



BUSINESS PLAN

FOR

KOKOMO AREA TRANSIT
SERVICE

K.A.T.S.

PRESENTED TO THE CITY OF KOKOMO
AUGUST 3, 2009

Presented by:

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I. EXECUTIVE SUMMARY:

The Kokomo/Howard County Governmental Coordinating Council (KHC GCC) is the designated Metropolitan Planning Organization (MPO) for Kokomo and Howard County, Indiana. Established in 1981 by an inter-local agreement between the City of Kokomo and Howard County, the intent was to comply with federal regulations requiring a designated MPO: *"...the purpose of the Council is to administer and operate a continuing, cooperative, and comprehensive planning and coordinating effort for the City of Kokomo and Howard County in all areas of mutual concern relating to transportation planning, including transit, and other related governmental functions where joint cooperation is necessary and/or desirable."* (excerpt from inter-local agreement).

Since the establishment of the KHC GCC, the responsibilities for transportation planning and funds management from the State of Indiana, Federal Highway Administration (FHWA), and the Federal Transit Administration (FTA) has been a primary activity for the KHC GCC. In 1993, the KHC GCC began management of the Urbanized Area Formula grant from FTA. This resulted in the First City Rider (FCR) program's implementation for the Kokomo urbanized area. The FCR program provides a subsidy for patron's on taxicab services. Those services are provided by a local taxicab company under contract with the city to provide the transit service. Funding for the FCR program was provided under the Urbanized Formula grant which required a dollar for dollar match provided by funds expended on the City's Senior Citizens Bus service (Spirit of Kokomo).

Although the FCR program has been an acceptable provider of public transportation, continuing problems with provider compliance to the contract, and lack of authority to enforce regulations, has caused the program to under-perform its potential.

Relying on a private company to operate a public service does not provide for a stable, reliable, or cost effective program more suited for public operation. Current management of the City's provider is questionable and other possible providers do not exist in the community.

The KHC GCC, with its experience in transportation, including transit, is in a position to operate a taxicab service for the City. Currently, the City has ownership of the capital equipment (computers, printers, monitors, dispatching software, and mobile data computers) now being used by the FCR program. With the addition of vehicles, and the use of the proposed dispatching center, the City would maintain the capital inventory with the KHC GCC providing the personnel and management of the transit service.

This proposal is to establish the Kokomo Area Transit Service (K.A.T.S.), operated by the KHC GCC with funding from the existing funding source, FTA Section 5307 Urbanized Area Formula grants and other funds as they become available.

Future consideration would be given if a Regional Transit Authority (RTA) would become a viable option to provide for transit in the community. Every effort would be made to make the transition to an RTA possible.

II. ORGANIZATIONAL PLAN:

A. Description of Business:

The KHC GCC is a 501(c) 3 governmental not-for-profit corporation established to provide community assistance for transportation needs. As a stand-alone entity, the KHC GCC is governed by a Policy Board consisting of elected officials from the City of Kokomo and Howard County. Monthly meetings of the Policy Board are held to discuss business, set Policy, approve the annual budget, and approve contracts. Personnel policies are established to comply with City and County policies and are approved by the Policy Board. The KHC GCC maintains its own banking accounts and is audited by the State Board of Accounts on a semi-annual basis.

B. Service to be Provided:

The day to day operation of the demand response (taxicab) transit service will be the responsibility of the KHC GCC and its staff. Hiring and evaluation of personnel, scheduling of personnel, customer service, compliance to state and federal transit regulations, financial management of assets, and required reports will be the duty of the KHC GCC. The transit service provided by the KHC GCC will mirror the existing First City Rider program wherever feasible. As a twenty four (24) hour per day, seven (7) days a week service, transit will be available to citizens whenever they have a need.

C. Intellectual Property:

The Kokomo Area Transit Service (K.A.T.S) name has been properly researched through the Indiana Secretary of State. No other use of the name was found.

D. Location:

Currently, the KHCHCC operation is located in the Government Office building at 120 East Mulberry Street, Suite 116, Kokomo, Indiana. However, this location would not be serviceable for the K.A.T.S. operation. A location at 209 South Union Street, Kokomo, Indiana (just South of the City building on Union Street) is currently being considered as a new location for the KHC GCC and the Spirit of Kokomo para-transit dispatching center. When the purchase is approved by the FTA, and funded by federal stimulus (ARRA) funds, the location would be adequate to combine the KHC GCC, K.A.T.S. and the Spirit of Kokomo dispatching operations.

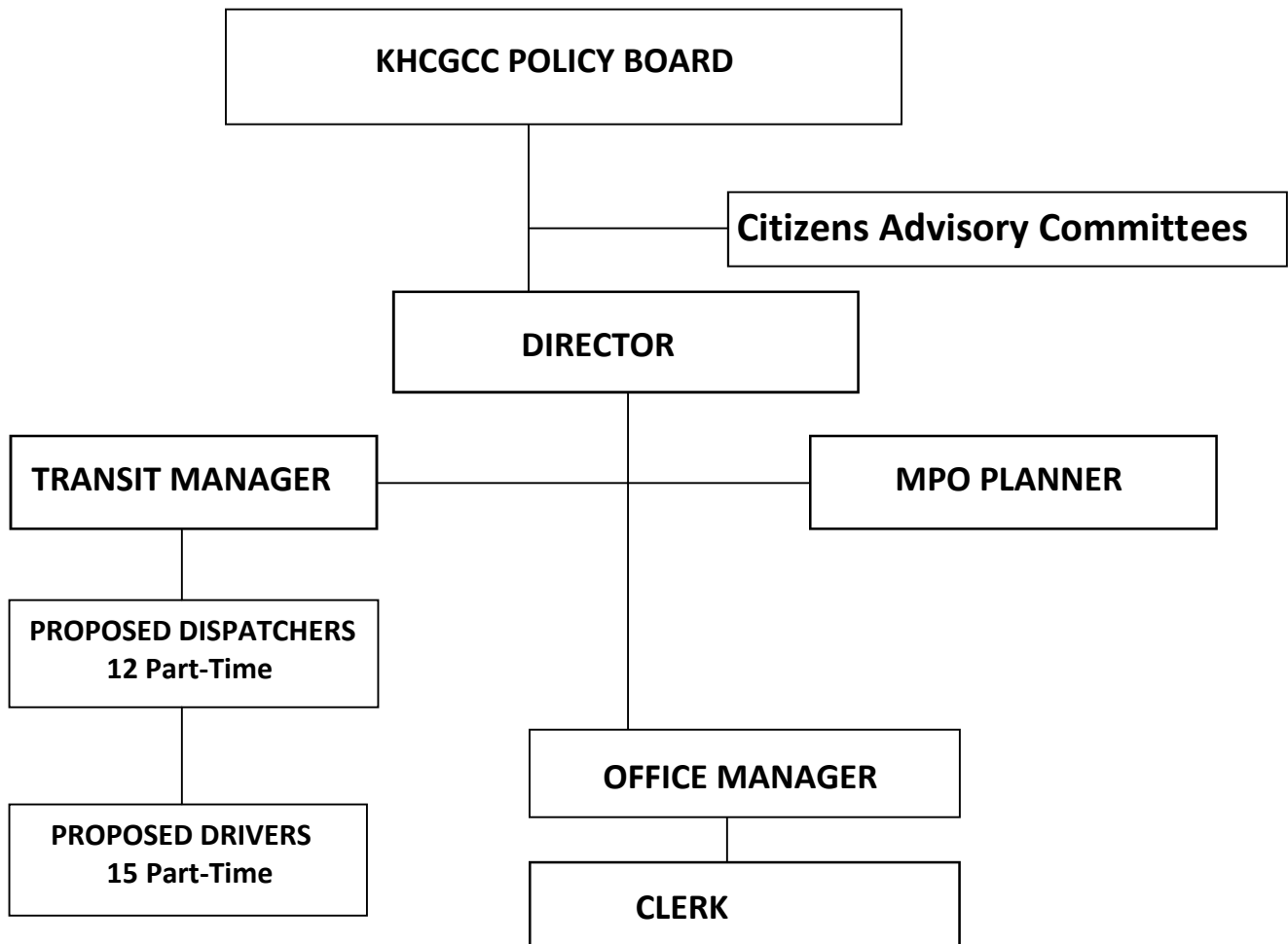
Contact was made with Chris Cooper, Superintendent of the Wastewater Utility for Kokomo, in regard to temporary space for the K.A.T.S. dispatching and housing of the required vehicles. Space for dispatching is available in the conference room of the operations building and storage of vehicles in the compost building. This would be a temporary arrangement until the new dispatching center, on South Union Street, is completed. Completion is anticipated in the spring of 2010.

E. Management:

The organization structure of the KHCGCC is:

**KOKOMO/HOWARD COUNTY
GOVERNMENTAL COORDINATING COUNCIL**

ORGANIZATIONAL CHART



F. Personnel:

Currently the KHCGCC has four (4) full time personnel and one (1) part time person. The Director has the responsibility for the day to day operations of the organization including personnel management, budgets, administrative duties, and public relations. The Transit Manger oversees the First City Rider program's representation with the contracted provider as well as management of the dispatching software and hardware. The MPO Planner is responsible for maintaining the Long Range Transportation Plan, Transportation Improvement project, traffic counts, Highway Performance Monitoring System (HPMS), and various federal and state requirements as an MPO. The Office Manager is responsible for the financial records, payment of invoices, and support for the Transit Manager. The Clerk is the receptionist for the KHCGCC and does various data entry and secretarial duties.

With the proposed K.A.T.S., the Transit Manager would be responsible for the day to day operations of the service including personnel management, equipment, vehicles, and customer service. Various reports and documentation are also required by the State and Federal government to continue receiving funds.

G. Accounting:

In the spring of 2009, the City purchased, and the KHCGCC installed and managed, the Mobilitat Dispatching system with mobile data computers. This software enables the KHCGCC to track vehicles and personnel. With our current accounting system and the addition of the Mobilitat software, we will be able to accomplish the required daily accounting activities.

H. Security:

The new dispatching software has an excellent inventory control module included in the program. Additionally, the KHCGCC server is a stand-alone system with internet connection through Comcast. Server is backed-up twice daily with on-site and two off-site systems.

III. MARKETING:

A. Media:

The media will be used to promote the changes and to inform the citizens of the changes in the transit service. Editorial comments, opinion articles, and paid advertisements will be used for approximately thirty (30) days prior to the implementation of the project.

B. Patron Notification:

Post card type announcements will be sent to our current patrons on the First City Rider program explaining the changes and providing necessary information.

IV. CUSTOMER SERVICE

A. Selection of Personnel:

Job descriptions and personnel policies will be essential tools in the selection of skilled personnel. Selection criteria, including appropriate testing, and personal interviews will be used for the selection process.

B. Training:

Training will be closely monitored to insure good customer service. Train to Policy will be used to document the connection and relativity of the training to the appropriate policy. When deficiencies are identified, remedial training will be used, and documented in accordance with personnel policies.

C. Oversight:

Customer feedback will be monitored closely to determine customer service. Random surveys, both by mail and phone, will be used to contact those who have used the service to determine their degree of satisfaction.

V. CONTRACTS:

A. WITH KHCGCC:

Currently, the KHCGCC is contracted with the City of Kokomo to administer the FTA Section 5307 Urbanized Area Formula grant. This contract includes the preparation of the grant application, submission of required quarterly, and yearly reports, and compliance with FTA regulations for management of funds.

B. WITH THE CITY OF KOKOMO:

Currently, the City of Kokomo has a contract with Rhino Taxicab, Inc. to provide the operation of the First City Rider program in accordance to FTA regulation and to provide required documentation for required reports. The provider (Rhino Taxicab Inc.) provides the vehicles and operating personnel. The City of Kokomo provides the dispatching hardware and software. The KHCGCC provides oversight of the program and maintains an inventory of capital equipment and troubleshoots its operation.

C. PROPOSED WITH KHCGCC FOR K.A.T.S.:

The K.A.T.S. proposal would combine the two existing contracts into one administrative and operations contract with the KHCGCC. All equipment, including vehicles, would be the property of the City of Kokomo.

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REVENUES FOR PROPOSED K.A.T.S. PROJECT:

ARRA funds = \$1,089,206

SOURCE:	Revenue for 2009:	2010	2011	2012
Carry over from prev. yr.		\$2,957	136,665	\$164,410
FTA Sec. 5307 Urbanized Area Formula grant	\$800,000	\$800,000	\$800,000	\$800,000
American Recovery & Reinvestment Act	\$980,285	\$108,921	\$0	\$0
Patron Contributions:	0	\$300,000	\$300,000	\$300,000
TOTALS:	\$1,780,285	\$1,208,921	1,236,665	1,264,410

EXPENSES FOR PROPOSED K.A.T.S. PROJECT:

EXPENSE:	2009	2010	2011	2012
New Dispatching Center	\$800,000	\$10,000	\$10,000	\$10,000
10 Vehicles \$ \$20,000 each	\$200,000	\$40,000	\$40,000	\$40,000
Administrative Cost for KHC GCC Staff:	\$297,288	\$297,288	\$297,288	\$297,288
Non-Vehicle Operating:		\$260,395	\$260,395	\$260,395
Vehicle Operating:		\$350,532	\$350,532	\$350,532
Fuel:		\$100,000	\$100,000	\$100,000
Purchased Transportation:	\$475,000			
Tires & Lube:		\$10,000	\$10,000	\$10,000
Marketing:	\$2,000	\$1,000	\$1,000	\$1,000
Equipment:	\$3,000	\$3,000	\$3,000	\$3,000
TOTALS:	\$1,777,328	\$1,072,255	\$1,072,255	\$1,072,255
Carry over to next year:	\$2,957	\$136,665	\$164,410	\$192,155

Cost Allocation Plan:

Salaries:	Hourly Pay:	# of Emp.	Hours per Wk.	# of Wk.	yearly Cost:
Non-Vehicle Operations:	\$13.00	12	30	52	\$243,360
Vehicle Operations:	\$12.00	15	35	52	\$327,600
Benefits:					
Non-Vehicle Operations:	All employees will be part-time, fringe rate is 7%:				\$17,035
Vehicle Operations:	All employees will be part-time, fringe rate is 7%:				\$22,932

Fuel Calculation:	Miles/Year	MPG	Gallons/Year	\$/Gal.	Total:
	500,000	15	33,333	\$3.00	\$100,000

Patron Contributions:	2009	2010	2011	2012
	\$300,000	\$300,000	\$300,000	\$300,000

NOTE: CURRENTLY THE CITY OF KOKOMO PROVIDES A DOLLAR FOR DOLLAR MATCH TO THE FTA. SEC. 5307 FUNDS AT ABOUT \$800,000. THOSE FUNDS CONSIST OF APPROXIMATELY \$400,000 FROM THE

CITY LEVY AND \$400,000 FROM THE PUBLIC MASS TRANSIT FUND GRANT FROM THE STATE OF INDIANA.

A. Explanation of Financial Plan:

American Reinvestment and Recovery Act (ARRA) allocation for Kokomo is \$1,089, 206. Congress authorized 10% of those funds to be used for Operating expenses (\$108,921). Using the remainder (\$980,285) for capital expenses in 2009 will pay for the dispatching center, vehicles, marketing, and equipment. The carry-over of Section 5307 funds will provide funding each year (as demonstrated through 2012) and beyond. If ridership should increase, the Section 5307 funding would increase as well. Match from the City of Kokomo (using expenses for the Spirit of Kokomo) would be sufficient to match the Section 5307 funds. Note: All ARRA funds must be obligated by the end of 2009 and spent by 2010.

B. Capital Expenses:

Initially, in 2009, 10 vehicles would be purchased for the K.A.T.S. project out of ARRA funds. Each year thereafter, 2 vehicles would be purchased to replenish the fleet at a cost of \$40,000 (approximately \$4,000 for trade in of used vehicle). Capital expenses of \$10,000 per year are included for upkeep of dispatch building.

C. Current Administrative Costs:

The current agreement with the City of Kokomo includes administrative costs for management of FTA funds. As indicated in the financial statement, those costs for KHCGCC staff and indirect costs are \$297,328 per year (current budget). Those costs Include:

- Director at 50%
- Transit Manager at 90%
- Office Manager at 60%
- MPO Planner at 20%
- Part-time Clerk at 90%
- (Equivalent personnel to 3.1 persons)

Indirect Costs:

- | | |
|-----------------------|-----------------------|
| Supplies and Printing | Postage and Telephone |
| Office Rent | Attorney Retainer |
| Marketing/Advertising | DSL Contracts |
| Maintenance Contracts | Staff Drug Testing |

These costs, along with the expenses of the MPO, are paid for from five revenue sources including, FTA, Federal Highway (PL), FTA Planning, Howard County, and the City of Kokomo.

VII. TIMELINE:

- A. The current contract with our Purchased Transportation provider (Rhino Taxicab, Inc.) expires on December 31, 2009. The KHCGCC would begin service on January 1, 2010. This would provide the time to equip the temporary dispatching center at the Wastewater Utility, order and receive vehicles, hire and train staff.

In the event our current provider is unable to continue service, approximately 30 Days, minimum, would be required for K. A.T.S. to be operational.