

Planning for the future of transit

Missouri Public Transit Association



Transit

Some of us ride it.

All of us need it.

May 2012

Transit in Missouri

Public transit agencies across the state of Missouri are facing a crisis of funding. It is not the kind of crisis that has immediate dramatic repercussions. Rather it's the kind of crisis that results in chronic underinvestment in capital assets, continued erosion of service levels and an inability to invest in transit service and infrastructure improvements.

It's not that transit isn't needed in the state. Missouri has dozens of effective urban and rural transit systems that residents across the state rely on every day. Transit in Missouri just hasn't developed a progressive comprehensive funding program.

Public transit is a necessity for a large segment of the Missouri's workforce, elderly and lower-income residents, providing more than 78 million passenger trips each year.¹ Missouri's existing public transportation network consists of a range of transit systems, from light rail transit in St. Louis to rural paratransit services across the state. Missouri's larger cities typically offer better transit services in terms of hours, number of routes and service levels, in some cases offering transportation nearly 24-hours a day, seven days a week. Transit-dependent residents in smaller communities and rural areas must typically rely on limited scheduled trips (operations on specific days per week or month) or on-demand services that must be scheduled in advance.

Missouri Demographic Profile

Missouri's population grew by seven percent from 2000 to 2010 and projections show continued growth. By 2030 the state's population is expected to increase to 6.4 million compared to today's population of 5.9 million, an increase of 12.8 percent.²

The state's senior population (age 65 +) is expected to increase more rapidly from 13 percent of the population to 21 percent by 2030. This is an increase of 71 percent in this population group that has the greatest needs for public transit services.

Transit

Some of us ride it.

All of us need it.



In 2010, 73 percent of Missourians lived in urban areas with the remainder of the population split evenly between rural areas and metropolitan areas.³

Urban Transit Systems



St. Louis MetroLink

Missouri has two large metropolitan areas, St. Louis and Kansas City, as well as Springfield, a metro area with a population over 200,000. The state also has four smaller urban areas: Columbia; Jefferson City; Joplin; and St. Joseph with populations between 50,000 and 200,000.

Metro Transit in *St. Louis* operates 60 bus routes on the Missouri side of the Metropolitan St. Louis Area and two MetroLink light rail lines. *Metro* also operates 17 bus routes in Illinois. Illinois service is funded by the St. Clair County, Illinois Transit District. Service is available from 4 a.m. to 1 a.m., seven days a week. *Metro Transit* also offers Call-A-Ride paratransit services for elderly and mobility limited persons.



Kansas City Max BRT

The Kansas City Area Transportation Authority (KC ATA) operates 70 fixed bus routes, including two bus rapid transit (BRT) routes. Service hours are 4 a.m. to 1 a.m., seven days a week. In addition to Share-a-Fare, the KCATA's paratransit program, the KCATA also offers Metroflex, a demand-response bus service and a vanpool program.

City Utilities Transit in *Springfield* offers a total of 14 weekday and 4 evening fixed bus routes, operating from 6 a.m. to 11 p.m. most days, with reduced hours on Sundays and major holidays. *City Utilities Transit* offers paratransit through its Access Express program.



Early morning
St. Joseph bus trip

Columbia Transit includes 13 fixed bus routes, five of which focus on providing service to the campus of the University of Missouri. Running weekdays and Saturdays from 6 a.m., to early evening (extended evening service hours Thursday – Saturday); there is no bus service offered on Sundays. The City of Columbia also offers paratransit services.

Jefferson City offers residents nine fixed bus routes operated by Jefftran. Jefftran service operates weekdays from 6:45 a.m. to 5:30 p.m. The City also offers paratransit services via its Handi Wheels program.

Joplin offers the Sunshine Lamp Trolley which utilizes three one-hour loop routes that overlap and cover nearly the entire City

between 7 a.m. and 6 p.m. weekdays, 9 a.m. to 4 p.m. Saturdays. In addition MAPS (Metro Area Public Transit System), which provides on-call transportation and paratransit services, is provided for mobility limited residents.

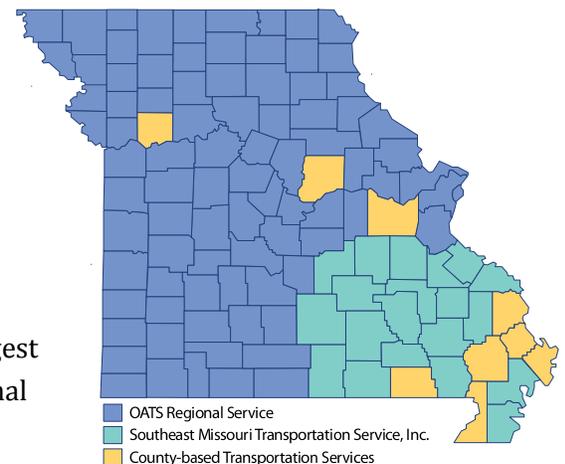
St. Joseph Transit, "The Ride," operates eight fixed bus routes, running Monday through Friday, 5:15 a.m. to 9:05 p.m. and Saturday, 7:15 a.m. to 7:05 p.m. In addition, limited service is now provided 24 hours per day through a Jobs Access program. The city also offers integrated ADA services via its route deviation service.

Transit in Rural Missouri

In Missouri's micropolitan areas³, public transportation is provided by a variety of systems. In addition to employment trips, in rural areas, transit serves other critical needs such as access to medical and nutritional services for children, the elderly and mobility limited. In rural Missouri, the average frequency for scheduled transit service in some areas is just two days per week and many rural communities only see a scheduled public transit vehicle twice per month.

OATS Inc. is a private, not-for-profit organization, serving 87 of Missouri's 114 counties. Founded in 1971, OATS is one of the largest rural transit providers in the nation. OATS operates seven regional systems in Missouri. Southeast Missouri Transportation Service (SMTS), another large rural transit provider, operates in 20 Missouri counties. Nineteen towns, cities and/or not-for-profit organizations offer local transportation systems, often in coordination with regional and/or private transportation providers. Transportation services offered vary from buses, taxi coupon programs, paratransit and/or intercity bus services. Public transportation in these areas are limited in days and hours of service.

Exhibit 2: Missouri's Rural Transit Service Providers



Transit Provided by Human Service Agencies

Transportation assistance is provided as part of ongoing human service programs offered by state and local agencies for clients based on financial or physical need. Assistance is offered in the form of cash reimbursements, contracts with public or private transportation providers (e.g. taxicab companies), or by agency- operated

transportation services, and often have the same limitations as other transportation modes based on population densities and distances traveled.

University/Campus Specific Transportation Services



MSU Campus Shuttle in Springfield

Two universities in Missouri provide campus transportation services: Southeast Missouri State University in Cape Girardeau and Missouri State University in Springfield. Shuttle bus services on these campuses transport students, faculty, staff and the general public around the university campuses.

Transit Funding

Transit typically is funded through a mix of federal, state, and local funding which augments revenues generated by the transit operation itself. Transit revenue is primarily composed of passenger fares. Capital investment is funded primarily by government revenue, although private funding is not uncommon in rural areas. Revenue for operations comes from passenger fares, together with state and local financial assistance. Passenger fares and other agency earnings account for 37 percent of operating costs nationwide.

Local and state government assistance combines for 56 percent of all funding. The federal role is more significant for the capital program, providing 42 percent of capital funds compared to only eight percent of operating funds. Exhibit 3 shows funding for U.S. transit systems for fiscal year 2009.

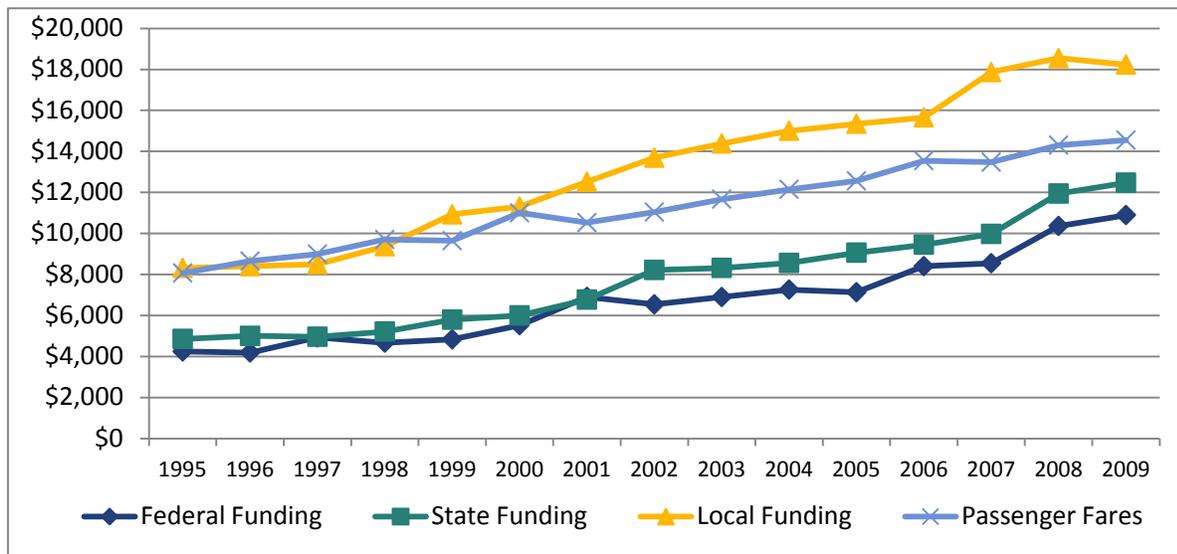
Exhibit 3 – Revenue Sources for U.S. Transit Systems – 2009

Type of Funding	Transit Agency Funds			Government Funds				Total Funds
	Passenger Fares	Other Earnings	Total	Local	State	Federal	Total	
Capital (\$ mil)	-	-	-	\$7,728.9	\$2,614.8	\$7,685.5	\$18,229.3	\$18,229.3
% of Capital	-	-	-	45.3%	14.3%	42.2%	100.0%	100.0%
Operating (\$ mil)	\$12,273.2	\$2,275.6	\$14,548.9	\$11,305.2	\$9857.1	\$3,206.7	\$24,369.0	\$38,917.8
% of Operating	13.5%	5.8%	37.4%	29.0%	25.3%	8.2%	62.6%	100.0%
Total (\$ mil)	\$12,273.2	\$2,275.6	\$14,548.8	\$19,034.1	\$12,471.9	\$10,892.3	\$42,598.3	\$57,147.1
% of Total	21.5%	4.0%	25.5%	21.8%	21.8%	19.1%	74.5%	100.0%

Source: 2011 Public Transportation Fact Book Appendix A: Historic Tables at www.apta.com.

Transit revenue from all sources has been growing. Exhibit 4 shows the growth in the four primary revenue sources since 1995.

Exhibit 4 – Growth in Primary Revenue Sources Since 1995 (in billions)



Source: 2011 Public Transportation Fact Book Appendix A: Historic Tables at www.apta.com.

Investment in transit around the nation from all levels of government has been consistent over the last 15 years.

Federal Funding for Transit

Federal funding has been an important part of the funding mix for transit since the 1970s, especially for capital projects like bus replacement and facility development. The Federal Transit Administration (FTA) is the agency responsible for administering the federal transit program. In 2010 the federal transit program included the distribution of well over \$10 billion.

Generally FTA funds are available to designated recipients that must be public bodies (i.e. states, cities, towns, regional governments, transit authorities, etc.) with the legal authority to receive and dispense federal funds. The recipients of these grants are responsible for managing their projects in accordance with federal requirements. FTA conducts oversight reviews to ensure that these requirements are met.

SAFETEA-LU, the U.S. Department of Transportation's transportation bill has been extended until October 2011.

Federal Transit Funding Programs

- Section 5307 Urbanized Area Formula Program
- Sections 5308 and 5309 Capital Investment Programs
- Section 5310 Elderly and Mobility-limited Program
- Section 5311 Non-Urbanized and Rural Program
- Rural Transportation Assistance Program
- Section 5316 Jobs Access and Reverse Commute Program (JARC)
- Section 5317 New Freedom Program
- Sections 5303 and 5304, Planning Funds
- Surface Transportation Program, which can be flexed to Transit

The authorization has been extended seven times since expiring in October 2009. Many transportation stakeholders expect a two-year extension of current legislation, or a new two-year bill that contains less funding for transit and few, if any, reforms

In September 2011, a United States House of Representatives proposal would have cut total transportation funding by one-third and drastically reduced transit support. The uncertainty regarding the federal role in transit only adds to the difficult financial environment faced by Missouri’s transit systems.

State Funding for Transit

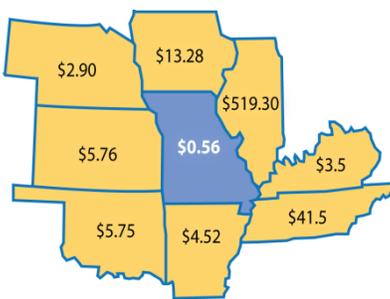
In 2008, states throughout the nation provided \$12.3 billion in transit funding, compared with federal funds totaling \$13.1 billion. The six states with the largest funding programs – California, New York, Massachusetts, Pennsylvania, New Jersey, and Maryland – collectively distributed \$9.5 billion in state funding, while the remaining 39 states distributed \$2.7 billion.⁴

The most utilized sources for transit funding were general funds (19 states), gas taxes (16 states), bond proceeds (12 states), registration/license/title fees (9 states), general sales taxes (8 states), motor vehicle/rental car sales taxes (8 states), and interest income (5 states). Twenty-seven states reported that they used other sources for funding such as state highway funds, trust funds, miscellaneous revenues, fees, or taxes, lottery funds, documentary stamps, and other types of assessments.

The Missouri Department of Transportation’s Transit Section in the Multimodal Operations Division provides financial and technical assistance to public transit and specialized mobility providers across the state. This function is carried out through the administration of state and federal programs related to general public transportation as well as specific transit programs for agencies serving senior citizens and/or persons with disabilities. State funded transit operating assistance is provided to both rural and urban public transit agencies. This program funds mobility services in communities throughout the state.

The Missouri Elderly and Handicapped Transportation Assistance Program (MEHTAP) is a state funded program that helps defray a portion of the transportation costs incurred by agencies providing

Exhibit 5: State transit funding programs in millions of dollars



Source: National Transit Database 2009, and Missouri Department of Transportation.

mobility services to senior citizens and persons with disabilities. Half of the annual general revenue funding in this program is allocated to the ten Area Agency on Aging districts statewide.

Transit funding programs in many other states have surpassed Missouri's. For example, in 2008 Missouri provided \$6.9 million in transit funding assistance, ranking 28th among the 50 states. However, since 2008 Missouri has drastically reduced the program and in 2011 Missouri's transit funding was \$560,000 which drops Missouri to 45th in transit funding.

Missouri's transit funding program lags behind its border states, even though Missouri's population is greater than most, and Missouri is more urbanized with two major metropolitan areas.

A particularly disturbing trend is that state transit assistance in Missouri has actually been declining as shown in Exhibit 6. In 2000 total state funding was about \$8.4 million. Today it has declined to \$560,000 due to fiscal pressures on all parts of the state's budget.

Since 2008 Missouri has drastically reduced the program and in 2011 Missouri's transit funding was \$560,000 which drops Missouri to 45th in state transit funding.

Local Funding for Transit

Local funding for transit is derived from various sources, depending on the community. St. Louis and Kansas City have revenue sources dedicated to transit. More typically across the state, transit is funded from general revenue sources. Whatever the source, the current economic climate has resulted in a reduction of funding available for transit as is the case with virtually all municipal services throughout the state. Local transit funding in Kansas City and St. Louis accounts for 80 percent of the local funding in the state.

Kansas City has two sales taxes levied only in the city of Kansas City, Missouri. A ½ cent sales tax enacted in 1971 generates about \$30 million for the city to use for transit and other transportation programs. KCATA has been receiving about two-thirds of this revenue. In 2003, a ¾ cent sales tax generating \$21 million exclusively for transit was passed by Kansas City voters. This transit tax was renewed in 2008 for 15 years. Proceeds from the two

(narrative continued on page 9)

Exhibit 6 – History of Missouri State Transit Funding 1997 – 2011

Prior to 1997 transit funding in Missouri was limited to the MEHTAP Program. In 1997 state funding was provided for operating expenses to urban transit systems. The history of these general funds:

1997	\$7,743,906	Funding for urban transit systems only; allocated amounts roughly represented funds lost due to curtailment of FTA Sec. 5307 operating assistance program.
1998	\$8,135,660	Rural systems were added to the funding program and the rural portion was allocated based on the service area population.
1999	\$8,367,977	Slight funding increase.
2000 – 2002	\$8,367,997	Same funding as in 1999.
2003	\$3,765,589	Total funding reduced with a \$1.5 million legislated set-aside for rural and small urban transit. This effectively reduced St. Louis and Kansas City funding by 66 percent, but left a lesser across-the-board cut of about 10 percent for the remaining Missouri transit system.
2004 – 2006	\$3,765, 589	Same funding as in 2003.
2007	\$4,265,589	Increase of \$500,000 of which \$250,000 was legislated to rural systems and \$250,000 to Springfield.
2008	\$4,165,589	Decrease of funding by \$100,000 which represents a decrease of Springfield’s additional legislative funding from \$250,000 to \$150,000.
2009	\$4,015,589	Decrease of funding by \$150,000 which represents no “additional” funding and returns Springfield to their 2003-2006 amounts.
2010	\$3,288,942	Same total funding initially appropriated as in 2009 (\$4,015,589); however, the General Revenue (GR) and State Transportation Fund (STF) monies was changed. STF increased to \$814,838 and GR reduced to \$3,200,751. In addition to the customary annual three percent holdback of the GR, in July of 2009 an additional 10 percent holdback was ordered by the Governor. This lowered the GR amount of STF to \$2,784,653. Additionally, there was \$12,000,000 of ARRA Recovery Act state budget stabilization funds appropriated to Metro St. Louis, but only \$8 million was disbursed with \$4 million held back.
2011	\$560,876	Legislature appropriated at \$3,601,588 with an additional \$3 million GR appropriated for the Kansas City Area Transportation Authority. Of the \$3,601,588, the GR portion was reduced to \$3,040,713 and the STF portion reduced from the 2010 amount to \$560,875. Governor early in year “restricts” and withholds the entire GR portion, leaving just \$560,876 for allocation to transit providers. The allocation amounts were equally reduced by the same percentage as the total reduction of revenue funds.

Kansas City sales taxes represent over 90 percent of the local revenue available to the KCATA. For service operated outside the City of Kansas City, Missouri, KCATA contracts with municipalities for the required funding. Revenue from these purchase-of-service contracts is typically derived from general revenue sources.

St. Louis Metro relies on operating revenue generated by several sales taxes. The City of St. Louis appropriates 100 percent of a ½ cent transportation sales tax to Metro for operations. Metro also receives 50 percent of a St. Louis County ½-cent transportation sales tax. St. Louis City and County also began appropriating sales tax proceeds for capital expansion in 1994. These funds are devoted almost entirely to the construction and debt payment of major capital projects, like the recent Cross County MetroLink extension.

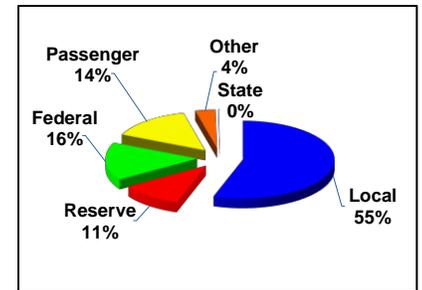
In April 2010 St. Louis County voters approved Proposition A, a half-cent sales tax, enabling St. Louis Metro to begin restoring transit services that were eliminated in 2009.

Proposition A's passage in St. Louis County also allowed Metro to begin collecting a one-quarter of 1 percent sales tax in the City of St. Louis that voters approved in 1997 but was provisional on a similar county tax. Metro estimates the revenue from the sales tax in the county at about \$74 million with about \$8 million from the City.

Metro operates service in Illinois through a contract with the St. Clair County Transit District, which is also supported in part by sales tax proceeds collected in St. Clair County.

In Missouri's other urban areas, the source of local funding for transit varies. In Springfield, local funding is from revenues generated by City Utilities, the public utility in Springfield. There is no dedicated revenue for transit, and CU revenues can only fund transit within the City of Springfield.

St. Joseph has a transportation sales tax that provides a dedicated revenue stream for the city's transit system. In 2008, voters increased the tax to $\frac{3}{8}$ resulting in a solid financial base to continue the existing service. However, the economic recession has severely eroded the sales tax generated and projections have now been revised to indicate that the current service level can be supported only through 2017.



2011 KCATA revenue sources

The current economic climate has resulted in a reduction of funding available for transit.

Local funding in rural areas is even more limited. Some counties provide no funding at all.

In Columbia and Jefferson City, general revenues are used to fund transit, thus transit needs compete with all other municipal services for limited general revenues.

Local funding in Missouri’s rural areas is even more limited. Transit is funded by general revenue and a myriad of other sources which augment the state and federal funding programs. Local funding sources and amounts vary from county to county. Some counties provide no local funding at all.

Trends in Missouri Transit Funding

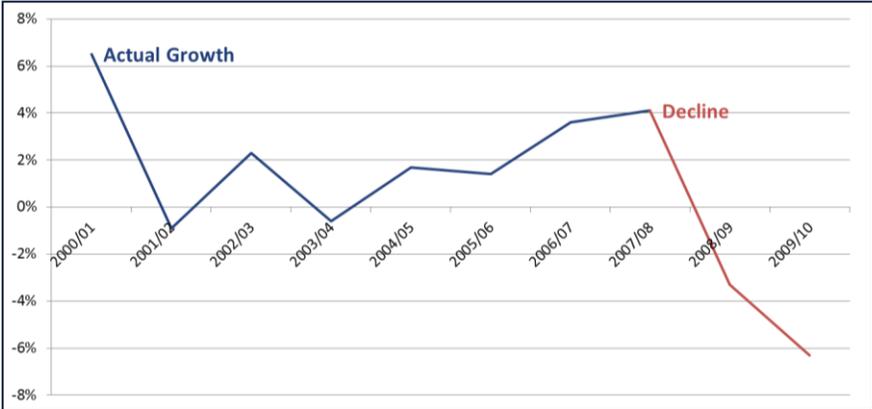
The trends in local funding are not positive. In Kansas City, the recession and other factors have resulted in a decline in revenues from the sales taxes that support transit. Beginning in 2008, sales tax proceeds have been declining after years of not keeping up with inflation, as shown in Exhibit 7.

KCATA’s financial condition was exacerbated by the reduction in state funding from a high of \$2.5 million in 2000 to less than \$120,000 in 2011.

In St. Louis the situation is much the same. Revenues from the sales tax in St. Louis County have not kept pace with the increasing cost of operating the transit system. Tax proceeds from the City of St. Louis have been stagnant since 1988.

The story is similar throughout the state. Transit services in most areas have been reduced and the slower growth in the development of our state’s public transportation infrastructure has put Missouri at a competitive disadvantage.

Exhibit 7: Kansas City, Missouri Sales tax Growth



Source: KCATA

Transit Needs Statewide

Public transportation is an essential service for many Missourians. When surveyed, Missourians rated it the second most important mode behind highways and bridges.⁵ In part, this report is intended to assess the need for transit across Missouri, particularly *unmet needs* that can be used to estimate the required level of investment.

But there is no common definition of “unmet need” and no one source of information.⁶ Transit needs are different from community to community and planning for transit is very much a local undertaking and a local responsibility.

On one hand, transit is essential when it provides a means to access employment or critical medical care for state residents without other means of transportation. But it is also needed to help Missouri communities meet expectations for becoming more livable and transforming communities to become more vibrant and promoting economic development. MetroLink in St. Louis and MAX BRT in Kansas City are examples of this “city building” function and the economic development benefits of transit.

Perhaps current and future needs are best summarized by the Missouri Department of Transportation’s 2007 Missouri Long Range Transportation Plan (LRTP), which states, *“MoDOT’s Missouri Statewide Transportation Study identified significant unmet public transit mobility needs in both rural and urban areas of the state. On average, Missouri’s urban areas are approximately 50 percent underserved, while the rural areas of the state meet about one third of the demand.”*

The 2007 Plan estimated \$200 million is needed annually for 20 years to increase transit services to meet the identified mobility gaps and fulfill Missourians expectations for efficient movement of people and goods, for enhancing economic development, for improving safety and for developing a multi-modal system of transportation. Since federal funding is capped by formula, it leaves increased state and local investments as the funding sources for Missouri’s transit services.⁸

Transit needs are different from community to community and planning for transit is very much a local undertaking

On average, Missouri’s urban areas are approximately 50 percent underserved, while the rural areas of the state meet about one third of the demand.

Defining Missouri's Public Transportation Needs

Using the analysis from the 2007 MoDOT LRTP as a basis, public transportation needs were assessed separately for large urban areas, small urban areas and rural areas. In all three classifications, needs were defined as preservation and expansion needs. Preservation needs are those necessary for continuation of the existing service levels. Expansion needs are those required to increase or expand service beyond current service levels.

Large Urban Area Needs

Large urban area needs address the public transportation needs of the Kansas City and St. Louis metropolitan areas. Both areas have identified significant public transportation needs as they try to maintain and expand current services and make essential capital improvements such as replacing vehicles.

St. Louis. Metro in cooperation with the East West Gateway Council of Governments completed a long range transit plan, “*Moving Transit Forward.*”⁹ This plan carefully identified transit needs as a basis for the successful 2010 referendum in St. Louis County for an additional quarter cent sales tax for transit. Moving Transit Forward’s foundation is the restoration of bus and light rail service discontinued in 2008 and 2009. The plan also includes an aggressive program for enhancing service throughout the metropolitan area.

Kansas City. KCATA and Mid-America Regional Council (MARC) collaborated on “*Outlook 2040.*”¹⁰ Adopted by the MARC Board in 2010, *Transportation Outlook 2040* is the region’s long-range transportation plan that guides how the Kansas City metropolitan region will manage its multimodal transportation system over the next 30 years. The plan’s goals include recommendation how the Kansas City area can grow more efficiently and improve access within the community for everyone.

The plan focuses on three overall areas of transit improvements for the area:

- Fixed-guideway and bus rapid transit projects;

Outlook 2040's goals include recommending how the Kansas City area can grow more efficiently and improve access within the community for everyone.

Moving Transit Forward includes an aggressive program for enhancing service throughout the St. Louis metropolitan area.

- Regional transit facilities such as transit centers and park-and-ride lots;
- Passenger rail and high-speed rail projects.

The emphasis is to provide needed access to opportunities throughout the region. The recommendations also focus on connecting activity centers to support the livable communities concept.

One challenge in Kansas City is that the City of Kansas City provides 90 percent of the funding for the local bus transit services. Yet the City is only 46 percent of the total population of the four Missouri counties in the metro area.

Springfield. The metropolitan area includes some of the most rapidly growing communities in the state. In 2007, the MPO, Ozarks Transportation Organization (OTO), and CU Transit developed a Transit Development Plan (TDP) that outlined needed transit improvements.

Currently, CU Transit is meeting only the basic needs of residents of the City of Springfield. Expansion of service to parts of the metropolitan area that do not have transit as a priority, establishing a regional transit system. CU and OTO have just started a comprehensive transit service analysis to identify the specifics required to achieve the goals of the TDP. This study is to evaluate new regional transit services as well as enhanced service within the City of Springfield.

The existing needs for public transportation include preserving the existing level of service and increasing the level of service.

Small Urban Area Needs

Small urban areas are defined as those with populations between 50,000 and 200,000. Missouri's small urban areas are St. Joseph, Columbia, Jefferson City and Joplin. The existing needs for public transportation include preserving the existing level of service and increasing the level of service. Public transportation agencies in small urban areas struggle to maintain service levels and usually do not provide service to their entire urban areas. Weekend and evening service is limited, thus mobility for transit dependent residents is dramatically reduced.

St. Joseph - St. Joseph Transit prepared a Transit Development Plan in 2011. The transit agency is looking for ways to increase efficiency, provide better customer service and cut costs.

Transit agencies in small urban areas struggle to maintain service levels and usually do not provide service to their entire urban area

Columbia - Columbia Transit is the provider of transit services in this metropolitan area which includes the state’s largest higher education institution, the University of Missouri. The transit agency operates seven routes, two commuter routes and an ADA paratransit service.

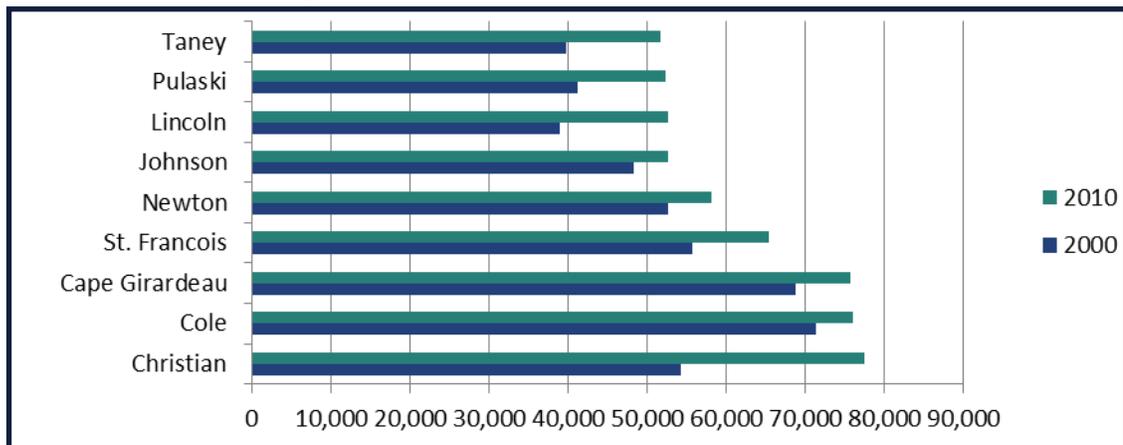
Jefferson City - The Capital Area Metropolitan Planning Organization (CAMPO) is responsible for the long range transportation plan for the MPO. JEFFTRAN is the transit agency for the City of Jefferson. The adopted 2030 plan discusses improving safety and to increase the accessibility and mobility options within the community.

Joplin - The Joplin Area Transportation Study Organization (JATSO) adopted the long range transportation plan in 2010. Fixed route transit service in Joplin is relatively new and serves only the city of Joplin. It is believed that the service can be doubled to meet the current demand.

Rural Area Transit Needs

By 2015, more than 15.5 million Americans 65 and older will live in communities where public transportation service is poor or non-existent. That number is expected to continue to grow rapidly as the baby boom generation “ages in place” in exurbs and rural areas with few mobility options for those who do not drive. Exhibit 8 illustrates population growth in rural Missouri counties with 2010 population greater than 50,000.

Exhibit 8: Population growth in Missouri counties



Source: U.S. Census 2010

Access to public transportation is limited in rural areas. Because there are fewer mobility options for residents without access to automobiles, rural public transportation needs are growing. Few rural systems offer service to employment, schools, volunteer activities or community events. Better access to medical and nutritional services is especially important to certain segments of the population like the elderly and persons with disabilities.

MoDOT reviewed the tremendous needs in this area and realized they could not be met in the next 20 years. MoDOT believes approximately 90 percent of the projected needs must be met to adequately serve the needs of Missourians. That equates to nearly \$400 million per year for the next 20 years.

Summarizing Missouri’s Transit Needs

The need for improved and increased transit statewide is great. In order to summarize these needs, and the cost to address them, a program was defined that could reasonably be accomplished within a ten year period. This program is based on the information presented in the preceding sections and would have a substantial positive benefit to the state although not all needs would be met. The program would:

- Allow the three large urban areas to progress towards completing the transit plans that have been developed in each community;
- Allow the four small urban areas to improve service to a level commensurate with their peer group, ranging from a 20 percent increase in service in St. Joseph to a near doubling of service in Joplin;
- Allow the state’s rural communities to meet at least the minimal needs of rural residents.

It is estimated that an average of \$250 million per year over the next ten years is required to fund this program.

Exhibit 9: Public Transit Investment Needs – 10-Year Annual Average	
Required Investment (Millions)	
Large Urban Systems (3)	\$170
Small Urban Systems (4)	\$10
Rural Areas (all systems)	\$70
Statewide Total	\$250

An Action Plan for Missouri Transit

Any new statewide funding program for transit requires a plan to ensure funds are spent in a manner that is reflective of the program goals. MoDOT, as the state agency charged with oversight of the Missouri's transportation system will have a role in the program's implementation and use of funds. The Missouri Highways and Transportation Commission is a six-member bipartisan board that governs the Missouri Department of Transportation. Commission members are appointed for a six-year term by the governor and are confirmed by the Missouri Senate.



The goals of the Commission are:

- Represent the citizens of Missouri pursuant to the Constitution by providing independent and nonpartisan governance of the Missouri Department of Transportation; and
- Establish policies, exercise oversight, and ensure accountability in developing and maintaining a world class transportation system in Missouri which fosters safety and economic development.

The Commission and MoDOT roles will vary by the type of area, as their roles vary today.

The policy infrastructure for transit throughout the state varies by the type of area, urban and rural.



The large urban areas and the Metro in St. Louis and KCATA in Kansas City have well developed plans and processes for implementation. The process is a cooperative process between the transit agency and the Metropolitan Planning Organization (MPO), and local cities and counties are active in the process. *Moving Forward* and *Outlook 2040* are the current plans for St. Louis and Kansas City respectively. These are consensus plans that can and will be carried out with adequate funding. City Utilities Transit and the Ozarks Transportation Organization (OTO) are partners in the Springfield metro area. The transit agencies have lead roles in their implementation, but the MPO's, East West Gateway Council of Governments in St. Louis and the MARC in Kansas City, have

important roles. MoDOT and the cities and counties are also important partners in the development of plans and their implementation. The structure in these large urban areas is adequate for ensuring a new state transit funding program is properly implemented.

In St. Joseph, Jefferson City, Columbia and Joplin the process is similar, although the MPO's role in transit is generally not as significant as in the large urban areas. The state, through MoDOT, has a defined role in these smaller urban areas in accordance with FTA and FHWA regulations. For all MPO's (large and small) the MoDOT Transportation Planning Division provides USDOT (FHWA and FTA) transportation planning funds that support the creation of these transit plans.

In rural areas the process for planning and implementation is not as well defined, and the process varies from county to county. In some areas the county has taken the lead on planning and delivering rural transit service, in other areas Regional Planning Councils (RPC) have taken a role in transportation matters. There are 17 RPCs in Missouri that are engaged in various activities, including, economic and community development, transportation planning, the environment and other quality-of-life issues. Like the MPOs in urban areas, it may be that RPCs can have a role in providing greater structure for transit in rural areas. Although there are FHWA funds that MoDOT can pass through to RPCs for rural transportation planning, there is no similar FTA program for transit planning funds to flow to rural planning agencies. MoDOT's Multimodal Operations Division nevertheless did provide state funds to the 17 Missouri RPC's to undertake the SAFETEA-LU required public transit - human service transportation coordination plans. These coordination plans, required for the receipt of rural FTA funds, should be the fundamental plan document for transit in rural areas.

The state, through MoDOT's Transit Section in the Multimodal Operations unit, has developed a significant role in rural transit to include administration of funding programs, and technical assistance. The state role should be continued and even strengthened with increases in the state transit funding program. Several good models exist in other states for structuring rural transit. Iowa, for example, has divided the state into 15 regions and has designated one agency to be responsible for coordinating rural

The state role should be continued and even strengthened with increases in the state transit funding program

transit. The regions work very closely with Iowa Department of Transportation in coordination, funding and oversight.

Whatever process is used in rural areas MoDOT and the RPCs should have a lead role in the development of the structure including how state transit funding is used and the policies and procedures that support the structure.

A fundamental tenet of the federal transit program, and most state funding programs, is the concept of matching funds. Most federal funding programs require a local funding match. The percentage varies by funding category with capital programs requiring as little as 20 percent of the total project cost. It is envisioned that the new state funding program will require a match. A local match requirement encourages local funding investment and also fosters more accountable local decision making.

The details of the level of local match required will be determined as part of the development of the final program. It is appropriate that the match requirement in rural areas be less than in urban areas. Rural areas are less likely to have as much local funding available for transit support; the state's role in funding transit in rural areas should be larger than for urban areas.

MoDOT and the RPCs should have a lead role in the development of the structure including how state transit funding is used and the policies and procedures that support the structure.

The Case for Investment in Transit

The primary goal of any transit system investment is improved mobility. In addition, many other benefits are realized through transit investment. Every dollar spent on public transportation generates four dollars in direct return on investment in economic activity.¹¹ Potential community and quality of life benefits include:

- Increases in economic growth;
- Decreases in unemployment;
- Helps people remain independent;
- Environmental quality; and
- Energy efficiency.

Every \$1 spent on public transportation generates \$4 in direct return on investment in economic activity.

In addition, now is the opportune time to invest in transit. The current economy has lowered the cost of capital investment in infrastructure and equipment needed to expand transit service. In addition, there is increasing desire on the part of the public to improve transportation services in cities across the United States¹². In many communities, there is manifest opportunity for new investments, created by a historic lack of funding and the resulting aging public transportation infrastructure.

People Depend on Public Transportation

Public transportation provides a critical lifeline for commuters, families, students, senior citizens, and those who by situation or choice do not have access to a private vehicle. It also offers those with access to private vehicles an alternative means to reach their destinations. The number of Americans who took a bus to their first job defies counting. Public transit will continue to provide this key link to entry to the labor market in the future. Individuals who do not utilize public transit themselves still benefit as transit helps others gain access to places of work, education, healthcare, shopping, and recreation. In addition, residents in many locations do not have easy access to hospitals and doctors. Public transit is crucial for transit-dependent individuals, including the elderly, mobility challenged and families who depend on transit to reach their health care providers. The absence of public transit places them at serious risk for illness as they defer or skip treatments, checkups and preventive care. Transit provides a critical link to health care and has a major impact on a community's quality of life.¹³



Public transit helps ensure a higher quality of life for many in the community.

Transit Encourages Economic Growth

Many employers in both the industrial and service industries also benefit from improved transit services. Businesses located next to public transit have more reliable employees and better access to diverse labor pools.¹⁴ Especially in urban areas, reliable public transit also reduces parking costs for employees and customers, a major consideration in some household budgets. Costs to employers can also be reduced in terms of both paid parking and the costs of building and maintaining parking structures.

The 12 year design and construction period of FasTracks in Denver, CO, will create an average of 2,413 construction jobs and an additional 3,799 indirect and induced jobs, creating 6,213 jobs annually.

Studies in Dallas, St. Louis, Chicago, Sacramento, and San Diego all point to a roughly 25 percent increase in property values in locations close to recently implemented transit systems.¹⁵ This type of economic growth could be a major benefit to many of the locations in Missouri that have experienced depressed property values

Transit Fosters Increases in Employment

Public investment in public transportation increases economic growth across many sectors of the economy. For example, in Denver design fees alone will create another \$1.7 billion in wages and salaries for engineers and planners. The Denver, Colorado FasTracks design and construction program will result in \$2.9 billion into the Denver economy.¹⁶ All this economic impact will be provided for an average tax increase of only \$34 per year per resident.

Many of the jobs supporting the construction, maintenance, and operations of public transportation are middle income jobs. Therefore investing in transit increases the overall health of the community and nation as a whole.¹⁷

Transit Improves Environmental Quality

Transit is Green. The environmental benefits of investment in public transportation include reducing congestion on the roadways and decreasing vehicle miles travelled in single passenger cars. By increasing the ability for people to choose transit rather than the automobile for travel, pollution emitted into the environment is lessened.¹⁸

Transit Promotes Energy Efficiency

Increasing investment in public transportation reduces the dependence on personal automobiles which in turn reduces the amount of gasoline used. This also has the added benefit of decreasing America's dependence on foreign oil.¹⁹

Each year, an individual can achieve an average savings of more than \$9,000 by taking public transportation and living with one less car.²⁰

Each year, an individual can achieve an average savings of more than \$9,000 by taking public transportation and living with one less car.

What Now for Missouri?

The most beneficial action that Missouri could take to increase return on investment for existing public transit would be to significantly increase state funding for transit. This would allow communities to invest in additional routes, frequency, facilities and equipment. These investments would help ensure the reliability and frequency of transit required to build ridership and to generate new economic activity and improve the quality of life in communities across the state.

Tools that increase the return on investment include partnering with other agencies and the private sector while investments in public transportation occur. For example, in Denver, the Regional Transit District has worked closely with developers and the cities within its service area to plan not only the transit stops, but also future development opportunities near transit stops. Missouri could use similar partnering deals with the private sector in mutually beneficial circumstances, increasing employment, investments, and ultimately the state's tax base.

Missouri could also increase the return on investment by targeting funding more effectively to where the state sees the biggest benefit for the smallest cost, and tying the investments to requirements for local jurisdictions to include matches and partnering agreements with the private sector.

A Transit Funding Program for Missouri

While the need for such a program is clear, many of the details of a new state funding program must be worked out. However, the basics are straightforward:

- The program should benefit transit in urban and rural areas throughout the state.
- Funding should be for operations as well as capital projects.
- Only improvements supported by the local community's planning process would be eligible.
- The program should require local investment in transit.
- The state through the Missouri Highways and Transportation Commission and MoDOT should have a central administrative and oversight role.

While the need for such a program is clear, many of the details of a new state funding program must be worked out. However, the basics are straightforward.

- Existing state and federal transit-related guidelines and regulations are sufficient to provide the program’s administrative structure.

**State Transit Revenue Source
(number of state’s using)**

- General Fund (19)
- Fuel Tax (16)
- Bond Proceeds (12)
- Vehicle Registration/License Fees (9)
- Motor Vehicle Sales Tax (8)
- Interest Income (5)
- Lottery (3)
- Rental Car Tax (2)
- Casino Tax(2)

No work has been done on the source of the revenue for the program. A statewide sales tax is frequently cited as a potential source for a new transportation program in Missouri.

A wide variety of revenue sources are used by other states to fund their transit programs. All of these are likely to require voter approval. One important criterion is that the transit program not rely on general revenue. A dedicated revenue source is required to ensure that the funding is not subject to the uncertainties that are inherent with any program that requires legislative approval every year. Stability and predictability are required to allow communities and transit agencies to plan effectively and implement needed transit improvements.

A one cent sales tax would generate about \$700 million to \$750 million per year. Thus, a 3/8-cent tax would generate sufficient revenue to fund all of the needs identified in Exhibit 10.

However, it may not practical to fund all of the needs that have been identified. Moreover, the program would be designed to generate additional local support. A significant state funding program would provide the benefits documented in this report and would serve as a catalyst for increased local funding and private participation in transit programs.

References

- ¹ Annual Report and Membership Directory, 2011, Missouri Public Transit Association
- ² U.S. Census Bureau, Population Division, Interim State Population Projections, 2005
- ³ A micropolitan area is an urban area with a population of 10,000 to 49,999 and were regarded as rural areas prior to the 2010 census.
- ⁴ American Association of State Highway and Transportation Officials, *Survey of State Funding for Public Transportation*, 2011.
- ⁵ Missouri Department of Transportation. *Long Range Transportation Plan*. 2001.
- ⁶ American Association of State Highway and Transportation Officials, *The Bottom Line Technical Report: Highway and Public Transportation National and State Investment Needs*, March 2009.
- ⁷ Missouri Department of Transportation. *Long Range Transportation Plan; Policies and Implementation: Transit*. April 2007.
- ⁸ American Association of State Highway and Transportation Officials, *The Bottom Line Technical Report: Highway and Public Transportation National and State Investment Needs*, March 2009.
- ⁹ *Moving Transit Forward – St. Louis Regional Long-Range Transit Plan*, St. Louis Metro, 2010.
- ¹⁰ *Transportation Outlook 2040*, Mid-America Regional Council, June 2010..
- ¹¹ U.S. Department of the Treasury. *An Economic Analysis of Infrastructure Investment*. October 2010.
- ¹² U.S. Department of the Treasury. *An Economic Analysis of Infrastructure Investment*. October 2010. P. 20
- ¹³ Transportation for America. *Aging in Place, Stuck Without Options: Fixing the Mobility Crisis Threatening the Baby Boom Generation*. 2011.
- ¹⁴ U.S. States in Profile, 2009 population, www.statsindiana.edu/sip/
- ¹⁵ U.S. Department of the Treasury. *An Economic Analysis of Infrastructure Investment*. October 2010. P. 8.
- ¹⁶ The Adams Group, Inc. *The Impact of FasTracks on the Metro Denver Economy*. September 2004.
- ¹⁷ U.S. Department of the Treasury. *An Economic Analysis of Infrastructure Investment*. October 2010. P. 2.
- ¹⁸ American Public Transportation Association. *Public Transportation: Moving America Forward*. 2010. P. 5.
- ¹⁹ American Public Transportation Association. *Public Transportation: Moving America Forward*. 2010. P. 5.
- ²⁰ U.S. States in Profile, 2009 population, www.statsindiana.edu/sip/