



Intercity Bus Program Strategic Direction Report

Public Transportation Advisory
Committee Final Document

October 29, 2019

Summary

Review of current program approach, performance, and market changes argues for a greater degree of strategic direction from TxDOT to ensure outcomes that maximize the use of intercity bus funding to address rural area mobility needs. In general, moving to a program delivery model with characteristics more in line with Colorado and North Carolina DOT programs is described.

Committee action on this report will initiate subsequent efforts on the part of TxDOT to determine appropriate actions to address recommendations of the Committee.

Report Purpose and Scope

The Intercity Bus Strategic Direction Report describes how ICB service is currently provided in Texas, identifies alternative approaches used in other states, and discusses a desired future state of the ICB program. The focus of this document is on providing context for overall program approach, key conclusions, goals and objectives, and short-term and long-range planning efforts.

Each federal fiscal year, 15 percent of the total Section 5311 apportionment is required to be used to develop and support continuation of intercity bus services in the state of Texas. In Fiscal Year 2019 (FY19) the set aside amount was approximately \$7.1 million. Historically, TxDOT has requested applications for ICB and various public transportation projects via a biennial Coordinated Call for projects. The next call Coordinated Call for projects opportunity will take place in the fall of 2019. The Coordinated Call is used to solicit operating and capital project proposals from private, intercity bus carriers as well as Rural Transit Districts (RTD) in support of program goals identified in federal program guidance.

Committee Discussion Topics

Material presented and provided to the Public Transportation Advisory Committee (PTAC) covered the following information:

- Current program investments and performance,
- An overview of alternative program approaches used in other states,
- Description of the ICB market,
- Methods for estimating demand, and a
- Detailed look at Washington State's program delivery model for greater insight into an alternative model and results.

Presentation materials for these topics and meeting minutes of Committee discussions can be found on the TxDOT Public Transportation website. <https://www.txdot.gov/inside-txdot/division/public-transportation/committee.html>

Conclusions

Current Program Delivery Model

Non-prescriptive. Federal program goals are embraced in their entirety, and project proposals drive investment decisions. Funding is used to provide operating subsidy for services in lower density areas of the state, to support Interurban operations in the growing metropolitan regions of the state, and for capital assets supporting the service investment. In all cases, the emphasis is on connecting rural area passengers with intercity bus services providing access to market-driven urban area destinations and/or national intercity bus passenger services, as well as other national passenger services such as Amtrak.

The following table outlines key conclusions on the current delivery model from the presentations.

Item	Description
Characteristic	Applicant driven
Delivery Model	Demonstrated need
Minimum level of service	No minimum service level
Evaluation Criteria	<ul style="list-style-type: none">• Project description• Planning efforts• Demonstrated need• Benefits• Timeline• Personnel• TxDOT goals
Performance Measures	Performance measures reported; not formally used
Subgrantees	<ul style="list-style-type: none">• Private carriers• Public carriers

Program Markets

Traditional rural area intercity markets are a diminishing share of the overall intercity bus market nationally. Highly competitive choice traveller markets continue to be the focus driving changes and innovations in intercity travel and intercity carriers.

TxDOT Program investments focus on passengers in more traditional markets with lower incomes, low car ownership, mobility impairments, and senior citizens. Typical trip purposes include:

- Connections to state and national travel networks including Amtrak, intercity bus, and airports
- Educational institutions
- Government offices and facilities such as Veterans Affairs, military bases, and social service agencies
- Healthcare

- Vacation/special event travel

Program Performance

The current program does not have formally-established, measurable performance expectations or targets.

Current service performance varies widely within and between general categories of ICB services. Low density, basic connectivity services such as those operated in West and Northeast Texas, generally exhibit lower performance (cost per passenger and mile) than those operating in higher density rural areas surrounding growing metropolitan regions, such as CARTS’ Interurban Service program.

Using the most current, available data from West Texas and CARTS Interurban services, the following table documents service performance in lower and higher density areas of the state:

Summary of Current Service Performance*

<u>Service type</u>	<u>Cost per passenger</u>	<u>Cost per mile</u>	<u>Daily passengers</u>
Lower Density	\$65.89	\$9.11	134
Higher Density	\$49.13	\$3.43	91

*Averages across multiple routes in each instance. Routes within each service type contribute a range of performance outcomes to the average.

Individual route revenues (fares and other sources) cover a broad range of operating expenses (OR/OE). Reported data from 2017 show a range from less than 1% (ATCOG Bowie and Lamar County services) to 77% (Greyhound service between Amarillo and San Antonio).

Discussion Proposal: A Revised Strategic Direction

Program Intent

Integrate and leverage ICB funding with general rural program funding to support and sustain access to intercity service connections for rural area residents to longer distance urbanized area destinations, including, but not limited to, connections to the national intercity bus, passenger rail, and general aviation networks.

Service Profile and Target Markets

Intercity Bus service characteristics:

- Provides rural area access to and among urbanized areas with concentrations of employment, healthcare, and educational opportunities as well as connections to state and national travel networks

- Integrates ticketing, scheduling, marketing and coordination of services among service providers and stakeholders to maximize convenience of access and use for the customer and performance outcomes
- Allows for the transport of luggage, baggage and, in some cases freight, generally associated with longer distance travel needs
- Operates as a fixed route, fixed schedule service

Performance

Use available rural ICB market and performance data to forecast, evaluate use and effectiveness, and guide ongoing operating subsidy investments. Evaluate against established performance expectations. Progress towards performance expectations is a condition of continuation funding.

Integration and Coordination

Through selection criteria and performance expectations, prioritize investments demonstrating high levels of service integration and coordination among stakeholders and providers benefitting from the intercity program investment. Encourage seamless trip and ticket integration between carriers.

Capital Investments

Support cost-effective, proportional share-based capital investments in facilities, fleet, and equipment necessary to maintain a state of good repair and expand rural area access to intercity travel options.

Innovation

Research and pilot innovative shared ride services, technology applications, and marketing and advertising models to assist in addressing longer distance rural area mobility needs as alternatives to, or in support of, traditional intercity bus service investments.

Program Delivery Model

Applicant driven in response to state-identified access and connection priorities, and target service levels. Key characteristics include:

- Maximize potential impact of investment by targeting areas of highest need based on a more detailed study of rural area intercity travel
- Encourage local and regional initiatives/priorities through competitive processes emphasizing coordination among stakeholders and integration of services
- After establishing initial performance measure baselines, progress towards established performance expectations as a basis for continuation of funding
- Identified priority areas for program growth, should additional funding become available

Table one (last page) provides a comparison of this model with information compiled from other states.

In general, the Texas program moves from a non-prescriptive model to one relying on research and analysis to identify strategic program priorities and then using competitive processes to solicit project proposals to be evaluated against those priorities. In this respect, it becomes more closely associated with approaches taken by the Colorado and North Carolina DOT's, stopping short of the route specific, prescriptive nature of the WSDOT program.

Proposed Near-Term and Longer-Term Actions

Steps consistent with a desire to make adjustments to the ICB Program in Texas may begin as early as fall 2019, depending on outcomes from Committee discussion in July and possibly October 2019. Near-term and longer-term actions will likely include, but not be limited to the following:

- Make minor modifications to 2019 Coordinated Call for Projects, accommodating program adjustments associated with moving towards a different program delivery model
- Engage program stakeholders in dialogue about a different program model based on outcome of PTAC discussions
- Procure consultant services to identify investment priorities and expectations
- Amend the Texas Administrative Code as necessary to reflect changed program approach

Subsequent efforts associated with bulleted items 2,3, and 4 will be done in conjunction with an appropriately scoped, cooperative effort providing sufficient opportunity for engagement of key stakeholders in development and review of outcomes.

**Table 1: Types of Program Delivery Models
(Comparison of State DOT 5311(f) Programs)**

	Texas (current)	Florida	Colorado	Texas (proposed)	North Carolina	California	Washington
Characteristic and Delivery Model	<ul style="list-style-type: none"> –Applicant driven –Providers apply for funds based on their demonstration of need. 	<ul style="list-style-type: none"> –Applicant driven –Market-based: Providers apply for funds based on their demonstration of need. 	<ul style="list-style-type: none"> –Applicant driven –Demonstrated need –Additional separate process where state selects providers for specific routes. 	<ul style="list-style-type: none"> –Applicant driven in response to State priorities included in biennial competitive call for project proposals. 	<ul style="list-style-type: none"> –Grantor led –State issues call for projects. State has prioritized list of intercity bus needs. 	<ul style="list-style-type: none"> –Grantor led –State issues call for projects. State emphasizes filling gaps with ICB network. 	<ul style="list-style-type: none"> –Grantee led –State issues call for projects. –Fill gaps with ICB network.
Minimum level of service	No	Yes, within threshold criteria; regional/national system connection.	No	Target levels by service type	No	Yes	Yes, contractors must provide minimum runs.
Evaluation Criteria	<ul style="list-style-type: none"> – Project Description – Planning efforts – Demonstrated need – Benefits – Timeline – Personnel – TxDOT state goals 	<ul style="list-style-type: none"> – Improvement to ICB service – Support “feeder” service – Fill gap where service has been reduced or lost – Improve Amtrak facility – Proposed high-speed rail facility 	<ul style="list-style-type: none"> – Financial justification – Demonstrated need – Coordination with other organizations 	<ul style="list-style-type: none"> – Demonstrated need/benefit: consistency with State priorities/ local plans – Coordination/integration with supporting services and stakeholders – Anticipated performance outcomes – Readiness: implementation timeline – Partnerships – Sustainability 	<ul style="list-style-type: none"> – Anticipated ridership – Serves areas without existing intercity service – Potentially self-sustaining 	<ul style="list-style-type: none"> – Operations – Vehicle purchase – Transit infrastructure – Planning studies – Marketing studies 	<ul style="list-style-type: none"> – State evaluated intercity bus and established service priorities
Performance Measures	None	None	Yes. Meet 40% farebox recovery.	<u>Potential targets</u> <ul style="list-style-type: none"> –Ridership –Cost/rider –Cost/hour; cost/mile –Farebox recovery 	None	Yes. NTD reporting.	None
Subgrantees	<ul style="list-style-type: none"> – Private carriers – Public carriers 	– Undetermined	<ul style="list-style-type: none"> – Public agencies – Private providers 	<ul style="list-style-type: none"> – Private for-profit carriers – Public providers (Transit Districts) 	<ul style="list-style-type: none"> – Public agencies – Private for profits – Non-profits 	<ul style="list-style-type: none"> – Public providers – Rural providers – County transit providers 	<ul style="list-style-type: none"> –Private providers

Source: 2015 Intercity Bus Policy Options Report. Prepared for Texas Department of Transportation by CH2M Hill. The terms used are based on individual states’ responses to report.