

Alternative Transportation Systems Business Models Evaluation

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*This document was prepared for the Federal Transit Administration
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Federal Land Management Agencies (FLMAs) continuously seek opportunities to address the inherent conflicts between preservation and management of natural and cultural resources and visitor access and enjoyment. Alternative Transportation Systems (ATS) offer options to personal automobile travel including bicycles, buses, rail, and waterborne modes. ATS are effective tools used to mitigate the negative impacts of public access to and within Federal lands.

This report is an analysis of ATS Business Models, or the strategies FLMAs utilize to create and operate high quality/high value/low risk ATS in an environment with competing needs for scarce capital, operating and management resources. A preferred Business Model has not been identified for application in every ATS. Each FLMA unit has unique circumstances and characteristics that will influence the selection of an appropriate Business Model.

While transit and related agencies have full-time staff resources devoted to planning, contracting, operating, and managing ATS, the responsibility for these activities may be shared among various divisions within each FLMA. This may sometimes result in a lack of understanding of industry best practices, risks, and opportunities among regional and unit representatives with varying levels of responsibility related to ATS. The information contained in the report may be useful to FLMA staff making decisions related to ATS Business Model selection for a new ATS, or those evaluating or monitoring existing systems.

The report is organized into the following three major sections that address relevant ATS elements for the Bureau of Land Management (BLM), National Park Service (NPS), USDA Forest Service (USDA/FS), and Fish and Wildlife Service (FWS):

- ATS legal and regulatory framework;
- Business Model overview contract and agreement analysis; and
- Business Model selection guidance and case studies.

Laws, regulations and policies influence the selection of appropriate contracting and agreement mechanisms by FLMAs for the provision of ATS based on partnership arrangements, financial characteristics and the anticipated level of FLMA involvement. Although there are elements and requirements specific to each FLMA, and to a limited degree, individual FLMA units, the broad definitions for the major agreement, contract, and permit type authorizations are shown below.

Agreement Types

- Cooperative Agreements (CA) – This agreement type formalizes a relationship between the United States Government and a state, local government, or other recipient, involving a transfer of value and substantial involvement.
- Interagency Agreements (IAA) – IAAs are utilized between Federal agency partners for the acquisition of services, supplies, materials, or equipment.
- Memoranda of Understanding (MOU) and Memoranda of Agreement (MOA) – MOUs document relationships between two or more parties that describe a framework for cooperation when nothing of value is transferred. Within NPS, MOAs document receipt of funds, goods, or services from a non-federal party.
- General Agreements (GA) – GAs replace NPS MOUs and MOAs and act as a catch all for all agreements that do not commit NPS to any financial assistance and are not CAs or IAAs.
- Challenge Cost Share (CCS) – CCS are used to split funding responsibility and risk among partners for projects that preserve and improve natural, cultural, and recreational resources.

Contract Types

- Service Contracts (SC) - SCs are utilized by Federal agencies when a legal instrument is needed to reflect a relationship between the U.S. Government and a state agency, local government or other recipient when the purpose is to acquire services.
- Concessions Contracts (CC) – CCs are used to leverage the assets within a FLMA to produce visitor services for the benefit of the public from a private concessioner with financial compensation to the FLMA.

Permit Based Authorizations

- Commercial Use Authorizations (CUA) – CUAs are an instrument used by the NPS that allow commercial services with specific guidelines that include shorter terms than concessions with heavy reliance on the service provider and a low level of involvement from the unit.
- Special Use Permit (SUP) – SUPs are a temporary authority for an individual, business or group to occupy FLMA unit property with a wide range of potential uses.

Following the analysis of over sixty FLMA and non-FLMA contracts and agreements representative of various modes, agencies, and regions, a matrix was developed to display the contract and agreement types described above. The contracts were further catalogued based on 48 distinct characteristics. The matrix is designed to provide a snapshot comparison of industry practices related to contracting and ATS service delivery strategies. Following are several highlights from the analysis of the agreements and contracting matrix:

- Although most ATS contracts and agreements were in accordance with the laws and policies that authorized them, some documents would benefit from the use of language clarifying their intent and purpose. Examples are cited where MOU were unclear that the agreement did not commit FLMA resources to a project.
- Contract and agreement terms and requirements vary depending upon the ATS funding source. FLMAs must comply with the terms of the Interagency Agreement with FTA if they are using Section 5320 program funds, while recipients of Section 5307 funding must comply with the more stringent requirements detailed in the FTA Master Agreement.
- Generally, agreement term and termination clauses were found to be liberal with the potential to threaten ATS service should a partner elect to discontinue involvement without cause or inconsistent notice requirements.

In addition to an overview of the contract matrix, the second section of the report also includes an in-depth analysis of the various components of ATS Business Models that are used to create, deliver and manage ATS. Ultimately, the selected Business Model approach is determined in part by each FLMA's legal and regulatory requirements, human and financial resource availability, and commercial business and private partnership opportunities. These form the foundation for the implementation tools (contracts and agreements) that facilitate the provision of ATS. Several key findings include:

- CCs and SCs have the potential to be structured in ways that shield the FLMA from risk, yet still provide a viable opportunity for private operations. Items such as sharing fuel costs, allowance for level of service adjustments and the ability to adjust franchise fees are just a few examples found in the contracts.
- Concession plan requirements are the categorical set of rules for concessioners to follow when submitting a proposal for operations. The plans should include sufficient detail to provide FLMA staff with a thorough understanding of the specific roles and responsibilities that will be assumed by the concessioner.

EXECUTIVE SUMMARY

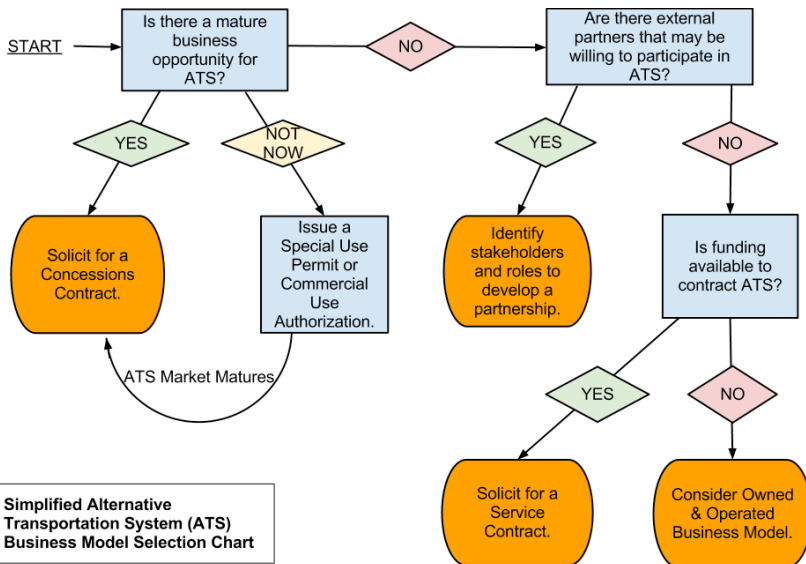
- Data reporting requirements were varied and in some cases non-existent. Data used in reporting should be relevant to the finance, operation and ATS mode.
- Incentives were found primarily in SCs. Approximately 10 percent of the contracts made provisions for alternative fuel and propulsion vehicles, and a limited number incentivized operating efficiencies. Disincentives were more prevalent in the contracts and agreements analyzed. Many were assigned a “not to exceed” value with financial penalties associated with contractor’s failure to meet established performance standards.

In the third section of the report Business Model elements that were previously examined are categorized into four major Business Model types along with brief representative case studies for each Business Model as shown below. A contrast and comparison of Business Models is presented along with guidance on Business Model selection.

- Commercial Service Business Model – Grand Canyon National Park
- Partnership Business Model – Sequoia and Kings Canyon National Park
- Service Contract Business Model – Rocky Mountain National Park
- Owned and Operated Business Model – Scotts Bluff National Monument

Based on the analysis, a simplified Business Model selection flow chart was created to display the major decision points that guide model selection from the perspective of financial sustainability.

Figure 1: Simplified Business Model Selection Flow Chart



WHAT IS THE PAUL S. SARBANES “TRANSIT IN PARKS” PROGRAM?

The Paul S. Sarbanes Transit in Parks (Transit in Parks) Program is a federal financial assistance program that annually awards grants to carry out projects that provide alternative transportation (bus, rail, or other conveyance including facilities for pedestrians, bicycles, and watercraft) in national parks and public lands.

WHAT IS THE PAUL S. SARBANES “TRANSIT IN PARKS” TECHNICAL ASSISTANCE CENTER (TRIPTAC)?

The Paul S. Sarbanes Transit in Parks Technical Assistance Center (TRIPTAC) provides information, training, and technical support on alternative transportation systems (ATS) for federal land managers. Specific services include person-to-person technical liaisons, a Help Desk (helpdesk@triptac.org or 877-704-5292) and website (www.triptac.org), training workshops, a peer mentoring program, and an online system to help public land managers find documents, technical manuals and other resources.

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THE FULL BUSINESS MODELS EVALUATION REPORT CAN BE FOUND AT

www.triptac.org/TRIPTACResources/TRIPTACPublications/Default.html

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