



Rural Transportation Challenges: Stakeholder Perspectives

Transportation and Infrastructure Committee

US House of Representatives

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2167 Rayburn House Office Building

Chair Graves, Ranking Member Larsen, Committee Members:

Thank you for this opportunity to share the challenges and opportunities facing rural transit providers. I am Todd Morrow, Executive Director of Island Transit. I'm here representing the more than 1,200 members of the Community Transportation Association of America (CTAA) – the majority of which are rural public transit systems. I am also a Board Officer of The Bus Coalition and the past chair of the Washington State Transit Association.

Island Transit Basics

“When you have seen one transit agency you have seen one transit agency” is a common phrase in our industry and aptly describes Island Transit. Island Transit serves Island County, a rural county northwest of Seattle which includes two large islands. One, Whidbey Island, is the fourth longest in the lower 48. This “long-ness” and island geography significantly impacts our operations. To get to our other island, we travel through two other counties. There are only four gateways to our islands, two of them are via Washington State Ferries and the others are by way of bridges, including the iconic Deception Pass bridge. Island Transit helps to mitigate the congestion through those entry points by the bus routes we provide.

Island County has the most visited state park in Washington state. We are the proud home to Naval Air Station Whidbey Island and have a thriving agriculture, arts, and hospitality industry. 86,000 people call Island County home. For federal purposes we are categorized as a rural transit agency and receive our federal funding through our state Department of Transportation.

Island Transit has an annual budget of \$21 million, a fleet of more than 60 buses, a staff of 136, sixteen bus routes, and an operating base on each island. We provide traditional and on-demand bus service, paratransit, and vanpool service. We are governed by a Board of Directors composed of local elected officials and a union representative.

Our route that travels from our largest town, Oak Harbor, to the ferry terminal in Clinton, is our longest. It covers nearly the length of Whidbey Island and is approximately 40 miles long. It runs hourly and carries the most passengers of any of our routes (1,798 an average weekday). The one-way trip lasts about one hour and forty five minutes. We also have long routes connecting our islands to transit systems and larger cities on the mainland.

Popular destinations in Island Transit's service area include the Washington State Ferries for those who work off island, at Boeing and Microsoft. Our popular on-island destinations include our local hospital, grocery stores, Walmart, restaurants, and schools. We also cater to tourists and bicyclists with our summer state park service.

We are somewhat unique among the nation's rural transit providers because we are fare-less and began that way when our service started in the 1980s. Our agency receives approximately 70% of our operating revenue from a voter-approved, locally collected sales tax, which is at the highest level allowed by state law. The rest of our capital and operating revenue comes from federal and state funds. During the COVID era Island Transit received more than \$16 million from the federal government's pandemic relief spending. Those funds made it possible to not furlough staff, among other things. During that time there was a disproportionately high portion of our budget that came from federal programs.

Being fare free has many positives for the operations of Island Transit. The most important is that it removes the fare as a barrier, so that all can have access to the mobility we provide. Even if one can afford a bus fare, simply worrying about how much it is and when to pay, presents a psychological barrier to some. Fare free also transforms the role of Coach Operator. Rather than having to check and enforce each passenger's payment of a fare, that driver can instead focus on helping the customer. This is especially important for the tourists and first-time riders. Finally, not charging a fare negates the cost of having to account for the fares collected, which in some cases may just barely cover that accounting cost.

Demographics of Island Transit's Service Area

Island County has several notable demographic realities that shape Island Transit's service and its importance. The 2020 US Census Bureau identified that almost 25% of the county's population was age 65 years or older. That is significantly higher than the state and national average of 16% for the elderly population group. 13% of the population identified as veterans, and 15.5% identified as having a disability. All of these factors underscore the need for scheduled fixed-route and especially paratransit service to ensure the mobility of these populations. To efficiently serve these groups we are oftentimes combining our ADA paratransit trips with those on our new on-demand service. Public transportation allows seniors to age in-place in their homes, something many prefer and is less costly than assisted living senior housing.

Economic Impact

The impact of Island Transit on our local economy is threefold: one is from our payroll's impact on the local economy, as one of the larger employers in the county. Another economic impact stems from our construction projects and spending on our service, which generates business in our county. Our service is

also beneficial to area businesses, including in the hospitality sector, by making it easier for their customers and workers to access them.

An example of our impact in the tourism industry is when Island Transit began service 7 days a week, including Sundays. Because of our daily operations, our islands can now be advertised as a place to visit every day of the week without an automobile, making it possible for even the transit dependent to enjoy them. Related to that, we started summer service which connects our state parks easily by bus, helping to address congestion and providing access for all.

Another example of the role that transit plays in supporting the local economy is Island Transit's South Whidbey Transit Center project. This project is the recipient of recently awarded Congressionally Directed Spending and of a Federal Transit Administration bus and bus facility (Section 5339) grant. It will support area businesses by making it easier for customers and workers to access them, and it will provide access to a new pedestrian and bike path to the ferry terminal. Visitors to the island (as well as residents who are traveling for work) will have a convenient place to leave their car and travel hassle-free by transit, enjoying the scenic beauty and arts and culture of the island.

During the pandemic, the important role of Island Transit was underscored, as was the case with other transit agencies across America. Essential workers (including hospital workers, first responders, and store employees) still needed to get to their jobs. Others still needed to travel to their medical appointments, grocery stores, pharmacies, and so on. Transit, including Island Transit was there to provide that service and did not shut down. Importantly, as a larger employer, we also kept our workforce employed, in part because we knew the importance of our payroll to the local economy.

The Value of Rural Transit

One of the challenges of rural transit is that destinations are farther apart requiring long routes, all in areas with low population density. But transportation in rural areas is just as important as transit in big cities. People in rural areas, as in urban areas, need access to health care, places of employment, goods, and services. This is especially true for vulnerable Americans: older adults, persons with disabilities, low-income individuals, and others.

In rural areas, these long routes increase the cost of bus service. Island Transit, like all rural providers, seeks ways to efficiently provide our services. This includes using small bus vehicles and combining traditional, scheduled trips with those serving disabled passengers.

Island Transit Today

Everything Island Transit does is about safely and equitably moving people. And we are currently growing our service. Last June, Island Transit began bus service on Sundays for the first time. We expect to add more hours to our service day, to support those who work later once we have hired more staff.

This service growth began with an analysis of the financial sustainability of our operating revenue, followed by a route network analysis, called *Island Transit Maximized*. That work has made it possible to replace some of our scheduled trips with a more efficient on-demand service, as well as provide service on Sundays and in new places. On demand service is an increasingly common form of service that

involves the customer scheduling their bus trip, rather than expecting a bus at a pre-set time. The scheduling occurs using an application on a smartphone or computer, or by calling dispatch. With these trips being scheduled for a particular rider, a bus is not out circulating empty.

As we add service, ridership on the Island Transit system has grown. This is normal in the transportation industry. Unfortunately, many rural transit systems are not in a position to add more service. Island Transit's financial sustainability analysis showed that the agency has the capacity to provide more services.

During the past 12 month period, Island Transit carried on average 7,485 passenger trips each week. 13% of those trips were paratransit trips. We had the highest ridership in the month of August last year, after we added service on Sundays, with 37,507 passenger trips for that entire month.

Island Transit has embarked on a 17-year plan to replace our current fleet with both hydrogen and battery electric vehicles. We need hydrogen buses because they work on our long routes and are not dependent on an electrical grid that is susceptible to long power outages from storms. Federal investment makes this transition possible. We have 5 battery electric sedans for our vanpool program. We have also installed solar panels on our two operating bases and battery charging at our main operating base. We just received two battery electric, ADA accessible vans and have nine more on order, funded by a grant that includes state and federal funds.

Challenge: Vehicle Availability and Cost

This gets to our first challenge: The availability of vehicles, which has been severely impacted by a bus manufacturing shortage and supply chain issues. My agency's order of nine more vehicles is in limbo because the manufacturer has gone out of business. We are having difficulty finding another vehicle model to replace those, one with adequate range. Vehicle prices, particularly for the small vehicles that rural systems depend on, have dramatically increased, creating another challenge.

This manufacturing shortage also impacts large buses, particularly hydrogen vehicles. There is just one Buy America compliant bus manufacturer of hydrogen buses, its competitor having recently stopped production. This year we will be requesting federal funding to purchase 12 full-sized hydrogen buses. We are concerned that the reduction in manufacturers will mean it will take two years to receive those buses. We welcome strategies to increase access to new manufacturers of bus vehicles while they become "Buy America" eligible.

Both Island Transit and CTAA support the Federal Transit Administration's recent prioritization of allowing agencies to make progress payments to bus manufacturers, something that will help those businesses with their cash-flow challenges. Also, in Washington State we are fortunate to have a state department of transportation that has contracts in place with many vendors, making joint procurements easier for smaller transit agencies.

Challenge: Limitations of Current Technology

For small transit agencies like mine, fleet transitions like the one we've embarked on will take time. The advances in zero emission technology have not extended to all vehicle classes. The battery range is low

for smaller vehicles, making them a challenge for many rural operators whose service areas cover hundreds, and sometimes thousands, of square miles. For our new vehicles we were expecting a range of 200 miles, however our initial testing shows a much more limited range, about 100 miles. For context, most of our vehicles travel 140 to 250 miles or more a day. Charging infrastructure is just not as prevalent yet in rural America.

As agencies like Island Transit move to some electric vehicles, concerns arise about the capacity of our local power grids. Grid resiliency, including after storm damage, is especially important. Our agency is working with our local power provider for a new transformer that is needed for the charging of more electric vehicles. To address this long-term concern, my agency was fortunate to buy acreage adjacent to our operating base, with the hope we may site a micro grid there to support our energy needs.

The national investment in hydrogen hubs will help transit agencies like Island Transit who will use hydrogen for a portion of its fleet. Additional investments in battery technology and the nation's power grid will also benefit the transition to battery and hydrogen fuel cell vehicles.

Challenge: Property Acquisition and Development

Just like their large urban counterparts, rural transit systems need modern facilities. Island Transit is working with the Federal Transit Administration to build a transit center at the south end of our long island. We need a place there for safe, off-street transfers. In the latest round of bus funding, the FTA awarded us \$7.52 million for this project. We thank Representative Larsen for that. Senator Murray and Senator Cantwell secured us an additional \$4 million in Congressionally designated spending, in the FY 2024 appropriations bill.

When building facilities, all transit agencies, unlike highway projects, are required to complete the environmental process before purchasing the property. If they do not complete that environmental work first, they are not eligible for federal dollars to develop the project. This makes land acquisition exceedingly challenging for many transit agencies. Thankfully, this was not an issue for my agency, but for others it is.

Challenge: Front-Line Employee Recruitment

Recruitment, as for most employers these days, is a significant challenge for my transit agency. We have been able to cost-effectively implement service increases, but we chronically lack drivers. We see two places where the federal government could make changes that would assist us in recruiting: one is to fast-track the certification of oral testing labs for our required drug and alcohol testing. CTAA would like to request that members of this committee send a letter to HHS urging them to finish this important certification. Another area is the requirements for a Commercial Driver's License. We need an addition to the CDL passenger endorsement that is focused on bus driving and public transit. Additionally, there needs to be a way to consider learning disabilities and language differences in the testing.

Priorities

The Community Transportation Association of America is working to address the vehicle shortage, particularly the small bus industry, because those vehicles are the mainstay of most rural transit systems.

To that end, CTAA advocates for strategies to address that shortage, including increasing access to new manufacturers while they locate facilities in America and streamlining the vehicle procurement process.

Here are CTAA's 2024 Legislative and Policy Priorities

1. Maintain full funding for FTA formula grant programs as authorized in IIJA.
2. Provide 80 percent federal share for all FTA formula grants, regardless of whether these grants are providing operating or capital assistance to public transit providers.
3. Create a tier of supplemental Section 5311 funding to be awarded on a STIC-like basis to states in which rural transit providers exceed selected performance benchmarks.
4. Assure that FTA recipients and subrecipients can retain all of the proceeds from the sale or disposition of vehicles acquired with FTA financial assistance when they commit to using these proceeds for capital replacement.
5. Set aside a percentage of Section 5339 bus and bus facility grants, including Section 5339(c) low- and no-emission bus and bus facility grants, for award to tribal nations' bus, bus facilities, and "low/no" projects.
6. Make the Internal Revenue Code's charitable mileage rate for volunteer drivers the same as the mileage rate for non-taxed reimbursable business travel, and adjust the charitable mileage rate annually, just like the business rate.
7. Have FTA establish a public interest waiver from Buy America for standard production vans and minivans, including vans and minivans modified solely to become accessible to wheelchair-using passengers, provided that the final assembly of these vans and minivans takes place in the US, Canada or Mexico.
8. Develop criteria for identifying particular states and urban areas with exceptionally low numbers of CDL-holding drivers as "transportation professional shortage areas," and give FTA authority to consider waiving any or all provisions at 49 USC Section 5323 as requested by FTA recipients in those areas.
9. Require FTA to identify the scope of data collection and reporting requirements currently placed upon its rural, tribal and smaller urban transit recipients, and mandate that no additional data collection or reporting requirements be placed on these transit providers until or unless existing requirements are streamlined, simplified or reduced.
10. Have DOT and HHS take steps to accelerate the implementation of saliva-based testing for marijuana among employers and employees covered by federally required transportation workforce drug and alcohol testing regulations.
11. Call upon FTA to allow (and provide guidance concerning) advance and progress-based payments for vehicle procurements likely to take 13 months or more to fulfill, and establish mechanisms by which FTA can allow the use of performance bonds to assure timely, cost-compliant production and delivery of transit vehicles.
12. Change DOT NEPA guidelines to allow FTA recipients to acquire the real estate for bus-related facilities prior to beginning the environmental assessment process.

13. Provide technical assistance and financial incentives to advance the deployment of charging infrastructure for electric medium- and heavy-duty buses, trucks and heavy equipment where appropriate in smaller communities and rural areas, particularly to enable coordination and partnerships between local utilities, transit agencies, local public works agencies and other fleet operators.

13. Establish a program of FTA formula grants specifically for tribal nations' transit projects on reservations and tribal lands in urban areas with populations greater than 50,000.

The Bus Coalition has the following priorities:

- Increasing funding (\$400 million) for the Bus and Bus Facility Program along with legislative language that would set aside a portion (\$150 million) for the FTA to address cost escalations for previous grant awardees.
- Support for CTAA's efforts to address the cutaway crisis.
- Support microgrid and battery storage initiatives through the Department of Energy and FTA
- Seek additional spare ratio flexibility.
- Address local match concerns, especially as transit systems transition to more expensive zero emission vehicles.

I'd like to end by introducing you to one of Island Transit's bus riders, James. James is a veteran turned veteran's advocate. Not only does he use Island Transit, but he also sees it as linking the veteran community to essential resources. He said: "Island Transit gives people like me, a Vet, a chance to get to where I need to go and help others. Without Island Transit, I couldn't do what I do."

Thank you for being our partner in providing the service that benefits so many. Thank you for the opportunity to share about our needs as we do this work.