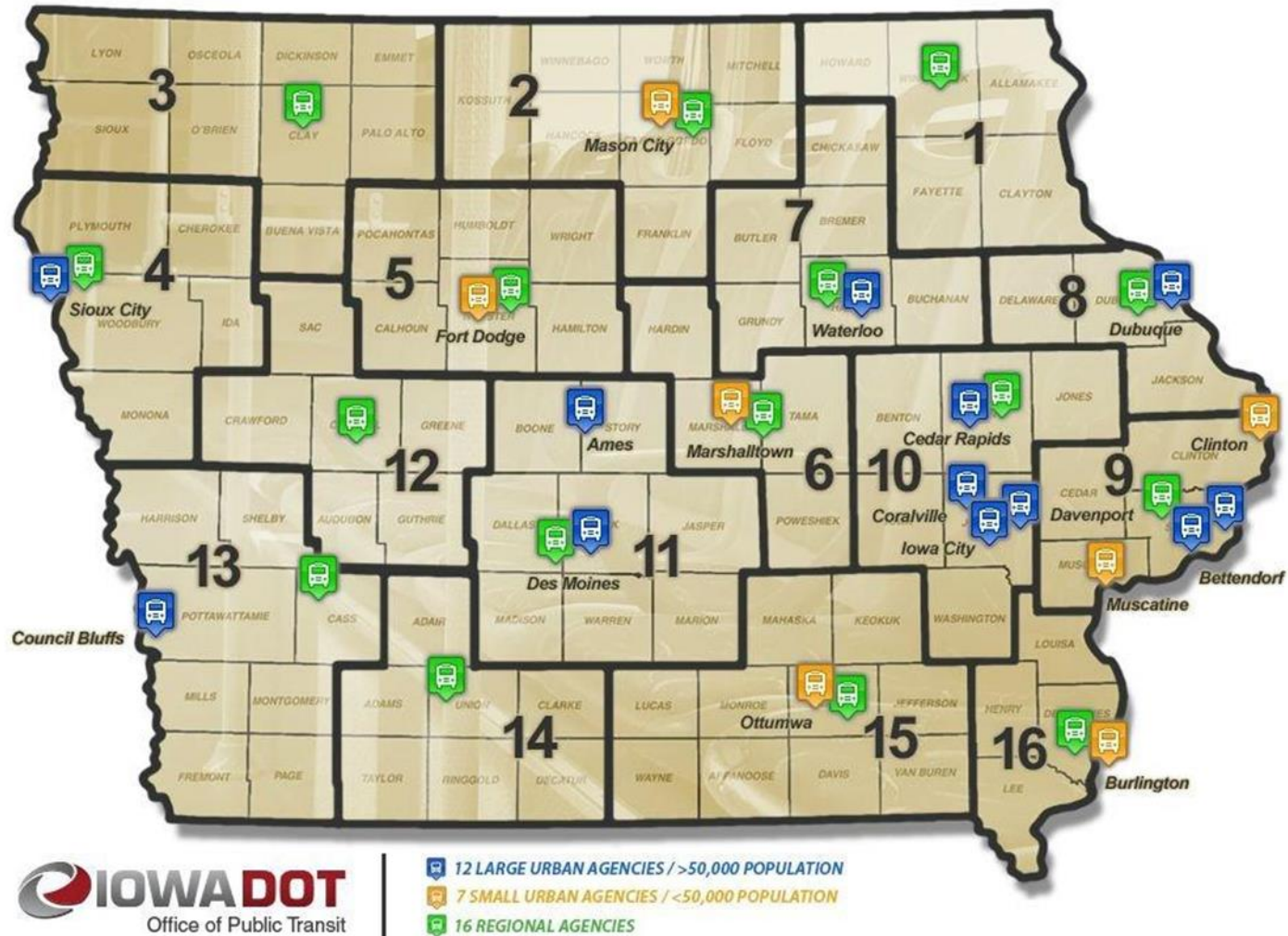


The background of the slide is a photograph. On the right side, the front of a white and purple bus is visible, with a driver seen through the windshield. On the left side, a man wearing a grey blazer, a light blue shirt, and a pink patterned hat stands with his hands clasped, looking towards the bus. In the background, there is a white metal structure with traffic lights and a modern building with large glass windows.

DART Alternative Funding  
Advisory Committee Meeting  
**October 7, 2022**

## DART Alternative Funding Advisory Committee Meeting

Iowa's Public Transit System



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- 35 public transit systems, covering all 99 counties
- Funding sources include local funds, passenger fares, advertising revenue, contract revenue, State Transit Assistance, and the Federal Transit Administration
- In FY 2021, over 29.8 Million miles of revenue service were provided, with *nearly 5.8 Million of those revenue miles provided by DART*

 DART Alternative Funding Advisory Committee Meeting

- FY 2021 ridership was 10.3 Million
  - 8.8 Million rides provided by 19 urban systems  
*(1.9 Million rides provided by DART)*
  - 1.5 Million rides provided by 16 regional systems
- *By comparison*, FY 2019 ridership was over 23.8 Million
  - 21.1 Million rides provided urban systems  
*(4.4 Million rides provided by DART)*
  - 2.7 Million rides provided regional systems
- 57% drop in statewide ridership over two years due to the pandemic
  - FY 2022 numbers not yet finalized to know how much ridership has rebounded

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## Public transit ridership demographics

- In FY 2021, Iowa's transit agencies provided
  - ✓ 724,624 rides to elderly persons (aged 65+)  
*(117,201 rides to elderly passengers provided by DART)*
  - ✓ 1,487,133 rides to persons with disabilities  
*(312,239 rides to persons with disabilities provided by DART)*

# *Iowa Passenger Transportation Funding Study*

## **Overview**

Completed  
December 2009



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In 2008, SF2420 was approved by the Iowa Legislature and signed by the Governor directing the Iowa DOT, in cooperation with the Office of Energy Independence and the DNR, to review the current revenues available for support of public transit and the sufficiency of those revenues to meet future needs. The report was to be submitted to the governor and the general assembly on or before December 1, 2009.

This study addressed statewide public transit funding in Iowa; it was not specific to any one public transit agency.

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The *Iowa Passenger Transportation Funding Study* made the following funding-related recommendations:

- Identify capital funding sources to update the statewide transit fleet.
- Create local funding opportunities through technical changes to existing legislation:
  - Transit Property Tax Levy: Change “municipal” to “public” transit.
  - Eliminate the Regional Transit District minimum population threshold.
- Formalize jurisdiction level (state and local) funding responsibilities to bridge the revenue gaps.
- Continue financial support of the Public Transit Infrastructure Grant program (PTIG), which provides capital improvement funds to regional and urban transit systems.

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In terms of DART applicability, changes proposed for the municipal transit levy and Regional Transit District minimum population do not apply.

- DART created a Regional Transit District at the legislation's current population threshold, a county with at least 175,000 in population, allowing the organization to levy up to \$0.95/\$1,000 assessed valuation. The municipal transit levy cannot be assessed in addition to that.

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Related to the property tax levy, the *2009 Funding Study* stated in the findings/conclusions, page 61:

- For Baseline demand service... “To close the gap, the transit levy rate would need to be increased to approximately \$1.70 per \$1000 of assessed valuation and all communities would need to use the levy option”... to provide the necessary local match.
- For the Choice demand alternative... “the transit property tax levy ceiling would need to be increased to approximately \$3.30 per \$1,000 of assessed property valuation”... to close the gap on the required local funding for additional services.

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The *2009 Funding Study* also gave recommendations for Service and Facilities, Interagency Coordination, and a Fuel Use and Greenhouse Gas Emissions Analysis.

One notable finding/conclusion related to these recommendations, on page 62, was to encourage the Medicaid transportation brokerage to give existing public transit providers the right of first refusal in providing brokered service. This would ensure public transit had the option to provide Medicaid rides prior to those rides being offered to other transportation companies. This is efficient with the rides provided in the same vehicles as the general public and could result in greater funding from the FTA through formula calculations.

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The full version and Executive Summary of the *Iowa Passenger Transportation Funding Study* can be found at <https://iowadot.gov/transit/publications-and-studies#309461155-iowa-passenger-transportation-funding-study>.

# *Iowa Public Transit 2050 Long Range Plan* **Overview**

Completed  
July 2020



## DART Alternative Funding Advisory Committee Meeting



In July 2020, the Iowa Transportation Commission approved the *Iowa Public Transit 2050 Long Range Plan* with the vision:

“A public transit system that supports the physical, social, and economic wellbeing of Iowans, provides enhanced mobility and travel choices, and accommodates the unique needs of dependent and choice riders through rightsized solutions.”

This plan outlines goals and strategies for public transit in the state of Iowa over the next 25+ years.

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While this plan was approved only a few months into the COVID-19 health crisis and the long-lasting effects of the pandemic on public transit are unknown, the *Long Range Plan* did project ridership, fleet, and facility needs to the year 2050.

The statewide ridership is expected to grow from 25 million in 2018 to roughly 34 million in 2050. The large urban portion of that, including DART, grows from 21 million rides to approximately 28 million rides.

The need for heavy duty buses, mainly operated by large urban transit systems, grows from just over 300 vehicles to nearly 400 vehicles by 2050.

Vehicle storage needs at large urban transit systems in 2030 are projected at 160,000 additional square feet and approximately 110,000 additional square feet by 2050.



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Through the planning process, four goal areas were identified:

1. Service
2. Partnering
3. Facility, Fleet & Personnel
4. Funding



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*Long Range Plan Service goal strategies:*

- Examine the effects of offering fare-free statewide bus service.
- Examine bus service hours for people who work nights and weekends.
- Prioritize funding applications for communities that improve transit service or access.
- Examine the effects of creating more urban transit services in areas that are currently covered by regional transit services.
- Continue existing services and establish new inter-regional services along commuter routes.
- Start a subscription price service that works across all bus services in Iowa and includes bikes, scooter sharing, and parking facilities.
- Enable all buses and transit agencies in the state to accept digital fares or electronic payment formats, while still allowing for cash payments.

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*Long Range Plan Service goal strategies, continued:*

- Improve accessibility of all transit information, service notifications, and bus route information to ensure they are easy to understand for older adults, multilingual riders, and riders with audio, visual, or cognitive impairments.
- Establish standardized data collection and reporting requirements to better understand ridership.
- Study how to most effectively implement intercity transit bus systems in Iowa.
- Study and define a statewide minimum level of essential transit service necessary to meet critical needs, particularly in the event of severe and sustained disruptions to demand or service.

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*Long Range Plan Partnering goal strategies:*

- Improve bus transfers between regions and counties in order to support longer and more efficient trips across the state.
- Partner with companies (such as taxis, Uber, Lyft) in order to support city bus routes and provide more transportation options.
- Improve workforce development by partnering with businesses to help employees get to work.
- Partner with non-profit organizations (such as American Cancer Society, Veteran's Affairs, and hospitals) to help people get to their medical appointments on time.
- Partner with other government organizations to increase the number of transportation options for traveling long distances.

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*Long Range Plan Partnering goal strategies, continued:*

- Work with businesses to create transportation options for their employees by offering subsidies, bus passes, or incentives such as tax breaks.
- Improve sidewalks and connecting infrastructure by working with state agencies, local government, and private organizations to improve access to bus stops and transit services.



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*Long Range Plan* Facility, Fleet, and Personnel goal strategies:

- Develop a rightsizing strategy for transit agency bus fleets to decrease costs and better match vehicle sizes to the number of people taking the bus.
- Decrease fuel costs for transit agencies by adopting electric, hybrid, or flex-fuel efficient vehicles.
- Prioritize transit facilities that are evaluated as being in marginal or poor condition for reconstruction or repair.
- Save costs by encouraging transit agencies and local governments to share facilities and staff.
- Address the bus driver shortage by targeting non-traditional candidates to expand the pool of potential applicants.
- Increase training for bus drivers to better serve mobility, hearing or visually impaired riders, children, older adults, immigrant, and refugee populations.
- Identify minimum technology needs for all transit agencies and develop a technology implementation plan.

A decorative graphic consisting of three horizontal bars in red, white, and grey is positioned to the left of the section header. The header text is "DART Alternative Funding Advisory Committee Meeting" in a bold, dark grey font.

## DART Alternative Funding Advisory Committee Meeting

*Long Range Plan* Facility, Fleet, and Personnel goal strategies, continued:

- Update the Park and Ride System Plan to determine ideal locations for carpooling and ridesharing to support commuting activities.
- Improve the coordination of transportation services between transit agencies and other transportation providers by promoting and hiring mobility manager positions to provide statewide coverage.

## DART Alternative Funding Advisory Committee Meeting

*Long Range Plan Funding goal strategies:*

- Decrease maintenance costs by focusing resources on replacing transit vehicles that are beyond their useful life.
- Examine alternative ways of funding public transit that do not rely only on existing federal and state sources.
- Conduct a benefit-cost analysis or economic impact study of transit services and projects in order to measure the impact and overall benefit to social welfare.





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With the exception of the COVID-relief funding, nearly every grant from the Federal Transit Administration requires a local match. Depending on the program, the match can range from 15% to 50%. The *Long Range Plan* lists potential funding sources to support an increased demand for services and an increased requirement for local match funds.



 **DART Alternative Funding Advisory Committee Meeting***Long Range Plan Funding Shortfalls*

The anticipated future costs and expected revenues are compared in order to identify financial gaps. These gaps represent shortfalls in transit funding that will need to be addressed in order to support the operating and capital investments that have been identified as priorities.

Annually, using a conservative estimate of typical funding, there is a \$64 million statewide shortfall through 2030. That statewide shortfall grows to \$77 million from 2031-2050.

If shortfalls in transit funding are not addressed, priority operating and capital investments cannot be supported.

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In order to address the funding shortfalls, the *Long Range Plan* identifies potential revenue sources. These potential revenue sources would benefit public transit agencies statewide, in addition to DART.

**Figure 4.17: Potential revenue sources**

Type of Financing	Description/Mechanism	Advantages	Disadvantages
<b>Population Threshold for Regional Transit Districts</b>  (Iowa Code 28M.2)	Reduce population threshold for Regional Transit District (RTD) formation for counties from 175,000 to 90,000. The current RTD population threshold restricts regional districts to Polk County and contiguous counties in central Iowa and Linn County and contiguous counties in eastern Iowa. Reducing the population threshold would allow an additional seven counties to collaborate on transit funding through the formulation of a multi-city/county RTD to do so.	<ul style="list-style-type: none"> <li>Increases the number of authorized RTDs.</li> </ul>	<ul style="list-style-type: none"> <li>Requires modification to existing legislation.</li> </ul>
<b>Property Tax</b>  (Iowa Code 28M.5)	Increase the property tax cap from \$0.95 to \$1.45 per \$1,000 of taxable valuation for Regional Transit Districts and municipal transit levies. Two cities are currently capped (Iowa City and Windsor Heights), and more will reach the cap in the future.	<ul style="list-style-type: none"> <li>Collection and administration process already in place.</li> <li>Broad coverage.</li> </ul>	<ul style="list-style-type: none"> <li>Can be an equity issue when costs are passed on to homeowners.</li> <li>Generally unpopular with taxpayers.</li> </ul>
<b>Local Option Sales Tax</b>  (Iowa Code 422B)	Enable Regional Transit Districts (RTDs) to levy local option sales taxes to meet the public transportation needs of those who work and live in their district. This taxing authority can be used in conjunction with a number of infrastructure projects, but often is associated with transportation. Iowa RTDs, currently only available to counties with at least 175,000 residents, have the power to implement a property tax of up to 95 cents per \$1,000 of assessed value; municipalities also have this authority, but it cannot be used in conjunction with an RTD levy.	<ul style="list-style-type: none"> <li>Collection and administration process already in place.</li> <li>Revenue generated locally and available for local public transit priorities.</li> </ul>	<ul style="list-style-type: none"> <li>Not proportional to transit system usage.</li> <li>Fluctuates with economic cycles.</li> </ul>

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### Long Range Plan Potential Revenue Sources, continued

Type of Financing	Description/Mechanism	Advantages	Disadvantages
<b>Rebuild Iowa Infrastructure Fund (RIIF)</b>  (Iowa Code 8.57(5))	Sustain the Rebuild Iowa Infrastructure Fund (RIIF) to help with a variety of transit projects including maintenance facility improvements, construction of bus storage buildings, and repair of bus shelters. In the past, RIIF expenditures have been reduced or eliminated for some programs; sustaining this amount of funding would help ensure continued transit infrastructure improvements.	<ul style="list-style-type: none"> <li>Collection and administration process already in place.</li> </ul>	<ul style="list-style-type: none"> <li>Not guaranteed</li> <li>Used for several different competing purposes</li> <li>Dependent on collection of gaming revenues</li> </ul>
<b>State Transit Assistance (STA)</b>  (Iowa Code 321.145(2)(a) (1))	Increase State Transit Assistance (STA) standing appropriation from 4 percent to 5 percent (equivalent to the state sales tax) of the fees for new registration collected on sales of motor vehicle and accessory equipment to support public transportation. Most of this funding is distributed by the STA formula that is based on each transit system's performance during the previous year in terms of rides, miles, and local funding support. These formula funds are usable for support of any operating, capital, or planning expenses related to the provision of public passenger transportation.	<ul style="list-style-type: none"> <li>Collection and administration process already in place.</li> </ul>	<ul style="list-style-type: none"> <li>Many competing needs.</li> </ul>
<b>Vehicle Rental/Leased Car Sales Tax</b>	Add vehicle rental/leased car sales tax to support public transit. Iowa currently devotes a portion of new vehicle registrations to fund public transit. Vehicle rental and lease taxation would place a premium on the usage of such personal transportation options compared to other more cost-effective modes of transit.	<ul style="list-style-type: none"> <li>Collection and administration process already in place.</li> <li>Provides revenue source based on ability to pay.</li> <li>Proportional to cost of vehicle.</li> </ul>	<ul style="list-style-type: none"> <li>Requires enabling legislation</li> <li>Not proportional to transit system usage.</li> <li>May discourage rental/leasing of vehicles.</li> <li>Fluctuates with economic cycles.</li> </ul>
<b>TNC Tax</b>	<p>Establish Transportation Network Company tax. Research shows that TNCs increase the number of vehicle trips by users and draw riders away from alternative transit and mobility options, thus decreasing the operating revenue of the bus systems. Taxation of TNC usage would balance the return-on-investment of the public transportation infrastructure versus the net negative impacts of congestion and increased road surface deterioration.</p> <p>Additionally, TNC usage and ridership data would be shared with the state for planning purposes in order to more effectively analyze trends in transportation infrastructure and forecast future needs. Adequate planning becomes a challenge when vital transportation data is obscured or denied outright.</p>	<ul style="list-style-type: none"> <li>Discourages single-occupant vehicle usage.</li> <li>Enables better data sharing of road usage by TNCs.</li> </ul>	<ul style="list-style-type: none"> <li>Requires enabling legislation.</li> <li>Fluctuates with economic cycles.</li> </ul>

## DART Alternative Funding Advisory Committee Meeting



The *Iowa Public Transit 2050 Long Range Plan* can be found at:  
<https://iowadot.gov/iowainmotion/Modal-Plans/Public-Transit-Plan>



THANK YOU



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