UPBAC Ad Hoc Subcommittee on Streamline Funding Request

Part II: Final Recommendations

February 3, 2009

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UPBAC Ad Hoc Subcommittee on Streamline Funding Request

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Executive Summary

The Streamline bus service is perceived as a valuable community asset with specific benefits for the student, staff and faculty populations at Montana State. In May, 2007, the Ad Hoc Subcommittee was seated and charged with providing UPBAC with recommendations relative to two requests—the first for one-time-only (OTO) funding support for the Streamline bus service during FY09, and the second for consideration of an additional 3-5 year funding commitment for Streamline support. In June, 2008, this Subcommittee recommended to UPBAC that it authorize funding for Streamline during FY09 that would facilitate the addition of a Saturday route in Bozeman as well as a weekday “commuter route” between Livingston, MT, and the MSU campus. UPBAC did approve of the OTO funding in the amount of $85,000 and to be paid from sources identified by the Vice-President of Administration and Finance during the current fiscal year.

The Subcommittee continued to deliberate during the Fall and early Spring Semesters of 2008-09 on an intermediate funding recommendation. At this time, the Subcommittee agrees that services offered by Streamline are a positive benefit for MSU. Benefits including an aid in recruitment and retention of students, staff and faculty, a possible control in campus area traffic growth, increased and coordinated environmental stewardship on campus, the opportunity for MSU to support a service that benefits the surrounding community as well as MSU, and others. The Subcommittee was fully mindful of the difficult financial circumstances impacting MSU not only for the remainder of this fiscal year, but projected for the next biennium as well. UPBAC will have many difficult decisions to fund priorities in an environment of reduced resources overall. Nevertheless, the Subcommittee recognized the significant support provided by MSU students for Streamline services and ultimately concluded that a “match” from the University is desirable (dollar-for-dollar match not anticipated). Therefore, the Subcommittee recommends the continuation of services added in FY09 for a three year period during which ongoing efforts must be applied to assessment and identification of intermediate and long-term funding sources. This would still be considered one-time funding, but eligible for renewal each year for three years. Furthermore, after consideration of several funding alternatives, the Subcommittee recommends that funds be generated via a parking permit surcharge to non-students ($9/permit) plus $71,500 from executive level distributions.
Introduction

Part I Overview. The Ad Hoc Subcommittee was charged to make recommendations for the possible allocation of one-time-only (OTO) funds to the Streamline system during FY09 for the purpose of enhancing public transportation ridership and/or availability to benefit MSU constituents. This was in response to the Streamline Investment Request, dated April 15, 2008. In addition, the Subcommittee was charged with examining longer-term need for such services for a 3 to 5 year period beyond FY09. In Part I of our report, the Subcommittee summarized its deliberations regarding the short-term consideration in FY09. Objectives, benefits and possible detriments were also discussed. Several alternatives for action were identified, including no action, and it was recommended that a Saturday route plus a once-per-weekday "commuter route" to/from Livingston both be added. The total funds made available for these services in FY09 was $85,000. These funds had been offered on a OTO basis and arranged by the Vice-President for Administration and Finance.

Part II Overview. The Subcommittee was further charged to determine if any Streamline service should receive intermediate-term funding from MSU and, if so, to identify a funding option for such services. Listed below in “bullet” form are a number of benefits to MSU students, faculty, staff and campus as a whole which were discussed by the Subcommittee (in no order of importance). In addition, some points relative to funding mechanisms were noted here. Several points were also identified during the initial deliberations last year and were still considered relevant.

- Public transportation (Streamline) is seen as a positive benefit for the entire community
- As public transportation matures overtime it could be expected to contribute a reduction in the growth of campus area traffic congestion
- Evening routes of Streamline can be a safety enhancement for students and the community
- Ability of MSU students/staff to run daytime errands to other parts of Bozeman
- Access to public transportation may lead to increased recruitment/retention of MSU employees and the facilitation of visits by potential students and others
- So-called “commuter route” from Livingston has been popular as has been the Saturday route, both added in FY09 (as a result of initial MSU funding)
- Many MSU students, faculty and staff currently take advantage of Streamline services
- Environmental stewardship—public transportation could aid the University in meeting the goals outlined in the Montana Governor’s “20 by 10” initiative, as well as the ACU Global Climate Commitment
- Survey data and other sources indicate a stronger interest from commuters in the Livingston area than other potential commuter routes
Many communities of similar size as Bozeman, who have a weekday public transit operation, only operate on Saturday if weekend services are offered.

The use of discretionary funds within ASMSU’s budget ($30,000 for the late night service) as well as the self-imposed transit fee on all students ($90,000) is commended for its significant impact on Streamline availability.

Intermediate or long-term funding, particularly beyond current OTO support, could require a reduction in all other University activities, including instruction related.

A three year horizon appears more appropriate planning and analysis than the “3-5 years” indicated in the Subcommittee’s charge.

The following sections outline first the level of services considered for support and, secondly, funding alternatives for these services.

Service Alternatives Considered

1. Fund no additional service from University sources after FY09 and reconsider at a future date at which time more adequate funding can be identified for long-term support.

2. Fund the once-daily “Livingston commuter route” based upon ridership and perceived value to the campus. Estimated cost would be $35,000 per year. This also assumes a cost-share with the Livingston/Park County governments. Less was required during FY09 due to full implementation of service occurring in the 2nd quarter of the year.

3. Fund the Saturday-only service due to its convenience for the MSU community. Estimated cost would be $50,000 per year.

4. Fund a modified version of alternatives 2 and 3 wherein Saturday-only service is combined with the Livingston commuter route. Estimated cost is $85,000 annually. Alternative #4 also represents a continuation of the services funded in the current FY (i.e., both Saturday & Livingston service) and also assumes the same cost-share with local governments listed in #2.

Funding Alternatives Considered with Discussion

The following is an enumeration of the basic funding alternatives identified by the Subcommittee. A brief discussion of each is provided and intended to highlight “pros” and “cons” of each. It should be pointed out that there may be numerous iterations that may involve the implementation of elements of two or more alternatives. Thus, the following was not intended to represent an exhaustive list of alternatives.
1. Provide no funding from non-student funds for Streamline beyond FY09. This will represent no University-based match for student contributions as had been requested in the original Streamline proposal submitted to UBPAC. This strategy may reflect the significant financial constraints during the next biennial budget which are resulting in reductions in various University budgets. This could result in a discontinuation of the Saturday & Livingston services, unless Streamline can find other funding.

2. Fully funded with surcharge to parking fee for non-students (recognizing current student contributions).
   a. The essential rationale for this approach is for faculty and staff to approximately “match” the student contributions. As seen in the calculations below, the per person costs are much higher due to fewer individual contributors. Further, the additional parking expense may facilitate greater utilization of public transportation through a greatly increased deterrent/parking demand management affect.
   b. For example, if the entire $85k requested is born by the approximately 1500 non-student parking tags issued annually, this would result in a $57/tag surcharge for faculty and staff purchasing these annual tags. [For illustration purposes this ignores the highly probable negative affect that such a surcharge might have on the number of tags purchased as noted in Subpart ‘a’ above].
   c. If partially funded (eg, Livingston route only at $35,000), then the surcharge would be reduced to $24/tag annually.
   d. Other surcharge iterations may be estimated by dividing budget by 1500 non-student parking tags. For reference, the anticipated S/B parking permit in FY10 will be $178 (w/out any surcharge).

3. Fully funded with OTO monies from the same source as FY09, or other University budget as determined. There is legitimate concern over the perceived fairness of asking the subset of employees who purchase parking permits (i.e., no additional tithe from students) to shoulder the burden of matching a substantial portion of the total student contributions, particularly when there will likely be no salary increases for an additional year, putting their personal financial condition at risk for serious decline.
   a. If, as was the case for the initial contribution, monies were diverted from parking maintenance funds to help fund a portion of the university’s Streamline contribution beyond FY09, then without adjusting the Parking Business Plan, scheduled maintenance for existing valuable parking physical assets would be deferred, putting their physical condition and user safety at risk of accelerated decay. Therefore, the Parking Business Plan would have to be adjusted to accommodate the Streamline contribution impact in order to re-balance the overall Plan to achieve responsible long-term maintenance without deferrals.
The net result could then be portrayed as taxing all customers, including students (though at a lesser amount per user than other potential options), to accumulate the Streamline contribution. In addition, there is some concern that this approach (i.e., routing general parking revenue to support local transit) may not be consistent with statutory requirements governing the use of parking funds.

b. A proportionate distribution to executive level budgets is another option under this general alternative. The cost will be spread out over large operations and its impact on any given unit (including academic units) could be perceived as modest.

i. However, it is recognized that all University units are facing current year reductions as well as reductions during the biennium. Thus, this option may not be particularly palatable to those managing these budgets.

4. Fully fund the Streamline request for a three year period (beginning in FY10) with a combination of a parking surcharge and continuing OTO monies made available from University budgets (combination of Alternatives 2 and 3).

a. The precise costs to each element would be dependent upon the split determined. For example:

i. A split comprised of $28,333 (1/3 total) from a parking surcharge applied to all non-students plus $56,667 (2/3 total) from executive level distributions (excluding Parking funds as noted above). The surcharge would be approximately $19/tag ($85k ÷ 3 x 1500).

ii. A split intended to equalize the non-student contribution with the $9/person student fee contribution might be more justifiable regarding perception; however, it would result in only $13,500 from a parking surcharge applied to all non-students ($9 x 1500) and the balance, $71,500, from executive level distributions (excluding Parking funds as noted above).

b. Other cost-share distributions could be modeled and, again, the overall impact upon University budgets is not desirable, but may be minimized compared to option 3b.

The committee also preliminarily investigated the possibility of asking MSU employees to vote on a transit surcharge to be assessed against every employee’s salary. However, there appears to be no viable/legal mechanism to accommodate such an approach. Moreover, informal polling of faculty and staff groups showed a distinct lack of support for this approach. Therefore, the most plausible method remaining is the parking surcharge approach noted above, which would be paid only by the subset of employees (~1500) who elect to use the MSU parking system.

The Subcommittee also discussed monies which may be derived from potential energy savings initiatives and how they may be utilized to help support Streamline. It was recognized UPBAC-approved
commitments on potential energy savings are already in place and, furthermore, that significant savings will not be realized for several years and thus could not serve as a revenue source for some time. Nevertheless, the Subcommittee recommends that energy savings be considered for Streamline support in the future when the revenue is known.

During our investigations, we became aware of the fact that many individuals were unaware of the Federal grant restrictions imposed upon Streamline. Specifically, that if riders were directly charged a fare, then any monies collected would be reduced from Federal support. Numerous individuals expressed their personal willingness to pay a rider fare, or otherwise suggested fares be charged to riders. Obviously improved communication to the public in regards to these Federal restrictions may be helpful. Furthermore, it is possible for individuals to make contributions to support Streamline, independent of ridership. Thus, the Subcommittee would recommend to any interested party that tax deductible contributions may be made to the Human Resource Development Council District 9 on behalf of the Streamline bus system.

Summary Comments and Recommendations

The Streamline service is considered by most to be a valuable asset to the Bozeman Community including the student, faculty and staff of MSU. The best data currently available suggest that the demands for Saturday service as well as the commuter route to Livingston are salient and together these routes have been a reasonable investment of OTO funds in FY09. The Subcommittee recommends to UPBAC that it continue funding for these services for a three year period beginning in FY10. During this period, it is also highly recommended that an ongoing effort be engaged with a broad representation of the MSU community to examine long-term funding options. It is hoped that this extended period would allow for a more careful examination of potential funding options that would be less dependent upon parking related surcharges and reduce the risk to instructional and student service budgets. It is also noted that the Federal transportation bill will be renewed during this upcoming period which will no-doubt have a substantial impact upon the future operations of public transportation systems such as Streamline.

The final recommendation for funding the extension of the current level of service is to share costs between 1) non-student parking permits at a level commensurate with that of individual student contributions through activity fees supporting Streamline ($9/year), which would generate an estimated $13,500/year; and 2) an executive level distribution of the balance ($71,500) needed to extend the current level of service as funded in FY09. This option was outlined in Section 4.a.ii. (above).

The Subcommittee further recommends that if funding is granted, it be limited to the three year horizon described, as opposed to the three-to five year period referred to in our Charge. Given the number of uncertainties in overall University funding as well as in Federal transportation priorities, three years appears to be the most appropriate horizon for planning and analysis of this topic.
Lastly, the Subcommittee wishes to acknowledge and commend MSU students for their significant investment in the Streamline system. This was a major factor in the Subcommittee’s ultimate recommendation for funding despite the forbidding outlook for University resources to match this investment. The Subcommittee also fully recognizes the many demands on valuable University resources, particularly in the near future. We trust the information outlined herein will assist UPBAC in reaching a reasoned decision.
Appendix I: Charge to Subcommittee

Dear Colleagues -

I am writing you in regard to an UPBAC Ad Hoc Subcommittee that will formulate recommendations in regard to potential funding for, and new services from, the Streamline transit system.

On May 6th UPBAC established a plan for addressing a funding request that was made by ASMSU, on behalf of the Streamline transit system.

The Committee action was based upon an ASMSU request (presented by Dave Kack) that MSU consider a 3-5 year commitment, in the range of $100,000 per year, and my comments that President Gamble had agreed to provide Streamline with some amount of One-Time-Only funding for the coming fiscal year (FY09).

UPBAC approved a motion to establish an Ad Hoc Subcommittee, reporting to UPBAC, that would provide recommendations (to UPBAC) on the following matters:

1. A recommendation of what type of additional service MSU should request from Streamline, during the FY09 service year, in exchange for the OTO funds.
   a. Streamline will need MSU’s request for service by June 30th in order to implement any necessary route changes.
   b. In order for UPBAC, and then the President, to review this request for service, the Subcommittee will have to propose its recommendation to UPBAC no later than June 23rd.
   c. Two potential service requests were discussed by UPBAC: 1) the addition of one more week day route, which would provide a 30-minute “campus-to-downtown” route for staff errands; or, 2) a “weekend student shopping route” that would provide our residence hall students with regular transportation to Bozeman’s various shopping districts.
   d. Depending upon what new service the Subcommittee recommends MSU should request, the appropriate level of funding might fall into a range of $75,000 - $100,000.
   e. Given the above, President Gamble has agreed to an FY09 OTO funding commitment of $75,000 - $100,000, depending upon the specific service the Subcommittee recommends that we request from Streamline.
   f. As part of its charge, the Subcommittee will be expected to work with Streamline to determine the necessary costs for each “service enhancement” it considers.

2. A recommendation – by December 12th – regarding:
   a. Whether or not MSU should make a 3-5 year commitment of annual funding for Streamline;
   b. What source (or sources) of funding MSU should consider for any funding commitment;

   (UPBAC discussed two potential sources of funding: Parking Program revenues, which would require a surcharge on current Parking Registration fees; or, energy conservation savings, which will require a documented, base level avoidance of cost – and, there may be other sources that the Subcommittee will wish to explore)

   c. What process to follow to secure the source of funding; and,

   (A Parking Fee increase will require Regent approval; and a commitment of energy conservation savings will require collaboration with MSU’s Sustainability Committee)
d. What Streamline service to request in return for the funding.

3. A recommendation, in conjunction with Recommendation #2, regarding “other considerations” such as:
   a. Additional, regular data (ridership, cost, budget, etc.) to be requested from Streamline;
   b. Specific ROI data that Streamline must provide on MSU’s investment; and/or,
   c. Specific governance issues, such as one or more MSU seats on the Streamline advisory board.

Provost Dooley and I are happy to report that Dean Robert Marley has agreed to serve as the Chair of this Ad Hoc Subcommittee.

The overall Subcommittee membership that Provost Dooley and I have agreed on is shown below.

So, the purpose of this letter is to solicit your agreement to serve on this subcommittee.

Or in the case of ASMSU, CEPAC and Governance Council, your appointment of a representative.

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
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<tr>
<td>UPBAC member (Subcommittee Chair)</td>
<td>Robert Marley</td>
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<td>Parking Operations representative</td>
<td>Kurt Blunck</td>
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<tr>
<td>Streamline representative</td>
<td>David Kack</td>
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<td>ASMSU representative</td>
<td>&gt; appointed by ASMSU President</td>
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<tr>
<td>Facilities Sustainability Engineer</td>
<td>Jeff Davis</td>
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<td>Sustainability Committee representative</td>
<td>&gt; appointed by Committee Chair</td>
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<td>(upon final establishment of Committee)</td>
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<td>(for interim, this Summer, use Bob Lashaway)</td>
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<tr>
<td>CEPAC representative</td>
<td>&gt; appointed by CEPAC Leadership</td>
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<tr>
<td>Faculty/Professional representative</td>
<td>&gt; appointed by Governance Council Leadership</td>
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<td>Auxiliaries/Res Life representative</td>
<td>Tom Stump</td>
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Time is very short for this Subcommittee to formulate its first recommendation, by June 23rd. So, your speedy response will be most appreciated. If you have any questions, please let me know.

Thank you.

- Craig
Appendix II: Various Rider Statistics for Saturday and Livingston Services

The average ridership on Saturdays continues to increase, as well as the total rides given each month on Saturday service.
The average daily ridership on the Livingston service has decreased, this is somewhat due to the number of days in each month, and based on the ridership demographics. It is likely that since the majority of riders are affiliated with MSU, that the ridership decline in December was due to fewer MSU riders, once the semester ended in mid-December. January and February ridership numbers will confirm this theory.
Livingston Ridership Demographics

Organization Affiliation

Frequency of Ridership
Days per week riding

Streamline Fixed Route Daytime Ridership
FY 07 - FY 09