

**KENT COUNTY TRANSIT NEEDS ASSESSMENT**

**TECHNICAL MEMORANDUM #4**

**FINANCIAL ALTERNATIVES  
GOVERNANCE ALTERNATIVES**

**APRIL 11, 2011**



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## INTRODUCTION

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# Introduction

This is the fourth technical memorandum of the Kent County Transit Needs Assessment. It includes financial and governance alternatives. In previous technical memoranda, an assessment of the existing transportation services in Kent County was performed. This assessment included information about the existing transportation services, costs, and ridership and was summarized in Technical Memorandum #1. The core task in this study is a transportation needs assessment and latent demand estimation. The findings of this task are summarized in Technical Memorandum #2. Potential transit service options have been developed and are summarized in Technical Memorandum #3. This Technical Memorandum #4 includes alternatives to finance the proposed service options and related governance alternatives. The next step in the process is the production of a draft report. Public and community input will be sought when this step is completed.

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# FINANCIAL ALTERNATIVES

## CURRENT FIXED ROUTE SERVICE COSTS

All fixed route service in Kent County is currently being provided by The Rapid. As described in Technical Memorandum #1, total operating costs are approximately \$26 million. Fare revenues approach \$4 million.

## CURRENT DEMAND RESPONSE SERVICE COST

The great majority of demand response services that are available in Kent County are provided by The Rapid, Hope Network, and through the Ridelink program. A breakdown of the costs of these services is provided in Exhibit 1. The individual costs for each of the Hope Network and The Rapid programs was based on the total operating cost for each agency and the ridership levels for each program. The Ridelink cost comes from the County Board of Commissioner and voter approved property tax levy supporting senior citizen programs. It is managed by the Area Agency on Aging of Western Michigan on behalf of the County. This amount is contracted to several organizations including The Rapid for scheduling and dispatching services, Hope Network, and several other agencies for transportation services. Also, The Rapid is the recipient of the funding for the Network 180 program, and contracts with Hope Network to provide this service.

**Exhibit 1**  
**Estimated Operating Costs for Demand Response Services in Kent County**

<b>Program</b>	<b>Annual Operating Cost</b>	<b>Funding Source</b>
<b>The Rapid</b>	<b>\$8,578,660</b>	
Go!Bus	\$4,815,598	Rapid GF
PASS	\$337,226	Rapid GF
County Connection	\$800,147	JARC
Township Contracts	\$212,405	Townships
Network 180	\$2,374,000	CMH
Other	\$39,284	Rapid GF
<b>Hope Network</b>	<b>\$824,174</b>	
Specialized Group Services	\$63,645	private pay/ins.
North Kent Transit	\$64,695	Townships/CDBG
Competitive Employment	\$92,696	JARC, Spec. Svcs.
Care Resources	\$567,745	Care Resources
Other	\$35,392	private pay/ins.
<b>Ridelink</b>	<b>\$600,000</b>	Senior Millage
<b>Total</b>	<b>\$10,002,834</b>	

A variety of funding sources are used to provide these services. The Rapid uses its base allocation of federal, state, and local levy funding to provide the Go!Bus and PASS services. County Connection utilizes Federal Transit Administration (FTA) Job Access Reverse Commute (JARC) grant funding. The Township Contracts are paid directly by each participating Township. North Kent Transit is provided by participating townships. Other Hope Network transportation services are provided by program-related funding as shown.

While a network of transit services exists throughout Kent County, most are program related. That is, a person would have to qualify for a specific program in order to receive transportation. Other issues identified for these services include:

- ◆ Latent demand for public transportation services has been documented;
- ◆ A patchwork of transportation services exist in Kent County with much of it having program eligibility requirements;
- ◆ This variety of transportation services can be difficult for the public to understand how to access them;
- ◆ Current users experience a rationing of transportation services indicating that there is unmet demand;
- ◆ Development continues to occur in areas outside of the current service district of the Rapid, leaving major destinations and residential areas without public transportation;
- ◆ The current network of transportation services do not parallel existing travel patterns, particularly to growing suburban areas located outside of the Rapid service area.

## **COST AND REVENUE PROJECTIONS OF POTENTIAL SERVICES**

As described in Technical Memorandum #3, the potential transit services for Kent County include extensions of current The Rapid routes, new routes, GoBus expansion, commuter express service, and county demand response services. The operating and capital costs for these services were estimated and projected over a twenty five year period. These are summarized in this section.

It should be noted that the implementation of the Kent County demand response service would replace two existing programs: North Kent Transit and County Connection. All other agency program transportation is assumed to continue service, including the Ridelink program transportation services.

### **Annual Cost of Service Improvements**

Annual operating costs were estimated for the proposed service improvements. Estimates were made for each of the express routes, route extensions, new routes, Go!Bus complementary ADA paratransit service expansion, and the countywide demand response service. The average cost of The Rapid service, which is \$61.02 per vehicle hour, was used to estimate operating costs for each of these service improvements. A summary of this information appears in Exhibit 2.

**Exhibit 2**  
**Estimated Annual Operating Costs of Proposed Service Improvements**

Route	Annual Vehicle Hours	Annual Vehicle Miles	Annual Operating Cost	Annual Ridership*	Fare Revenues	Net Operating Cost
<b>Express Routes</b>	<b>3,555</b>	<b>106,641</b>	<b>\$ 216,908</b>	<b>150,000</b>	<b>\$ 72,129</b>	<b>\$144,779</b>
Cedar Springs/Rockford	1,081	32,436	\$ 65,975			
Ada/Lowell	969	29,070	\$ 59,128			
Byron/Gaines	918	27,540	\$ 56,016			
Caledonia/Cascade	587	17,595	\$ 35,788			
<b>New Routes/Route Extensions</b>	<b>62,105</b>	<b>705,317</b>	<b>\$ 3,789,665</b>	<b>1,200,000</b>	<b>\$ 577,028</b>	<b>\$3,212,637</b>
Route 16 - Byron Center	3,889	48,217	\$ 237,276			
Route 10 - 76th Street	3,904	31,229	\$ 238,198			
Route 1 - 76th Street	3,970	15,881	\$ 242,262			
Route 4 - 76th Street	4,072	32,578	\$ 248,486			
Route 2 - Gaines Marketplace	3,943	15,773	\$ 240,614			
Route 9 - Rockford	13,988	335,702	\$ 853,523			
Route 11 - Plainfield Avenue	3,914	30,529	\$ 238,832			
Route 28 - Cascade	5,396	43,168	\$ 329,264			
New Route - East Fulton/Ada	12,312	98,496	\$ 751,278			
New Route - Rockford/East Beltline	3,658	29,264	\$ 223,211			
New Route - 60th/68th Street	3,060	24,480	\$ 186,721			
<b>GoBus ADA Expansion</b>	<b>30,162</b>	<b>448,583</b>	<b>\$ 1,840,485</b>	<b>60,324</b>	<b>\$ 129,623</b>	<b>\$1,710,862</b>
<b>Countywide Demand Response</b>	<b>75,000</b>	<b>1,650,000</b>	<b>\$ 4,576,500</b>	<b>80,000</b>	<b>\$ 340,000</b>	<b>\$4,236,500</b>
<b>Total for New Services</b>	<b>170,822</b>	<b>2,910,541</b>	<b>\$ 10,423,558</b>	<b>1,490,324</b>	<b>\$ 1,118,780</b>	<b>\$9,304,778</b>

\*Note - Ridership estimate is at full maturity. It will take three (3) to five (5) years to reach this level.

As shown in Exhibit 2, the four proposed express routes have a total annual operating cost of \$216,908. With an estimated annual ridership of 150,000, fare revenues would total \$72,129 based on the current average fare for The Rapid riders. The net cost for the express routes would be \$144,779 annually.

Also shown in Exhibit 2, total annual operating costs for the eight route extensions and three new routes would be almost \$3.8 million. The estimated annual ridership of 1.2 million would yield \$577,028 in fare revenues. The net annual operating cost for these improvements would be over \$3.2 million. The total annual cost for the Go!Bus ADA complementary paratransit serving the route extensions/new routes areas, is an estimated \$1.8 million or a net annual cost of \$1.7 million.

The county demand response service is estimated to cost \$4.6 million annually, or a net operating cost of \$4.2 million. This brings the total annual operating cost for all service improvements to \$10.4 million, or a net cost of \$9.3 million.

**Projection of Costs and Revenues**

Three different service package options were created along with three different revenue scenarios to determine their adequacy to fund these different levels of services. These are described on the following pages.

### **Service Option 1 – Express, New/Expanded Routes and Demand Response Services**

Twenty five year cost and revenue projections were made for the potential service improvements including express bus service, new and expanded fixed routes, and demand response services. The projections include operating and capital costs. Exhibit 3 summarizes the results. Note that these projections start in 2012 while Exhibit 2 contains 2011 estimates.

These projections were distributed among seven categories based on the current budgeting of The Rapid. The first six categories are for directly operated service and include labor, fringe, services, materials and supplies, utilities, and casualty/liability. The estimated operating costs for the express routes, route extensions, new routes and Go!Bus ADA service were assumed to be directly operated service. The seventh category is purchased transportation. The county demand response operating costs were placed in the purchased transportation line.

Total operating costs for the proposed service improvements are projected to grow from \$10.7 million in 2012 to \$14.0 million in 2021, and \$21.2 million by 2035. This is based on an assumed three (3) percent annual inflation factor.

Capital costs include the purchase of vehicles for fixed route and demand response service. The useful life of a coach used by The Rapid for fixed route service is twelve years or 500,000 miles. Therefore, vehicles purchased in 2012 would not be eligible for replacement until 2024, based on the age criteria. A total of twenty-five (25) vehicles would be needed for express routes, new routes, and route extensions. With each of these estimated to cost \$400,000 in 2012, a total of \$10.0 million would be needed initially for fixed route vehicles.

Demand response vehicles are estimated to cost \$74,000 in 2012. A total of thirty five (35) paratransit vehicles will be needed for the proposed countywide demand response and Go!Bus services, for a total of \$2.6 million needed for paratransit vehicles. This type of vehicle has a useful life of six years, thus vehicles purchased in 2012 would be eligible for replacement in 2018 and 2024. It was assumed for the purpose of these scenarios that federal and/or state funding possibilities are virtually non-existent and they would not be available. Therefore, revenue to finance these capital costs would need to be raised one hundred percent locally.

Two revenue scenarios are presented. Both are based on the assumption that a countywide millage would be approved. The first assumes passage of a property tax millage of 0.0005, and the second assumes passage of 0.00025.

The first scenario also assumes that State Operating Assistance will be available initially at a rate of 31.41 percent of net operating costs, but decreasing by .66 percent annually. This is reflecting current trends in State Operating Assistance. It was also assumed that the State would not provide the 20 percent of the cost for vehicle purchases, as is currently the practice. With a 0.0005 millage, the result is a surplus of between \$3 million and \$4 million in most years.

**Exhibit 3 - Cost and Revenue Projections**

<b>Operating Costs</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Labor</b>	\$ 2,829,176	\$ 2,914,051	\$ 3,001,473	\$ 3,091,517	\$ 3,184,263	\$ 3,279,790	\$ 3,378,184	\$ 3,479,530	\$ 3,583,916	\$ 3,691,433
<b>Total Fringe Benefits</b>	\$ 1,571,607	\$ 1,618,755	\$ 1,667,318	\$ 1,717,337	\$ 1,768,857	\$ 1,821,923	\$ 1,876,581	\$ 1,932,878	\$ 1,990,864	\$ 2,050,590
<b>Total Services</b>	\$ 401,386	\$ 413,428	\$ 425,830	\$ 438,605	\$ 451,763	\$ 465,316	\$ 479,276	\$ 493,654	\$ 508,464	\$ 523,718
<b>Total Material &amp; Supplies</b>	\$ 920,605	\$ 948,223	\$ 976,669	\$ 1,005,969	\$ 1,036,148	\$ 1,067,233	\$ 1,099,250	\$ 1,132,227	\$ 1,166,194	\$ 1,201,180
<b>Total Utilities</b>	\$ 135,603	\$ 139,671	\$ 143,861	\$ 148,177	\$ 152,622	\$ 157,201	\$ 161,917	\$ 166,774	\$ 171,778	\$ 176,931
<b>Total Casualty &amp; Liability</b>	\$ 164,094	\$ 169,017	\$ 174,088	\$ 179,310	\$ 184,690	\$ 190,230	\$ 195,937	\$ 201,815	\$ 207,870	\$ 214,106
<b>Purchased Transportation</b>	\$ 4,713,795	\$ 4,855,209	\$ 5,000,865	\$ 5,150,891	\$ 5,305,418	\$ 5,464,580	\$ 5,628,518	\$ 5,797,373	\$ 5,971,294	\$ 6,150,433
<b>Total Cost of New Service</b>	\$ 10,736,265	\$ 11,058,353	\$ 11,390,104	\$ 11,731,807	\$ 12,083,761	\$ 12,446,274	\$ 12,819,662	\$ 13,204,252	\$ 13,600,380	\$ 14,008,391
<b>Capital Costs</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Fixed Route Vehicles (25)</b>	\$ 10,000,000									
<b>Demand Response Vehicles (35)</b>	\$ 2,590,000						\$ 2,800,000			
<b>Total Capital Cost</b>	\$ 12,590,000						\$ 2,800,000			
<b>Total Capital and Operating</b>	\$ 23,326,265	\$ 11,058,353	\$ 11,390,104	\$ 11,731,807	\$ 12,083,761	\$ 12,446,274	\$ 15,619,662	\$ 13,204,252	\$ 13,600,380	\$ 14,008,391

**Revenue Scenario I - 0.0005 millage**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Passenger Fares</b>	\$ 364,643	\$ 611,880	\$ 859,117	\$ 988,949	\$ 1,118,780	\$ 1,342,536	\$ 1,342,536	\$ 1,342,536	\$ 1,342,536	\$ 1,342,536
<b>Property Tax</b>	\$ 10,609,593	\$ 10,927,881	\$ 11,255,718	\$ 11,593,389	\$ 11,941,191	\$ 12,299,427	\$ 12,668,409	\$ 13,048,462	\$ 13,439,916	\$ 13,843,113
<b>MDOT Operating Assistance</b>	\$ 3,257,727	\$ 3,235,900	\$ 3,214,219	\$ 3,192,684	\$ 3,171,293	\$ 3,150,045	\$ 3,128,940	\$ 3,107,976	\$ 3,087,153	\$ 3,066,469
<b>Federal - Capital</b>	\$ -						\$ -			
<b>Total Revenues</b>	\$ 14,231,963	\$ 14,775,661	\$ 15,329,054	\$ 15,775,022	\$ 16,231,264	\$ 16,792,008	\$ 17,139,885	\$ 17,498,974	\$ 17,869,604	\$ 18,252,118
<b>Surplus/(shortfall)</b>	\$ (9,094,302)	\$ 3,717,308	\$ 3,938,950	\$ 4,043,215	\$ 4,147,503	\$ 4,345,734	\$ 1,520,223	\$ 4,294,722	\$ 4,269,225	\$ 4,243,727

**Revenue Scenario II - 0.00025 millage**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Passenger Fares</b>	\$ 280,594	\$ 485,807	\$ 691,020	\$ 820,851	\$ 820,851	\$ 985,021	\$ 985,021	\$ 985,021	\$ 985,021	\$ 985,021
<b>Property Tax</b>	\$ 5,304,797	\$ 5,463,941	\$ 5,627,859	\$ 5,796,695	\$ 5,970,595	\$ 6,149,713	\$ 6,334,205	\$ 6,524,231	\$ 6,719,958	\$ 6,921,557
<b>MDOT Operating Assistance</b>	\$ 3,284,126	\$ 3,262,123	\$ 3,240,266	\$ 3,218,557	\$ 3,196,992	\$ 3,175,572	\$ 3,154,296	\$ 3,133,162	\$ 3,112,170	\$ 3,091,319
<b>Federal - Capital (80%)</b>	\$ -						\$ -			
<b>Total Revenues</b>	\$ 8,869,517	\$ 9,211,870	\$ 9,559,145	\$ 9,836,102	\$ 9,988,439	\$ 10,310,307	\$ 10,473,522	\$ 10,642,415	\$ 10,817,149	\$ 10,997,896
<b>Surplus/(shortfall)</b>	\$ (14,456,748)	\$ (1,846,483)	\$ (1,830,959)	\$ (1,895,705)	\$ (2,095,322)	\$ (2,135,967)	\$ (5,146,140)	\$ (2,561,837)	\$ (2,783,230)	\$ (3,010,494)

Note: It is assumed that County Connection and North Kent Transit programs would end. Other township and agency program services are assumed to continue including Ridelink.

**Exhibit 3 (cont.) - Cost and Revenue Projections**

**Operating Costs**

	2022	2024	2026	2028	2030	2032	2034	2035
<b>Total Labor</b>	\$ 3,802,176	\$ 4,033,729	\$ 4,279,383	\$ 4,539,997	\$ 4,816,483	\$ 5,109,807	\$ 5,420,994	\$ 5,583,624
<b>Total Fringe Benefits</b>	\$ 2,112,108	\$ 2,240,735	\$ 2,377,196	\$ 2,521,967	\$ 2,675,555	\$ 2,838,497	\$ 3,011,361	\$ 3,101,702
<b>Total Services</b>	\$ 539,429	\$ 572,280	\$ 607,132	\$ 644,107	\$ 683,333	\$ 724,948	\$ 769,097	\$ 792,170
<b>Total Material &amp; Supplies</b>	\$ 1,237,215	\$ 1,312,562	\$ 1,392,497	\$ 1,477,300	\$ 1,567,268	\$ 1,662,714	\$ 1,763,973	\$ 1,816,893
<b>Total Utilities</b>	\$ 182,239	\$ 193,337	\$ 205,111	\$ 217,603	\$ 230,855	\$ 244,914	\$ 259,829	\$ 267,624
<b>Total Casualty &amp; Liability</b>	\$ 220,529	\$ 233,959	\$ 248,207	\$ 263,323	\$ 279,359	\$ 296,372	\$ 314,422	\$ 323,854
<b>Purchased Transportation</b>	\$ 6,334,946	\$ 6,720,745	\$ 7,130,038	\$ 7,564,257	\$ 8,024,920	\$ 8,513,638	\$ 9,032,119	\$ 9,303,082
<b>Total Cost of New Service</b>	\$ 14,428,643	\$ 15,307,347	\$ 16,239,564	\$ 17,228,554	\$ 18,277,773	\$ 19,390,889	\$ 20,571,794	\$ 21,188,948
<b>Capital Costs</b>								
	2022	2024	2026	2028	2030	2032	2034	2035
<b>Fixed Route Vehicles (25)</b>		\$ 13,750,000						
<b>Demand Response Vehicles (35)</b>		\$ 3,325,000			\$ 4,025,000			
<b>Total Capital Cost</b>		\$ 17,075,000			\$ 4,025,000			
<b>Total Capital and Operating</b>	\$ 14,428,643	\$ 32,382,347	\$ 16,239,564	\$ 17,228,554	\$ 22,302,773	\$ 19,390,889	\$ 20,571,794	\$ 21,188,948

**Revenue Scenario I - 0.0005 millage**

	2022	2024	2026	2028	2030	2032	2034	2035
<b>Passenger Fares</b>	\$ 1,342,536	\$ 1,342,536	\$ 1,342,536	\$ 1,611,043	\$ 1,611,043	\$ 1,611,043	\$ 1,611,043	\$ 1,611,043
<b>Property Tax</b>	\$ 14,258,406	\$ 15,126,743	\$ 16,047,962	\$ 17,025,283	\$ 18,062,123	\$ 19,162,106	\$ 20,329,078	\$ 20,938,951
<b>MDOT Operating Assistance</b>	\$ 3,045,923	\$ 3,005,245	\$ 2,965,109	\$ 2,925,510	\$ 2,886,440	\$ 2,847,891	\$ 2,809,857	\$ 2,791,031
<b>Federal - Capital</b>								
<b>Total Revenues</b>	\$ 18,646,866	\$ 19,474,524	\$ 20,355,607	\$ 21,561,836	\$ 22,559,605	\$ 23,621,040	\$ 24,749,978	\$ 25,341,025
<b>Surplus/(shortfall)</b>	\$ 4,218,223	\$ (12,907,823)	\$ 4,116,043	\$ 4,333,282	\$ 256,833	\$ 4,230,151	\$ 4,178,184	\$ 4,152,076

**Revenue Scenario II - 0.0025 millage**

	2022	2024	2026	2028	2030	2032	2034	2035
<b>Passenger Fares</b>	\$ 985,021	\$ 985,021	\$ 985,021	\$ 1,182,026	\$ 1,182,026	\$ 1,182,026	\$ 1,182,026	\$ 1,182,026
<b>Property Tax</b>	\$ 7,129,203	\$ 7,563,372	\$ 8,023,981	\$ 8,512,641	\$ 9,031,061	\$ 9,581,053	\$ 10,164,539	\$ 10,469,475
<b>MDOT Operating Assistance</b>	\$ 3,070,607	\$ 3,029,598	\$ 2,989,138	\$ 2,949,218	\$ 2,909,830	\$ 2,870,969	\$ 2,832,627	\$ 2,813,649
<b>Federal - Capital</b>								
<b>Total Revenues</b>	\$ 11,184,831	\$ 11,577,991	\$ 11,998,140	\$ 12,643,885	\$ 13,122,917	\$ 13,634,048	\$ 14,179,192	\$ 14,465,150
<b>Surplus/(shortfall)</b>	\$ (3,243,811)	\$ (20,804,355)	\$ (4,241,424)	\$ (4,584,669)	\$ (9,179,855)	\$ (5,756,841)	\$ (6,392,602)	\$ (6,723,799)

In addition to the 0.00025 millage and the State Operating Assistance, the second scenario assumes that state operating assistance will be available at a 2011 rate of 0.317 of net operating costs. The result is that deficits appear in all ten years, ranging from \$1.6 million in 2012 to over \$3.0 million in 2021.

The previously described funding package alternatives include countywide property tax levies. It was shown that a millage rate of 0.0005 is enough to finance these improvements, while a rate of 0.00025 is not. This would indicate that if a property tax levy is pursued to fund the proposed transit service improvements that either a millage rate between 0.0005 and 0.00025 is chosen, or the group of service improvements is either increased or decreased.

### **Service Option 2 – County Demand Response and GoBus Expansion Only**

Costs and revenues were also projected for a package of transportation service improvements that include the County Demand Response service and the expansion of GoBus ADA service. County Demand Response service would serve residents currently outside the Rapid core service area. The expansion of the GoBus ADA service area would extend service to additional major trip attractions in Kent County such as a regional shopping center and medical facilities. Exhibit 4 shows the projected operating and capital costs along with Revenue Scenario II.

Total operating costs are estimated at \$6.6 million in 2010 growing to \$8.6 million in 2021, and \$13.0 million by 2035. A total of \$2.6 million would be needed initially for the purchase of vehicles to operate these services.

Benefits from a County Demand Response service and GoBus expansion would provide benefits to all Kent County communities. Therefore, revenue scenario II from Service Option 1 was used in these projections. While not adequate to fund all potential commuter express, fixed route and demand response service improvements, a 0.00025 countywide millage along with MDOT Operating Assistance is adequate to fund both capital and operating costs associated with Service Option 2. The first ten years of these projections show a surplus in the years when vehicles are not purchased. However, after 2030 there is a consistent and growing operating deficit.

### **Service Option 3 – Supplemental Rural/Suburban Demand Response Only**

Costs and revenues were also projected for implementation of the Countywide Demand Response service only. This would apply only to residents of Kent County living outside of the current The Rapid core service area. Exhibit 5 shows the projected operating and capital costs along with a new Revenue Scenario III.

Total operating costs are estimated to increase from \$4.7 million in 2010 to \$6.2 million in 2021, and \$9.3 million in 2035 based on inflationary increases. A total of \$1.9 million would be needed initially for the purchase of vehicles to operate this service.

**Exhibit 4 - Cost and Revenue Projections**

<b>Operating Costs - County Demand Response and GoBus Expansion</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Labor</b>	\$ 1,862,966	\$ 1,918,855	\$ 1,976,420	\$ 2,035,713	\$ 2,096,784	\$ 2,159,688	\$ 2,224,478	\$ 2,291,213	\$ 2,359,949	\$ 2,430,748
<b>Total Fringe Benefits</b>	\$ 1,034,877	\$ 1,065,923	\$ 1,097,901	\$ 1,130,838	\$ 1,164,763	\$ 1,199,706	\$ 1,235,697	\$ 1,272,768	\$ 1,310,951	\$ 1,350,280
<b>Total Services</b>	\$ 264,306	\$ 272,235	\$ 280,402	\$ 288,814	\$ 297,479	\$ 306,403	\$ 315,595	\$ 325,063	\$ 334,815	\$ 344,859
<b>Total Material &amp; Supplies</b>	\$ 606,203	\$ 624,389	\$ 643,121	\$ 662,414	\$ 682,287	\$ 702,755	\$ 723,838	\$ 745,553	\$ 767,920	\$ 790,957
<b>Total Utilities</b>	\$ 89,292	\$ 91,971	\$ 94,730	\$ 97,572	\$ 100,499	\$ 103,514	\$ 106,620	\$ 109,818	\$ 113,113	\$ 116,506
<b>Total Casualty &amp; Liability</b>	\$ 108,053	\$ 111,295	\$ 114,634	\$ 118,073	\$ 121,615	\$ 125,263	\$ 129,021	\$ 132,892	\$ 136,879	\$ 140,985
<b>Purchased Transportation</b>	\$ 2,643,798	\$ 2,723,112	\$ 2,804,805	\$ 2,888,949	\$ 2,975,618	\$ 3,064,886	\$ 3,156,833	\$ 3,251,538	\$ 3,349,084	\$ 3,449,557
<b>Total Cost of New Service</b>	\$ 6,609,495	\$ 6,807,780	\$ 7,012,013	\$ 7,222,373	\$ 7,439,045	\$ 7,662,216	\$ 7,892,082	\$ 8,128,845	\$ 8,372,710	\$ 8,623,892
<b>Capital Costs</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Demand Response Vehicles (35)</b>	\$ 2,590,000						\$ 2,800,000			
<b>Total Capital Cost</b>	\$ 2,590,000						\$ 2,800,000			
<b>Total Capital and Operating</b>	\$ 9,199,495	\$ 6,807,780	\$ 7,012,013	\$ 7,222,373	\$ 7,439,045	\$ 7,662,216	\$ 10,692,082	\$ 8,128,845	\$ 8,372,710	\$ 8,623,892

<b>Revenue Scenario II - 0.00025 millage countywide</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Passenger Fares</b>	\$ 234,812	\$ 352,217	\$ 469,623	\$ 469,623	\$ 469,623	\$ 563,548	\$ 563,548	\$ 563,548	\$ 563,548	\$ 563,548
<b>Property Tax</b>	\$ 5,304,797	\$ 5,463,941	\$ 5,627,859	\$ 5,796,695	\$ 5,970,595	\$ 6,149,713	\$ 6,334,205	\$ 6,524,231	\$ 6,719,958	\$ 6,921,557
<b>MDOT Operating Assistance</b>	\$ 2,002,288	\$ 1,988,873	\$ 1,975,547	\$ 1,962,311	\$ 1,949,164	\$ 1,936,104	\$ 1,923,132	\$ 1,910,247	\$ 1,897,449	\$ 1,884,736
<b>Total Revenues</b>	\$ 7,541,896	\$ 7,805,031	\$ 8,073,029	\$ 8,228,629	\$ 8,389,382	\$ 8,649,365	\$ 8,820,885	\$ 8,998,026	\$ 9,180,954	\$ 9,369,840
<b>Surplus/(shortfall)</b>	\$ (1,657,598)	\$ 997,251	\$ 1,061,016	\$ 1,006,255	\$ 950,338	\$ 987,149	\$ (1,871,198)	\$ 869,181	\$ 808,244	\$ 745,948

**Note:** It is assumed that County Connection and North Kent Transit programs would end. Other township and agency program services are assumed to continue including Ridelinek.

**Exhibit 4 (cont.) - Cost and Revenue Projections**

<b>Operating Costs - County Demand Response and GoBus</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Total Labor</b>	\$ 2,503,670	\$ 2,656,143	\$ 2,817,903	\$ 2,989,513	\$ 3,171,574	\$ 3,364,723	\$ 3,569,635	\$ 3,676,724
<b>Total Fringe Benefits</b>	\$ 1,390,788	\$ 1,475,487	\$ 1,565,344	\$ 1,660,674	\$ 1,761,809	\$ 1,869,103	\$ 1,982,931	\$ 2,042,419
<b>Total Services</b>	\$ 355,205	\$ 376,837	\$ 399,787	\$ 424,134	\$ 449,963	\$ 477,366	\$ 506,438	\$ 521,631
<b>Total Material &amp; Supplies</b>	\$ 814,686	\$ 864,300	\$ 916,936	\$ 972,778	\$ 1,032,020	\$ 1,094,870	\$ 1,161,547	\$ 1,196,394
<b>Total Utilities</b>	\$ 120,001	\$ 127,309	\$ 135,062	\$ 143,288	\$ 152,014	\$ 161,272	\$ 171,093	\$ 176,226
<b>Total Casualty &amp; Liability</b>	\$ 145,215	\$ 154,058	\$ 163,440	\$ 173,394	\$ 183,954	\$ 195,156	\$ 207,041	\$ 213,253
<b>Purchased Transportation</b>	\$ 3,553,043	\$ 3,769,424	\$ 3,998,982	\$ 4,242,520	\$ 4,500,889	\$ 4,774,993	\$ 5,065,790	\$ 5,217,764
<b>Total Cost of New Service</b>	\$ 8,882,608	\$ 9,423,559	\$ 9,997,454	\$ 10,606,299	\$ 11,252,222	\$ 11,937,483	\$ 12,664,476	\$ 13,044,410
<b>Capital Costs</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Demand Response Vehicles (35)</b>		\$ 3,325,000			\$ 4,025,000			
<b>Total Capital Cost</b>		\$ 3,325,000			\$ 4,025,000			
<b>Total Capital and Operating</b>	\$ 8,882,608	\$ 12,748,559	\$ 9,997,454	\$ 10,606,299	\$ 15,277,222	\$ 11,937,483	\$ 12,664,476	\$ 13,044,410

<b>Revenue Scenario II - 0.0025 millage countywide</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Passenger Fares</b>	\$ 563,548	\$ 563,548	\$ 563,548	\$ 676,257	\$ 676,257	\$ 676,257	\$ 676,257	\$ 676,257
<b>Property Tax</b>	\$ 7,129,203	\$ 7,563,372	\$ 8,023,981	\$ 8,512,641	\$ 9,031,061	\$ 9,581,053	\$ 10,164,539	\$ 10,469,475
<b>MDOT Operating Assistance</b>	\$ 1,872,108	\$ 1,847,106	\$ 1,822,437	\$ 1,798,099	\$ 1,774,085	\$ 1,750,392	\$ 1,727,015	\$ 1,715,444
<b>Total Revenues</b>	\$ 9,564,859	\$ 9,974,025	\$ 10,409,966	\$ 10,986,997	\$ 11,481,403	\$ 12,007,702	\$ 12,567,811	\$ 12,861,177
<b>Surplus/(shortfall)</b>	\$ 682,251	\$ (2,774,534)	\$ 412,512	\$ 380,699	\$ (3,795,819)	\$ 70,219	\$ (96,664)	\$ (183,233)

**Exhibit 5 - Cost and Revenue Projections**

<b>Operating Costs - County Demand Response Only</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total Labor</b>	\$ 1,328,640	\$ 1,368,499	\$ 1,409,554	\$ 1,451,841	\$ 1,495,396	\$ 1,540,258	\$ 1,586,465	\$ 1,634,059	\$ 1,683,081	\$ 1,733,574
<b>Total Fringe Benefits</b>	\$ 738,059	\$ 760,201	\$ 783,007	\$ 806,497	\$ 830,692	\$ 855,613	\$ 881,281	\$ 907,720	\$ 934,951	\$ 963,000
<b>Total Services</b>	\$ 188,499	\$ 194,154	\$ 199,979	\$ 205,978	\$ 212,157	\$ 218,522	\$ 225,078	\$ 231,830	\$ 238,785	\$ 245,949
<b>Total Material &amp; Supplies</b>	\$ 432,335	\$ 445,305	\$ 458,664	\$ 472,424	\$ 486,597	\$ 501,195	\$ 516,231	\$ 531,717	\$ 547,669	\$ 564,099
<b>Total Utilities</b>	\$ 63,682	\$ 65,592	\$ 67,560	\$ 69,587	\$ 71,675	\$ 73,825	\$ 76,039	\$ 78,321	\$ 80,670	\$ 83,090
<b>Total Casualty &amp; Liability</b>	\$ 77,062	\$ 79,374	\$ 81,755	\$ 84,208	\$ 86,734	\$ 89,336	\$ 92,016	\$ 94,777	\$ 97,620	\$ 100,549
<b>Purchased Transportation</b>	\$ 1,885,518	\$ 1,942,084	\$ 2,000,346	\$ 2,060,356	\$ 2,122,167	\$ 2,185,832	\$ 2,251,407	\$ 2,318,949	\$ 2,388,518	\$ 2,460,173
<b>Total Cost of New Service</b>	\$ 4,713,795	\$ 4,855,209	\$ 5,000,865	\$ 5,150,891	\$ 5,305,418	\$ 5,464,580	\$ 5,628,518	\$ 5,797,373	\$ 5,971,294	\$ 6,150,433
<b>Capital Costs</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Demand Response Vehicles (25)</b>	\$ 1,850,000						\$ 2,000,000			
<b>Total Capital Cost</b>	\$ 1,850,000						\$ 2,000,000			
<b>Total Capital and Operating</b>	\$ 6,563,795	\$ 4,855,209	\$ 5,000,865	\$ 5,150,891	\$ 5,305,418	\$ 5,464,580	\$ 7,628,518	\$ 5,797,373	\$ 5,971,294	\$ 6,150,433
<b>Revenue Scenario III - 0.0005 millage in Suburban/Rural Kent County only</b>										
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Passenger Fares</b>	\$ 170,000	\$ 255,000	\$ 340,000	\$ 340,000	\$ 340,000	\$ 408,000	\$ 408,000	\$ 408,000	\$ 408,000	\$ 408,000
<b>Property Tax</b>	\$ 4,986,509	\$ 5,136,104	\$ 5,290,187	\$ 5,448,893	\$ 5,612,360	\$ 5,780,731	\$ 5,954,152	\$ 6,132,777	\$ 6,316,760	\$ 6,506,263
<b>MDOT Operating Assistance</b>	\$ 1,427,206	\$ 1,417,644	\$ 1,408,146	\$ 1,398,711	\$ 1,389,340	\$ 1,380,031	\$ 1,370,785	\$ 1,361,601	\$ 1,352,478	\$ 1,343,416
<b>Total Revenues</b>	\$ 6,583,715	\$ 6,808,748	\$ 7,038,333	\$ 7,187,604	\$ 7,341,699	\$ 7,568,762	\$ 7,732,937	\$ 7,902,378	\$ 8,077,238	\$ 8,257,679
<b>Surplus/(shortfall)</b>	\$ 19,920	\$ 1,953,539	\$ 2,037,468	\$ 2,036,713	\$ 2,036,282	\$ 2,104,181	\$ 104,419	\$ 2,105,004	\$ 2,105,944	\$ 2,107,246

**Note: It is assumed that County Connection and North Kent Transit programs would end. Other township and agency program services are assumed to continue including Ridelink.**

**Exhibit 5 (cont.) - Cost and Revenue Projections**

<b>Operating Costs - County Demand Response Only</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Total Labor</b>	\$ 1,785,581	\$ 1,894,323	\$ 2,009,687	\$ 2,132,077	\$ 2,261,920	\$ 2,399,671	\$ 2,545,811	\$ 2,622,186
<b>Total Fringe Benefits</b>	\$ 991,890	\$ 1,052,296	\$ 1,116,381	\$ 1,184,368	\$ 1,256,496	\$ 1,333,017	\$ 1,414,198	\$ 1,456,624
<b>Total Services</b>	\$ 253,327	\$ 268,755	\$ 285,122	\$ 302,486	\$ 320,907	\$ 340,450	\$ 361,184	\$ 372,019
<b>Total Material &amp; Supplies</b>	\$ 581,022	\$ 616,406	\$ 653,945	\$ 693,771	\$ 736,021	\$ 780,845	\$ 828,399	\$ 853,250
<b>Total Utilities</b>	\$ 85,583	\$ 90,795	\$ 96,325	\$ 102,191	\$ 108,414	\$ 115,017	\$ 122,021	\$ 125,682
<b>Total Casualty &amp; Liability</b>	\$ 103,565	\$ 109,872	\$ 116,563	\$ 123,662	\$ 131,193	\$ 139,183	\$ 147,659	\$ 152,089
<b>Purchased Transportation</b>	\$ 2,533,979	\$ 2,688,298	\$ 2,852,015	\$ 3,025,703	\$ 3,209,968	\$ 3,405,455	\$ 3,612,847	\$ 3,721,233
<b>Total Cost of New Service</b>	\$ 6,334,946	\$ 6,720,745	\$ 7,130,038	\$ 7,564,257	\$ 8,024,920	\$ 8,513,638	\$ 9,032,119	\$ 9,303,082
<b>Capital Costs</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Demand Response Vehicles (25)</b>		\$ 2,375,000			\$ 2,875,000			
<b>Total Capital Cost</b>		\$ 2,375,000			\$ 2,875,000			
<b>Total Capital and Operating</b>	\$ 6,334,946	\$ 9,095,745	\$ 7,130,038	\$ 7,564,257	\$ 10,899,920	\$ 8,513,638	\$ 9,032,119	\$ 9,303,082

<b>Revenue Scenario III - 0.0005 millage in Rural/Suburban Kent County only</b>								
	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2028</b>	<b>2030</b>	<b>2032</b>	<b>2034</b>	<b>2035</b>
<b>Passenger Fares</b>	\$ 408,000	\$ 408,000	\$ 408,000	\$ 489,600	\$ 489,600	\$ 489,600	\$ 489,600	\$ 489,600
<b>Property Tax</b>	\$ 6,701,451	\$ 7,109,569	\$ 7,542,542	\$ 8,001,883	\$ 8,489,198	\$ 9,006,190	\$ 9,554,667	\$ 9,841,307
<b>MDOT Operating Assistance</b>	\$ 1,334,415	\$ 1,316,594	\$ 1,299,011	\$ 1,281,662	\$ 1,264,546	\$ 1,247,657	\$ 1,230,995	\$ 1,222,747
<b>Total Revenues</b>	\$ 8,443,866	\$ 8,834,163	\$ 9,249,553	\$ 9,773,145	\$ 10,243,343	\$ 10,743,447	\$ 11,275,262	\$ 11,553,654
<b>Surplus/(shortfall)</b>	\$ 2,108,920	\$ (261,581)	\$ 2,119,515	\$ 2,208,888	\$ (656,577)	\$ 2,229,809	\$ 2,243,143	\$ 2,250,572

Since service is provided to the area in Kent County outside the current The Rapid district, a property tax would only be levied in this area resulting in an estimated \$5.0 million from a 0.0005 millage. Along with additional MDOT Operating Assistance, this would be sufficient to finance capital and operating costs for Service Option 3. MDOT Operating Assistance would be channeled through the Rapid, like Network 180 funding, since The Rapid is the designated recipient.

# Governance

## **GOVERNANCE ALTERNATIVES**

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To facilitate implementation of the proposed service improvements, five governance alternatives were created. The first would maintain the current transportation authority with service being expanded through the current method of using purchase of service contracts between The Rapid and individual townships, cities and/or Kent County. The second would expand the current method of service contracting to include Kent County as the primary contractor. The third would expand the current public transportation authority to include additional cities, townships, and/or villages in Kent County. The fourth would create a new public transportation authority that would include all of Kent County as its service area. The fifth alternative includes the creation of a second public transportation authority in Kent County. These five alternatives are organized with respect to the degree of change to the current ITP Board of Directors. This is as follows:

- ◆ Options 1 and 2 – Keep the current ITP Board membership unchanged.
- ◆ Option 3 – Expand the current public transportation authority by adding new members to ITP.
- ◆ Option 4 – Replace current public transportation authority with a new authority with representation of the entire Kent County.
- ◆ Option 5 – Create a second public transportation authority in Kent County and keep the current ITP Board membership unchanged.

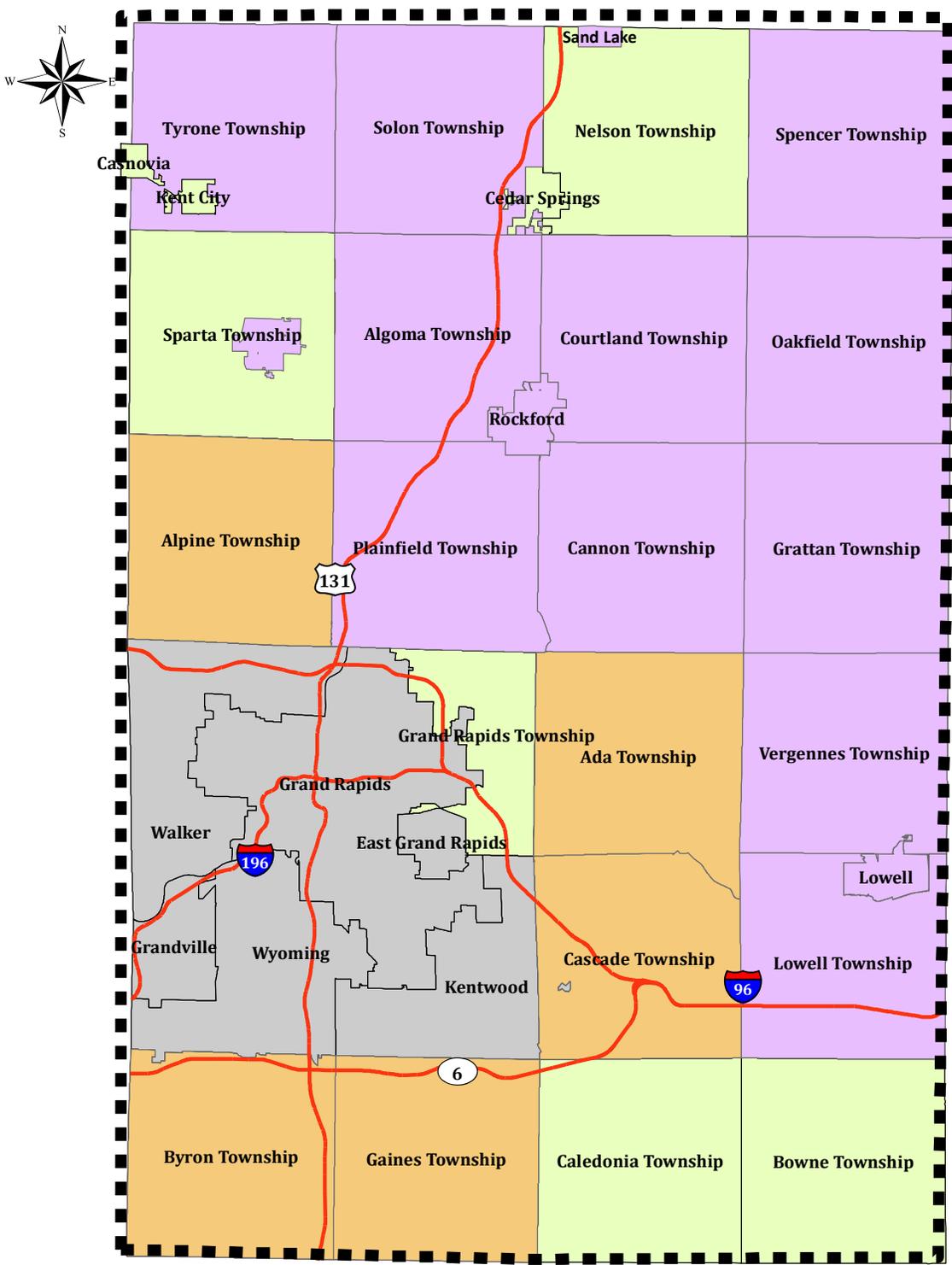
### **OPTION I - EXPANDED SERVICE CONTRACTS WITH TOWNSHIPS, VILLAGES AND CITIES**

This option is a continuation of the current governance structure. Any proposed services outside of the current ITP service area would be provided on a contractual basis with individual townships or cities. Individual townships enter into a contract for transportation services with The Rapid, Hope Network, or other transportation provider. Examples of this currently include Go!Bus township contracts and North Kent Transit. Exhibit 6 shows the municipalities that participate in these services.

Currently under this system, access to transportation is limited and restricted. Contracts limit the number of rides that may be taken each month and limit the origin of the trip to a contracted township or service area. Ridership eligibility can also be restricted and vary by contract. This results in gaps in services for certain populations.

# Exhibit 6

## Kent County Transit Services



- ITP Core Service Area
- North Kent Transit
- GO!Bus Township Contracts
- County Connection

### Kent County Transit Needs Assessment

## Advantages/Disadvantages

### Advantages

- ◆ Township and/or cities would pay the exact amount of what the service costs.
- ◆ There would be no effort needed to change the governance structure.
- ◆ Current experience shows success at the individual township level.

### Disadvantages

- ◆ The current method of expanding transportation services has left gaps in service coverage, connectivity, and levels of service.
- ◆ Since residents receiving service outside of The Rapid service area are not taxed and only pay a portion of the full cost of a trip, they are not represented on the ITP Board and have no say in policy decisions.

*Applicable Service/Financial Scenarios – All Service Options Possible/Status Quo Revenue Scenario*

## **OPTION II – KENT COUNTY SERVICE CONTRACT**

This option is also a continuation of the current governance structure. But it is a significant change in the way public transportation services outside of The Rapid core service area would be funded. Under Option II, Kent County would provide funding to assure that public transportation is available throughout Kent County. In another location in Michigan, the county commissioners place a levy on the ballot to provide this funding. This particular levy applies to the entire County so it therefore finances both rural public transportation provided outside the core service area and part of the ADA complementary paratransit services provided in the core service area. When passed, the County then contracts with the public transportation authority to provide the desired transportation services.

Because the levy to fund public transportation would be partially outside of the ITP member communities, the Kent County Board of Commissioners would need to place the levy on the ballot.

## Advantages/Disadvantages

### Advantages

- ◆ There would be no effort needed to change the governance structure.
- ◆ This would provide a new source of transit funding.
- ◆ This would allow the townships and cities that are currently contracting for public transportation to divert these funds to other projects or to lower property taxes.
- ◆ This would also improve transportation service for residents of The Rapid core service area.

- ◆ It could eliminate gaps in service area and limits placed on numbers of trips and other service levels.

### **Disadvantages**

- ◆ Getting a new property tax levy passed by the voters can be a difficult task.
- ◆ An additional hurdle to implementation exists since the county commissioners must act to place the levy on the ballot.

### *Applicable Service/Financial Scenarios – Service Option 2/Revenue Scenario II*

## **OPTION III - EXPAND THE CURRENT PUBLIC TRANSPORTATION AUTHORITY**

A political subdivision or a portion of one may join an existing public transportation authority as a result of a resolution adopted by its legislative body and approved by the existing authority's board. In this option, individual cities, villages, or townships could choose to join the Interurban Transit Partnership (ITP). This would create a governance structure that would serve the current ITP service area along with the political subdivisions that vote to join. This would create a more integrated transportation system if it continues to expand, and allow for participation of all political subdivisions in the authority.

Funding for transportation services could be generated from an expanded tax levy(s). The applied tax rate could also be based on the level of service generated to that municipality or portion of one.

### **Advantages/Disadvantages**

#### **Advantages**

- ◆ Increasing membership on the ITP Board provides better representation for areas where more of the transportation services are located.
- ◆ Allows for growth of the service area and taxing district.
- ◆ The current governance structure would remain intact.

#### **Disadvantages**

- ◆ The rate for revenues raised locally must match the existing rate levied in the current six city core service area. This is likely to be a deterrent since demand is lower outside this area.
- ◆ Willingness of a municipality to join the ITP Board does not necessarily reflect the need for public transportation. High levels of demand may exist in communities, both inside and outside the urban area, which may not choose to join the ITP.
- ◆ Municipalities that join are subject to the same millage rate as current members. This will tend to exclude the more rural townships that don't have the same level of demand.

## **OPTION IV - CREATION OF A COUNTYWIDE PUBLIC TRANSPORTATION AUTHORITY**

This option would create a single public transportation authority that would provide service to throughout Kent County. This would create a single entity representing all political subdivisions in the county. A countywide public transportation authority can be created under Act 196 of the Michigan state statutes. Act 196 was adopted in 1986 and updated in 1988 and 1999. The act allows for the formation of a public transportation authority with specified general powers and duties. These functions are summarized below.

### **Powers and Duties**

#### **Membership**

- ◆ A political subdivision, including a county, city, village, or township, (or portion of a city, village, or township) may join together to develop a public authority by resolution of a majority vote of the local legislative body.

#### **Provide Transportation Services**

- ◆ The act establishes the transit authority as the entity responsible for planning, operating, and funding public transportation within the designated area.

#### **Acquire Land/Transportation Facilities**

- ◆ The law states that the authority has the right to acquire land and facilities for the purpose of providing public transportation.

#### **Enter into Contracts**

- ◆ The authority may enter into contracts which are necessary for the provision of public transportation. This includes services and operating contracts.

#### **Issue Bonds**

- ◆ Revenue bonds may be issued by the authority to conduct improvements. These bonds must be backed by the authority's ability to raise revenues through fares or other means.

### **Fund Other Transportation Providers**

- ◆ The authority may contract with other transit providers and act as a pass-through funding source.
- ◆ Through contracts, sub-providers may be used to provide transportation services under an authority.

### **Determine Fares, Routes, Schedules**

- ◆ The authority may establish and enforce the collection of fares. These fares will be a direct revenue source to the transit authority.
- ◆ Routes and schedules may be determined and implemented by an authority. An authority reserves the right to change or modify these routes to better meet the needs of public transportation.

### **Apply for Grants and Loans**

- ◆ The transit authority is eligible for grants and loans that are used to fund capital and operating expenses incurred by and within the authority.

### **Levy Taxes or Fees**

- ◆ The authority may levy a tax on all of the taxable property within the limits of the public authority.

### **Creation of a Public Transportation Authority**

A public transportation authority may be formed by a political subdivision or a combination of two or more subdivisions. This includes cities, villages, townships, and counties. The act requires that the articles of incorporation be adopted by the affirmative vote of a majority of the members serving on the legislative body of each political subdivision. A printed copy of this information must be filed with the secretary state, county clerk, the director of the State Department of Transportation, and circulated throughout the County.

### **Governing Board**

Act 196 does not explicitly identify who will serve on the authority's board. The Act states that the adoption of bylaws and rules of administration be developed. These documents should identify the board's composition and appointment or election method.

Under Act 196, a public transportation authority may be created by the affirmative vote of a majority of the members serving on the legislative body of a political subdivision. The powers and duties of the new public transportation authority are described in the articles of incorporation passed by these legislative bodies.

## **Levy Taxes**

A public transportation authority has the power to levy taxes as expressed in Section 6 of Article IX in the Constitution of Michigan of 1963. The authority may levy a tax on all taxable property with the designated limits of transportation service area. This tax must not exceed five mills of the state equalized valuation on each dollar of assessed valuation. Additionally the tax may not be levied without the approval of a majority of the registered electors residing the public authority. Tax levies are limited to one per year and may not be levied at a rate and period over five years. In addition to the tax levied by the authority any member of the public authority may levy a tax in the taxable property and grant or contribute the proceeds to the public authority<sup>1</sup>.

A countywide transportation authority would provide representation throughout Kent County in the administration of a countywide millage, if one were adopted. The creation of a countywide authority under Act 196 would have to minimally include a 1.12 mill rate since that is what is currently levied in The Rapid core service area and the service leveraged by the property tax would have to be maintained. Act 196 specifies that there can only be one question. If the existing rate is higher like the 1.47 rate that is being proposed, then that would have to be the countywide rate. This poses a problem for this option.

## **Implications for Existing Public Transportation Authority**

At the formation of a countywide public transportation authority, the current public transportation authority would be dissolved subject to the six member cities and ITP Board's approval, and subject to maintaining the millage rate those cities have passed. For gradual transition, an interim governing board could be put in place. This interim board, which would eventually become the new governing board, would be advisory until it is ready to assume responsibilities from the existing ITP Board. Activities of the interim Board would include establishing bylaws, creating policies and procedures, and providing input for the creation of any new countywide transportation services. Key aspects of the by-laws should include the composition of the Board, term length, responsibility for appointing the Board members, and voting procedures.

## **Advantages/Disadvantages**

### **Advantages**

- ◆ Current travel patterns will be better reflected in the expanded public transportation services area.

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<sup>1</sup> State of Michigan. Legislative Council, State of Michigan. *Public Transportation Authority Act*. Act 196 of 1986. 1986, and 1999.

- ◆ Countywide representation on the governing board will be more reflective of a countywide public transportation millage, if this is adopted.

**Disadvantages**

- ◆ A significant change in the governance structure will be needed with the replacement of the ITP with a new county-based Board.
- ◆ Since the rate for revenues raised locally must match the existing rate that the Act 196 in the current core service area, and because the rural areas will have to subsidize activities in the urbanized areas, this option would be difficult to implement.
- ◆ Currently, a regional transportation authority is not allowed to levy taxes at different rates within its service area; therefore, tax rates would not match the different levels of demand experienced in rural and urban areas.
- ◆ There is a current levy in place that is dedicated for The Rapid services. A change in the governance structure may jeopardize this levy.

*Applicable Service/Financial Scenarios – Service Options 1 and 2/Revenue Scenarios 1 and 2*

**OPTION V – CREATE A SECOND PUBLIC TRANSPORTATION AUTHORITY**

In this option a second public transportation authority would be created to serve all or part of Kent County outside ITP jurisdiction. This new public transportation authority would have all the powers and duties of ITP but with a different service area.

Following procedures outlined in Public Act 196, this public transportation authority would be created by action of a group of township and cities. The member townships and cities would then appoint representatives to its board of directors. It could also place a levy on the ballot to finance any desired new services.

**Advantages/Disadvantages**

**Advantages**

- ◆ There would be no effort needed to change the ITP governance structure.
- ◆ Member municipalities will have more control over operating policies than under the current purchase of service arrangements.
- ◆ Services can be focused on the demand that exists in rural and suburban parts of Kent County.

**Disadvantages**

- ◆ A new public transportation authority would have to be created by one or more townships and/or cities in Kent County.

- ◆ A new organizational structure to operate and administer a new public transportation system would have to be created.
- ◆ The Grand Rapids urbanized area would be split between the two public transportation authorities. This adds complications to the distribution of federal transit funding.

*Applicable Financial Scenarios – Service Option 3/Revenue Scenario III*

**SUMMARY**

The current practice of service contracting with individual townships, villages and cities has resulted in significant gaps in service. Continuation of the status quo will not address this problem. Creating a new regional transit authority is a difficult and time consuming undertaking. Adding new members to the existing ITP will apply only to communities that are willing to pay the full levy for The Rapid service. This is a disincentive for most communities that are not considering fixed route service at all or are considering fixed route service for only a portion of their municipality. The most direct and equitable approach is to request the Kent County Commissioners to place a levy on the ballot, which if passed, would be used as for a service contract(s) to expand public transportation throughout the County.