - 4.2 Fare Structure..... 25
 - 4.3 Scheduling and Dispatching 27
 - 4.4 Maintenance..... 28
 - 4.5 Human Resource Management 29
 - 4.6 Financial and Management Information Systems..... 30
 - 4.7 Marketing and Public Awareness 30
 - 4.8 River Cities Public Transit Vehicle Fleet 31
 - 4.9 Maintenance and Administrative Facilities..... 34
 - 4.10 Summary of Observations and Recommendations 34

- 5. RIVER CITIES PUBLIC TRANSIT’S MISSION, VISION, GOALS AND OBJECTIVES 37**
 - 5.1 Proposed Performance Measures for River Cities Public Transit..... 38

- 6. NEW AND EXPANDED SERVICE OPTIONS FOR RIVER CITIES PUBLIC TRANSIT 41**
 - 6.1 FTA Charter vs. Mass Transportation Regulations 41
 - 6.2 Proposed Service Expansion Options 42

- 7. FIVE-YEAR OPERATING AND CAPITAL BUDGET PLAN 45**
 - 7.1 Five-Year Operating Budget Projections 45
 - 7.2 Capital Improvement Plan and Budget 49
 - 7.2.1 Vehicle Replacement Needs and Budget 49
 - 7.3 Maintenance, Storage, and Administrative Facility 51
 - 7.3.1 The Need for Expanded Facilities 51
 - 7.3.2 The Alternatives 52
 - 7.3.3 Funding Requirements 52
 - 7.4 Summary of Capital Needs and Capital Budget 54

8. SUMMARY OF PLAN RECOMMENDATIONS.....	57
8.1 Summary of Key Findings	57
8.1.1 River Cities Public Transit System’s Goals	58
8.1.2 Organization and Governance	58
8.1.3 The Market for Transit in the River Cities Public Transit Service Area	58
8.1.4 Operations, Vehicles, Facilities	59
8.2 Key Action Items for the Next Five Years	59
8.2.1 Funding.....	59
8.2.2 Facilities	61
8.2.3 Staffing	61
8.3 Updating this Business Plan.....	61

LIST OF TABLES

- 1.1. Milestones for River Cities Public Transit..... 4
- 1.2. Operating and Financial Trends for River Cities Public Transit 2003-2007 5
- 2.1. River Cities Public Transit Board Members (As of March 2007) 9
- 3.1. Population for River Cities Public Transit Service Area (2000 Census) 15
- 3.2. Population Density for Counties Served by River Cities Public Transit (2000 Census) 15
- 3.3. Vehicle Ownership by Household (2000 Census) 16
- 3.4. Household Units, Income, Travel Time to Work, Age, and Disability (2000 Census) 16
- 3.5. River City Transit Ridership by Trip Purpose 18
- 3.6. Estimated Trip Rates for River Cities Public Transit Services (January 2006 Data)..... 19
- 4.1. Summary of River Cities Public Transit Performance by Service Type for January 2006..... 24
- 4.2. River Cities Public Transit Fare Structure 26
- 4.3. River Cities Public Transit Vehicle Roster March 2007..... 32
- 5.1. Proposed Performance Measures for River Cities Public Transit..... 39
- 6.1. Proposed Service Additions for River Cities Public Transit 2007-2012 43
- 7.1. River Cities Public Transit Five-Year Operating Budget Forecasts for Current
and Expanded Services..... 46
- 7.2. Revenue and Expense Estimates for Proposed New Services 47
- 7.3. River Cities Public Transit Operating Expense Unit Cost Model Using 2007 Budget Data 48
- 7.4. Proposed Vehicle Replacement Plan and Capital Budget..... 50
- 7.5. Comparison of Current Facility with Future Expansion Options 53
- 7.6. Estimated Cost and Funding Plan for River Cities Public Transit Facility Expansion..... 54
- 7.7. Summary of Capital Needs for River Cities Public Transit..... 55

LIST OF FIGURES

- 1.1. River Cities Public Transit Service Area 2
- 1.2. River Cities Public Transit Operating Trends 2000 - 2007..... 3
- 2.1. Current Organization Chart River Cities Public Transit 11
- 3.1. River Cities Public Transit Service Area Population by County 14
- 3.2. River Cities Public Transit Trip Purpose Distribution – January 2006..... 18
- 4.1. Current River Cities Public Transit Services 23
- 4.2. Examples of River Cities Public Transit Current Bus Fleet 33
- 6.1. Map of Future Service Priorities..... 44

1. RIVER CITIES PUBLIC TRANSIT AND THE PURPOSE OF THIS BUSINESS PLAN

1.1 A Brief History of River Cities Public Transit

River Cities Public Transit (RCPT), the public transportation provider for South Dakota's state capital and surrounding region, has experienced phenomenal growth and success over the past six years. Prior to 1998, individuals wanting to travel in the Pierre-Ft. Pierre area had no public transportation option other than a small, struggling taxi operation. In 1998, at the urging of the governor, a non-profit corporation called the Community Coordinated Transportation System (CCTS) was formed to respond to the need for affordable public transportation service, particularly for elderly, disabled, and low-income individuals. For its first few years of operation, the public transit system operated fewer than five vehicles providing only about 1,000 one-way passenger trips per month. The turning point in the Community Coordinated Transportation System's transformation into River Cities Public Transit occurred in 2001 when the taxi ceased operation, and the elected officials of the area asked CCTS to provide round-the-clock taxi service. At that time, CCTS changed its marketing name to River Cities Public Transit and began its development into a comprehensive transit provider that in 2007 offered about 25,000 one-way trips per month in an eight-county region serving a population of about 32,000 persons.

Figure 1.1 shows the eight-county service area covered by River Cities Public Transit. RCPT's primary service area is Pierre, Ft. Pierre, and an area of about five miles surrounding these two cities that receives the most comprehensive around the clock service. Other areas of the eight-county region receive daily or weekly service. More detailed information on River Cities Public Transit's market and current services is presented in Sections 3 and 4.

Figure 1.2 shows graphically the growth in service as measured by vehicle miles and the responding growth in ridership over the past eight years. While both indicators have increased over the entire eight-year period, growth has been especially rapid during the past six years. Note especially that ridership has grown at a much faster rate than mileage, indicating that the transit services are being more fully utilized over time and that new services are productive and meeting market needs.

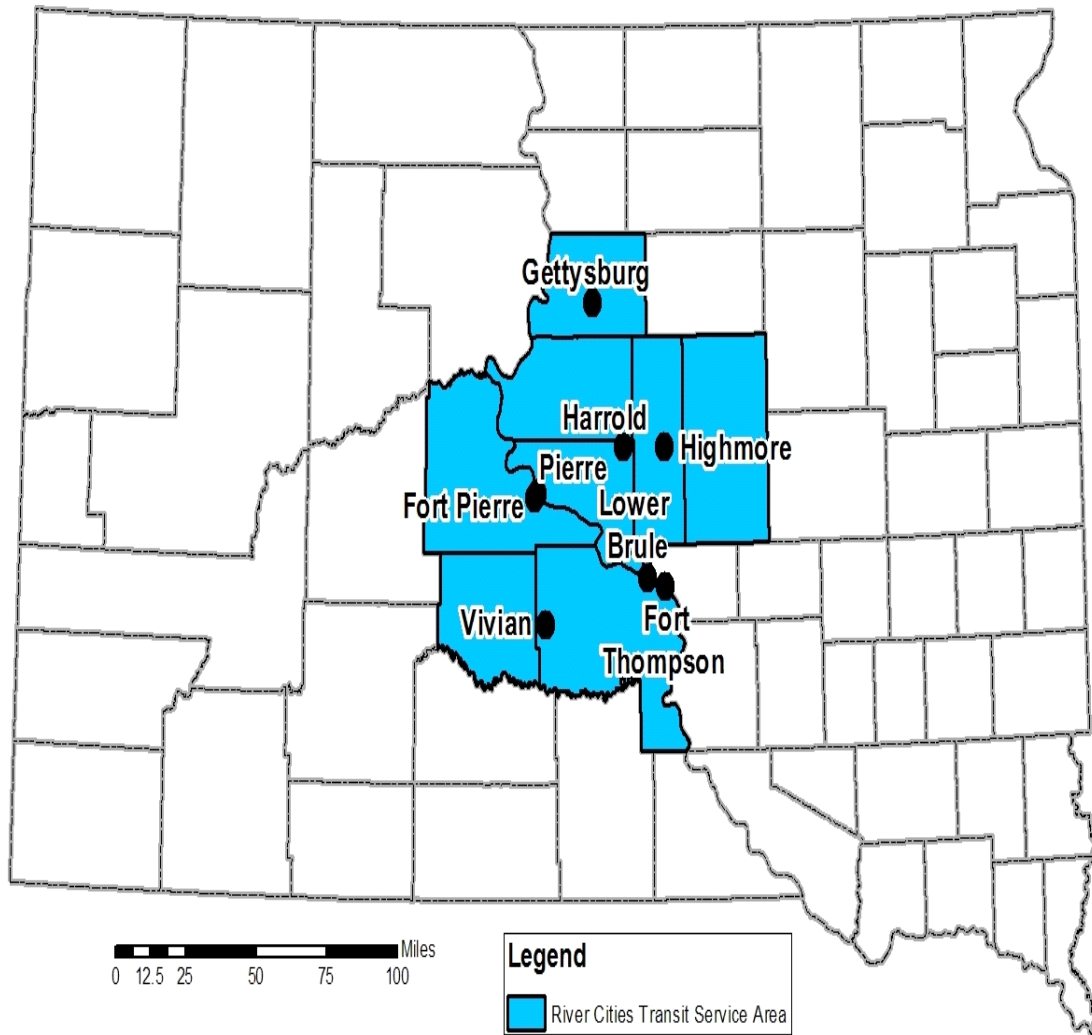


Figure 1.1 River Cities Public Transit Service Area

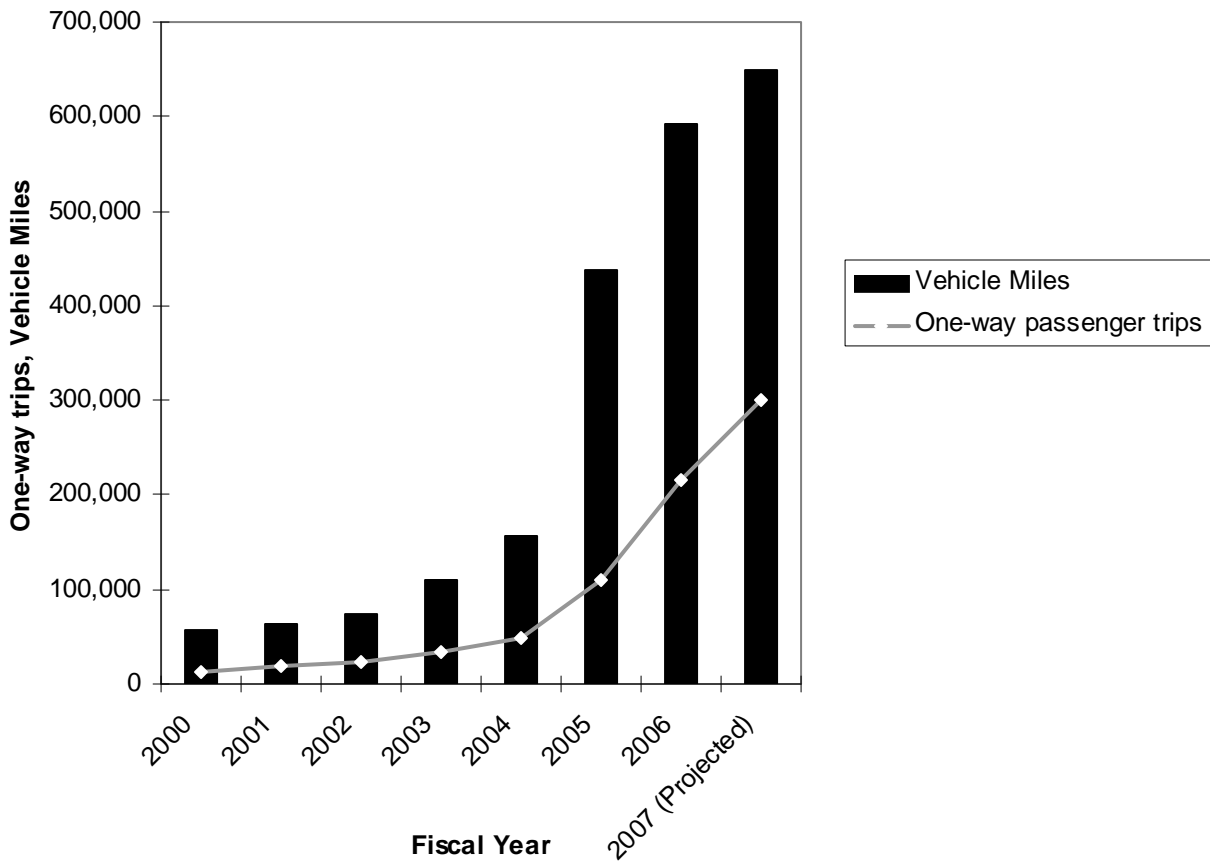


Figure 1.2 River Cities Public Transit Operating Trends 2000-2007

This six-year growth and development has required RCPT to build an organization, acquire vehicles and facilities, and obtain capital and operating funds starting nearly from scratch. Even its small fleet was lost in a fire just as the taxi operation was to begin and had to be replaced before the taxi service could start. The current system evolved in response to crises and opportunities and not according to a predetermined long-range plan. The current manager, with support from his board of directors, local elected officials, and the South Dakota Department of Transportation, expanded services, added staff, acquired vehicles, and built an administrative/maintenance facility to allow it to grow to meet the needs of the region. Table 1.1 lists key milestones in the development of RCPT, culminating most recently with RCPT being named the Community Transportation Association of America’s Rural Transit System of the Year and receiving the Federal Transit Administration’s Administrator’s Award for Outstanding Public Service in Rural Public Transportation

Since virtually all public transportation services in the United States cost more to provide than the revenue generated from riders, all transit systems, including River Cities Public Transit, require federal, state, and local funds to supplement operating revenue and to acquire capital equipment and facilities. Fortunately, federal and state funding for transit has grown over the past few years and has been available to assist River Cities Public Transit. Perhaps even more importantly, the communities in the River Cities Public Transit service area have made investments of local funds to help acquire equipment and facilities and support on-

going operations. Further, the private sector has been solicited and has provided matching funds for vehicles. Table 1.2 summarizes key operating and financial data for the past five years and indicates the growth in revenue, expenses, and federal, state, and local support for River Cities Public Transit’s operating budget.

As can be seen by reviewing the historical milestones of River Cities Public Transit, the organization has grown by offering a wide range of public transportation service options, including local demand-responsive on-call taxi and advanced reservation service, intercity bus connections and ticketing, work shuttle service, as well as public transportation on the Lower Brule Indian Reservation. Perhaps the most distinctive feature of RCPT’s service concept is its 24 hours a day, seven-days-a-week service that is available on demand with no advanced reservation. It is most unusual for a small urban or rural transit system to offer this comprehensive taxi type service, but this high level of availability coupled with a very simple and understandable fare structure allows RCPT to quickly and easily respond to a wide variety of transportation needs. Perhaps the best way to describe the service concept of RCPT is that it strives to meet all the public transportation needs of its service area’s residents and visitors by offering an array of demand-responsive and scheduled services using a variety of vehicle types at affordable prices.

Table 1.1 Milestones for River Cities Public Transit

Date	Milestone
October 1, 1998	Community Coordinated Transportation System started
Early 2001	Took over and operated local taxi service
2002	Began weekly service from Pierre to Gettysburg
Fall 2002	Became station agent for intercity bus service
May 2003	Opened new maintenance and administrative facility
August 2004	Started connector service from Pierre to Vivian when intercity bus service moved from Pierre to I-90 corridor only
September 2004	Began Pierre-Lower Brule and within Lower Brule
December 31, 2004	Ended separate taxi operation
January 2005	Began 24/7 operation of River Cities Public Transit
February 2005	Began work shuttle from Highmore to Pierre
June 2006	River Cities Public Transit named CTAA Rural System of the Year
October 2006	River Cities Public Transit receives FTA Administrator’s Award for Outstanding Public Service in Rural Public Transportation
March 2007	River Cities Public Transit recognized by the Federal Transit Administration for success in enhancing ridership in communities under 50,000 population

Table 1.2 Operating and Financial Trends for River Cities Public Transit 2003-2007

	2003	2004	2005	2006	2007 (Projected)
One-Way Passenger Trips	32,920	47,831	110,182	215,242	300,000
Total Vehicle Miles	110,159	157,503	437,444	592,170	650,000
Total Vehicles	5	12	27	32	32
Operating Revenue	\$94,279	\$104,015	\$158,842	\$150,950	\$280,349
Operating Expense	\$407,476	\$469,456	\$695,911	\$1,732,967	\$1,872,993
Net Loss	\$313,197	\$365,440	\$537,069	\$1,582,017	\$1,592,644
Federal 5311 Funds	\$189,834	\$226,746	\$465,580	\$892,133	\$995,701
Title III Funds	\$9,620	\$12,909	\$12,905	\$13,348	\$13,348
State Funds	\$16,557	\$18,237	\$20,237	\$57,032	\$91,327
Local Effort	\$191,465	\$211,564	\$548,880	\$770,454	\$583,595
Total Public Support	\$407,476	\$469,456	\$1,047,602	\$1,732,967	\$1,683,971

1.2 The Nature and Purpose of this Business Plan

In early 2005 the River Cities Public Transit board and manager requested that the Small Urban and Rural Transit Center (SURTC) at North Dakota State University assist it by preparing a business plan for RCPT. Though it had been successful in building an organization to respond to the most pressing public transit needs of the Pierre-Ft. Pierre area, RCPT wished to obtain outside assistance to review its existing organization and operations and to formulate a detailed business plan to guide it for the next three to five years. The plan will allow RCPT to access its strengths and weaknesses and identify additional public transit markets that it could effectively serve. Further, the plan will forecast future capital and operating fund needs and will help RCPT to communicate its plans and vision to local stakeholders and to funding agencies to provide these needed funds.

This section has provided a brief overview of the history of RCPT and a summary of operating and financial trends. The next section describes and evaluates the RCPT organizational structure and governance. Section 3 provides data on the eight-county area served by RCPT and evaluates how well RCPT is matching its services to the market present in these counties. Section 4 provides a detailed discussion and evaluation of current operations and functional areas within the RCPT organization, and the conclusions and recommendations presented in this section provide much of the justification for the recommended plan presented in this document. Section 5 presents a series of goals, objectives, and specific performance measures that can be used to evaluate future options and represents the transition within this report from the inventory of the current situation to the future plan.

Section 6 presents a number of service expansion options and quantifies the impact these additions will have on operating and financial measures. Section 7 presents a capital improvement plan that includes replacement and additional vehicles, additional maintenance and storage space and other capital needs and then presents a five-year operating and capital budget based on the proposed service changes and capital improvement plan. Finally, Section 8 includes a summary of key findings and recommendations from this plan. It also includes key issues that must be addressed in order for RCPT to continue its successful operations. This section also includes suggestions for ongoing performance monitoring and possible triggers to suggest the need for a plan update.

2. RIVER CITIES PUBLIC TRANSIT ORGANIZATION AND GOVERNANCE

River Cities Public Transit is the marketing name of the Community Coordinated Transportation System (CCTS), a non-profit corporation formed in 1998 to provide affordable transportation to the residents of Pierre and Ft. Pierre, South Dakota. Prior to the start up of CCTS, the only public transportation service in the capital city was a small taxi operation. No fixed route bus service exists in the area. In 2001, CCTS began using the name River Cities Public Transit to identify the organization and the services it provides. This name will be used throughout this report to describe both the services provided and the organization responsible for public transportation in the central South Dakota region.

2.1 Purpose and Mission of River Cities Public Transit

The nonprofit corporation, Community Coordinated Transportation System, was set up in 1998 to respond to the absence of viable public transportation options in the capital city region of South Dakota. The by-laws of the organization identified three major purposes for the new transportation entity:

1. Coordinate public transportation and activities and operations of the participating transportation projects in central South Dakota. Specific activities to be performed include the following:
 - a. reviewing local transportation operations
 - b. sharing local operating techniques and recommending procedures for improved service
 - c. establishing guidelines for area-wide operations
 - d. engaging in promotional activities and funding programs
2. Coordinate with federal state and local agencies to provide information and data for the purpose of determining public transportation programs and needs of east central South Dakota.
3. Gain information, experience, and proficiency in the planning and operation of a public transportation service that could be applied to other areas of the state.

While the purposes listed in the by-laws do not specifically include operation of a transportation system, this objective was central to the CCTS initiative as promoted by the governor of South Dakota when he encouraged the establishment of a public transportation system in the state capital. Further, the third purpose listed above is to gain proficiency in the operation of public transportation that can be applied elsewhere. The first two purposes stress the role of the organization in determining how much and what kind of public transportation service should be provided, coordinating existing services and obtaining funds to support the needed level of service.

The third purpose is relatively unique to a non-profit local transportation provider and that is to serve as a model and source of technical expertise to help other systems. This purpose was particularly important to the South Dakota Department of Transportation officials involved in the start up and the continued growth of River Cities Public Transit because they recognized the importance of technology transfer among peers as a way to improve the quality of public transportation in all areas of the state.

The service area to be covered by River Cities Public Transit is not explicitly delineated in its by-laws, though four governmental entities are specifically represented on the board of Directors. The original intent, as indicated by the naming of the cities of Pierre, and Ft. Pierre, and Hughes and Stanley Counties as entities to be represented on the board, was that the initial focus of service was to be in these

communities. However, because surrounding counties lack public transportation, the intent was and is that RCPT determine the feasibility of serving these surrounding areas and do so if funding can be arranged. From the outset RCPT has considered its service area to include Hughes, Stanley, Lyman, Jones, Hand, Hyde, Potter, and Sully Counties, though service is concentrated in Hughes and Stanley counties.

River Cities Public Transit has successfully addressed all its stated purposes. Especially in the past few years, as its own operations have matured, RCPT has sought opportunities to coordinate services with other agencies in the community such as Head Start, the YMCA, Oahe, Inc., and other agencies. Agencies are represented on the board of directors, and RCPT staff have developed innovative and flexible ways to assist human service agencies in ways that benefit both RCPT and the agency but not necessarily by taking over all agency operations. In some cases, RCPT just maintains an agency's vehicle; in other cases, it provides rides using the agency's vehicle but RCPT drivers; in other cases, RCPT provides rides for agency clients on the regular RCPT service. In response to coordination planning requirements of the federal SAFETEA-LU, the Small Urban & Rural Transit Center assisted RCPT by preparing a *Coordination Assessment and Transit Development Plan* (March 2007) that describes current coordination efforts in more detail. This plan also identifies additional opportunities to improve public transit in the RCPT service area through additional coordination activities.

River Cities Public Transit has also taken seriously its responsibility to showcase new technology and operating practices. For example, RCPT was the first system in the state to obtain the Sprinter bus, a very fuel efficient, small bus that is gaining popularity around the country. In addition, RCPT took the lead to specify and obtain scheduling/dispatching software for a consortium of seven small systems and continues to provide training and technical assistance to help these systems implement and use the software. Finally, the RCPT executive director has been personally instrumental in the reinvigoration and effectiveness of the Dakota Transit Association and has served several terms as its president. Transit officials within the state DOT look to RCPT as a resource and leader to innovate and to improve public transit in the state.

2.2 Board of Directors

As is the case for all non-profit corporations, overall responsibility for the corporation's activities is vested with a board of directors. The by-laws call for up to 12 members to be appointed to the board; the board currently has ten members. Current members and their affiliations are listed in Table 2.1. The by-laws specify that five board members be appointed by and represent specific governmental entities: the cities of Pierre and Ft. Pierre, Hughes, and Stanley counties and the South Dakota Department of Transportation. Further, one board member must be a regular user of the system. Representation on the board by the State Department of Transportation is relatively uncommon for a local non-profit transportation provider, but it highlights the special role seen for RCPT as the transit system for the state capital and the expectations of a special relationship in terms of technology transfer and leadership of transit efforts in South Dakota.

According to its by-laws, the board of directors of River Cities Public Transit is to serve as the financial control body for the organization and is authorized to receive and expend funds for the corporation. It is authorized to enter into contracts on behalf of the organization, and it establishes policies and conducts studies to determine the transportation needs of the region. Finally, the board is vested with the responsibility of appointing, removing, and setting the salaries of all personnel. In practice, the board hires the executive director, who hires and dismisses employees within salary and staffing levels approved by the board.

The by-laws specify monthly meetings of the board of directors, although in practice, if no pressing agenda items exist, the meetings are cancelled. The current board and executive director have a good and mutually supportive relationship that allows for good communication flexibility to respond to issues and opportunities without an overly bureaucratic structure. The Board receives operating and financial updates at each meeting and approves budgets, new positions, all contracts, and major service changes.

The previously mentioned Coordination Assessment Plan for RCPT suggests formation of a separate Coordination Advisory Committee so that RCPT is in compliance with the requirements of SAFETEA-LU. These requirements could also be met by including additional providers on the board of directors. Establishing a separate advisory body is probably not necessary and would require additional staff attention that might best be directed to working with an expanded board of directors. RCPT should clarify federal and state implementation procedures for this relatively new federal requirement and add persons to the board if needed.

Table 2.1 River Cities Public Transit Board Members (As of March 2007)

Chairperson

Chuck Quinn
Oahe Inc. (Adjustment Training Center)
1705 Flag Mountain Dr.
Pierre, SD

Vice Chairperson

Mary Kirk
Head Start
614 W. Fifth St.
Pierre, SD

Secretary-Treasurer

Dena Gabriel
Maryhouse Nursing Home
209 N. Sixth St.
Fort Pierre, SD

Larry Zastrow
SD Bar Association
314 W. Elizabeth
Pierre, SD

Stan Schwellenbach
City of Pierre
1108 N. Grand
Pierre, SD

Bruce Lindholm
South Dakota Department of Transportation
1602 E. Capitol Ave.
Pierre, SD

Shannon Stewart
City of Fort Pierre
PO Box 963
Fort Pierre, SD

Kevin Hipple
Hughes County
104 E. Capitol Ave.
Pierre, SD

D. D. Jacobson
Stanley County
111 West Park Ave.
Fort Pierre, SD

Linda Taylor
SD Housing – Senior Program
PO Box 1237
Pierre, SD

2.3 River Cities Public Transit Organization and Management Structure

Transit systems, whether a one or two-bus rural system, or a major city system like New York City Transit, all 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 a jack-of-all-trades in order to keep a system in operation.

River Cities Public Transit has evolved from a very small system to a small to medium-sized system in the past five years. Five years ago the entire staff consisted of a manager, an office person, and several drivers. It has now evolved into a system with several administrative and maintenance positions, but it is still a small system requiring most staff members to wear multiple hats. The following section describes the existing organizational structure. Each functional area is described in more detail in Section 4. This section also includes recommended changes to the organization and staffing.

Figure 2.1 shows the current organizational chart for River Cities Public Transit. As can be seen, the executive director reports to the board of directors. The director is assisted by an assistant director, whose duties include hiring and firing employees, customer relations/complaints handling, and report preparation. The executive director directly supervises one full-time and two part-time mechanics, an operations supervisor, and an office manager. In early 2007, RCPT added the position of assistant to the director, a job whose duties include accounting and financial management activities and overseeing the implementation of the computerized dispatching and scheduling hardware and software for both RCPT and the other systems that are a part of the purchasing consortium. Schedulers and call takers report to the executive director, but day-to-day decisions are made in coordination with the assistant manager. The operations supervisor is responsible for scheduling, training, and disciplining about 30 drivers.

This organization chart shows the general delineation of duties and responsibilities; however, as is the case in many small transit systems, over simplifies actual functional activities. For example, most administrative employees have Commercial Drivers Licenses (CDL) and are trained as drivers so they may take a run or two as needed to fill peak trip needs. Furthermore, the current executive director, because of his previous background, uses his mechanical skills to help solve difficult maintenance issues. Finally, many administrative functions that might be performed by distinct employee positions in a larger system are performed by the executive director of RCPT including marketing, grant preparation and administration, and a number of accounting functions. More detail on the division of duties is included in Section 4.

RCPT's current organization is not only typical of small transit systems, but it also represents a creative use of long-term employees who have grown into increased responsibilities as the organization has grown. Over the next five years, the organization chart will not change in any significant way with one or two exceptions. The two most likely changes will be in the maintenance and information systems areas where eventually RCPT will want to have a maintenance manager and a finance director/information systems manager due to growing responsibilities in these areas. More will be said about these recommendations in Section 4.

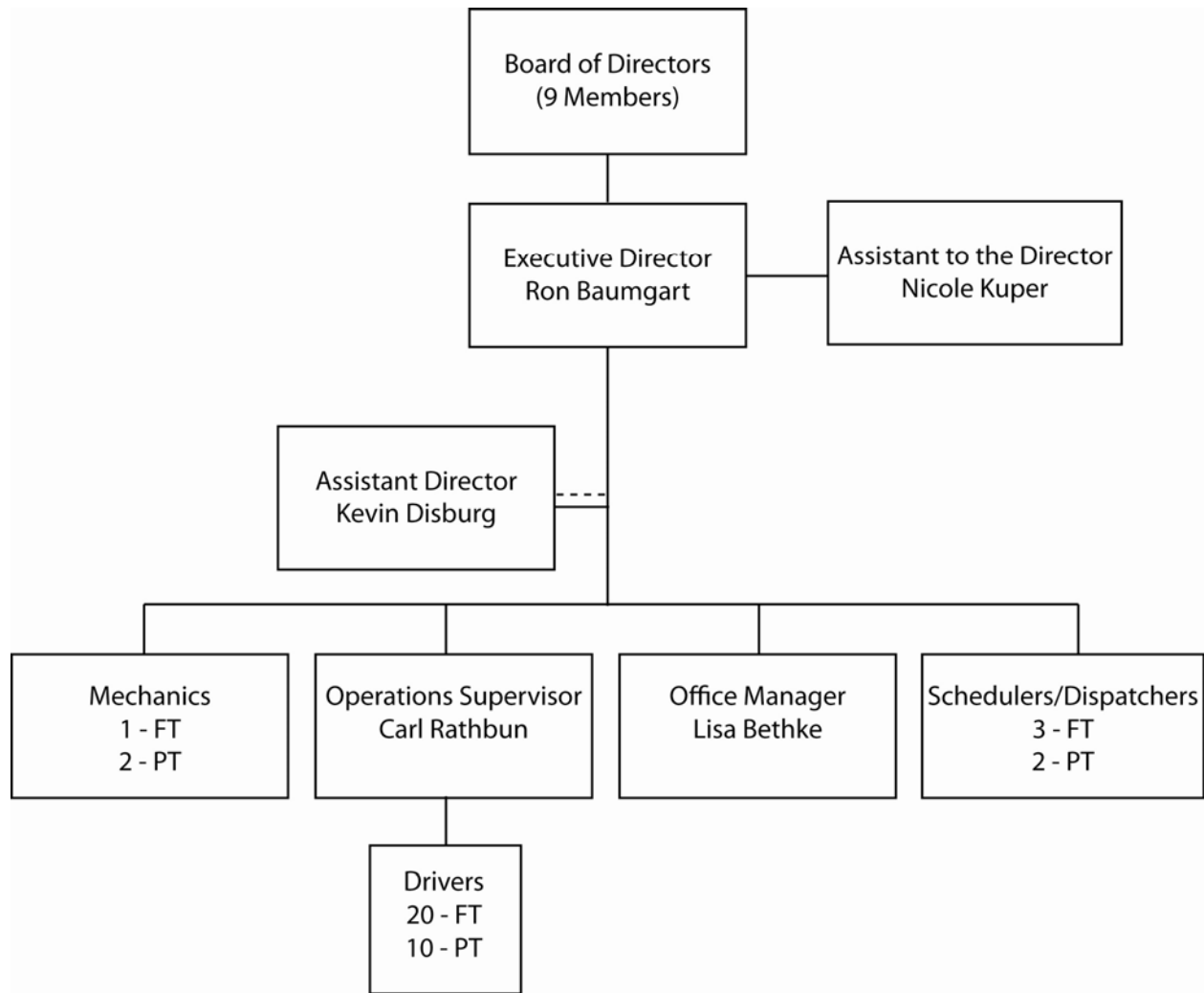


Figure 2.1 Current Organization Chart River Cities Public Transit

3. THE MARKET FOR PUBLIC TRANSPORTATION IN THE RIVER CITIES PUBLIC TRANSIT SERVICE AREA

3.1 Demographics of River Cities Public Transit Service Area

River Cities Public Transit provides public transportation in an eight-county area of central South Dakota, though its primary service area is in Hughes and Stanley counties. Figure 3.1 shows the RCPT service area and county population data. The total population for the eight-county region according to the 2000 Census was 34,002, though 2005 estimates indicate a decline of about 1,800 residents for the region. Table 3.1 summarizes the 2000 and 2005 Census data for the eight counties. Nearly three out of five residents of the region live in the two-county primary service area. As shown in Table 3.2, only Stanley County is very densely populated, but with a population density of about 22 persons/sq. mile, is still a very sparsely settled area in terms of traditional transit markets.

Twenty-four-hour-a-day service is offered in Hughes and Stanley Counties; weekday service is offered to the Lower Brule Reservation in Lyman County, and daily connector service is also provided to the Vivan intercity bus stop on 1-90 in Lyman County. The Rt. 14 corridor of Hyde County is served by a work shuttle, and Sully and Potter Counties receive weekly service as part of the Gettysburg medical transportation operation, and more recently, a daily work shuttle to and from Gettysburg to Pierre/Ft.Pierre. Other counties are served on an as-needed basis with the demand response service.

Traditionally, the market for public transportation in rural and small urban areas is considered to be transportation disadvantaged individuals who are defined as persons without access to a private vehicle. Because the convenience of public transportation in small urban and rural areas is limited by the lack of frequency of service and coverage of the service, the general assumption is that only if a vehicle is not available for a particular trip will individuals use transit. Demographic factors most commonly used to describe transportation disadvantaged persons include age (too young or too old to drive), disability, zero vehicle households, and income. Table 3.3 summarizes vehicle ownership characteristics for the eight-county region, and Table 3.4 shows additional household data that influences travel choice.

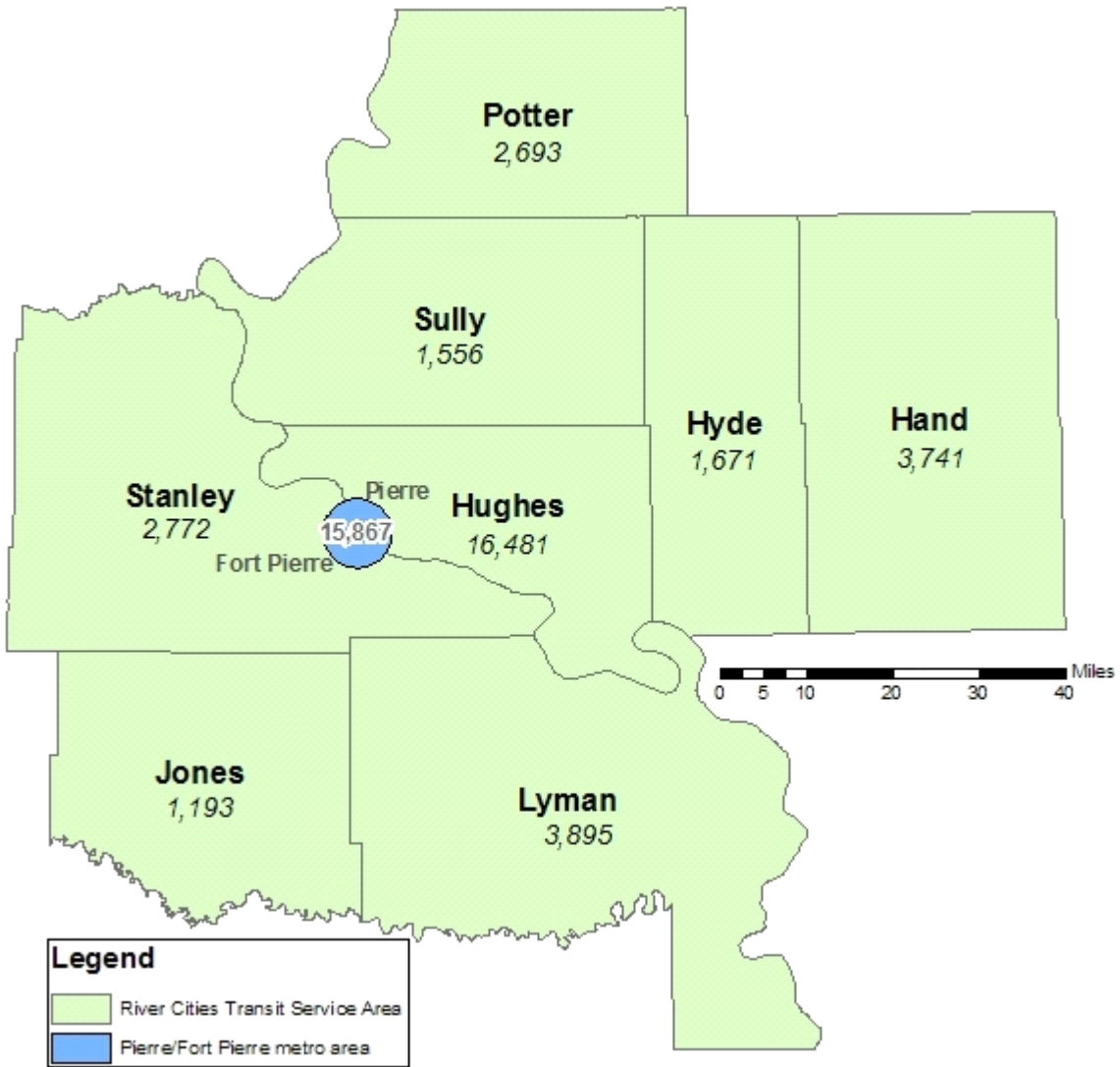


Figure 3.1 River Cities Public Transit Service Area Population by County

Table 3.1 Population for River Cities Public Transit Service Area (2000 Census)

County	2000	1990	% Change 90-00	2005 *Estimates	Est. Change 00-05
Hand County	3,741	4,272	-12.43%	3,307	-11.6%
Hughes County	16,481	14,817	11.23%	16,875	2.4%
Hyde County	1,671	1,696	-1.47%	1,614	-3.4%
Jones County	1,193	1,324	-9.89%	1,033	-13.4%
Lyman County	3,895	3,638	7.06%	3,919	0.6%
Potter County	2,693	3,190	-15.58%	2,351	-12.7%
Stanley County	2,772	2,453	13.00%	2,829	2.1%
Sully County	1,556	1,589	-2.1%	1,430	-8.1%
Totals	34,002	32,979	3.00%	32,149	-5.45%

Table 3.2 Population Density for Counties Served by River Cities Public Transit (2000 Census)

County	Area Square Miles	1990 Population	1990 Population per sq. mile	2000 Population	2000 Population per sq. mile	Density Change 1990-2000
Hand County	1,436.7	4,272	3.0	3,741	2.6	-13.2%
Hughes County	741.0	14,817	20.0	16,481	22.2	11.2%
Hyde County	861.1	1,696	2.0	1,671	1.9	-3.0%
Jones County	970.6	1,324	1.4	1,193	1.2	-12.2%
Lyman County	1,640.1	3,638	2.2	3,895	2.4	7.9%
Potter County	866.5	3,190	3.7	2,693	3.1	-16.0%
Stanley County	1,443.4	2,453	1.7	2,772	1.9	13.0%
Sully County	1,007	1,589	1.6	1,556	1.5	-6.3%
Totals	8966.4	32,979	3.7	34,002	3.8	2.7%

Table 3.3 Vehicle Ownership by Household (2000 Census)

Counties	None	1 Available	2 Available	3 Available	4 Available	5+ Available
Hand County	44	258	467	235	101	38
Hughes County	65	814	2,068	944	343	76
Hyde County	5	113	208	82	54	24
Jones County	4	67	152	81	26	39
Lyman County	27	222	354	226	93	41
Potter County	17	186	430	209	41	23
Stanley County	23	166	324	211	96	31
Sully County	6	86	211	119	37	19
Totals	191	1,912	4,214	2,107	754	291

Table 3.4 Household Units, Income, Travel Time to Work, Age, and Disability (2000 Census)

County	Housing Units	H/U Occupied	Mean Travel time to work	Per Capita Income	Persons 65 years and older	Disability (Ages 21-64)
Hand County	1,840	1,543	16.2	\$18,735	904	225
Hughes County	7,055	6,512	11.3	\$20,689	2,252	1,297
Hyde County	769	679	13.6	\$16,356	373	155
Jones County	614	509	14.3	\$15,896	217	74
Lyman County	1,636	1,400	19.4	\$13,862	528	397
Potter County	1,760	1,145	15.8	\$17,417	674	232
Stanley County	1,277	1,111	13.4	\$20,300	305	256
Sully County	874	630	17.3	\$17,407	271	176
Totals	15,825	13,529			5,524	2,636

Note that fewer than 200 households in the region lack private vehicles, and that the majority of disabled persons live in Hughes, Stanley and Lyman Counties, counties that receive daily transit service.

3.2 River Cities Public Transit's Current Markets

River Cities Public Transit service is unusual both in terms of the quantity of service provided in its relatively sparsely settled region, its low fare and ease of use, and in the specialization of its demand-response services to attract riders in a number of different submarkets. As indicated earlier, RCPT operates around the clock in its primary service area and can be accessed with prior reservation, or on-demand like a taxi service. Even the fare for on-demand service, \$5.00 for a local trip, is very reasonable given current fuel and other costs. Prescheduled rides can be obtained for \$1.55, again, a very low fare.

Again, RCPT is somewhat unique for a small urban and rural community in that it does not limit its service to specific subgroups such as elderly or disabled persons, nor does it focus on human service agency clients for which it has service contracts. Both the extensive availability of service and the low cost to users help River Cities Public Transit achieve its goal of providing high quality transportation for all trip purposes. For example, one of the motivations for local elected officials to persuade RCPT to take over the failed taxi business was to provide an alternative to individuals who frequented bars and other drinking establishments in both Pierre and Ft. Pierre and needed a ride home rather than drive unsafely. This late night and weekend business is still a very important part of RCPT's mission.

RCPT has responded to increased fuel costs by adding work shuttles for individuals working in Pierre, but living 30-50 miles away, or in the case of the Lower Brule service, for individuals who live in Pierre but work in Ft. Thompson or Lower Brule. RCPT has also found a very large market in providing rides for school-age children before and after school to connect the schools to daycare and other after-school activities. Some parents even buy rides for their students to travel to and from school if they are not eligible for school-provided transportation.

In addition to appealing to a wide range of general public market segments, RCPT has also increased its service to human service agencies by providing rides or taking over their transportation function. RCPT provides transportation for the Head Start program, the YMCA, and most recently the Adjustment Training Centers.

Table 3.5 shows trip purpose data for RCPT gathered according to categories required by the state DOT. Figure 3.2 shows the proportion of ridership for each category based on January 2006 data. The "Social/Recreational" category shows no ridership, not because there are no trips for this purpose; rather, RCPT's data collection methods do not allow for this category to be separated from other purposes. Most "Social/Recreational" riders are recorded in the "Other" category. Note that the education trip purpose is increasingly important to RCPT and reflects the special efforts RCPT has made to attract these trips.

Table 3.5 River City Transit Ridership by Trip Purpose

Trip Purpose	2003	2004	January 2006
Medical	21.1%	15.0%	5.4%
Employment	20.4%	25.1%	18.2%
Nutrition	7.3%	5.2%	1.8%
Social/Recreational	0.0%	0.0%	0.0%
Education	11.3%	21.3%	44.8%
Shopping/Personal	8.5%	6.2%	3.0%
Other	31.5%	27.3%	26.8%
Total	100.0%	100.0%	100.0%

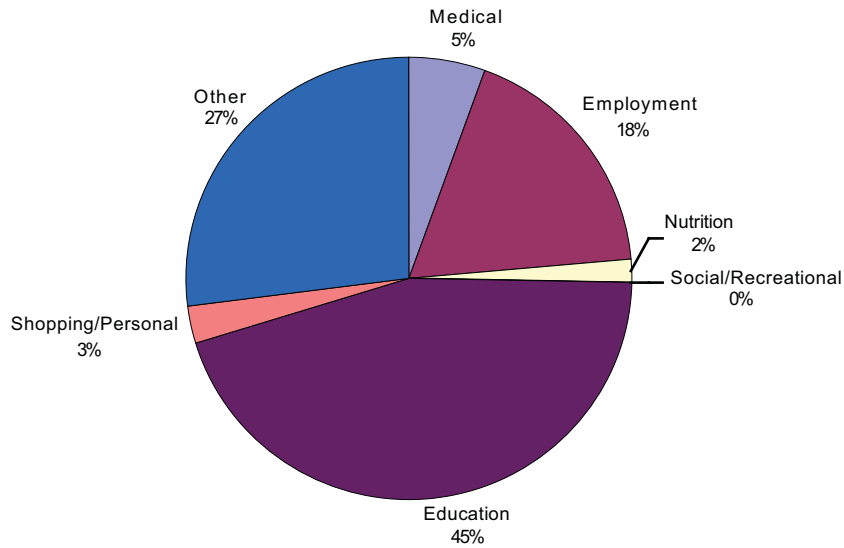


Figure 3.2 River Cities Public Transit Trip Purpose Distribution – January 2006

3.3 Analysis of River City Transit’s Markets and Future Potential

River Cities Public Transit has greatly expanded its service in the past six years and projects providing as many as 300,000 one-way trips in fiscal year 2007. Not only does this ridership level represent a rapid growth for the system, but it also represents a very high level of transit ridership for a region of 34,000 persons. One of the most common measures of the extent to which a transit system serves its market is the performance indicator annual one-way passenger trips per capita. In 2006, RCPT had a total ridership of about 215,000 one-way trips, so the one-way trips per capita system-wide was about 6.3. Based on current projections of about 300,000 trips for 2007, River Cities Public Transit will provide about 8.8 one-way trips per capita, a trip rate much higher than most small urban and nearly all rural areas. In fact, the Community Transportation Association of America estimates that the average ridership per capita in areas served by transit is about 2.0. A review of data from other states finds small urban systems in Michigan, for example, attaining 3.8 one-way trips per capita, and Indiana’s rural systems generating from .17 to 5.0 one-way trips per capita.

Table 3.6 shows the results of an analysis of January 2006 trip data and presents estimates of the one-way trips per capita for several of RCPT’s services. RCPT does not maintain its ridership data by county or municipality, so these results were obtained by making assumptions about the origins of the trips based on the specific service type (for example, local service, Lower Brule, work shuttle, etc.). As would be expected, ridership is highest in the primary service area where 24/7 service is available and school-related trips are concentrated. Likewise, the Harrold/Highmore work shuttle that makes only one round-trip each week day has a much lower trip rate. The Lower Brule service that includes both work and general transportation demand experiences a higher trip rate.

Table 3.6 Estimated Trip Rates for River Cities Public Transit Services (January 2006 Data)

Service Sector	One-way Trips Per Capita
Primary Service Area (Pierre/Ft. Pierre)	8.22
Harrold/Highmore Work Shuttle	1.03
Lower Brule Service	2.34
Total System	6.10

Even though RCPT’s current market penetration is much higher than the national average, there appears to be significant opportunity for future growth, especially for work trip and school-age transportation. RCPT receives requests on a regular basis for more rides within its primary service area and for new services to outlying rural areas. Three keys to RCPT’s continued success in attracting riders include continuing to provide high quality service; expanding facilities, fleet, and management capabilities to handle greater demand; and increased federal, state, and local funding to cover costs not recovered by fares. Of the three, funding, especially local funds, may be the greatest constraint on growth, since RCPT’s service standards are high and likely to stay that way, and it has been successful in growing its operation both in terms of physical assets and management. Now, and for the next few years, even the funding picture seems promising due to increased funds for rural transit included in the recent federal authorization.

In summary, RCPT has achieved very high levels of ridership given the size and population of its service area, yet growth of perhaps an additional 10 to 20 percent in ridership can be achieved by implementing the following:

1. Continuing to market its local services in the primary service area.
2. Expanding the school-age services in the primary service area.
3. Offering additional work shuttles to the north, south, and west of Pierre/Ft. Pierre.
4. Offering daily local service in outlying communities such as Harrold and Highmore, and Gettysburg.
5. Providing transportation for human service agencies, nursing homes, and other programs that need transportation for clients and now directly provide the transportation or rely on the clients to arrange their own transportation.

4. DESCRIPTION OF CURRENT SERVICES, OPERATIONS, VEHICLES, AND FACILITIES

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

4.1 River Cities Public Transit Services

River Cities Public Transit offers a family of shared-ride public transportation services designed to meet the mobility needs of the general public as well as specific sub markets such as the elderly, disabled, low income, and school-age individuals without access to a private automobile. RCPT offers its services over an eight-county region in central South Dakota including all or portions of Hand, Hughes, Hyde, Jones, Lyman, Potter, Stanley, and Sully counties although its most extensive service is offered in the Pierre - Ft. Pierre areas of Hughes and Stanley counties.

River Cities Public Transit services are unique for a small urban/rural area in that it offers 24-hour per day, seven-day a week service at very affordable prices. Even the on-demand taxi service is offered at \$5.00 per trip in the local area. The low fares, and the simplicity of the fare structure, are attractive to both regular and infrequent users. Additionally, RCPT's entrepreneurial approach to meeting as many trip requests as possible results in an extremely high level and quality of transit service for a community with a central urban population of less than 20,000.

RCPT currently operates six types of service:

1. Twenty-four-hour-a-day advanced reservation and on-demand public transit service in the Pierre-Ft. Pierre area (including five miles beyond the city limits).
2. Five-day-a-week shuttle service between Pierre and Lower Brule along with local service in the Lower Brule area.
3. Five-day-a-week work trip shuttle service between Highmore and Pierre and points between.
4. Daily connections and local ticketing to Jefferson Lines intercity bus service in Vivian.
5. Local transportation for young persons to after-school programs, Head Start programs, and other activities.
6. Trips to special events both inside the service area and from within the area to other locations in the state based on trip requests from individuals.

Figure 4.1 shows the communities and corridors serviced. All RCPT's services are demand responsive, with the exception of the Pierre to Vivian intercity bus connector route and the Highmore work shuttle route that are regularly scheduled. However, even these routes may be adjusted slightly based on requests for service that can be met while keeping the published stops and times. Head Start buses generally follow the same routes, but these routes are modified as needed to accommodate students being added to or dropped from the programs. About 60 percent of RCPT's daily trips are prescheduled; the other 40 percent are on-demand trips.

Table 4.1 summarizes key data for these services based on a sample of January 2006 driver trip logs. As can be seen from this data, about 54 percent of all riders use the local Pierre-Ft. Pierre service. The second most used service as measured by one-way passenger trips are the Head Start, after school, and YMCA trips that accounted for about a third of all rides. A majority of these school trips are also within the Pierre-Ft. Pierre area. The remainder of the riders use the Lower Brule, Gettysburg, and Highmore services as well as occasional special routes outside the Pierre-Ft. Pierre area. Note that the local services represent nearly 70 percent of the total vehicle miles operated, while the Head Start/YMCA/school runs only account for five percent of the miles traveled. This disparity between passenger and mileage proportions is due to the load factors on the vehicles (the Head Start and YMCA trips involve very high load factors on large buses, whereas the local services usually only involve one to three persons in a vehicle), and differences in trip lengths.

One key measure of performance that should be tracked on a regular basis by RCPT is the number of one-way passenger trips per vehicle hour. This is perhaps the best measure of service efficiency and measures how many passengers are served for each hour of transit provided. As can be seen in Table 4.1, the productivity, as measured by one-way trips/vehicle hour, varies significantly by service type. This degree of variation is to be expected given the differences in the services. The local service averages about 3.3 one-way passenger trips per hour, a very good productivity rate for small urban demand-responsive services. On the other hand, the Head Start/YMCA/school services average 17.3 one-way passenger trips per hour because they are more like fixed route services than pure demand responsive ones, and they haul a number of students in large vehicles to a single or to a few common points. The Vivian intercity bus connector and the Gettysburg service achieve much lower hourly productivity levels due to the nature of the trips – long trips for relatively few persons. The Lower Brule and Highmore work shuttles obtain higher productivity because of higher ridership on what are essentially very efficient fixed routes.

The overall productivity of all RCPT services based on the sample is about 4.5 one-way passenger trips per vehicle hour, and the average system speed is about 13 miles/hour. Both of these statistics are very good for services like those operated by RCPT. One important factor to note from this analysis is that because the six services operated by RCPT vary so much from one to the other, when planning for new services, the likely performance characteristics of the new services must be considered when estimating performance rather than using statistics such as the system averages. For example, if RCPT plans to expand local services it might forecast ridership productivity of around three passenger trips per hour and average speeds of about 13 miles per hour; however, if new work shuttles are proposed then much higher productivity and average speed factors should be considered.

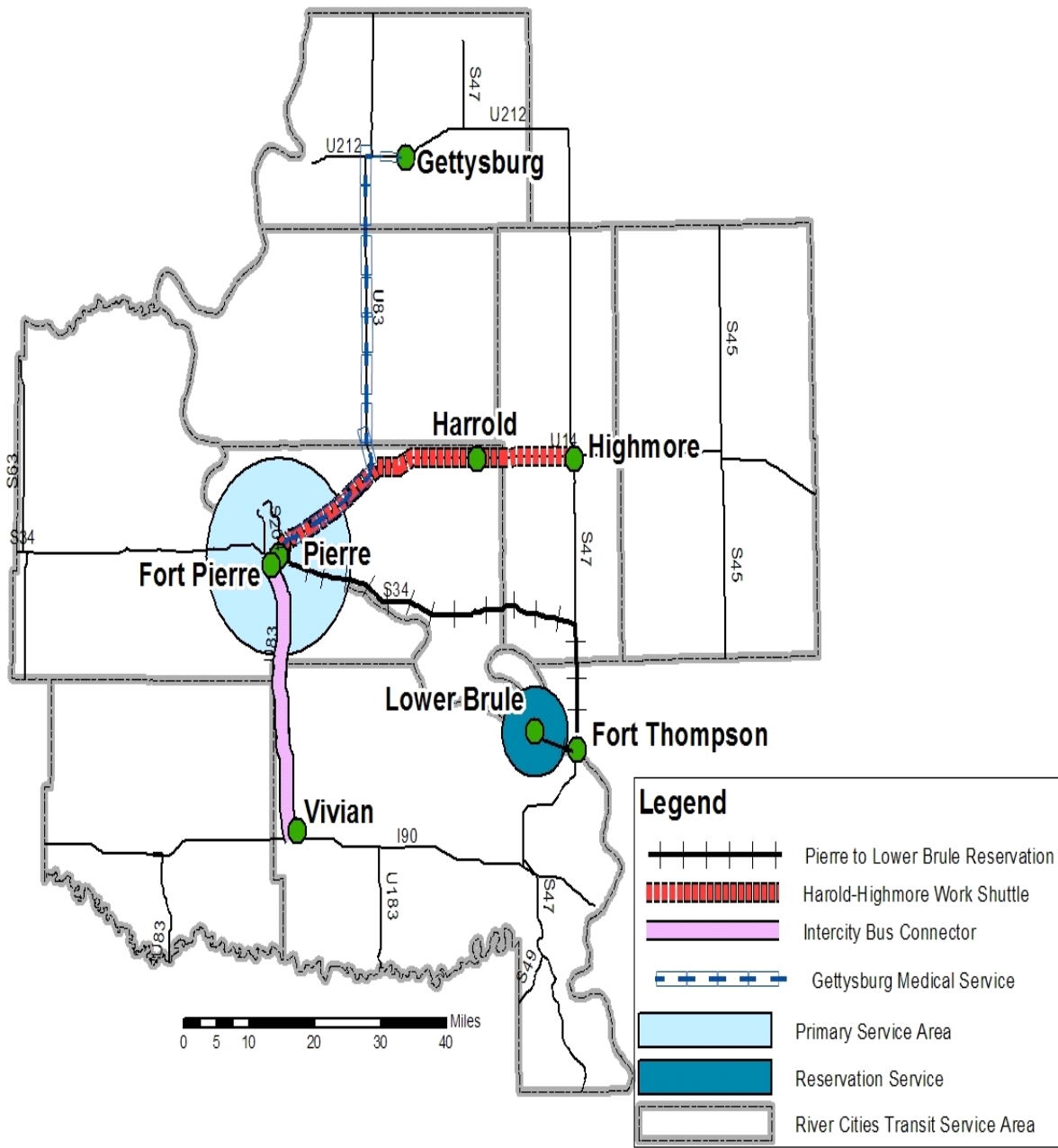


Figure 4.1 Current River Cities Public Transit Services

Table 4.1 Summary of River Cities Public Transit Performance by Service Type for January 2006

Service Type	One-way Passenger Trips	Vehicle Miles	Vehicle Hours	One-way Trips per Vehicle Hour	Average Speed	Percent of Trips	Percent of Miles
Local - Pierre-Ft. Pierre	9,401	33,820	2,819	3.33	12.00	55.93%	69.90%
Headstart, YMCA, School	5,604	2,356	324	17.30	7.27	33.34%	4.87%
Highmore Work Shuttle	466	2,248	60	7.77	37.47	2.77%	4.65%
Lower Brule	760	4,149	136	5.59	30.51	4.52%	8.58%
Gettysburg*	345	2,050	176	1.96	11.65	2.05%	4.24%
Vivian Intercity Bus Connection	234	3761	188	1.24	20.01	1.39%	7.77%
System Totals	16,810	48,384	3,703	4.54	13.07	100.00%	100.00%

RCPT's services operate at a fairly high level of productivity, but they have some capacity to grow within the existing number of vehicles assigned to each service and the current hours of operation if additional ridership can be attracted to non-peak periods. In the case of the local Pierre-Ft. Pierre service, current peak periods are 7:30 a.m. - 8:30 a.m., and 3:00 p.m. - 4:00 p.m. weekdays. School related trips peak at approximately the same times, and are only likely to grow if more capacity can be added during these times. The Lower Brule and Highmore work trips have some additional capacity, but would require a larger vehicle if they experienced large demand growth. On the other hand, the Vivian intercity bus connector and the Gettysburg service have significant excess capacity most of the time.

In addition to growth within the existing service areas, RCPT has the opportunity to expand services in the outlying parts of its service areas mostly for work trip shuttles or increased medical or local transportation. RCPT has the staff and facilities to expand service, and additional opportunities are available; however, additional funding, federal and state, but especially local, will be needed to advance these proposals, the most promising of which are evaluated in Section 6.

4.2 Fare Structure

River Cities Public Transit's fare structure sets fares based on advanced reservation notice, distance, number of passengers sharing a common origin and destination, time of day, and distance. Table 4.2 summarizes the current fare structure.

The most significant categorization is between advanced reservation trips (Transit) and on-demand trips (Taxi). Individuals who schedule rides no later than the day before the requested service within eight miles of Pierre-Ft. Pierre, and do so during regular office hours for trips that include return rides no later than 11:00 p.m. are charged a fare of \$1.55/trip payable in cash or via a punch ticket. Senior citizens (over 60 years of age) are charged \$1.00/trip payable the same way. Regular riders are offered the convenience of 10-punch and 20-punch ride tickets at the \$1.55 or \$1.00 per trip rate. Agencies, or organizations, or other third-party payers can also purchase punch tickets for passengers. Punch tickets can be purchased at the RCPT office or delivered to passengers by RCPT drivers if ordered in advance through the RCPT office. About 80 percent of RCPT's riders use some form of prepayment to cover the cost of their trips. Advanced reservation trips for outlying areas such as Gettysburg, Lower Brule, Highmore, and Vivian are charged fares based on distance, and riders are offered the convenience of 10-punch tickets, and in the case of the work shuttle to Highmore, a monthly pass.

On-demand, taxi trips are charged \$5.00 per trip within the Pierre-Ft. Pierre area and an additional \$1.50/mile beyond these boundaries. Ride sharing is encouraged by charging additional passengers \$2.00 if traveling between the same points. The discount for additional passengers after 11:00 p.m. is reduced, so the additional fare is \$4.00 per person. Children between four and 12 years of age travel for \$2.00 when accompanied by an adult; children under four travel free.

Table 4.2 River Cities Public Transit Fare Structure

Taxi Fares (Non prescheduled trips)		
One passenger First rider Beyond city limits Additional passengers (same destination)	\$5.00 or 3 punches \$1.50/mile \$2.00 ea	
Airport One passenger to or from Pierre Airport Two or more passengers	\$8.00 \$5.00 each	
Children between 4 and 12 years of age under 4	\$2.00 Free	
Waiting time	\$.50/minute max 5 minutes/ride	
Late Night Hours One passenger After 11:00 pm 2 or more	\$5.00 \$4.00 each	
Transit Fares (Prior Day Reservation)		
Adult under 60 years old or child Senior Citizen (60 years or older)	\$1.55 or 1 punch \$1.00 or 1 punch	
Long-Distance Trips		
Gettysburg	\$10.00/round trip	
Highmore Work Shuttle Highmore - Pierre Holabird Harrold Blunt Punch tickets available at 10 x fare	\$7.00/round trip \$6.00/round trip \$5.00/round trip \$3.00/round trip	Passes \$120/month \$90/month \$53/month
Lower Brule - Pierre	\$5.00/round trip	
Within Lower Brule	\$.50/trip prior day, \$2.00 same day	
Vivian/Jefferson Bus Lines Connection		

4.3 Scheduling and Dispatching

Until the fall of 2006, River Cities Public Transit used a manual system to schedule and dispatch rides. An Excel spreadsheet was used to help organize and print driver trip logs, but the spreadsheet did not incorporate database features or any routing or scheduling aides. In early 2006, RCPT, along with four other South and North Dakota transit systems (later expanded to seven systems) obtained funding and acquired scheduling software developed by Shah Software Inc. called the Transit Manager System. During late 2006 and early 2007, RCPT switched over to the new scheduling/dispatching software and began to dispatch trips using mobile data computers (MDCs) provided by GreyHawk Technologies. The following section describes the automated scheduling and dispatching process that has been in place since early 2007. Although the office and driver procedures have changed with the new software and hardware, the riders are given the same choices and follow the same procedures to schedule rides as they did with the manual system.

For its local services in Pierre and Ft. Pierre, River Cities Public Transit offers three ways to schedule trips; two are considered advanced reservations (made at least one day prior to the requested trip) and are offered at a lower fare than the third way, which is same-day service that requires a higher fare. The Highmore work shuttle, the Lower Brule service, and the Vivian/Jefferson bus lines connecting services are handled separately and scheduled by the driver of the route or the RCPT staff handling the Jefferson Bus Lines ticketing.

RCPT accepts advanced reservations at any time with no limit; prior to the implementation of the new software, RCPT did not allow riders to schedule trips more than two weeks prior to a trip. To obtain the lowest fare, rides must be scheduled no later than the day prior to the trip during regular office hours and involve return trips that occur before 11:00 p.m. These prescheduled trips can be made either for a single ride or as standing orders for trips that occur on a regular basis.

To schedule a single advanced reservation trip, the rider calls the transit office no later than the prior day with the trip request. The call taker enters the trip request into the scheduling software. Likewise, if riders want to schedule recurring regular trips, they can call in their trip requests, or they are encouraged to fill out and submit to a driver or to the transit office a weekly trip request sheet. Riders can continue to submit these weekly requests, or if in the judgment of the RCPT scheduling staff, the rider has established a predictable and guaranteed ridership pattern, the standing orders will be maintained in the computer without the need for a rider to submit additional weekly requests.

Trip requests for the next day are cut off at about 5:00 p.m. each day and the dispatchers then prepare the schedules for the next day using the Shah software. The drivers' trip information for the next day is uploaded to the on-board MDCs so the drivers can get their "trip sheet" information for the following day. Information presented on the MDC is the same as found on the previously used paper records: the rider's name, requested pick-up time, origin and destination, and the fare payment required. Drivers then complete the trip information by entering actual pick up time, and the trip purpose and passenger characteristics (such as senior citizen, disabled) into the terminal. Trips are ordered chronologically as they are to be completed.

To schedule an on-demand, or taxi ride the same day as the service is requested, passengers call the transit office and request a trip. This information is entered into the software and then transmitted to the appropriate driver's MDC. Initially, drivers needed to submit paper records for completed trips; however, Shah Software has created new input screens for the MDCs so RCPT can continue toward its goal of a paperless system for scheduling, dispatching, and trip record keeping.

4.4 Maintenance

River Cities Public Transit owns and operates approximately 30 vehicles ranging in size from minivans to 30-foot and larger transit and school-type buses. Most of RCPT's fleet consists of 12-20 passenger cutaway buses. Newer buses are diesel powered, but the minivans and some older buses are gasoline powered. In addition to the buses and vans used for RCPT demand-responsive service, RCPT maintains a number of vans and automobiles that it owns or are owned by Oahe, Inc. and that are used as part of Oahe, Inc. programs. RCPT houses the buses and maintains all its vehicles in its administrative and maintenance facility at 1600 East Dakota Street in Pierre. This 72' x 113' foot building, built in 2002, includes 1,300 sq. ft. of office space on the first floor; a similar amount of office and meeting space on the second floor; three lines of bus storage; and one maintenance bay. The storage area is capable of housing about half of RCPT's current fleet with the remaining vehicles parked outside. The maintenance area includes a portable lift capable of raising all current vehicle types.

RCPT employs one full-time and two part-time mechanics. These mechanics perform all routine preventative maintenance and most major mechanical and body repairs; however, some major body, engine, and transmission work is sent out, as are most warranty repairs. RCPT follows manufacturers' recommendations on preventive maintenance. The lead mechanic is responsible for tracking and scheduling maintenance activities and maintains vehicle records using an Excel spreadsheet. RCPT maintains a small parts inventory of routine preventive maintenance items such as filters, lights, etc., but depends on local and regional parts suppliers for major parts supplies.

RCPT is fortunate to have several older buses that serve as spares to allow for vehicles to be taken out of service for routine maintenance and as back ups when vehicles are out of service for extended periods. RCPT mechanics are able to keep up with routine and nonroutine maintenance of the fleet, and there does not appear to be any backlog of maintenance that keeps vehicles out of service for extended periods. RCPT buys fuel from an outside vendor using the fuel card system that tracks fuel usage for each vehicle. Drivers report fuel purchases on their daily driver logs.

RCPT maintains its vehicles to a high level of appearance by performing body work as needed to maintain even the oldest buses to a high standard, and it employs two inmates from the Women's Prison to wash all vehicles on the inside and out daily or as needed. Likewise, RCPT employees maintain the maintenance, storage, and office facilities to an extremely high standard that reflects the overall quality of the operation.

RCPT does not have written records of road calls or breakdowns; therefore, calculation of a miles between road call or other traditional maintenance performance indicator is not possible. Nevertheless, there is no evidence of excessive breakdowns or disruptions to service due to maintenance problems. One of the performance indicators that RCPT should consider maintaining is the number of road calls or breakdowns that result in service disruptions.

One of the strengths of the RCPT operation is its maintenance function, and it is obvious that management places a high priority on assuring that clean, reliable vehicles are available at all times to serve RCPT's customers. RCPT needs additional storage space for its growing fleet, and it also needs at least one additional maintenance bay to repair buses and vans. Current plans to construct an additional vehicle storage facility next to, or attached to, the existing building would meet both needs, since some of the space now used for storage could be converted to active maintenance space.

4.5 Human Resource Management

River Cities Public Transit employs approximately 40 persons including approximately 27 full-time and 13 part-time employees. RCPT currently requires approximately 20 full-time and 10 part-time drivers to meet its 24-hour schedule. One full-time and two part-time mechanics maintain RCPT's 30+ vehicles; the remaining six full-time and one part-time employee perform administrative functions. As is the case with most rural and small urban transit systems, none of the employee groups is represented by collective bargaining organizations.

In addition to employment regulations and requirements common to all employers, RCPT's employees must also comply with transit-specific requirements including drug and alcohol testing for safety-sensitive positions. Further, since most RCPT vehicles are large enough to require that drivers have commercial drivers licenses (CDL), RCPT requires them of all drivers.

RCPT has a personnel policies and procedures manual that was adopted by the board of directors in January 2003. It covers the usual elements of non-discrimination, harassment, drug-free work place and other federal and state requirements. It also addresses employee dress codes, political activity, code of conduct, customer service, and respect.

The policy also indicates that the director is authorized to determine staffing levels, hire, fire, and oversee employee performance. The board of directors, through a special selection committee, is responsible for recruiting and screening candidates for the position of director. All new employees are subject to a six-month probationary period.

The personnel policy also recognizes three categories of employees: full-time (2080 hours/year), permanent part-time (less than 2080 hours/year), and part-time (less than 20 hours/week). Full-time employees and permanent part-time employees accrue vacation and sick leave in proportion to the number of hours worked. After two months of the probationary period, RCPT provides paid health care insurance for all full-time employees and gives the employees the right to purchase health care coverage for other family members. Likewise, RCPT provides term life insurance for full-time employees and matches up to three percent of employees' gross wages that they contribute to a retirement plan. RCPT recognizes nine paid holidays and also provides for one personal holiday for full- and part-time employees. Driver wage rates vary with years of service and status and currently range from \$9.50 to \$13.50 per hour.

Drivers and other employees are required to participate in training programs related to their position and are given opportunities to participate in other programs offered by state and federal organizations such as the Dakota Transit Association and the Community Transportation Association of America. All drivers receive training in defensive driving, first aid/CPR, and passenger assistance techniques. Drivers are encouraged to participate in state and national bus rodeos.

The foregoing discussion of RCPT's human resources policy and procedures can be summarized with two observations and conclusions. First, RCPT has appropriate and complete human resource policies and procedures, including a formal personnel policies and procedures manual that covers key areas of human resource issues. Further, the authority for hiring, evaluating, and dismissing employees is properly vested in the Director and carried out by the director and senior management. Second, RCPT recognizes that its employees are the key to its success and has adopted wages and benefits designed to attract and retain high-quality, dedicated employees – especially drivers. Unlike many rural and small urban transit systems that pay near minimum wage with few benefits, RCPT is able to attract high-quality drivers and minimize turnover, thus offering riders a more knowledgeable and skilled operator and an overall better “product” that attracts more customers.

4.6 Financial and Management Information Systems

A demand-responsive public transportation system such as that operated by River Cities Public Transit requires collection and analysis of large quantities of financial and operating data. The reservation and dispatching system generates most of the operating data required to manage the system, and it provides the input to billing and other accounting functions. The driver logs provide data on fare payment methods, trip purpose, origin, and destination information as well as driver and vehicle data needed to complete reports to the state DOT and sponsoring organizations. Prior to the implementation of the new scheduling software, trip data, client records, and other operating data such as driver hours and miles operated were maintained on Excel spreadsheets and then summarized for state and other reports. Now the required reports can be obtained from the Shah Software program. The executive director has overall responsibility for these functions but is assisted by the office manager, schedulers, and dispatchers to enter data and prepare reports.

RCPT uses QuickBooks software as its accounting system. A cash accounting system, not an accrual one, is used due to its simplicity. Monthly reports to the board are generated directly from QuickBooks. Until mid-2006, all accounting functions including payroll, accounts payable, and receivable were handled by the executive director, since he was familiar with the software, and because of the need to develop a financial management system. Within the past few months, an assistant to the director position has been added to help with data entry and to take over some of the accounting activities, so that the executive director can devote efforts to other tasks.

Prior to 2001, RCPT did not have a workable accounting system, and had few, if any, information systems in place. As RCPT grew rapidly, these systems have evolved and now provide the basic information needed to operate the system and to be accountable to funding and other outside agencies. Because RCPT's office staff was so small, and because no one on the staff had an accounting or information systems background, the executive director was responsible for nearly all activities within these functional areas, especially analysis and reporting. RCPT has now begun the transition to a more typical division of labor within a transit organization, is beginning to develop a separate financial and management information systems function, and is encouraged to continue to do so to generate the information needed to manage the system and meet outside reporting requirements.

As an organization with a budget of nearly \$2 million per year, RCPT needs to make sure it has the necessary systems and controls in place to manage its funds and to collect the financial and operating data necessary to support the organization. Therefore, a high priority should be to create a director of financial and information systems position and either train and promote someone within, or hire an individual who can take over responsibility for this area. This will relieve the executive director of routine tasks and help to develop systems and reports to help manage the system. A second recommendation is to convert to an accrual accounting system, so the executive director and the board can obtain monthly, or at least quarterly, financial reports that reflect the status of revenue and expenditures based on when they are accrued, not just on a cash basis.

4.7 Marketing and Public Awareness

Most people equate marketing to advertising, therefore, would evaluate River Cities Public Transit's marketing activities based on its media efforts. However, this is much too narrow a view of marketing of transit or any other product or service. The traditional understanding of marketing is that it includes three major facets – price, product, and promotion. Further, each of these three “p’s” has a number of sub elements. For example, pricing includes more than just the fare for transit: the method of fare collection and the fare structure (passes, tickets, tokens) are also a part of the marketing mix. Likewise, product includes the vehicles, schedule, call-taking functions, and promotion includes advertising, public information, and

community relations. This broader view of marketing has led some transit experts to state that every aspect of a transit system's operation is really about marketing, from the maintenance practices and cleanliness of the vehicles, to driver training, appearance, and attitudes, to how the system responds to complaints.

River Cities Public Transit's approach to marketing follows this "whole organization" philosophy. While RCPT uses mass media to communicate information about its services, most of its marketing effort is focused on the basics of the operation and on communicating with potential customers about the nature of RCPT services and how to use them.

River City Transit's fleet is probably its best advertisement. With 20 or more vehicles in motion around the community every day, potential customers can become at least aware of the existence of a transit service. Nearly all buses are "branded" in the same way – a white bus with a blue stripe and the name River Cities Public Transit prominently displayed on all sides along with a phone number. Word of mouth is probably the second most common marketing approach that benefits RCPT, as existing satisfied passengers put in a good word for the service.

River Cities Public Transit has a brochure that explains its services and fares that is given to or sent to anyone requesting information about the transit operation. Additionally, RCPT has undertaken an awareness campaign that consists of posters hung in prominent public locations in the service area, in government and human service agency facilities, and anywhere else where potential riders may be contacted. RCPT staff seek opportunities to speak to civic and service groups, and RCPT trades advertising on its vehicles with radio stations and others who can publicize its services.

RCPT has the best marketing strategy a transit system can have – consistent, high-quality service at a reasonable price, and a public information capability to inform persons of the details of the services available once a potential rider needs information. One addition to its awareness efforts in this Internet age would be a Website that would give up-to-date information on service availability, rules, and fares to assist current and potential passengers. Once such a Website is established, the URL for the site should be included on the bus exteriors and in other information.

A recent letter to the editor from a new resident to Pierre who, though disabled, was able to get to a job at Walmart via RCPT, says it all when it comes to marketing. After complimenting the drivers and their helpfulness and acknowledging that they made a special effort to get her home from work during a snow storm before shutting down, she concludes, "the price is right – the people wonderful . . . Thank God for the River Cities Public Transit and all who work there. Keep up the good work! You keep me off welfare."

4.8 River Cities Public Transit Vehicle Fleet

River Cities Public Transit currently is responsible for 59 vehicles including 37 that are a part of the demand-responsive transit service and 22 vans and automobiles maintained by RCPT for Oahe, Inc. that are available, as needed, for public service. About half of these vehicles are buses and the remainder are minivans and automobiles. The vehicle roster as of March 2007 is shown in Table 4.3 and includes information on the characteristics of the vehicle, each vehicle's accumulated vehicle miles as of March 2007, and the approximate date it will be replaced. Figure 4.2 shows photos of several of RCPT's current buses.

RCPT has been very successful in obtaining funding for new buses, but it also has been able to obtain and restore used buses and vans due to its excellent in-house maintenance capability. RCPT's current fleet has an average age of 5.8 years, though this figure is skewed by the presence of several older buses that are only used for special purposes or as back ups.

The column in Table 4.3 labeled “Earliest Replacement” indicates when, by federal regulations, RCPT would be able to retire the vehicle. Even though a number of the vehicles have high-mileage and are more than five years old, RCPT’s fleet is in good condition and allows it to provide reliable public transportation service. Further, because of RCPT’s attention to routine and major maintenance on its fleet, RCPT will most likely be able to continue efficiently operating the vehicles beyond this date. Nevertheless, even with its ability to operate its vehicles for five to seven years before replacement, RCPT will need to acquire four to five new vehicles each year just to keep up with replacements, and an additional two to three more vehicles if it wishes to expand service.

Table 4.3 River Cities Public Transit Vehicle Roster March 2007

Vehicle ID	Year	Chassis	Body	Fuel	Accessible ?	Capacity	WC Positions	Mileage*	Life Expectancy	Earliest Replacement	Desired Replacement
BUSES											
Bus 1	2001	Ford E450	Collins	Gas	Yes	16	2	182,911	5	Now	2007
Bus 2	1999	Ford E350	Collins	Gas	Yes	16	2	189,416	5	Now	2007
Bus 3	2003	Ford E450	Startrans	Gas	Yes	12	2	69,180	5	2008	2009
Bus 4	2003	Ford E450	Glavel	Gas	Yes	12	2	100,921	5	2008	2008
Bus 5	1996	Chevrolet	Goshen	Diesel	Yes	25	1	172,910	5	Now	2007
Bus 6	2003	Ford E450	Eldorado	Diesel	Yes	12	2	109,246	5	2008	2009
Bus 7	2003	Ford E450	Eldorado	Diesel	No	25	0	39,508	5	2008	2009
Bus 9	1994	Ford E350	Collins	Diesel	No	20	0	179,241	5	Now	2007
Bus 10	2004	International	Mid/Bus	Diesel	No	28	0	26,958	7	2011	2012
Bus 11	1994	Ford E350	Collins	Gas	Yes	12	2	273,119	5	Now	2007
Bus 12	2003	Sprinter	Braun	Diesel	Yes	12	3	100,286	5	2008	2009
Bus 14	2005	Ford E450	Starcraft	Gas	No	16	0	35,449	5	2010	2012
Bus 15	2004	Chevrolet	Startrans	Diesel	Yes	8	6	32,705	5	2009	2011
Bus 16	2005	International	Mid/Bus	Diesel	No	28	0	16,628	7	2012	2012
Bus 17	1982	YMCA	IHC	Diesel	No	71		134,734	5	Now	
Bus 18	1989	YMCA	IHC	Diesel	No	59		164,007	5	Now	
Bus 19	1983	YMCA	Bluebird	Diesel	No	72		168,639	5	Now	
Bus 20	2003	Ford E450	Starcraft	Diesel	No	20	0	44,591	5	2008	2010
Bus 21	1994	Ford		Diesel	Yes	10	2	154,380	5	Now	2008
Bus 22	2004	Dodge	Sprinter	Diesel	No	10	0	50,138	5	2009	2011
Bus 23	2004	Dodge	Sprinter	Diesel	No	10	0	53,648	5	2009	2011
Bus 24	1994	Ford		Diesel	Yes	7	2	182,296	5	Now	2008
Bus 31	2006	Dodge	Sprinter	Diesel	Yes	10	2	18,765	5	2011	2013
Bus 57	2006	Dodge	Sprinter	Diesel	Yes	10	2	9,579	5	2011	2013
Bus 58	1997	Ford	Startrans	Diesel	Yes	16	2	126,729	5	Now	2008
	2007	Chevrolet	Champion	Diesel	Yes	37	2	0	7	2014	2016
VANS											
Van 25	2006	Chevrolet	Uplander	Gas	Yes	5	1	5,000	4	2010	2011
Van 26	2002	Ford	Windstar	Gas	No	7	0	48,168	4	2006	2008
Van 27	1999	Chrysler	Town&Country	Gas	No	7	0	130,846	4	Now	2007
Van 28	1998	Plymouth	Voyager	Gas	No	7	0	122,440	4	Now	2008
Van 29	1990	Dodge	Maxivan	Gas	No	15	0	171,049	4	Now	2007
Van 30	2003	Chevrolet	Astro	Gas	No	7	0	61,446	4	2007	2009
Van 32	1998	Dodge	Caravan	Gas	No	7	0	144,565	4	Now	2008
Van 59	2007	Dodge	Caravan	Gas	No	7	0	1,000	4	2011	2012
Van 60	2007	Dodge	Caravan	Gas	No	7	0	1,000	4	2011	2012
14 Vans for Oahe, Inc	1995-2001	Various	Minivans	Gas	No	7	0	71k - 182k	4	Now	2008-2010



Figure 4.2 Examples of River Cities Public Transit Current Bus Fleet

A more complete discussion of vehicle replacements is included in Section 7 that presents a proposed capital budget for RCPT.

RCPT prides itself in the appearance of the buses and takes special efforts to maintain the bodies and keep the vehicles clean inside and out. This attention to detail not only preserves the vehicles, it also allows RCPT to project a positive image within the community not only for riders, but with non-riders as well.

4.9 Maintenance and Administrative Facilities

RCPT's administrative, maintenance, and storage facilities and the intercity bus office are centrally located in a 70 x 113' building constructed in 2002 at 1600 East Dakota Street in Pierre. The building was designed by RCPT to meet its needs as viewed several years ago and still meets them with the exception of bus storage. As the fleet has grown, the inside storage space has been exhausted, and an increasing number of buses must be kept outside. Further, the maintenance area needs to be enlarged to maintain the increasing variety of vehicles owned by RCPT. RCPT also needs additional off-street parking for employees since adequate, safe, on-street parking has been exhausted. RCPT has plans to add a storage building of about the same size as the present building, but it would not include offices. The exact location of this building has yet to be finalized, but it will likely be connected to or immediately adjacent to the current building. A more detailed discussion of these expansion options is included in Section 7, which presents a capital budget for RCPT.

4.10 Summary of Observations and Recommendations

River Cities Public Transit management and staff have done an outstanding job of growing and evolving its public transportation operation and has increased its size by nearly ten-fold over the past five years. This growth has been accomplished by the comprehensive vision and breadth of business and operating skills of the executive director combined with the hard work and dedication of the staff that have grown in their capabilities and responsibilities. Strong local and state support also have contributed to and been a result of RCPT's success.

As indicated in Section 3, RCPT's ability to increase ridership depends primarily on its ability to obtain federal, state, and local funding, and to its continued ability to expand its facilities, fleet, and management capabilities. Its entrepreneurial approach to market development and its attention to customer service and quality will allow it to acquire new markets and ridership and expand ridership by 10-20 percent over the next five years as long as funding is available and it can acquire sufficient vehicles and maintenance space.

RCPT has taken a major step in recent months by acquiring scheduling/dispatching software and mobile data terminals. Once fully operational, RCPT can keep track of trip requests, dispatch trips and keep necessary financial and ridership records without a significant increase in office staff. Likewise, RCPT has personnel policies in place that will attract quality employees and retain them.

Four issues need to be addressed in this business plan for RCPT to continue to grow and efficiently serve its customers, including two organizational issues and two capital facilities/fleet issues.

The two organizational issues involve the financial management and information systems areas and maintenance management. Both these areas are being effectively managed at this point in time, but both require more involvement from the executive director than is appropriate or desirable for an organization that may grow to 50-60 vehicles within the next few years.

The RCPT should develop a position of finance director or grants and finance administration by either developing and promoting an existing employee or hiring someone from outside. The goal would be to have someone in charge of day-to-day accounting and finance activities, and someone who could develop and maintain operating and financial information to use in grants and for management purposes. Depending on the individual's ability, this person could also be responsible for preparing state and federal grant applications and otherwise relieve the accounting and grant administration burden from the executive director.

The second area for future development, again through internal development and promotion or as an outside hire, would be to have a maintenance manager be responsible for all aspects of vehicle maintenance, parts procurement, and help with specifications for new vehicles and equipment. Given the size of RCPT, this person will likely also be the lead mechanic, since a separate management position may not be cost effective. Again, as with the finance recommendation, the purpose of developing a maintenance manager is to relieve the executive director of the more routine of these duties.

The final two issues involve vehicles, facilities, and the common thread, money. RCPT currently owns about 35 vehicles, of which 25-30 are used on a daily basis. Just to maintain the status quo in terms of fleet age, RCPT should replace four to five of these vehicles each year. In addition, RCPT has the opportunity to expand its service and may need two to three additional vehicles for new services. Acquiring this number of vehicles each year will require federal funding of \$200,000-300,000 and local funding of \$40,000-\$60,000 each year. So far, RCPT has been able to obtain these funds through routine and special grants and creative local fund raising; however, as fleet needs increase and the price of vehicles escalate, obtaining necessary funds will be increasingly difficult.

In addition to funding vehicle replacement and additions to the fleet, RCPT needs to consider expansion of its maintenance and storage facilities, and to a lesser extent, its office facilities. A additional building of equal size to the present building will be needed to accommodate current and proposed vehicle storage needs, make room for additional maintenance bays, and increase space for a driver's lounge and ready room. Also, as mentioned earlier, off-street parking for an increasing number of employees will need to be addressed. The current RCPT building was built on land provided by the City of Pierre, and all surrounding land is still owned and used by the city. If the space immediately to the north and east of the existing building could be made available to RCPT, then the facility and parking needs could be accommodated at the current location; if not, then a new site will need to be considered. The existing building would likely be of use to the city, so the investment in it would not be lost. Plans and negotiations should begin soon so funding, design, and construction of the new facilities can take place as soon as possible to accommodate RCPT's growth.

5. RIVER CITIES PUBLIC TRANSIT'S MISSION, VISION, GOALS AND OBJECTIVES

The future direction for River Cities Public Transit or any organization depends on the organization's mission and goals, either as it defines them for itself or as defined by outside organizations. In the case of River Cities Public Transit, it was created in 1998 with several specific mobility goals for the Pierre-Ft. Pierre region, but the current Board of Directors and Executive Director have agreed upon a much broader vision for the organization.

Though not formally stated in any document, the vision of the River Cities Public Transit system can be summarized very succinctly: to get anyone in its service area any place he or she needs to go conveniently and at a reasonable price. River Cities Public Transit sees itself as a transportation broker and provider that will either directly provide or otherwise solve the travel problem facing individuals within its eight-county region. It tries to "never say no." Obviously this 100 percent goal is not achievable – some trip needs cannot be addressed, but RCPT prides itself in trying.

To accomplish this overall vision, RCPT has established several objectives, some of which were included in its original bylaws, others it as taken upon itself. These objectives include the following:

- Providing high-quality demand responsive transportation around the clock in the Pierre - Ft. Pierre area.
- Providing appropriate demand-responsive service to outlying communities based on need and local financial support.
- Helping to plan transportation for the entire capital region.
- Being the leader to promote coordination of human service and public transportation in the eight-county region.
- Testing and transferring technology and operating practices that will benefit other transit systems in South Dakota.
- Supporting regional economic development goals by arranging work trip and educational transportation.

Some of the specific strategies RCPT has employed or hopes to employ to accomplish these objectives include the following:

- Developing work shuttles from outlying areas to jobs in Pierre, or from Pierre to major employers outside the urban area.
- Providing at least weekly demand response service between outlying areas and medical services in Pierre/Ft. Pierre.
- Providing links to intercity transportation via the current intercity bus connection to Vivian, and proposed connector to the north and Bismark, North Dakota.
- Expanding school-aged transportation to help parents get their children to and from school, after school, and school-related activities.
- Leading multi-system development and acquisition projects to test new equipment, software, training programs, and operating practices.
- Seeking opportunities to provide transportation for human service agencies or assist them in providing their own as appropriate.

The service additions and other recommendations included in the next section support this vision and objectives and implement some of the strategies described above. The set of suggested performance measures in the next section of this section should help RCPT to monitor the success of these activities.

5.1 Proposed Performance Measures for River Cities Public Transit

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 help policy board members and management monitor and modify policies and procedures, and they can be used to communicate the accomplishments of the system to funding agencies and the general public.

Table 5.1 presents a suggested list of statistics and indicators that RCPT 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.

RCPT already collects most of the data required to develop a performance report, such as that outlined in Table 5.1. The only operating statistic not currently collected is vehicle-hour information. RCPT should collect this statistic because it is particularly valuable in monitoring the performance of specific services (one-way trips/vehicle hour), and to develop and track budgets. The expense per hour statistic, to be most meaningful, should reflect expense data reported on an accrual basis, not a cash basis, since the hours and expenses should cover the same time period.

The three quality of service measures will require collection of three new pieces of information. The complaint and road call measure will require RCPT 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, the 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 that resulted. The new scheduling software should help RCPT track the important, but typically hard to track, on-time performance information.

Table 5.1 Proposed Performance Measures for River Cities Public Transit

Overall System Measures

- | | |
|----------------------------|--|
| 1. One-way passenger trips | tracks total ridership and reports on the growth or decline of RCPT’s service. It is an easy indicator to track since the data is readily available from the scheduling software and is reported to funding agencies. |
| 2. Total vehicle miles | measures the amount of service provided, as does the related vehicle hours measure, and is a particularly important measure for determining if the service quantity being provided is in line with the budgeted amount. |
| 3. Total vehicle hours | measures the total number of hours of service when vehicles were available to provide service and is probably the best measure of service volume. Since driver wages and benefits, the largest single operating expense, is closely tied to the number of vehicle hours of service, this is a key measure to track to ensure compliance with the budget. |
| 4. Total operating expense | measures total operating fund outlays and should be compared to the adopted budget. |
| 5. Total revenue | measures total passenger revenue and contract revenue received for providing rides and should be compared to the adopted budget. |

Efficiency Measure

- | | |
|-----------------------------|--|
| 6. Expense per vehicle hour | total operating expense divided by total vehicle hours for the period (month, quarter, year). This indicator should be tracked over time and also compared to the budgeted amount. |
|-----------------------------|--|

Productivity Measure

- | | |
|---|---|
| 7. One-way passenger trips/
vehicle hour | key measure of overall system productivity that measures the “fit” between the number of hours of service provided and the demand for that service. Can be tracked over time for system as a whole and for individual services. |
|---|---|

Quality of Service Measures

8. On-time performance defined as the percentage of trips provided within the “on-time” window for the demand response service, e.g., within + or - 15 minutes of the scheduled time. The computerized scheduling software can provide this statistic. Obviously 100 percent on-time performance is the goal, but something less, say 90 percent, may be the target.
9. 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.
10. Number of non-policy related 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.

6. NEW AND EXPANDED SERVICE OPTIONS FOR RIVER CITIES PUBLIC TRANSIT

River Cities Public Transit has expanded its service offerings and ridership by about ten fold since the year 2000. It has done so by increasing service in the Pierre-Ft. Pierre area to 24 hours a day, seven days a week, by taking over transportation provided by human service agencies, and by expanding into rural areas. While this growth has been phenomenal and the ridership level generated by RCPT out of its service area of about 32,000 persons is “off the charts” compared to other rural and small urban systems, River Cities Public Transit still has opportunities to offer more public transportation service in its region.

River Cities Public Transit’s vision is to offer mobility to all residents of its service area so they may have a high quality alternative to private vehicles both in the case of when they have access to one, but more importantly, when public transportation is the only mobility option. RCPT’s goal is to allow individuals full access to employment, medical, recreational, shopping, and social opportunities in the area, whether they live in the urban area, or are in outlying rural communities. The intent is that public transportation will afford individuals a variety of personal choices of where they live, work, and shop. This section identifies additional services that RCPT can add that will allow it to move toward this vision.

Growth will come primarily from three areas, including continued penetration of the market in the Pierre-Ft. Pierre area for general public, senior citizens, and school-aged riders; new and expanded work trip and general public transportation between rural communities and the Pierre-Ft. Pierre area, and service within the rural communities; and development of niche markets for special events and trip generators within and beyond the current service area.

6.1 FTA Charter vs. Mass Transportation Regulations

River Cities Public Transit has adopted a comprehensive view of its role to provide transportation to individuals needing rides within its service area and for trips that originate to destinations outside the service area (primarily instate within 100 miles). Because it has the capability to offer demand responsive transportation on short notice and because of its easy-to-understand fare structure, RCPT has had the opportunity to respond to requests for service to specific destinations by advertising a service and offering it to anyone on a per-rider fare basis.

The local charter bus operator, Forell Bus Service, has filed a number of complaints with the Federal Transit Administration and the South Dakota Department of Transportation claiming that RCPT’s services are charter services that FTA grantees are specifically prohibited from providing. In all cases, FTA has ruled in RCPT’s favor, but, in the mind of the Forell company, this matter has not been resolved. The fundamental issue is whether it is charter or mass transportation service when RCPT responds to the request of a number of individuals who want to go from somewhere in the Pierre area to a special event in Pierre, or as far away as 100 miles or more, such as a high school sports championship game, by providing the service and promoting it to the community as open to the public. In all the past cases, individuals pay their own fares, and RCPT determines the equipment to be used, the schedule, and is in control of all aspects of the trips. Forell Bus Services, as is typical of many charter companies, may offer the same type of service, but they expect someone to charter a vehicle, or at least to guarantee a minimum ridership, before the service is offered. Usually a single party pays for the service as a fixed price trip.

RCPT has also offered special trips to the elderly for special events, such as to view the Christmas tree lights in Pierre. In this case, RCPT charged individual fares, so it considered the trip to be public

transportation; however, even if a single entity paid for the trip, FTA regulations allow for what would otherwise be considered charter trips for elderly and disabled persons, as long as *all* elderly and disabled persons are eligible to use the service, not just a particular group.

Previous FTA rulings resulting from Forell Bus Service complaints against RCPT have concluded that the RCPT services being challenged are indeed mass transportation and not charter service. Citing FTA regulations and previous court cases, FTA has concluded that RCPT's services are mass transit because they have the following characteristics:

1. The transit provider (RCPT) maintains control of the service;
2. the service is designed to benefit the public at large and not a special group or organization;
3. the service is open to the public and not closed door;
4. fares are collected from individual riders.

Further, FTA concluded that special trips within RCPT's normal service area would not need to be specially advertised in order for them to be considered public, but that trips outside the region would need to be advertised since the public would not expect them to be available and might not be aware the service existed. All the proposed service additions described in the next section of this section meet this definition of public or mass transportation.

6.2 Proposed Service Expansion Options

The following seven service additions have been proposed by the RCPT management and board of directors as ways to expand mobility options to residents of its eight-county service area. These options are listed in order of priority, though the exact timing of their implementation will depend largely on funding to support them. The funding and timing issues are discussed in more detail in Section 7, which presents an operating budget estimate for the next five years. The operating requirements and estimated ridership for each of the options is summarized in Table 6.1. A map showing the location/corridor for each service proposal is shown as Figure 6.1.

1. Expanded Local Service within existing hours and service areas: This option assumes continued growth of RCPT's basic services within the Pierre-Ft. Pierre areas, and it assumes a 10 percent growth in mileage. Ridership is projected to grow by 20 percent over the five-year period in part due to the new capacity being added and in part due to increased use of existing vehicles.
2. Expanded transportation for school-aged individuals (especially persons with disabilities) in the Pierre-Ft. Pierre area: This proposal would augment existing services to school-age individuals by providing three additional vehicles for an average of 3.5 hours per day each to provide transportation before and after school. This service would operate only during the school year (180 days) and is estimated to attract about 60 one-way trips per day.
3. Intercity bus connector to Mobridge to connect with service from North Dakota to allow direct transportation between South Dakota's capital city of Pierre, and North Dakota's capital city of Bismarck: This service, developed in cooperation with North and South Dakota's Departments of Transportation, calls for RCPT to operate one daily round trip from Pierre to Mobridge, SD. Passengers would transfer at Mobridge to services provided by the Standing Rock Indian Reservation to connect to Bismarck. This service would require one vehicle five days a week for eight vehicle hours, and ridership is estimated to be 3-6 one-way passenger trips per day.

4. Work shuttle and increased medical transportation between Gettysburg and Pierre-Ft. Pierre: This proposal would increase service between Gettysburg and Pierre from one day a week service to daily service and would require about five additional vehicle hours per day, four days a week. Ridership is estimated to be about 10-12 one-way trips per day.
5. Local service in the Highmore and Harrold areas: This option would add local service in the Highmore and Harrold areas to supplement the work trip service that now exists. This service would operate eight hours per day, five days per week and is forecast to attract about 24 one-way trips per day (3 trips/vehicle hour).
6. Work shuttle service between Murdo and Pierre via Vivian (similar to Highmore service): This service is projected to operate five days a week and require about 3.5 driver hours a day. Ridership projections are based on 10 persons riding round trip each day.
7. Work shuttle and local service between Pierre and Ft. Thompson with local service in Ft. Thomson (similar to Lower Brule service): This service would require about 10 vehicle hours of service per day, five days a week, and generate approximately 25-30 one-way trips per day.

If all these service proposals were implemented, RCPT's mileage, number of vehicles, and ridership would grow by 20-30 percent. The financial plan to allow for this expansion is presented in Section 7, and a more detailed implementation schedule is also included.

Table 6.1 Proposed Service Additions for River Cities Public Transit 2007-2012

Service Proposal	Vehicles	Vehicle Miles	Vehicle Hours	Ridership
1. Expanded local service Pierre-Ft. Pierre	3	40,000	3,300	22,000
2. Expanded school-age transportation	3	22,000	2,000	10,000
3. Intercity bus connector – Mobridge	1	56,000	1,500	1,500
4. Work shuttle, medical – Gettysburg	1	12,300	1,000	2,400
5. Local Service Highmore/Harrold	1	25,000	2,040	6,000
6. Work shuttle Murdo –Vivian-Pierre	1	25,500	900	5,100
7. Work Shuttle/Local – Ft. Thompson-Pierre	1	40,000	2,550	7,000
Total Additions	11	220,800	13,290	54,000

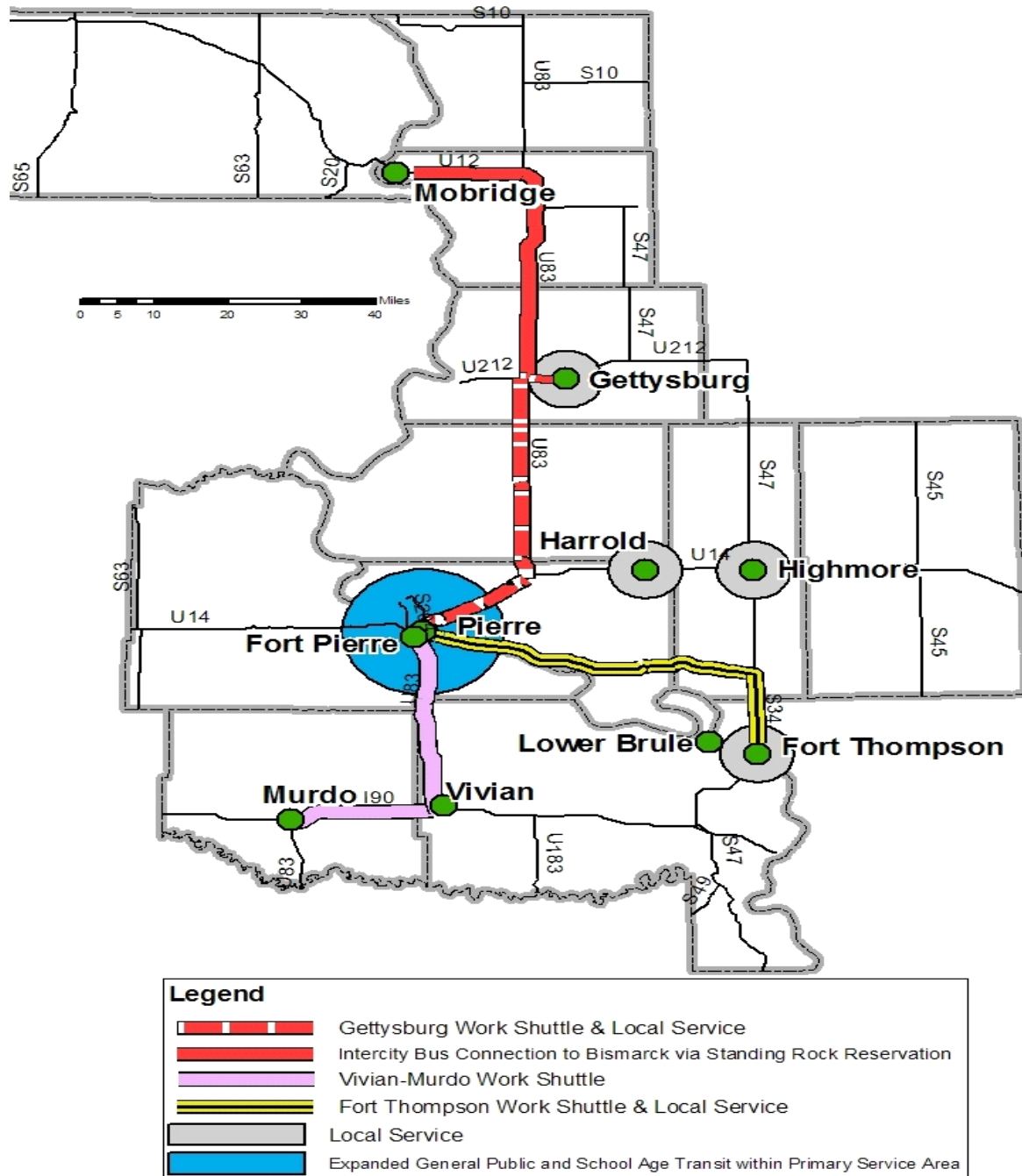


Figure 6.1 Map of Future Service Priorities

7. FIVE-YEAR OPERATING AND CAPITAL BUDGET PLAN

Continuation of adequate funding is the most important issue facing River Cities Public Transit within the next five years. RCPT has developed the capacity in terms of vehicles, facilities, organization, and personnel to provide a high level of public transit to its eight-county region. Though RCPT has attracted an extraordinarily high level of ridership given its service area's relatively small, dispersed population, RCPT has additional opportunities to serve untapped markets and provide greater mobility within the region. Perhaps the only limit to the ability to respond to these unmet needs is adequate federal, state, and local capital and operating funds. The purpose of this section is to present five-year capital and operating cost projections that include the operating expenses associated with a modest service expansion, and vehicle and facility capital costs. Such projections can guide RCPT as it considers new service options and seeks funding for continued and expanded operations.

The operating expense projections are based on assumptions that include continuation of existing services with modest growth in ridership and expenses, plus the service expansion options presented in the previous section. The capital budget reflects the ongoing cost of replacing vehicles and the relatively large one-time expense of expanding RCPT's administrative/maintenance/storage facility.

7.1 Five-Year Operating Budget Projections

Table 7.1 presents an estimate of revenue, expenses, and deficit shares for state, federal, and local entities. The table shows three sets of projections: the first is for continuation of existing services, the second shows the impact of adding the seven new services discussed in Section 6, and the third combines the existing and new services to show total amounts if all service expansion occurs starting in 2008. These projections include a number of assumptions, the most basic of which are that expenses will increase by four percent a year and revenue will increase by three percent. Further, since 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 and was about 62 percent federal share in 2007; therefore, this ratio is assumed for future years.

Table 7.1 River Cities Public Transit Five-Year Operating Budget Forecasts for Current and Expanded Services

Existing Services		Assumes 4% increase in expenses each year and 3% increase in revenue				
	2007 Budget	2008	2009	2010	2011	2012
Total Expense	\$2,009,853	\$2,090,247	\$2,173,857	\$2,260,811	\$2,351,244	\$2,445,293
Total Revenue	\$454,328	\$467,958	\$481,997	\$496,456	\$511,350	\$526,691
Net Project Cost	\$1,555,525	\$1,622,289	\$1,691,860	\$1,764,355	\$1,839,894	\$1,918,603
Federal Share	\$965,626	\$1,005,819	\$1,048,953	\$1,093,900	\$1,140,734	\$1,189,534
Total Local Share	\$667,375	\$616,470	\$642,907	\$670,455	\$699,160	\$729,069
Total Federal & Local Share	\$1,633,001	\$1,622,289	\$1,691,860	\$1,764,355	\$1,839,894	\$1,918,603
% Increase Federal Share	0.00%	4.16%	8.28%	12.23%	16.01%	19.63%
% Increase Local Share	0.00%	-7.63%	-3.97%	0.48%	4.74%	8.82%

Additional Services (See Section 6, Table 6.1)

	2007 Budget	2008	2009	2010	2011	2012
Total Expense		\$383,017	\$398,338	\$414,271	\$430,842	\$448,076
Total Revenue		\$118,700	\$122,261	\$125,929	\$129,707	\$133,598
Net Project Cost		\$264,317	\$276,077	\$288,342	\$301,135	\$314,478
Federal Share		\$132,159	\$138,038	\$144,171	\$150,568	\$157,239
Total Local Share		\$132,159	\$138,038	\$144,171	\$150,568	\$157,239
Total Federal & Local Share		\$264,317	\$276,077	\$288,342	\$301,135	\$314,478

Existing Services Plus New Service

	2007 Budget	2008	2009	2010	2011	2012
Total Expense	\$2,009,853	\$2,473,264	\$2,572,195	\$2,675,082	\$2,782,086	\$2,893,369
Total Revenue	\$454,328	\$586,658	\$604,258	\$622,385	\$641,057	\$660,289
Net Project Cost	\$1,555,525	\$1,886,606	\$1,967,937	\$2,052,697	\$2,141,029	\$2,233,081
Federal Share	\$965,626	\$1,137,978	\$1,186,992	\$1,238,071	\$1,291,302	\$1,346,773
Total Local Share	\$667,375	\$748,628	\$780,945	\$814,626	\$849,727	\$886,308
Total Federal & Local Share	\$1,633,001	\$1,886,606	\$1,967,937	\$2,052,697	\$2,141,029	\$2,233,081
% Increase Federal Share	0.00%	17.85%	19.45%	22.95%	26.31%	29.52%
% Increase Local Share	0.00%	12.18%	15.17%	18.86%	22.38%	25.77%

Assumptions about the number of vehicles required, as well as vehicle hours and miles of service plus ridership estimate, are presented in Table 6.1. This data is used to estimate revenue and expenses associated with the new service, and the results of the calculations are presented in Table 7.2. The revenue estimate for each service is determined by multiplying ridership by an assumed average fare per trip, which is shown in the table.

The expense estimates are based on the application of a costing formula that takes into account how specific line items vary by mileage, hours of service, or if they are fixed. Figure 7.3 shows the application of this model to RCPT’s 2007 budget. The result of the cost allocation is to produce a formula for calculating expenses based on the number of miles and vehicle hours involved in providing a service. As can be seen from Table 7.3, each line item in the budget is assigned to one of the three cost categories – miles, hours, fixed. Mileage-related expenses include fuel, tires, and maintenance. Hour-related expenses include driver wages and fringe expenses. Nearly all other expenses do not vary as service is added or subtracted and, therefore, are considered fixed in the short run. Note that approximately 40 percent of RCPT’s expenses fall into this fixed category, so when calculating the expense associated with a new service, only the mileage and hour-related expenses are considered. The only exception to this is the inclusion of the cost of vehicle insurance.

The most significant conclusion for this forecasting effort is to note the growth in required federal and local funding. Assuming no growth in the system, over the next five years local share will need to increase by about nine percent while federal funding will need to grow by 20 percent. If the proposed service expansions are implemented, local share will need to grow by about 26 percent and the federal share by nearly 30 percent. To date, RCPT has been successful in obtaining additional federal and local funds to support its expansion; more growth in each may be possible, but not as readily as in the past. One promising prospect is the availability of special categories of federal funds such as the New Freedom, Job Access Reverse Commute, and Tribal transportation funds that RCPT has been partially successful in obtaining in the past year. More will be said about funding prospects in Section 8.

Table 7.2 Revenue and Expense Estimates for Proposed New Services

Service Proposal	Vehicles	Miles	Hours	Ridership	Expense	Revenue	Average
Expanded local service Pierre-Ft. Pierre	3	40,000	3,300	22,000	\$86,585	\$35,200	\$1.60
Expanded school-age transportation	3	22,000	2,000	10,000	\$54,040	\$16,000	\$1.60
Intercity bus connector – Mobridge	1	56,000	1,500	1,500	\$61,895	\$15,000	\$10.00
Work shuttle, medical – Gettysburg	1	12,300	1,000	2,400	\$26,576	\$7,200	\$3.00
Local service – Highmore/Harrold	1	25,000	2,040	6,000	\$51,558	\$9,000	\$1.50
Work shuttle – Murdo-Vivian-Pierre	1	25,500	900	5,100	\$33,115	\$15,300	\$3.00
Work shuttle/Local – Ft. Thompson-Pierre	1	40,000	2,550	7,000	\$69,248	\$21,000	\$3.00
Total	11	220,800	13,290	54,000	\$383,017	\$118,700	

Table 7.3 River Cities Public Transit Operating Expense Unit Cost Model Using 2007 Budget Data

Budget Line Item	Total	Cost Factor Allocation			
		1=hours, 2=miles, 3=fixed	Hours	Miles	Fixed
Transportation Operations					
Driver Wages	\$596,148	1	\$596,148	\$0	\$0
Driver Benefits	\$166,921	1	\$166,921	\$0	\$0
Dispatcher Wages	\$93,960	3	\$0	\$0	\$93,960
Dispatcher Benefits	\$24,628	3	\$0	\$0	\$24,628
Fuel	\$183,405	2	\$0	\$183,405	\$0
Total Transportation	\$1,065,062				
Maintenance Expense					
Mechanic Wages	\$46,000	2	\$0	\$46,000	\$0
Mechanic Benefits	\$11,880	2	\$0	\$11,880	\$0
Maintenance/Repairs	\$81,800	2	\$0	\$81,800	\$0
Garage Util/Maintenance	\$13,800	2	\$0	\$13,800	\$0
Workman's Comp	\$37,664	2	\$0	\$37,664	\$0
Total Maintenance Expense	\$191,144				
Insurance					
Vehicle	\$97,600	3	\$0	\$0	\$97,600
Workman's Comp/Building	\$14,300	3	\$0	\$0	\$14,300
Other	\$8,775	3	\$0	\$0	\$8,775
Total Insurance Expense	\$120,675				
Administrative Expense					
Administrative Salaries	\$241,350	3	\$0	\$0	\$241,350
Administrative Benefits	\$77,022	3	\$0	\$0	\$77,022
Depot Agents Salary	\$42,500	3	\$0	\$0	\$42,500
Depot Agent Benefits	\$14,025	3	\$0	\$0	\$14,025
Marketing/Promotion	\$27,300	3	\$0	\$0	\$27,300
Office Supplies/Phone	\$39,290	3	\$0	\$0	\$39,290
Audit	\$6,750	3	\$0	\$0	\$6,750
Travel	\$19,900	3	\$0	\$0	\$19,900
Other	\$21,975	3	\$0	\$0	\$21,975
Total Administrative Expense	\$490,112				
Total Expense	\$1,866,993		\$763,069	\$374,549	\$729,375
		Units	46,400	606,400	30
		Unit Cost Factor	\$16.45	\$0.62	\$24,312.50

7.2 Capital Improvement Plan and Budget

The on-going operation of River Cities Public Transit will require, at a minimum, the replacement of existing vehicles, and the acquisition of additional vehicles to allow for expansion. Furthermore, RCPT will need to replace and upgrade office technology and maintenance equipment. These capital needs will total between \$300,000 and \$400,000 a year. The other major capital need for River Cities Public Transit in the next five years will be additional storage and maintenance space. This need can be met by expansion at the present site, or construction of a totally new facility. Both of these options are discussed later in this section.

7.2.1 Vehicle Replacement Needs and Budget

River Cities Public Transit now owns about 30 vehicles and needs about 25 of them to meet peak daily needs. The other vehicles are older buses that are spares, or are used for special trip purposes. Assuming that River Cities Public Transit can efficiently operate vehicles for six to seven years and about 250,000 miles, RCPT will need to replace one-sixth of its fleet, or five vehicles, just to preserve the current average fleet age and condition. Expansion as outlined in this plan will require the addition of one or two vehicles each year for the next five years. Table 7.4 presents a possible vehicle capital plan that calls for six or seven vehicles to be purchased each year for the next five years. A mix of minivans, Sprinter-type vehicles, and cutaway buses are assumed.

The exact number and type of vehicle to be purchased in a particular year may vary from this plan based on needs when the vehicles are specified and bid; but the information presented in Table 7.4 indicates that RCPT will need to obtain federal funding of between \$240,000 and \$300,000 per year and raise \$50,000 to \$60,000 local match each year. Both these levels of funding seem reasonable given the current federal, state, and local funding environment; however, since RCPT's typical allocation of vehicle funds from routine state/federal funding is about three to four vehicles per year, RCPT will need to continue to fund some vehicle purchases through special or one-time funding, and continue to its entrepreneurial approach to obtaining local funds.

Table 7.4 Proposed Vehicle Replacement Plan and Capital Budget

Vehicle Type	Estimated	2007		2008		2009		2010		2011	
		2007	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number	Total Cost	Number
MiniVan	\$24,000	2	\$48,000	3	\$72,000	2	\$48,000	4	\$96,000	2	\$48,000
Cutaway Bus 12/2	\$60,000	2	\$120,000	2	\$120,000	2	\$120,000	1	\$60,000	2	\$120,000
Sprinter Type	\$70,000	3	\$210,000	2	\$140,000	2	\$140,000	2	\$140,000	2	\$140,000
Total Number		7		7		6		7		6	
Total Cost			\$378,000		\$332,000		\$308,000		\$296,000		\$308,000
Federal/State Share (80%)			\$302,400		\$265,600		\$246,400		\$236,800		\$246,400
Local Share (20%)			\$60,480		\$53,120		\$49,280		\$47,360		\$49,280

7.3 Maintenance, Storage, and Administrative Facility

7.3.1 The Need for Expanded Facilities

In 2006, River Cities Public Transit (RCPT) provided 215,000 rides using 26 vehicles that logged more than 435,000 miles. In 2003, less than five years ago, when RCPT moved into its current administration, storage, and maintenance facility, it operated just five vehicles that traveled 110,000 miles to provide about 33,000 rides. This phenomenal growth has enabled RCPT to meet the mobility needs of its eight-county service area by providing demand responsive transportation, by offering a bus connection to intercity bus services, and increasingly, by coordinating with human service agencies that need transportation for clients. However, this growth in demand and fleet size has resulted in RCPT outgrowing its current facility. To continue to expand its services to meet further mobility needs, and to operate its current system more efficiently, RCPT needs more space. The following sections describe the current situation, the future needs, two options for meeting these needs, and a preliminary budget to accomplish the expansion of RCPT's facilities.

RCPT's current 8,100 square foot building is centrally located at the intersection of Dakota Avenue and Harrison Avenue on a 150' x 300' site provided by the city of Pierre that is adjacent to the city's electric department. The building includes about 2,300 sq. ft. of finished space on two floors that houses administrative offices, the Jefferson Bus intercity terminal, the scheduling and dispatching area, and a training/meeting room. The remainder of the building is devoted to bus storage with one small area (20' x 30') for a maintenance bay. This limited space only allows for one bus to be serviced at a time, and the area is not long enough to accommodate several of RCPT's longest (35') buses.

The current facility was designed with three storage lanes that can store four vehicles each. Furthermore, by carefully arranging the buses, RCPT has been able to create a fourth lane so that a total of 15-16 buses can be stored at night along with one vehicle in the maintenance bay. Since RCPT currently operates about 35 vehicles that it maintains and stores at its facility, only half the fleet can be stored under a roof. In addition, RCPT maintains another 20 plus vehicles (mostly minivans) for other agencies. These vehicles are kept off site. RCPT's one full-time and two part-time mechanics maintain these 60 vehicles in one bay that is equipped with portable lifts. Buses awaiting parts must be moved or pushed outside or to the storage area to allow for continued routine maintenance. To provide better and more efficient maintenance, and to improve the internal operation of the maintenance and storage facility, RCPT needs at least two additional service bays plus an isolated washing area and an isolated body work area.

In addition to more bus storage and maintenance space, RCPT needs to expand and reconfigure its office area. The greatest need is to separate the intercity bus terminal waiting area from the scheduling/dispatching area for the local RCPT operations. At present a single large room (approximately 20' x 30') serves as the intercity bus terminal waiting room, the scheduling/dispatching center, and drivers' lounge/waiting area. The growth of the intercity connection ridership often leads to this single room being full of passengers who are not accommodated comfortably and the noise and confusion interferes with the call taking and dispatching operations. Drivers waiting to start work, or on break, add to the confusion. Ideally, these three functions, the intercity bus terminal, scheduling/dispatching office, and drivers' areas would be in separate spaces and would probably require at least a doubling of the space devoted to these functions. The need to separate the scheduling/dispatching activities from the public and driver areas is even more acute now that RCPT uses advanced computer technology to schedule and track its trips and vehicles.

In addition to a separate intercity terminal and waiting area, the intercity connection operation needs to provide five or more parking spaces for intercity bus passengers who leave vehicles while traveling or need to conduct short-term business with the bus office.

The storage, maintenance, office, and intercity bus terminal needs described above cannot be accommodated within the existing building and can only be met by creating a facility that is two to three times larger than the present facility. RCPT's current facility is less than five years old and in excellent condition. Furthermore, it is centrally located with the RCPT service area and is easily accessible to users, especially intercity bus passengers connecting with Jefferson Lines. Therefore, RCPT would like to stay at its current location and expand on to land now owned by the city of Pierre. The city has not decided if they are interested in moving the electrical department to provide the space for RCPT, plus there are additional issues related to the uncertainty of relocation plans for Sioux Avenue to provide an overpass over the Dakota, Minnesota, and Eastern Railroad tracks. If the overpass were to be built, it would reduce the city land available for possible expansion and perhaps make expansion at the current site unwise or infeasible. Because of these uncertainties, RCPT is moving forward with two options described in the next section, including expansion at the existing site and relocation to a new, larger site.

7.3.2 The Alternatives

Table 7.5 summarizes the space utilization within RCPT's current 8,100 sq. ft. facility and identifies the needs for each function as they might be accommodated within an expanded facility at the current site and in a totally new facility. At this point in time, these space requirements are preliminary, as is any specific layout arrangement for each expansion option.

7.3.3 Funding Requirements

Expansion of RCPT's facilities to meet its current and future needs will require more land and a larger building(s). Table 7.6 provides very preliminary estimates of the space requirements and costs along with possible funding shares to finance the expansion. Note that the option to move to a totally new facility assumes that RCPT will sell its current facility at its appraised market price and apply the proceeds to the new facility.

Table 7.5 Comparison of Current Facility with Future Expansion Options

Function	Current	Expand Existing Facility	New Facility
Administrative Offices	1 st floor – 1,300 sq. ft. (reception area, two offices, restrooms, and combined dispatch and Jefferson Lines office) 2 nd floor – 1,000 sq. ft. (training/meeting room, two offices)	Convert dispatch/Jefferson Line office into scheduling/dispatching area, add one office for operations manager in existing finished area	3,000 - 3,500 sq ft, reception area, 6 offices, scheduling/ dispatch area, training/meeting room
Jefferson Lines Terminal	Combined with dispatching area	Separate area with 5 customer parking spaces and separate entrance (within existing building possibly in the area currently used for maintenance)	Separate area – 500 sq ft., plus 5 customer parking spaces and separate entrance
Scheduling/Dispatching Office	Combined with Jefferson Lines office and driver area	Separate area of about 500 sq. ft.	Separate area of about 500 sq. ft.
Driver Lounge/Locker Room	Combined with Jefferson Lines office and dispatching area	Separate area of about 500 sq. ft.	Separate area of about 500 sq. ft.
Maintenance Bays	1 bay approximately 20' x 30' with portable lifts	3 bays: one for small vehicles (minivans), one for major maintenance and one for routine maintenance on larger buses Separate isolated bus washing area Separate isolated body work area	3 bays, one for small vehicles (minivans), one for major maintenance and one for routine maintenance on larger buses Separate isolated bus washing area Separate isolated body work area
Bus Storage	Current capacity 16 vehicles	Add storage for 16 vehicles	Storage for 35 vehicles plus plan for future expansion of storage area

Table 7.6 Estimated Cost and Funding Plan for River Cities Public Transit Facility Expansion

Cost Category	Current	Expand At Current Site		Construct New Facility	
	Units	Units	Cost	Units	Cost
Land	1. + acre	3 additional acres @ \$120,000/acre	\$360,000	5 acres @ \$120,000/acre	\$600,000
Maintenance/Storage Space	6,800 sq. ft.	12,000 sq. ft. @ \$60/sq. ft.	\$720,000	20,000 sq. ft. @ \$60/ sq. ft.	\$1,200,000
Office Space (including Jefferson Lines terminal, driver area, and dispatching area)	2,300 sq. ft.	1,200 sq. ft @ \$100/sq. ft.	\$120,000	4,500 sq. ft @ \$100/sq. ft.	\$450,000
Total Cost			\$1,200,000		\$2,250,000
Less Sale of Existing Site			\$0		\$600,000
Net Project Cost			\$1,200,000		\$1,650,000
Federal Share (80 percent)			\$960,000		\$1,320,000
Local Share (20 percent)			\$240,000		\$330,000

7.4 Summary of Capital Needs and Capital Budget

Table 7.7 summarizes the capital needs of River Cities Public Transit and indicates the total cost, federal, and local matching share requirements for each of the next five years. The biggest unknown is whether a new facility will be built or the existing facility expanded. Table 7.6 shows the total cost of each option by assuming the expansion of the existing facility would be in place in 2008 and a new facility in 2009. Without a new or expanded building, RCPT will need to raise between \$60,000 and \$80,000 per year of local match for vehicle and other small capital needs. The building will require an additional match of \$240,000 to \$330,000. As indicated earlier, part or all of this match might be an in-kind match of land or services related to a new or expanded location.

Table 7.7 Summary of Capital Needs for River Cities Public Transit

Item	2007	2008	2009	2010	2011
Vehicle Replacement	\$378,000	\$332,000	\$308,000	\$296,000	\$308,000
Office Technology	\$20,000	\$10,000	\$10,000	\$10,000	\$10,000
Maintenance Equipment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Total Non-Building Capital	\$408,000	\$352,000	\$328,000	\$316,000	\$328,000
Addition to Existing Facility		\$1,200,000			
New Facility			\$1,650,000		
Total Capital Cost - Expand Existing Facility	\$408,000	\$1,552,000	\$328,000	\$316,000	\$328,000
Federal Share (80%)	\$326,400	\$1,241,600	\$262,400	\$252,800	\$262,400
Local Share (20%)	\$81,600	\$310,400	\$65,600	\$63,200	\$65,600
Total Capital Cost - New Facility	\$408,000	\$352,000	\$1,978,000	\$316,000	\$328,000
Federal Share (80%)	\$326,400	\$281,600	\$1,582,400	\$252,800	\$262,400
Local Share (20%)	\$81,600	\$70,400	\$395,600	\$63,200	\$65,600

8. SUMMARY OF PLAN RECOMMENDATIONS

River Cities Public Transit has undergone an amazing six years of growth and transformation as it evolved from a very limited human service transportation service into a regionwide comprehensive public transportation provider. Ridership, vehicle miles operated, and operating and capital budgets have increased rapidly over the past six years as RCPT grew so that it could accomplish this broad vision of public transportation for the South Dakota state capital region in and around Pierre.

The timing and priority of service expansions to accomplish the overall mobility objectives of RCPT to this point have been determined by the availability of state and federal funding and the willingness of local communities to provide matching funds. The expansion to 24/7 local service in the Pierre-Ft. Pierre area resulted from the cities' desire to maintain taxi service in the capital region. Expansion to Lower Brule and to other rural areas was in response to local requests and willingness to provide matching funds for operating and capital grants from the state. Inclusion of the transportation operations of several human service agencies, including Head Start, the YMCA, and Oahe Industries, was in response to these agencies desiring to turn over transportation activities that were not central to their agencies' mission to RCPT along with some financial support of the services. The intercity bus connector service to Vivan was in response to the cessation of intercity service through Pierre, and the desire of the South Dakota DOT to maintain an intercity bus connection.

At the same time RCPT accepted new service challenges, it also needed to develop its internal capabilities, including facilities, vehicles, and most importantly, its staff and organizational structure. With strong support from the South Dakota DOT and local governments, RCPT was able to construct a very efficient administrative, maintenance, and storage facility; and it was able to obtain new and used vehicles to meet the growing need for service. Just as important, RCPT developed, primarily by training and internal advancement, a staff that accomplishes the diverse needs of a growing system.

The completion of this business plan comes at a point in RCPT's development where its dramatic growth is behind it. The next phase in RCPT's history will be marked by fine tuning the services it provides and continuing to develop its management capabilities for the long run. The only major project for the near future is the expansion or relocation of RCPT's administrative, maintenance, and storage facility. This project, plus the continuation of the high-quality transit service, will require RCPT to seek additional capital and operating funds, and this is perhaps the most daunting task for the next few years. To help guide this effort, the remainder of this section summarizes key findings from the previous sections, and it presents a short list of action items for the next five years.

8.1 Summary of Key Findings

This business plan includes an analysis of the current River Cities Public Transit services, organization, management, and vehicles and facilities. It also includes an analysis of the market for public transit in RCPT's eight-county region and how well RCPT serves that market. Finally, the plan includes an analysis of the financial condition of RCPT and projects future financing requirements for both capital and operating expenses. Key findings and recommendations are included throughout the plan, and they are summarized in this section.

8.1.1 River Cities Public Transit System's Goals

River Cities Public Transit was formed to provide public transit in an eight-county area of central South Dakota. Prior to its existence, the Pierre-Ft. Pierre area had no public transit option, and persons without access to a private vehicle were deprived mobility. As RCPT has grown, it has come to see its mission as one of getting anyone in its service area any place he or she needs to go conveniently and at a reasonable price. River Cities Public Transit sees itself as a transportation broker and provider that will either directly provide or otherwise solve the travel problem facing individuals within its eight-county region. It tries to “never say no.” Obviously this 100 percent goal is not achievable – some trip needs cannot be addressed, but RCPT prides itself in trying. This is a very ambitious goal for a rural transit system, but one which RCPT has successfully accomplished in a relatively short period.

8.1.2 Organization and Governance

RCPT is organized as a non-profit corporation – a very logical and effective structure to provide public transportation in the Pierre-Ft. Pierre region. RCPT is governed by a board of directors comprised of representatives of local governments that fund the system, the state DOT, and riders and human service agency officials who are customers of the service. The board carries out its role in providing guidance to the executive director and executing its legal obligations. The only governance change that might be considered is to add representatives of other human service agencies to the board as a way of increasing coordination with other transportation providers and users in the region. Since RCPT's board already includes representatives of the major human service agencies in the region, this recommendation should be considered an option, not a necessary change.

RCPT's organizational structure has evolved over the past six years as the system has grown. As is the case in most small organizations, individual staff members perform a number of functions, and their jobs do not neatly fit within an organizational chart. Nevertheless, RCPT's organizational structure is developing into one that is typical for a small transit system. The executive director reports to the board of directors, and then managers of each functional area report to the executive director. In most cases, the executive director is the key manager of each area with other staff providing him assistance. Over time, two of these areas – finance and maintenance – should be organized in a way to provide for a director for each that reports to the executive director. In both cases, there are internal candidates who can grow into the management positions and should be encouraged to do so to allow the executive director more time for overall guidance of the system and to pursue continued and expanded funding for the system.

8.1.3 The Market for Transit in the River Cities Public Transit Service Area

RCPT provides extensive public transportation within the urban center of its service area, and increasingly comprehensive service in the rural areas. Its 24/7 demand responsive service in the core area is unique for such a small service area, as is its efforts to provide transportation to school-aged individuals at a low cost. By all measures, RCPT has done an outstanding job of serving its market. Measured in terms of one-way passenger trips per capita, RCPT is “off the charts” when compared to other small urban and rural areas.

The recommendations for additional service contained in Section 6 primarily call for service between outlying areas of the region and Pierre-Ft. Pierre for employment and medical purposes. The options also include increased local service within outlying communities and options for connecting the region to additional intercity bus services. The only limitation to RCPT's goal of providing basic mobility throughout its region is money – it has the capacity and management capability to provide additional service, but funding limits likely service expansion opportunities.

8.1.4 Operations, Vehicles, Facilities

This business plan includes a review of the major functional areas within the RCPT organization and its facilities and vehicles. Other than actually driving the vehicles, the single most labor-intensive part of RCPT's operation is call taking, scheduling, and dispatching the 300,000 annual trips. This area experienced a major change this past year with the implementation of computerized scheduling, dispatching, and routing that includes real-time vehicle location technology and on-board data computers. Now that the major headaches of introducing a new technology and operating practices is complete, RCPT is able to handle increased trip volumes without adding staff and has the opportunity to use existing staff more effectively now that much of the paperwork has been automated. Successful implementation of this technology addresses a major bottleneck that would have greatly constrained RCPT's growth potential and increased its costs.

Maintenance is a strong point of the RCPT operation and has allowed the system to present a very good public image for the transit system and assure reliable service. Good maintenance has also allowed RCPT to extend the lives of its vehicles and avoid costly replacements. Further, RCPT has been able to acquire and refurbish a number of buses so that its expansion possibilities were not thwarted by lack of equipment.

RCPT's rapid expansion and growth in the number of vehicles it must maintain and store has taxed the current facility, so one of the major priorities of the next year or two will be to either expand the current facility or build a larger one at some other location.

Financial management, a key to the survival of a transit system, has been primarily the responsibility of the executive director. As the system has grown, the number of transactions and reports required has greatly increased, so now two staff persons share the workload with the executive director. One staff person sells tickets, passes, and fare receipts and also prepares ridership reports and bills for sponsoring agencies. The executive director now also has assistance in preparing financial reports and processing bills and preparing payroll, but he is still in charge of the financial area. One recommendation for the next few years would be to develop a position of finance director that would be responsible for all aspects of accounting, financial management, and, if possible, grant preparation.

8.2 Key Action Items for the Next Five Years

The previous section summarizes key recommendations contained in the previous sections, but the more detailed discussion of each area contains additional suggestions. As a final conclusion to this business plan, the following three action items are highlighted as the key issues requiring future attention.

8.2.1 Funding

The single most limiting factor that will constrain RCPT's growth, or even its ability to maintain current services, is funding. RCPT has grown rapidly over the past six years and now has an operating budget of over \$2 million. About three-fourths of these funds come from non-passenger revenues, in particular, state, federal, and local grants. Even without added services, RCPT will need 20 percent more state and federal funds and a 10 percent increase in local funds. With the service expansions outlined in this plan, state and federal funds will need to grow 30 percent, or more than \$300,000, and local funds will need to grow more than 25 percent, or more than \$200,000.

RCPT has been able to expand its service and obtain funds through the strong support of state and local governments, support that was nurtured by the executive director and the staff by proving that the money

invested in RCPT would be wisely used to provide very high quality public transit. Increased federal funding during this period of growth was key to the state's ability to fund RCPT's expansion. While the federal funding outlook is still promising, one future concern is that RCPT now receives about 27 percent of all federal funds allocated to South Dakota. On the other hand, RCPT receives only 8.5 percent of the state funds available for transit in South Dakota, and RCPT generates more than 27 percent of all local matching funds in the state. Therefore, the ability of the state DOT to fund the maximum federal share of expenses for future expansions may be in doubt.

One bright spot is that the federal government has created several niche funding sources that are available and are being used by RCPT, including the Jobs Access Reverse Commute (JARC), New Freedoms, and Tribal Transportation program. Future growth will likely depend on RCPT's success in continuing to receive these grants and also the state and local governments' ability to provide the needed match. RCPT needs to continue to take the lead in encouraging South Dakota elected officials to provide state and local funds for transit.

Because passenger revenues represent only a small part of the income of a transit system, even if passenger revenues increase faster than expenses (in percentage terms), total operating expense deficits increase. Assuming that expenses are kept in check through tight management, the only two ways to reduce deficits are to raise fares and cut service. All transit systems try to avoid service cutbacks or fare increases for passengers, because the magnitude of service cuts and/or fare increases needed to close a budget shortfall are usually great in proportion to the money realized. This is the case because service cuts only eliminate variable costs, so the fixed costs of operation (facilities, administrative expense) must be spread over fewer miles and hours of service. Since only about 60 percent of RCPT's expenses are variable, it might be necessary to, for example, cut services 15 percent just to save 10 percent expenses. Likewise, because passenger fares represent only about 10 percent of RCPT's total income, even a doubling of fares would only reduce the deficit by 10 percent, though such a draconian action would greatly reduce riders or at least place a major burden on low-income persons who need transit.

So far, RCPT has been able to avoid the inevitable downward spiral that results from fare increases and service cuts and maintain its low fare level and expand service. Its ability to obtain adequate federal, state, and local funding allowed this positive outcome. Should efforts to obtain increased state and federal funds from existing or new programs or local matching funds fall short, RCPT should be prepared to consider the best way to increase passenger revenues and reduce service.

RCPT management and policy board members should begin thinking about how it would prioritize services and make decisions on service cuts. One typical approach used is to rank services in terms of productivity as measured by passenger trips per hour or by expense or deficit per passenger. The problem with all these measures is that what might turn out to be the least productive, highest cost trip, say, a long-distance rural medical trip, might be meeting the more important mobility need as compared to a local shopping trip on the local service that scores well in terms of productivity or cost per passenger.

The other issue that the RCPT management and board should consider is the best way to increase passenger revenue. Rather than an overall increase in all fares and contracts, RCPT might consider ways to increase say, the base fare, or the "taxi" fare, but offer discounted passes or tickets to regular users. Likewise, if more passenger income is needed, RCPT should consider selective increases to its contracts with human service agencies.

Right now, the fare increase or service cut options are not imminent, and as long as new funding can be obtained, RCPT can continue its high-quality, low-cost transit programs. Nevertheless, to avoid major shocks to the RCPT should funding shortfalls materialize in coming years, RCPT should begin now to

consider how it would approach these issues so any changes can be made in a gradual fashion and avoid the crisis management traumas that have faced many transit systems.

8.2.2 Facilities

The second factor limiting RCPT's continued growth and success will be its inadequate administrative, maintenance, and storage facility. To effectively maintain and store its growing fleet, RCPT needs a facility approximately twice the size of the current one, and it needs to reconfigure its administrative space and intercity bus terminal to better serve customers and provide an efficient work environment for the staff. RCPT has identified options to either expand at the current site or build a new facility, so the priority for the next year or more will be to select the best option and then obtain the needed capital funding and construct the facilities.

8.2.3 Staffing

RCPT has grown from a staff of fewer than 10 total employees to one of more than 40 office staff, drivers, and mechanics. The success of the system through this phenomenal growth period can be attributed to the willingness of all of the employees, especially the original ones who took on increased responsibilities as the system expanded, to do whatever it took to make the system work. This was especially true of the executive director who kept the books, fixed the buses, raised the money, and wrote grant applications. Now that the system has grown and matured, more traditional divisions of responsibility are needed. Specifically, RCPT needs to establish the positions of director of maintenance and finance director so that one person, other than the executive director, assumes responsibility for managing these important functions. Creation of these positions need not dictate the addition of administrative staff slots; existing positions can likely be evolved into the needed director positions that can be filled by existing personnel or future replacements. RCPT has done a great job of developing existing employees so they can take on new responsibilities, and such a strategy should work in the case of the maintenance and finance areas.

8.3 Updating this Business Plan

This business plan represents a snapshot in the life of the River Cities Public Transportation and describes the situation as it exists in mid-2007. If the past few years are any indication of what will come in the near future, RCPT will respond to opportunities not foreseen when this plan was prepared and will also face challenges beyond those outlined above, so this plan will need to be revised.

As indicated above, the ability to secure adequate operating and capital funding from both the state and local levels will be the single biggest issue facing RCPT. Should there be a major change in the funding environment, either negatively because of funding constraints, or more optimistically, because of new program opportunities, then this plan should be revisited.

The other event that would trigger a review would be completion of the facility expansion. First, if an expansion is not possible because of property issues, or funding, then a strategy to continue operations from the existing facility would be warranted. Again, more optimistically, once a new facility is completed, RCPT should reassess its priorities and consider the opportunities and challenges it faces. The final change that would warrant a review of the plan would be a major change in management or in local support for the system. If any key personnel, especially the executive director, would leave the system, the management and organization of the system should be reviewed. Likewise, if new local governments agree to support RCPT or others wish to discontinue support, then the governance of the system and the services provided should be reviewed.

In recent years the River Cities Public Transit system has received a number of well-deserved national awards. RCPT is an outstanding transit system and a major asset to the communities it serves. The future looks very bright for the system, though the issues identified above are serious ones. Nevertheless, given the record of the existing staff and community supporters, the issues are surmountable, so RCPT can continue to provide high quality transit to central South Dakota.