

# How to Develop a Business Plan for Your Small Transit System

SURTC Transportation Learning  
Network (TLN) Transit Technical  
Assistance Workshop

Tuesday, October 18, 2005  
10:00 a.m. - 4:00 p.m. (CDT)



Small Urban & Rural Transit Center

# Workshop Agenda

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- 10:00 am Overview and Introductions
- 10:15 am What is a business plan and how can it help a transportation system?
- 10:30 am Basic components of a transit business plan
- 10:45 am Getting started – data requirements, stakeholders, review of goals, mission, review of opportunities and threats
- 11:00 am Break
- 11:10 am **Review of Existing Operations**
  - Operating and financial data
  - Organization, management, information systems, maintenance, marketing
  
- 12:30 pm – 1:45 pm Lunch Break
  
- 1:45 pm Understanding your market
- 2:15 pm Developing and quantifying service changes
- 2:45 pm Forecasting Operating Revenue and Expenses
- 3:00 pm Break
- 3:10 pm Developing a Capital Plan and Budget
- 3:30 pm Bringing it all together, questions, and follow up
- 4:00 pm Adjourn



# Outline of Transit System Business Plan

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- **Introduction and scope**
  - Purpose of the business plan
  - Brief history of the transit system
  - Financial and operating trends over past 3-4 years
  - Overview of rest of plan



# Brief History of System

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- Key dates – start up, changes in organization, major changes in purpose
- Turning points
- Milestones



# Operating and Financial Trends

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- Key financial and operating statistics for past 3-4 years
- Key performance indicators
- Discussion – what does it all mean?



# Key Operating and Financial Data

Operating Trends -- Community Transit					
Statistic	Fiscal Year				
	2001	2002	2003	2004	2005
<b>Operating</b>					
One-way trips	35,000	36,200	35,100	37,100	38,500
Vehicle Miles	217,000	221,520	218,230	244,500	269,500
Vehicle Hours	15,500	15,600	15,700	16,300	17,500
<b>Financial</b>					
Total Op. Expense	\$449,500	\$467,480	\$483,842	\$493,519	\$513,259
Total Psgr Revenue	\$52,500	\$54,300	\$52,650	\$55,650	\$67,375
Deficit	\$397,000	\$413,180	\$431,192	\$437,869	\$445,884
Cost Recovery	12%	12%	11%	11%	13%
<b>Performance</b>					
One-way trips/hour	2.26	2.32	2.24	2.28	2.20
One-way trips/mile	0.16	0.16	0.16	0.15	0.14
Expense/Trip	\$12.84	\$12.91	\$13.78	\$13.30	\$13.33
Revenue per trip	\$1.50	\$1.50	\$1.50	\$1.50	\$1.75
Expense/Hour	\$29.00	\$29.97	\$30.82	\$30.28	\$29.33
Average Speed	14.0	14.2	13.9	15.0	15.4



# The “Story”

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- Ridership increasing in past 3 years
- Service increased recently so more miles, hours, and riders but service increased faster than ridership
- Fares increased in 2005
- Cost recovery higher due to fare increase
- Cost/hour down because of expanded service



# Outline of Transit System Business Plan (Continued)

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- **Description of system organization and governance**
  - Non-profit, government agency, etc
  - Policy board make up
  - Organization chart of organization from Board to drivers
  - Evaluation of current governance and organization including conformance to state and federal program guidelines



# Key Governance & Organizational Issues

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- Need to change organizational form, e.g., from non-profit to governmental agency
- Need to change governing board to reflect legislative/regulatory changes (TEA-LU coordination requirements, for example)
- Need to change board make up to reflect changes in service area and/or target customers



# Outline of Transit System Business Plan (Continued)

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- **Description of existing operations**
  - Description of existing routes, service areas, service types
  - Description and evaluation of functional areas of operation
    - Call-taking, dispatching
    - Maintenance
    - Personnel
    - Management information systems (client records, ridership and operating data)
    - Accounting and finance
  - Description and evaluation of vehicles, including a roster
  - Description and evaluation of facilities, e.g., office, maintenance, storage
  - Performance evaluation using a few key statistics
    - Over time
    - Peer group comparisons



# Description of Existing Routes and Services

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- Service area
- Hours/days of service
- Ridership trends, service level trends
- Rider demographics, trip characteristics
- Performance Indicators
  - One-way trips/vehicle hour
  - Revenue/expense ratio



# Analysis of Current Services

Sample Service Performance Review using One-Month Data Sample							
Vehicle ID	Service Area	Total One-Way Trips	Total Miles	Total Driver Hours	Psgr Trips/Veh Mi	Trips/Driver Hour	Average Speed
Bus 1	Local	669	2,185	176	0.31	3.80	12.41
Bus 2	Local	657	2,198	176	0.30	3.73	12.49
Bus 3	Local	278	1,455	176	0.19	1.58	8.27
Bus 6	Rural Once/wk	345	2,050	176	0.17	1.96	11.65
Bus 10	Head Start	1,540	1,200	128	1.28	12.03	9.38
Bus 11	Local/Nights	1,263	4,051	336	0.31	3.76	12.06
Astro Van	Rural Medical	191	3,380	176	0.06	1.09	19.20
Total		4,943	16,519	1,344	0.30	3.68	12.29



# The “Story”

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- Variation in productivity (trips/hour) due to different service types
- Overall system performance good – nearly 4 trips per hour
- Local bus 3 under performing – perhaps too much service or wrong hours of service



# Call-taking, dispatching

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- Description of call-taking, reservation, scheduling process
- Staffing of function
- Information systems – now and future
- Policies and possible changes



# Maintenance Function

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- Description – in-house, contract
- Maintenance policies
- Record-keeping system
- Performance indicators
  - Maintenance expense/mile
  - Breakdowns
  - Staffing needs
  - Facility needs



# Personnel Function

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- Personnel Policy
- Hiring, turnover, retention issues
- Pay scales
- Bargaining unit issues
- Training



# Management Information Systems

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- Client records
- Ridership and operating data (miles, hours)
- Performance monitoring – quality of service, complaints, detailed route/service performance



# Accounting and Finance

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- Description of methods and staffing (computerized, outsourced, etc)
- Cash management and audit procedures
- Working capital needs
- Needed accounting system improvements



# Vehicles

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- Roster with key data
- Condition
- Replacement policy and plans
- Changes in composition (size, configuration, etc)
- Needed fleet expansion



# Facilities

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- Evaluation of current administrative, maintenance, storage and operating facilities
- Needed improvements



# Performance Evaluation

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- Key performance measures for each functional area tracked over time
- Peer comparisons if possible



# Lunch Break

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- Start again 1:45 p.m. CDT  
12:45 p.m. MDT

