Cost Allocation 101 Webinar

June 6, 2018, 2:00-3:30 PM ET
Presenters

Todd Hansen
Assistant Research Scientist, Transit Mobility Program, Texas A&M Transportation Institute (TTI)

Richard Garrity
Senior Associate, RLS & Associates, Inc.
Polls

1 - What best describes your agency/organization/company?
   • Rural Transit Provider
   • Tribal Transit Provider
   • Small Urban Transit Provider
   • State Agency
   • Other

2 - What method of cost allocation do you currently use?
   • One-variable method
   • Two-variable method
   • Other method
   • Not sure
   • Don’t currently use a cost allocation method
Topic Overview

• Managing multiple services
• Need for cost allocation
• Benefits of the cost allocation methodology
• Results and opportunities
Managing Multiple Services

Transit agencies may be one system but have:

- Multiple service types
  - Flexible routes (motor bus), commuter bus, and demand response
- Multiple transit districts
  - Rural district and Urban district(s)
- Multiple counties and cities
- Multiple funding sources
  - Section 5307 Urbanized and 5311 Nonurbanized
Data Reporting Complexity

NTD reporting requires that transit agencies report:
• By mode—fixed-route bus, commuter bus, demand response, etc.
• By jurisdiction—urbanized, non-urbanized
• By service type—directly operated or purchased*
• By sponsored service—e.g., Medicaid NEMT, university*

*for full reporters

Transit agencies need a good model to allocate costs by service
Need for Cost Allocation

• Allocate expenses by function
• Allocate system expenses by service type
• Allocate system expenses by district
• Apply cost allocation to funding sources
Benefits of a Cost Allocation Methodology

- Accurately allocate costs by service and district
- Consistency in assignment of expenses
- Efficient in staff time/resources
- Transparent in documenting actual expenses
- Monthly documentation for requests for reimbursement (RFR)
- Manage data for multiple different fiscal years from different entities (NTD and state fiscal years)
Value Added

• Documentation for actual expenses month to month
• Cumulative totals by district, service type, and funding source
• Supplements existing documentation, not a replacement
• Source of data to measure and manage performance
• Tool for budgeting and funding projections
Structure of Cost Allocation

Chart of accounts

• All expenses occurring during the period

<table>
<thead>
<tr>
<th>Fiscal Year 2017: Account Code</th>
<th>32204</th>
<th>32205</th>
<th>31920</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account Description</strong></td>
<td>Section 5307</td>
<td>Section 5307</td>
<td>Section 5311 State</td>
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<tr>
<td>Salaries</td>
<td>$103,148</td>
<td>$13,040</td>
<td>$1,333</td>
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<td>Admin Salaries</td>
<td>$3,930</td>
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<tr>
<td>Fringe</td>
<td>$54,108</td>
<td>$6,875</td>
<td>$704</td>
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<td>Admin Fringe</td>
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<tr>
<td>Indirect</td>
<td>$50,951</td>
<td>$6,452</td>
<td>$660</td>
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<td>Admin Indirect</td>
<td>$1,945</td>
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<tr>
<td>Temporary Services</td>
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<td>$3,392</td>
<td>$3,344</td>
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<tr>
<td>Travel</td>
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<tr>
<td>Rental of Space</td>
<td>$2,584</td>
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</tr>
<tr>
<td>Maintenance</td>
<td></td>
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<td>Building Maintenance</td>
<td></td>
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<tr>
<td>Uniforms</td>
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<td>$414</td>
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<tr>
<td>Communications Internet</td>
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<tr>
<td>Communications Phone</td>
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<td>$1,188</td>
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</tbody>
</table>
## Total expenses

- Chart of accounts expenses are classified into transit functions

<table>
<thead>
<tr>
<th>Percent of Expenses</th>
<th>62.3%</th>
<th>7.5%</th>
<th>13.2%</th>
<th>0.4%</th>
<th>10.8%</th>
<th>2.5%</th>
<th>3.3%</th>
<th>100.0%</th>
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<tbody>
<tr>
<td>Transit Function</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operations</td>
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<td>Operations - Fuel</td>
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<tr>
<td>General Administration</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Rural Administration</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Urban &amp; Rural Administration</td>
<td></td>
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<td></td>
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<tr>
<td><strong>Total</strong></td>
<td>$237,918</td>
<td>$28,520</td>
<td>$50,292</td>
<td>$1,530</td>
<td>$41,137</td>
<td>$9,620</td>
<td>$12,742</td>
<td>$381,757</td>
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</table>
### Operations data by route

- **Actual service statistics**

<table>
<thead>
<tr>
<th>Route</th>
<th>Transit District</th>
<th>Funding Source</th>
<th>Service Type / Mode</th>
<th>Actual Monthly</th>
<th>Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Hours</td>
<td>Miles</td>
</tr>
<tr>
<td>Route 12</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>262</td>
<td>242</td>
</tr>
<tr>
<td>Route 15</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>262</td>
<td>226</td>
</tr>
<tr>
<td>Route 20</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>330</td>
<td>304</td>
</tr>
<tr>
<td>Route 21</td>
<td>Rural</td>
<td>Section 5311</td>
<td>MB</td>
<td>90</td>
<td>67</td>
</tr>
<tr>
<td>Route 60</td>
<td>Rural</td>
<td>Section 5311</td>
<td>CB</td>
<td>206</td>
<td>189</td>
</tr>
<tr>
<td>Express</td>
<td>Urban</td>
<td>Section 5307</td>
<td>CB</td>
<td>259</td>
<td>250</td>
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</tbody>
</table>
Structure of Cost Allocation (cont.)

Route data by district, funding source, and service type

<table>
<thead>
<tr>
<th>Route</th>
<th>Transit District</th>
<th>Funding Source</th>
<th>Service Type/Mode</th>
<th>Hours</th>
<th>Miles</th>
<th>Operation Cost by Transit Function</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Hours</td>
<td>Miles</td>
<td>Operations</td>
</tr>
<tr>
<td>Allocation Variable</td>
<td></td>
<td></td>
<td></td>
<td>Total Vehicle</td>
<td>% Total Vehicle</td>
<td>Total Vehicle</td>
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<tr>
<td>Route 10</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>334</td>
<td>4.8%</td>
<td>5,767</td>
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<tr>
<td>Route 12</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>262</td>
<td>3.7%</td>
<td>5,882</td>
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<tr>
<td>Route 15</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>262</td>
<td>3.7%</td>
<td>4,623</td>
</tr>
<tr>
<td>Route 20</td>
<td>Urban</td>
<td>Section 5307</td>
<td>MB</td>
<td>330</td>
<td>4.7%</td>
<td>4,762</td>
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<tr>
<td>Route 21</td>
<td>Rural</td>
<td>Section 5311</td>
<td>MB</td>
<td>90</td>
<td>1.3%</td>
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<tr>
<td>Route 60</td>
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<tr>
<td>Express</td>
<td>Urban</td>
<td>Section 5307</td>
<td>CB</td>
<td>259</td>
<td>3.7%</td>
<td>7,220</td>
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</table>
Two Variable Cost Allocation

• Methodology is based on a two-variable model of cost drivers
  • Operations: vehicle hours
  • Vehicle maintenance: vehicle miles
• Allocate fixed costs based on variable percentage ratio
• Identify true costs of services
• Valid way to allocate fixed costs
Results

- Total expenses are now accurately reported by route, service type, district, and funding source
- Methodology uses actual data inputs
- Consistent approach in allocating expenses
- Efficient use of resources and staff time (replicable)
- Transparent process

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Urban</td>
<td>Section 5307</td>
<td>$118,871</td>
<td>$14,478</td>
<td>$25,530</td>
<td>$144,402</td>
<td>$766</td>
<td>$6,384</td>
<td>$310,431</td>
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<td>Rural</td>
<td>Section 5311</td>
<td>$72,039</td>
<td>$8,655</td>
<td>$15,262</td>
<td>$87,301</td>
<td>$463</td>
<td>$3,860</td>
<td>$187,580</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td></td>
<td><strong>$190,910</strong></td>
<td><strong>$23,133</strong></td>
<td><strong>$40,793</strong></td>
<td><strong>$231,703</strong></td>
<td><strong>$1,230</strong></td>
<td><strong>$10,243</strong></td>
<td><strong>$498,011</strong></td>
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</table>
Questions So Far?
Opportunities to Apply Cost Allocation

- Measure and manage efficiency and effectiveness
- Request for reimbursement
- NTD reporting
- Upcoming Fiscal Year budgeting
Report by Federal Funding Source

NTD Reporting

• By Mode
• By Section 5307 and Section 5311
• By Chart-of-Account Line Item (Object Class)
• By Function
• By Service Type (Directly Operated/Purchased)
## Know Cost and Make Decisions

<table>
<thead>
<tr>
<th>Route</th>
<th>Funding Source</th>
<th>Mode</th>
<th>Total Cost</th>
<th>Passenger Trips per Vehicle Hour</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ROUTE</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Route 1</td>
<td>Section 5307 Small Urban</td>
<td>MB</td>
<td>$177,954</td>
<td>8.21</td>
<td>$6.03</td>
</tr>
<tr>
<td>Route 6</td>
<td>Sectin 5311 Rural</td>
<td>MB</td>
<td>$61,039</td>
<td>1.00</td>
<td>$48.55</td>
</tr>
<tr>
<td>Route 7</td>
<td>Section 5307 Small Urban</td>
<td>MB</td>
<td>$178,375</td>
<td>4.07</td>
<td>$12.19</td>
</tr>
<tr>
<td>Route 14</td>
<td>Section 5307 Large Urban</td>
<td>MB</td>
<td>$128,410</td>
<td>3.30</td>
<td>$15.73</td>
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<tr>
<td>Yellow</td>
<td>Section 5307 Small Urban</td>
<td>CB</td>
<td>$153,575</td>
<td>2.02</td>
<td>$25.28</td>
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<tr>
<td>Purple</td>
<td>Section 5307 Small Urban</td>
<td>CB</td>
<td>$129,101</td>
<td>2.36</td>
<td>$21.25</td>
</tr>
<tr>
<td><strong>DEMAND RESPONSE</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Public</td>
<td>Section 5311 Rural</td>
<td>DR</td>
<td>$94,865</td>
<td>1.31</td>
<td>$31.40</td>
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<tr>
<td><strong>Sponsored Services:</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Veterans</td>
<td>Section 5311 Rural</td>
<td>DR</td>
<td>$32,815</td>
<td>0.74</td>
<td>$65.50</td>
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<tr>
<td>Adult Day Care</td>
<td>Section 5311 Rural</td>
<td>DR</td>
<td>$101,419</td>
<td>2.63</td>
<td>$19.37</td>
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</table>
# Measure Performance

<table>
<thead>
<tr>
<th>Route</th>
<th>Passenger Trips per Vehicle Hour</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED ROUTE</td>
<td>5.68</td>
<td>$52.81</td>
<td>$2.33</td>
<td>$9.31</td>
</tr>
<tr>
<td>DEMAND RESPONSE</td>
<td>1.76</td>
<td>$46.15</td>
<td>$3.03</td>
<td>$26.16</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>5.41</td>
<td>$52.36</td>
<td>$2.36</td>
<td>$9.68</td>
</tr>
</tbody>
</table>

**Summary by Funding Source**

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Passenger Trips per Vehicle Hour</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 5307 Small Urban</td>
<td>5.63</td>
<td>$54.79</td>
<td>$2.21</td>
<td>$9.74</td>
</tr>
<tr>
<td>Section 5307 Large Urban</td>
<td>5.63</td>
<td>$48.00</td>
<td>$2.77</td>
<td>$8.52</td>
</tr>
<tr>
<td>Section 5311 Rural</td>
<td>4.55</td>
<td>$50.43</td>
<td>$2.51</td>
<td>$11.07</td>
</tr>
</tbody>
</table>

**Summary by Mode**

<table>
<thead>
<tr>
<th>Mode</th>
<th>Passenger Trips per Vehicle Hour</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>MB</td>
<td>6.14</td>
<td>$50.15</td>
<td>$2.56</td>
<td>$8.17</td>
</tr>
<tr>
<td>CB</td>
<td>4.64</td>
<td>$58.80</td>
<td>$1.98</td>
<td>$12.68</td>
</tr>
<tr>
<td>DR</td>
<td>1.76</td>
<td>$46.15</td>
<td>$3.03</td>
<td>$26.16</td>
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</tbody>
</table>
## Price Services

<table>
<thead>
<tr>
<th>Route</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ROUTE</strong></td>
<td>$52.81</td>
<td>$2.33</td>
<td>$9.31</td>
</tr>
<tr>
<td><strong>DEMAND RESPONSE</strong></td>
<td>$46.15</td>
<td>$3.03</td>
<td>$26.16</td>
</tr>
<tr>
<td>General Public</td>
<td>$41.25</td>
<td>$4.27</td>
<td>$31.40</td>
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<tr>
<td><strong>Sponsored Services:</strong></td>
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<tr>
<td>Veterans</td>
<td>$48.61</td>
<td>$2.69</td>
<td>$65.50</td>
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<tr>
<td>Adult Day Care</td>
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<td>$19.37</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>$52.36</strong></td>
<td><strong>$2.36</strong></td>
<td><strong>$9.68</strong></td>
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### Summary by Funding Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
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<tbody>
<tr>
<td>Section 5307 Small Urban</td>
<td>$54.79</td>
<td>$2.21</td>
<td>$9.74</td>
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<tr>
<td>Section 5307 Large Urban</td>
<td>$48.00</td>
<td>$2.77</td>
<td>$8.52</td>
</tr>
<tr>
<td>Section 5311 Rural</td>
<td>$50.43</td>
<td>$2.51</td>
<td>$11.07</td>
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</table>

### Summary by Mode

<table>
<thead>
<tr>
<th>Mode</th>
<th>Cost per Total Vehicle Hour</th>
<th>Cost per Total Vehicle Mile</th>
<th>Cost per Passenger Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>MB</td>
<td>$50.15</td>
<td>$2.56</td>
<td>$8.17</td>
</tr>
<tr>
<td>CB</td>
<td>$58.80</td>
<td>$1.98</td>
<td>$12.68</td>
</tr>
<tr>
<td>DR</td>
<td>$46.15</td>
<td>$3.03</td>
<td>$26.16</td>
</tr>
</tbody>
</table>
Understand Costs by Funding Source

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 5307 Small Urban</td>
<td>$982,644</td>
<td>$290,117</td>
<td>$362,975</td>
<td>$10,914</td>
<td>$592,749</td>
<td>$10,000</td>
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<tr>
<td>Section 5307 Large Urban</td>
<td>$391,995</td>
<td>$80,947</td>
<td>$101,275</td>
<td>$4,001</td>
<td>$217,287</td>
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<td>$795,505</td>
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<td>Section 5311 Rural</td>
<td>$355,447</td>
<td>$85,066</td>
<td>$106,429</td>
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<td>$203,458</td>
<td>$0</td>
<td>$754,146</td>
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<td>GRAND TOTAL</td>
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<td>$456,130</td>
<td>$570,679</td>
<td>$18,662</td>
<td>$1,013,494</td>
<td>$10,000</td>
<td>$3,799,051</td>
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</tbody>
</table>

Could also include funding source by contract to provide human services transportation
## Backup for Monthly Request for Reimbursements

### (Expenses Incurred)

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Month Expense</th>
<th>Operations</th>
<th>Fuel</th>
<th>Vehicle Maintenance</th>
<th>Facility Maintenance</th>
<th>Administration</th>
<th>Planning</th>
<th>Total</th>
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<td>Total Operating</td>
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<td>$30,248</td>
<td>$923</td>
<td>$50,230</td>
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<td>$188,183</td>
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<tr>
<td>Salaries</td>
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### Section 5307 Small Urban (Month Expense Incurred * Line-Item %)
For The Accountant—
Why It Matters

Accounting Methodology for cost allocation to services Provides:
• A consistent and equitable operating cost distribution across routes, programs, modes, jurisdictions
• Transparent documentation for federal grant reimbursement
• NTD and state reporting
• Basis for accounting system to automate financial reporting
• Basis for budgeting operating expenses and funding need
I’m Not An Accountant—Why It Matters To Me

As a Manager You Can Answer the Questions:

• How much does Route 6 cost per passenger, per mile, per hour and why?
• Why is the fixed route cost per passenger different than demand response cost per passenger?
• What is the ranking of fixed routes by cost effectiveness (cost per passenger)?
• What line item of expense is driving my costs?
• How should I price commuter bus service for an employer?
References

• National Transit Database Policy Manual
• 2 CFR 200 Final Rule 2013
• FTA Circular 9030.1E Urbanized Area Formula Program 2014
• FTA Circular 9040.1G Formula Grants for Rural Areas 2014
• FTA Circular 9070.1G Enhanced Mobility of Seniors and Individuals with Disabilities 2014
• FTA Circular 5010.1E Grants Management Requirements 2017

TTI’s Making Dollars & Sense of Transit Finance:
• https://groups.tti.tamu.edu/transit-mobility/resources/making-dollars-and-sense-of-transit-finance/
Contact Information

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National RTAP
Cost Allocation 101 Webinar:
Uses of a Good Cost Allocation Plan

June 6, 2018
Presented by:
Rich Garrity, Senior Associate
RLS & Associates, Inc.
Session Content

A. Using a Cost Allocation Model in Rural Transit

1. Pricing of Services Provided Under Contract
2. Analyzing Impacts of Changes in Service
3. Allocating Cost Between Modes for NTD
4. Setting Rates for Eligible Charter Services
5. Determining Service-Based Local Match Shares
Topic 1

PRICING TRANSIT SERVICES PROVIDED UNDER CONTRACT
 Goals in Contract Rate Setting

- Ensure Equitable Rates are Charged to Multiple Users
- Ensure Users Pay the Fully Allocated Cost of Service
  - FTA Should Not be Subsidizing Human Service Agency Trips
- Simple to Understand
Objectives in Contract Rate Setting

♦ Our Objectives in the Process:
  ○ Simple
  ○ Equitable
  ○ Reflect Actual Cost of Service Provision
  ○ Appropriate Use of Public Subsidies
Consistent with Goal of Simplicity and Ease of Understanding, Price Transit Service on a Unit Rate Basis

Common Unit Rates
- Price Per Mile
- Price Per Hour
- Price Per Trip
- Price Per Passenger-Mile
Necessary Inputs

- The Transit Provider Needs to Know:
  - Approximate Number of Trips
  - Trip Characteristics
    - Origins/Destinations
    - Hours/Miles
    - GIS Functions Can Substitute

- Cost Allocation Model Output
Price Per Trip

- Price Per Trip
- Computed as Follows:

\[
\text{Price Per Trip} = \frac{\text{Fully Allocated Costs of the Service}}{\text{No. Projected Passenger Trips}}
\]
Price Per Trip

- Simple
- Shared Ride Equity
- Assumes That Are Trips Have Similar Characteristics
- Works Best in Small Service Areas
- Greater Risk for Service Provider
- Short Trips Subsidize Long Trips
Price Per Mile

♦ Price Per Mile
♦ Computed as Follows:

Fully Allocated Costs of the Service ÷ No. Projected Miles of Service
Price Per Mile

- Customers Understand Miles
- Requires Recordkeeping by Drivers
- Cost Per Mile Varies Based on Route Path Driven on a Given Trip
- Does Not Address Travel and Wait Time
- Dead Head Mileage
- Shared Ride Equity Issues
Price Per Hour

- Price Per Hour
- Computed as Follows:

\[ \text{Fully Allocated Costs of the Service} \div \text{No. Projected Vehicle Hours} \]
Price Per Hour

♦ Requires Recordkeeping by Drivers
♦ Cost Per Hour Varies Based on Route Path Driven on a Given Trip
♦ Addresses Travel and Wait Time
♦ Shared Ride Equity Issues
Price Per Passenger-Mile

Price Per Passenger Mile

Computed as Follows:

\[
\text{Fully Allocated Costs of the Service} \div \text{No. Projected Passenger Miles}
\]
Price Per Passenger-Mile

- Equitable
- Addresses Shared Ride
- Some Shared Ride Equity Issues
- Generally Requires Automation to Assist in Billing Computations
Rate Complexities

- Long Distance Travel Where There is Downtime for the Driver at the Destination
- Contract Users:
  - Only Want to Pay for Their Revenue Miles
  - Use of Blended Rates that Make it More Difficult to Assess Revenues to be Earned
- Shared Ride Miles
  - Clients of Two or More Contract Users On-Board System Vehicles on the Same Run
    - How to Allocate?
Questions so far?
Topic 2

USING THE MODEL TO ANALYZE IMPACTS OF SERVICE CHANGES
All Managers are Periodically Faced with Reductions in Funding That May Trigger the Need to Reduce Services

Important to Understand Cost/Revenue Patterns of Individual Pieces of Service Potentially Subject to Reduction/Elimination

- As Pointed Out in Previous Presentation, Each Service Consumes Fixed and Variable Resources
- Service Reduction Only Reduce the Variable Portion – Fixed Expenses Will Remain Constant
Analyzing Service Change Impacts

♦ Technique
  ○ Isolate Those Services Considered for Reduction
  ○ Use the Cost Model to Compute Fully Allocated Variable Expenses
  ○ Identify Revenues Associated with Those Services
  ○ Compute the Net Cost of Variable Services
  ○ Make Service Reductions Accordingly
Topic 3

USING THE MODEL TO ALLOCATE COSTS BETWEEN MODES
NTD Requirement

♦ NTD, Even for Rural Reporters, Requires that Data be Reported by Mode
  ○ For Most Rural Transit Providers Operate in Demand Response (DR) Mode
  ○ Some, However, May Operate Fixed Route Service (Referred to as Motor Bus, or MB Mode)
  ○ These Modes May “Share” Costs
    ▪ Facilities, Administration, etc.
Other Allocation Needs Under NTD

- If an Entity Receives Both Section 5311 and Section 5311(f) There Would be a Need to Distribute Shared Costs

- If an Entity Serves Both an Urbanized and Nonurbanized Areas AND Receives Both Section 5307 and Section 5311 Funds, NTD Requires an Allocation of Expenses Between the Two Programs
  - FTA Looks to the State DOT if There is a Question on Allocation Methodology
Techniques

- You Can Use the Allocation Variables Cited in the Previous PowerPoint as the Basis for Distributing Costs Between the Two Programs
Topic 4

USING THE MODEL TO DEVELOP CHARTER RATES
Setting Charter Rates

- There are Some Limited Circumstances When a Transit Agency Can Charter Service
- Charter Service is NOT Eligible Mass Transportation
  - Deficits From Provision of Otherwise Eligible Charter Service Cannot be Reimbursed Under Any FTA Program
Setting Charter Rates

- Thus, A Transit Agency Must Ensure It is Recovering Its Fully Allocated Cost of Service
- You Can Use the Cost Allocation Model to Verify to Auditors/FTA/State DOTs That the Organization Recovers Cost
ALLOCATING LOCAL MATCH BURDEN
Local Match Allocations

♦ When a Transit Agency Serves Multiple Jurisdictions, and the Agency Depends on Cash Contributions to Meet the Local Matching Share of Federal Grants, It May be Challenging to Determine Appropriate Share Required of Each Jurisdiction

♦ A Service-Based Allocation Method is a Preferred Method
Local Match Allocations

- Transit Agencies Can Use the Service Factors Used in the Cost Allocation Model to Develop Service-Based Ratios and Develop an Allocation of Local Match Burden
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Recording and slides will be posted at nationalRtap.org/webinars within one week. Transcripts can be made available upon request.