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The Long-Awaited Restructuring of the Port Authority

Threats of fare increases, service cuts, and layoffs. We have heard it all before; in fact, it has become almost an annual ritual. But with a new Executive Director at the helm and stern recommendations from the Governor's Transportation Commission in hand, it appears that long overdue changes at PAT might actually go into effect.

The County Executive and PAT's Executive Director apparently have concluded that County and state taxpayers can no longer afford Port Authority operations as they currently exist. Indeed, the Chief Executive said, "If this were done right, it would have been a gradual restructuring over twenty years." Faced with what the Governor's Commission report stating that PAT "has the highest transit wage rates in the country when adjusted for [cost of living]" and that it "needs to pursue more detailed route-by-route analysis, with focus on financial performance indicators to better align service to needs and effectiveness," there was little choice for the officials but to heed the message and begin the heavy lifting of planning major service reductions and cost cutting.

While final decisions on specific service cuts await a series of eight public hearings, this much we do know: a looming deficit of approximately \$80 million must be closed through cost reductions and fare increases. As of now, PAT is planning service reductions, as measured by number of vehicle hours, of about 25 percent along with 400 job cuts. Some 124 of the 213 weekday routes will be eliminated. However, it should be noted that even though the number of weekday routes are to fall by 60 percent, PAT predicts that ridership will fall only 11 percent.

A look at PAT's methodology shows how the authority went about deciding which routes to eliminate or modify. Bus and light rail service were rated by twelve variables grouped into the three categories of effectiveness, efficiency, and equity. Scores were compiled for each route based on these factors, with all three categories weighed equally.

From our viewpoint, riders per hour of service and cost per rider are the most important factors in deciding what to do with a route. The total number of riders per day provides some useful information but can be misleading. If there is a moderate daily passenger count for a route that has excessive and unnecessary trips per day, the efficiency and cost indicators will have a low ranking, and this can lead to route elimination rather than a more rational approach of reducing the number of trips.

In PAT's route cutting plan the vast majority of the 124 weekday routes eliminated had relatively low average daily ridership (900 riders or less): there were only two routes slated for elimination that achieved a score of 8 or 9, or an average daily ridership in the range of 3,001-7,500.

Many of the routes on the elimination list had daily riders below 300, routes that could likely be handled by smaller capacity buses running less frequently. Past resistance to this type of change from the union has precluded PAT from rationalizing its service provision.

About one quarter of the routes slated for elimination have a cost per rider of \$10.50 or more. Thirteen routes had a cost per rider score of 1, which implies a \$13.50 or more price tag for rider. Since there is no upper bound on this indicator, the cost of providing service on these routes could be astronomical. And since riders are one-way trips, there are round-trip costs near the \$30 level. Meanwhile, only two routes with a score of 9 (a cost per rider of \$1.51-\$3.00) will be cut.

Still, there are some curious route eliminations that call into question PAT's decision making. For example, the 28X airport to Downtown route is scheduled for elimination. This route has an acceptable daily passenger count but riders per vehicle hour are too low and cost per rider is unacceptably high. Why? Too many daily trips and too many empty seats traveling too many miles. Rather than eliminate the route totally, it would be far more reasonable to pare back the number of trips to boost the riders per trip, lower the cost per rider and make this important route justifiable.

This pattern is repeated on a number of routes slated for the chop block. The procedure PAT is following is like using a meat axe when a surgeon's scalpel would be much more appropriate. Combining routes, shifting to smaller, less costly vehicles, and decreasing non-rush hour frequency are perhaps harder to implement but can produce needed expenditure reductions while minimizing the inconveniences that will be created for riders under PAT's current proposal.

Then too, for routes to distant locations with reasonable ridership but relatively high cost because of the long ride, PAT should consider setting fares at a level that make the route economically viable. If ridership drops significantly after the fare hike, PAT can proceed to eliminate the route. Or, alternatively and preferably, PAT could enter into a contract with a private bus or van service company to handle the more remote and mostly rush hour service routes.

Unfortunately, by failing to adopt these types of reasonable management changes, PAT has structured a route cutting plan that appears to have a deliberately anti-suburb slant.

Moreover, it is curious and disturbing that equity factors were given equal weight along with effectiveness and efficiency. Since the demand-response ACCESS service was not included in the weekday service scorecard, PAT cannot accurately assess the impact of

elderly and disabled communities on fixed route bus and light rail service. In addition, the equity measure was constructed in such a way as to produce a very low score for most suburban routes which, in turn, artificially depress the combined score and can give misleadingly low overall scorecard results for these routes.

Instead of an attitude that the state must come through with more and dedicated funding, realization of the authority's inefficiencies has finally come to the region's leadership. Indeed, for years PAT's board, its management and employees have denied they were inefficient and cost-ineffective while proceeding to expand service even when ridership was flat or falling. For too long, PAT was able to continue to receive funds that covered up the massive problems that were developing.

It is vitally important that, going forward, County and PAT leadership hold tight on the spending reins. Realizing that the service cuts do nothing to address legacy costs like pensions and health care benefits for retirees, we hope that this "rightsizing" attitude translates into future contract negotiations. A return to what has been business as usual at the authority can never be acceptable. And eventually—the sooner the better—PAT must begin a substantial outsourcing program to create long-term financial viability for the transit system.

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