

LESSONS LEARNED IN TRANSIT EFFICIENCIES, REVENUE GENERATION, AND COST REDUCTIONS

PROBLEM STATEMENT

The vast majority of transit agencies around the country are facing revenue shortfalls due to a slowed economy that has resulted in lower sales tax revenue, lower ridership, and lower farebox revenue. Some agencies have seen revenue reductions of 25 percent and more. Transit agencies typically raise fares or reduce service as their first means of dealing with revenue shortfalls, but this course of action puts the burden of such difficulties on the backs of passengers and ultimately results in reduced ridership, which is counter to the transit agency's primary purpose of providing greater mobility opportunities. Research on how transit agencies can address their revenue shortfalls without harming the best interests of their passengers is needed and always useful.

OBJECTIVES

The purpose of this report is to identify, describe, and disseminate the best practices that transit agencies have put in place to increase their revenues or reduce their costs without losing ridership and harming the best interests of their passengers. The goal of the report is to find non-traditional ways that transit agencies avoid reductions in service due to declines in traditional revenue sources and to share this information with all transit managers to allow them to replicate the methods most appropriate for their communities.

FINDINGS AND CONCLUSIONS

Researchers found that many transit agencies have become very creative at finding ways to supplement their revenue from non-traditional sources, while also finding ways to decrease their costs and to become more efficient. Over 225 unduplicated techniques to raise revenues or reduce costs, submitted by over 100 transit agencies from throughout the country, were identified. These techniques fall into six different categories:

- (1) Positive Opportunism, whereby transit agencies take advantage of their unique assets (facilities, equipment, employees, and passengers) to generate new revenues in creative ways
- (2) Leveraging limited resources by forging new partnerships and utilizing non-traditional sources of support to provide new services or facilities that would not otherwise be feasible

- (3) Cooperating with public or private entities to reduce their costs for activities in which they are already engaged
- (4) Making new revenues or becoming more efficient through more prudent resource allocation decisions, modifying the method of service, contracting for service, or establishing new marketing and fare programs
- (5) Maximizing capital budgets through the use of new efficient technologies, capitalization of operating expenses, and facility and vehicle investments that reduce operating cost
- (6) Improved management of resources, processes, and major expenses to reduce costs

BENEFITS

The techniques identified in this research resulted in over a half-billion dollars in aggregate savings or new revenues at the agencies in which they were instituted. Not every technique is transferable to every transit agency in the country. However, the vast majority of the techniques can be applied to some extent in most transit agencies. Hence, transit agencies throughout the country will benefit from reviewing this synthesis of best practices and putting in place those techniques that best apply to their local circumstances. Transit agencies should be able to avoid some of the service cuts that they would ordinarily have to make when traditional sources of revenue are less than needed to pay for existing levels of service. Other agencies should be able to add new service that they would not otherwise be able to add if they relied only on standard sources of revenue. In addition, transit agencies will improve their image in their communities by being able to demonstrate that they are doing everything possible to generate new revenues and reduce costs before they ask the community for additional financial support, or before they go to the public when seeking input on service reductions.

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