

Hill Country Transit District
Request For Proposals (RFP)

Professional Transit Management Services – September 2021

REQUEST FOR PROPOSALS – COVER PAGE

Issue Date:

September 17, 2021

Title:

Professional Management Services

Issuing and Using Agency:

Hill Country Transit District
Attention: Procurement Department
P. O. Box 217
906 S. High Street
San Saba, Texas 76877

Proposals for Furnishing the Product(s)/Service(s) Described Herein Will Be Received Until:

4:00 PM on October 18, 2021

All Inquiries for Information Should Be Directed To: Address listed above or Phone (325) 372-4677.

IF PROPOSALS ARE MAILED OR HAND DELIVERED, SEND DIRECTLY TO:

HCTD Procurement Department

P. O. Box 217 *(for United States Postal Service delivery only)*

906 S. High Street *(for hand delivery or non-USPS delivery service only)*

San Saba, Texas 76877

The words "Sealed Proposal for Professional Transit Management Services" and the Date and Time of proposal submission deadline, as reflected above, must clearly appear on the face of the returned proposal package.

In Compliance With This Request for Proposals And To All Conditions Imposed Therein and Hereby Incorporated By Reference, The Undersigned Offers And Agrees To Furnish The Goods/Services Described Herein In Accordance With The Attached Signed Proposal Or As Mutually Agreed Upon By Subsequent Negotiation.

Name and Address of Contractor:

_____ Date: _____

_____ By: _____
(Signature in ink)

_____ Zip Code: _____ Name: _____
(Please Print)

Telephone: () _____ Title: _____

Fax Number: () _____ FEI/FIN Number: _____

DUNS Number: _____ E-Mail Address: _____

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DEFINITION OF WORDS AND TERMS

Words and terms shall be given their ordinary and usual meanings. Where used in the Contract documents, the following words and terms shall have the meanings indicated. The meanings shall be applicable to the singular, plural, masculine, feminine and neuter of the words and terms.

Acceptance or Accepted: Written documentation of HCTD's determination that the Contractor's Work has been completed in accordance with the Contract.

Addendum/Addenda: Written additions, deletions, clarification, interpretations, modifications or corrections to the solicitation documents issued by HCTD during the Solicitation period and prior to contract award.

Administrative Change: Documentation provided by HCTD to Contractor, which reflects internal HCTD procedures not affecting the Contract terms or Scope of Work.

Buyer: HCTD or the individual designated by HCTD to draft and negotiate contracts, resolve contractual issues and support the Project Manager during Contract performance.

Change Documentation: A written document agreed upon by Project Managers, which if it creates a material change to the Contract term or Scope of Work shall be executed as a Contract Amendment.

Change Order: Written order issued by HCTD, with or without notice to sureties, making changes in the Work within the scope of this Contract.

Contract Amendment: A written change to the Contract modifying, deleting or adding to the terms or scope of work, signed by both parties, with or without notice to the sureties.

Contract or Contract Documents: The writings and drawings embodying the legally binding obligations between HCTD and the Contractor for completion of the Work.

Contract Period: The period of time during which the Contractor shall perform the Services or Work under the Contract.

Contract Price: Amount payable to the Contractor under the terms and conditions of the Contract for the satisfactory performance of the Services or Work under the Contract.

Contractor: The individual, association, partnership, firm, company, corporation, or combination thereof, including joint ventures, contracting with HCTD for the performance of Services or Work under the Contract.

Cost Analysis: The review, evaluation and verification of cost data and the evaluation of the specific elements of costs and profit. Cost analysis is the application of judgment utilizing criteria to project from the data to the estimated costs in order to form an opinion on the degree to which proposed costs represent what the Contract should cost, assuming reasonable economy and efficiency.

Day: Calendar Day.

Documentation: Technical publications relating to the use of the Work to be provided by Contractor under this Contract, such as reference, user, installation, systems administration and technical guides, delivered by the Contractor to HCTD.

DOT: Department of Transportation.

Evaluation Committee: The group of individuals assigned by the HCTD Board Chair to evaluate proposals and make recommendations.

Final Acceptance: The point when HCTD acknowledges that the Contractor has performed the entire Work in accordance with the Contract.

FTA: Federal Transit Administration.

HCTD: Hill Country Transit District.

HOP: Doing business as (DBA) name for Hill Country Transit District.

IGM: Interim General Manager

Person: Includes individuals, associations, firms, companies, corporations, partnerships, and joint ventures.

Price Analysis: The process of examining and evaluating a price without evaluating its separate cost elements and proposed profit.

Procurement Officer: The HCTD employee designated to administer the Contract and be the Contractor's primary point of contact. The HCTD Procurement Officer has no contracting authority for this RFP.

Project Manager: The individual designated by HCTD to manage the project on a daily basis and who may represent HCTD for Contract Administration.

Proposer or Offeror or Bidder: Individual, association, partnership, firm, company, corporation or a combination thereof, including joint ventures, submitting a bid/proposal to perform the Work.

Provide: Furnish without additional charge.

Purchaser: HCTD

Reference Documents: Reports, specifications, and/or drawings that are available to proposers for information and reference in preparing bids but that are not as part of this Contract.

RFP or Solicitation: Request for proposals; also known as the solicitation document.

Scope of Work or Statement of Work (SOW): A section of the Request for Proposals consisting of written descriptions of Services to be performed, or the goods to be provided, or the technical requirements to be fulfilled under this Contract.

Services: The furnishing of labor, time or effort by a Contractor, but not involving the delivery of any specific manufactured good.

Shall or Will: Whenever used to stipulate anything, Shall or Will means mandatory by either the Contractor or HCTD, as applicable, and means that the Contractor or HCTD, as applicable, has thereby entered into a covenant with the other party to do or perform the same.

Specifications or Technical Specifications: A Section of the Request for Proposals consisting of written descriptions of Services to be performed, or the goods to be provided, or the technical requirements to be fulfilled under this Contract.

Subcontractor: The individual, association, partnership, firm, company, corporation, or joint venture entering into an agreement with the Contractor to perform any portion of the Work covered by this Contract.

Submittals: Information that is submitted to HCTD Procurement in accordance with the Scope of Work/Specifications.

TxDOT: Texas Department of Transportation

Vendor: Proposer or Contractor

Work: Everything to be provided and done for the fulfillment of the Contract and shall include all goods and services specified under this Contract, including Contract Amendments and settlements.

LEGAL NOTICE

September 17, 2021

REQUEST FOR PROPOSALS
Professional Transit Management Services

Hill Country Transit District ('HCTD') is seeking proposals for professional transit management services. HCTD operates a regional public transit service that started in the 1960's as a volunteer transit service and has since grown to serve a nine-county area covering approximately 9,000 square miles. HCTD has experienced significant growth and now consists of three divisions, which are 1) a nine-county Rural Division; 2) the Killeen Urban Division (large urbanized area); and 3) the Temple Urban Division (small urbanized area). Services offered include rural demand-response and urban fixed route and complementary ADA paratransit service. HCTD currently employs 160 full-time and part-time employees. Current annual ridership is 277,305.

The scope of work/specifications is outlined in this Request for Proposals ('RFP'). The successful proposer must meet the terms and conditions set forth in this document and the attachments.

The RFP, which includes a procurement schedule, may be obtained by downloading the document from HCTD's website. The web address to download the RFP is www.takethehop.com/news.html.

All interested proposers should complete the 'Interested Proposer Registration Form' (found in the RFP) and submit it, via email, to procurement@takethehop.com.

All questions should be submitted via e-mail to procurement@takethehop.com. For communications by telephone, please contact HCTD Procurement Department staff James Wickham at (254) 933-3700 or Terry Reeves at (325) 372-4677.

All sealed proposals must be received by HCTD on or before
4:00 pm (CST) on Monday, October 18, 2021.

Proposals may be submitted via email to procurement@takethehop.com. If submitted via email, receipt requested acknowledgment is required.

Sealed proposals may be submitted to:
Attention: Procurement Department
Hill Country Transit District
P. O. Box 217 *(for United States Postal Service delivery only)*
906 S. High Street *(for hand delivery or non-USPS delivery by FedEx, United Parcel Service, or other)*
San Saba, TX 76877.

HCTD reserves the right to accept or reject any bid or proposal or any part or parts thereof. Acceptance of any proposal/bid may be subject to concurrence by the United States Department of Transportation and/or the Texas Department of Transportation.

Any contract resulting from these proposals is subject to financial assistance contract between HCTD and the United States Department of Transportation and/or the Texas Department of Transportation.

The successful proposer will be required to comply with all applicable federal and state laws.

INTERESTED PROPOSER REGISTRATION FORM

PROFESSIONAL TRANSIT MANAGEMENT SERVICES

Date: September 17, 2021
To: Interested Proposers
Subject: Professional Transit Management Services

To Proposers:

The REQUEST FOR PROPOSALS (RFP) and any issued addenda(s) are available via email from procurement@takethehop.com or on HCTD's website at www.takethehop.com/news.html. Please submit this Form to procurement@takethehop.com with your completed contact information.

Name of Interested Proposer: _____

Name of Contact Person: _____

Title of Contact Person: _____

Street Address/Post Office Box: _____

City, State, Zip Code: _____

Telephone Number: _____

Fax Number: _____

E-Mail Address: _____

Website Address: _____

Date of Receipt: _____

This Form is requested to ensure that every Interested Proposer receives issued addenda(s) for this **REQUEST FOR PROPOSALS**. Failure to register this download may result in a rejection of the quotation due to non-compliance with addenda requirements. See **ATTACHMENT C - ADDENDUM PAGE**, which must be completed and submitted with the proposal that you provide to HCTD.

Thank you for your interest. We look forward to receiving your proposal.

HCTD Procurement Department Staff
E-mail procurement@takethehop.com
Terry Reeves, Procurement Officer, phone (325) 372-4677
James Wickham, Assistant Procurement Officer, phone (254) 933-3700

SECTION 1 - INSTRUCTIONS TO PROPOSERS

1-1 Introduction

Hill Country Transit District ('HCTD') dba The HOP is the regional public transportation provider for nine counties in Central Texas. HCTD is a separate, stand-alone political subdivision of the State of Texas governed by a fifteen-member Board of Directors. The Board of Directors is comprised of elected officials from the nine counties and the cities that HCTD serves. HCTD has interlocal agreements with the urban division entities to provide services to those areas as well as being the designated recipient of state and federal funds for those entities as it relates to public transportation service providers.

HCTD employs approximately 160 employees and operates nine fixed routes across Bell County and Coryell County. Fixed route service is available in the cities of Belton, Copperas Cove, Harker Heights, Killeen and Temple. HCTD maintains a fleet of seventeen (17) fixed route buses. HCTD also maintains a fleet of ninety-nine (99) buses and vans in order to provide complementary ADA service in the urbanized areas and demand-response service across the nine rural counties.

HCTD administrative headquarters is located in San Saba, Texas. HCTD service and operations headquarters is located in Belton, Texas.

1-2 Purpose

HCTD is requesting sealed proposals from qualified companies for the provision of professional transit management services. HCTD desires to engage with a contractor to provide day-to-day management services for HCTD with a resident manager who will be under the general direction of HCTD Board of Directors.

It is the intent of this RFP to utilize the existing staff and personnel to the highest degree possible. The Board believes that HCTD has been providing a high level of service and does not want to adversely impact the level of services currently being provided. Rather, the Board desires to provide staff and employees with new leadership that will further advance HCTD's service levels.

1-3 Proposal Submission

The Proposer will submit:

- **One (1) original;**
 - **Six (6) hard copies;**
- Original and required copies, complete with all signed affidavits and certifications, will be bound together.** Oversize pages used for drawings or similar purposes are allowed. The package containing the proposal must be clearly marked with the words "**Sealed Proposal for Professional Transit Management Services**" and the time and date proposals are due. HCTD will not accept responsibility for late proposals that may be improperly routed in the mail or otherwise delivered after the prescribed date and time.

HCTD shall not be responsible for unintentional premature opening of a proposal that has not been properly addressed and identified per the instructions included with this RFP. All proposals are due **NO LATER THAN 4:00 pm (CST), Monday, October 18, 2021.**

1-4 Proposal Requirement, Format and Required Content

Proposals shall be prepared in a clear, concise, and economical manner. Proposals should be bound, sections should be tabbed to coincide with the sections of the RFP, and pages should be numbered in each section.

There is no page limitation or minimum document size, but any information the Proposer submits is expected to be concise and relevant to the RFP. Illustrations may be included in the proposal. Proposals that do not adhere to the required format, are difficult to read or are deemed illegible by HCTD may be rejected.

Proposals shall adhere to the following format and contain the following items in the order outlined below:

- A. Request for Proposals Cover Page (page 2) and all executed Attachments
- B. Cover Letter, providing the following information:
 - 1. Identification of the Proposer(s), including name, address and telephone number of the appropriate contact person at each company/firm.
 - 2. Proposed working relationship among proposing companies/firms, if applicable.
 - 3. Signature of a person authorized to bind the proposing firm/company to the terms of the proposal.
- C. Notice of Exception(s) (if applicable)
- E. Qualifications and Capabilities of the Company
 - A. **Organizational Capabilities and the Resident Manager** - Professional personnel assigned to the operation of the services will be measured by experience and education, with particular reference to experience on similar projects as that described in the RFP.
 - 1. Name(s) and title(s) of all key personnel proposed for the duration of the contract. In the event that oral presentations are conducted, the designated key personnel will be required to attend along with other representatives of the Proposer.
 - 2. Provide a brief profile of the Proposer, including its principal line of business, year founded, form of organization and a general description of the Proposer's financial condition. Identify any conditions (bankruptcy, pending merger, pending litigation, planned office closures) that may affect the Proposer's ability to complete the project.
 - 3. Identify all qualifications and organizational capabilities that will establish the proposer as a satisfactory provider of the required product or service by reason of its strength and stability.
 - B. **Related Experiences and References** - The Proposer shall submit a complete list of clients in the United States within the past three years that have awarded the Proposer

contracts for similar transit management services. The information shall describe the contract, including U.S. dollar value, number of vehicles, annual passenger trips, number of years the company has held the contract, and the current contract start date. Any situation in which claims for damages have or are being made against the Proposer, a contract has been canceled, or a claim has been made on a surety bond, must be clearly explained. A contact person's name and phone number from each procuring agency must be provided. Beyond product and service history, the structure of the corporation, availability of corporate support, and the financial viability of the firm will be considered. Additionally, HCTD is seeking the ability of the Proposer to demonstrate a history of providing high quality customer service, as quality is a vital review component.

- C. **Technical Capacity** – This criterion considers the Proposer’s compliance with and methodology for providing the minimum required scope of work services being proposed, to include how these services will be provided, and the Proposer’s ability to meet the needs of HCTD’s for the desired services. This category will also consider the Proposer’s ability to meet or exceed the Scope of Work requirements and objectives provided. HCTD welcomes suggestions or enhancements, to the requirements outlined in the RFP Scope of Work but the suggestions, enhancements, and other services must meet minimum requirements as outlined in this RFP solicitation.
- D. **Cost Proposal Price** - Price is an important determinant for award, but not the sole consideration. Price shall be evaluated on its overall relationship to the project. The company must demonstrate its financial capability, including financial resources to sustain operations. This can be obtained by providing audited financial statements.
- E. **The Effectiveness of the Management Plan** – Please propose a two-year management plan to implement the 2021 HCTD Transit Study recommendations including but not limited to: solicit a study of service needs and delivery, prepare a communications and public outreach plan, and improve performance reports.

1-5 Proposal Signature

Each proposal shall include the RFP Cover Page signed by a person authorized to bind the proposing firm to the terms of the Contract. Proposals signed by an agent are to be accompanied by evidence of that person's authority.

1-6 Inquiries

The Proposer is required to show on all correspondence with HCTD the following: "**Proposal for Professional Transit Management Services**". Any communication with HCTD should be written and directed to HCTD Procurement Department, P. O. Box 217 (*for Unites States Postal Service delivery only*) or 906 S. High St. (*for hand delivery or non-USPS delivery such as FedEx or UPS or other delivery service*), San Saba, TX 76877. Written communication may also be sent via email to procurement@takethehop.com. Correspondence will not be accepted by any other means or by any other HCTD department or HCTD employee.

1-7 Procurement Schedule

The projected schedule for this procurement is:

Request for Proposals available:	September 17, 2021
Deadline for questions and clarifications 4:00 pm (CST):	October 1, 2021
Deadline for <u>responses</u> to questions and clarifications:	October 8, 2021
Proposals due by 4:00 pm (CST):	October 18, 2021
Potential Interview Conducted	October 25-29, 2021
Anticipated recommendation to HCTD Board:	November 2021
Anticipated start-up date:	January 1, 2022

1-8 Interviews & Presentations

HCTD **may** schedule interviews and presentations for Proposers submitting proposals for this project. These interviews and presentations will allow selected Proposers to present their proposals and approaches to this project in greater depth.

HCTD will expect the Proposer’s main contact to take an active part in making the presentation at the Proposer’s interview.

The interview and presentation will last approximately one (1) hour. The presentation should be limited to approximately 20 minutes. The remainder of the time will be used for follow-up discussion and questions.

The presentations will be at the HCTD Administrative Facility, 906 S. High St., San Saba, TX 76877 or at the HCTD Central Operations Facility, 4515 W. US Hwy 190, Belton, TX 76513.

1-9 Proposal Specifics

HCTD Board of Directors and/or HCTD Evaluation Committee reserves the right to reject any or all proposals.

1-10 Examination of RFP and Contract Documents

Proposers are expected to examine the Scope of Work, scope of services required, specifications, schedules, compliance requirements and all instructions. Failure to do so will be at the Proposer's risk. It is the intent of these specifications to provide service(s) of first quality, and the workmanship must be the best obtainable in the various trades. The service(s) proposed must be high quality in all respects. No advantage will be taken by the Proposer in the omission of any part or detail, which goes to make the service(s) complete. All manner of workmanship and material used in the production of the services and not herein contained or specified shall be of the industry standard and shall conform to the best practices known in the industry.

The submission of a proposal shall constitute an acknowledgment upon which HCTD may rely on that the Proposer has thoroughly examined and is familiar with the solicitation, instructions and Scope of Work, including any worksite identified in the RFP, and has reviewed and inspected all applicable statutes, regulations, ordinances and resolutions addressing or relating to the goods and services to be provided hereunder. The failure or neglect of a Proposer to receive or examine such documents, worksites, statutes, regulations, ordinances, or resolutions shall in no way relieve the Proposer from any obligations with respect to its Proposal or to any Contract awarded pursuant to this RFP. No claim for additional compensation will be allowed which is based on lack of knowledge or misunderstanding of this RFP, worksites, statutes, regulations, ordinances, or resolutions.

1-11 Interpretation of RFP and Contract Documents

No oral interpretations as to the meaning of the RFP will be made to any Proposer. Any explanation desired by a Proposer regarding the meaning or interpretation of the RFP, Scope of Work, Specifications, etc., must be requested in writing and with sufficient time allowed (as defined in 1-7, Procurement Schedule) for a reply to reach all Proposers before the submission of their proposals. Any interpretation or change made will be in the form of an addendum to the RFP, specifications, etc., as appropriate. All addendums will be furnished as promptly as is practicable to all contractors who have registered to submit a proposal on this RFP and to whom the RFP has been issued to at least seven (7) calendar days prior to the proposal due date. **All addenda will become part of the RFP and any subsequently awarded Contract.** Oral explanations, statements, or instructions given by HCTD before the award of the Contract will not be binding upon HCTD.

SECTION 2 – SCOPE OF WORK

2-1 Introduction/Background

This Request for Proposals (RFP) is requesting sealed proposals from qualified companies for the provision of providing professional transit management. HCTD desires to engage with a company to provide the day-to-day management of the HCTD transit system using a resident Interim General Manager (IGM) under the direction of HCTD Board of Directors.

Hill Country Transit District, a political subdivision of the State of Texas, is a regional transit system whose mission is to build, refine, and operate a safe, dependable, and effective transportation network that provides mobility, improves the quality of life, and stimulates economic development through the provision of rural, urban fixed route, and ADA complementary paratransit service for citizens and visitors of the Central Texas area.

Hill Country Transit District (HCTD) dba The HOP is a regional public transit system that started in the 1960's as a volunteer transit service that has since grown to serve a nine-county area (Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, and San Saba counties) covering approximately 9,000 square miles in Central Texas. In the last decade, the system experienced significant growth and consists of three divisions: the nine-county Rural Division, the Killeen Urban Division (large urbanized area) consisting of Copperas Cove, Harker Heights, and Killeen, and the Temple Urban Division (small urbanized area) consisting of Belton and Temple.

HCTD provides general public rural demand-response and urban fixed route and complementary ADA paratransit service and coordinates many types of trips. Urban service is provided to passengers with disabilities who are eligible under ADA via the Special Transit Service (STS), which often connects with the Fixed Route Service (FRS). HCTD collaborates with many area social service agencies to provide transportation to their clients.

HCTD is governed by a Board of Directors that includes representation of each county served, and of each major city served. The Board of Directors receives recommendations from a Rural Advisory Committee and an Urban Advisory Committee. Planning and support also comes from the following:

- HCTD staff serve on the Technical Committee of the Killeen-Temple Metropolitan Planning Organization (KTMPO), which serves as the area's Metropolitan Planning Organization (MPO);
- HCTD staff serve on the Central Texas Regional Transportation Advisory Group (CTRTAG) which is the committee that coordinates regional transit services which facilitate coordination between human services;

Information and route and service plans are reviewed with several local area committees and network groups, with input used to maximize the efficiency of transit service.

The management services to be provided include, but are not limited to, those relating to management of transit facilities, pass sales, transit planning, daily operations, marketing, advertising, equipment and facilities, utilization maintenance, security, routes, scheduling, fare structure, service standards, budgeting accounting purchasing, safety, insurance, claims, employee selection/training, labor negotiations/relations, public relations, coordination with planning and paratransit agencies, administration

of contracts for special transportation services, and such other management functions as needed in the operation of transit service in a rural area, large urbanized area (Killeen), and small urbanized area (Temple). HCTD's Board of Directors will develop overall policy and structure and provide overall goals for the transit system.

The resident IGM is to be supported by the staff (support services) of the Contractor and any HCTD staff who may possess a technical expertise relevant to the effective operation of the transit system.

The goal of this Scope of Work is to ensure that all participants are fully informed of all project requirements, deliverables and obligations. This document will be used as a portion of a contract for project planning and execution, and once approved, will indicate full acceptance of the Scope of Work.

Financial and Funding

HCTD is a TxDOT sub-recipient for rural federal and state funds and urban state funds. HCTD is an FTA designated recipient for Killeen large urban federal funds. HCTD is an FTA/TXDOT direct recipient for Temple small urban federal funds. HCTD receives Section 5311, Section 5307, Section 5310, Section 5339, CARES Act, and ARP funds.

HCTD receives financial support from several sources, including:

- Federal Transit Administration (FTA);
- Texas Department of Transportation (TxDOT);
- Concho Valley Area Agency on Aging (CVAAA) contract revenue;
- Capital Area Agency on Aging (CAAA) contract revenue;
- Non-Emergency Medical Transportation (NEMT, Medicaid) contract revenue;
- Passenger Fares;
- Contributions.

Fare Structure

HCTD's fares are regulated by Federal Transit Administration Policy. HCTD's rural transportation base fare is \$1.00 per one-way trip of five miles or less and increases incrementally based on trip distance. HCTD' urban fixed route base fare is \$1.00 per trip and HCTD cannot charge more than 50% of the base fare to seniors or people with disabilities on its fixed route service and cannot charge more than twice its base fare for its urban complementary ADA paratransit service for people with disabilities. HCTD offers a 30-day unlimited ride pass for its urban fixed route service.

Urban Fixed Route Service

HCTD currently offers nine (9) regular fixed routes. Operating on a time-transfer system, HCTD operates in its two urban divisions on weekdays with routes starting as early as 5:25 AM and concluding as late as 6:45 PM. The Killeen Division operates three fixed routes in Killeen, one in Copperas Cove, and one in Harker Heights. The Temple Division operates two routes in Temple, and one in Belton. Each route operates with a frequency of once per hour. In addition, a Connector Service operates commuter service between the two urban divisions once every two hours.

Urban Complementary ADA Paratransit Service

HCTD provides urban complementary ADA paratransit service within a ¾-mile corridor of each fixed route in both urban divisions as required by Federal regulation.

Participation in the complementary ADA paratransit service is restricted to persons who are eligible under the requirements of the ADA. HCTD accepts and processes applications for eligibility for the service according to Federal Transit Administration regulations. According to ADA requirements, fares may be set at a maximum of twice the cost to use fixed route services.

Rural Demand-Response Service

HCTD provides rural demand-response service in nine counties in Central Texas (Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, and San Saba counties). The service is general public demand-response, and as such, there are no eligibility requirements to ride.

Contracted Services

In addition to urban complementary ADA paratransit service and rural on-demand service, HCTD provides Non-Emergency Medical Transportation (NEMT, Medicaid) service and some Area Agency on Aging (elderly) service.

Facilities

HCTD operates from two primary facilities. Administrative functions, including but not limited to, budgeting, payroll, accounts payable, accounts receivable, reporting, and grant management are performed in the Administrative Facility at 906 S. High St., San Saba TX. Urban service and operations functions, and some rural operations functions such as dispatch, are performed from the Central Operations Facility at 4515 W. U. S. Hwy 190, in Belton, TX. Additionally, rural service and operations functions are performed from various locations throughout the nine counties. Urban service vehicles are maintained and stored at the Belton location. Rural service vehicles are garaged at various locations throughout the nine counties.

Personnel

HCTD currently employs approximately 160 full-time and part-time employees.

Service Vehicles

HCTD operates seventeen fixed route buses and ninety-nine paratransit/demand response vehicles. Paratransit/demand response vehicles include a variety of vehicle types such as lift-equipped cutaway buses and ramp-vans.

Ridership

Pre-COVID annual calendar year 2019 ridership was 502,048. Current annual ridership is 277,305.

Technology

HCTD utilizes multiple servers at its two primary facilities. HCTD utilizes software including but not limited to accounting software, AVL tracking for vehicles, dispatching and scheduling software, network data storage, systems backup, telephone reporting and recording, human resources, and fleet maintenance software. HCTD utilizes desktop and laptop computers, mobile data terminals, tablets, cell phones, and flip phones with push-to-talk capabilities.

2-2 Scope of Work

HCTD is seeking interim management services to assist in the implementation of a 2021 transit study. These interim management services are intended to be a bridge between HCTD's current state of operations and the hiring of a permanent General Manager. It is intended that the successful proposer will provide a qualified transit manager to provide management services for its day-to-day

operations. HCTD is interested in contracting for a manager who will optimize cost effectiveness, increase ridership, provide superior customer service, financial planning and stability, staff development, innovation, schedule adherence and image of the fleet and system to include cleanliness.

The Interim General Manager (IGM) is expected to reside in the HCTD service region. Offices will be provided for the IGM in the HCTD Administrative Facility in San Saba, TX and in the HCTD Central Operations Facility in Belton, TX.

The IGM proposed in the RFP cannot be changed or substituted during HCTD's evaluation and award process without prior notice and approval by HCTD. Following award to the successful Proposer, any change or substitution of the IGM by the proposer must have prior notice and approval by HCTD's Board of Directors.

Recognizing that the IGM shall have administrative authority and management authority, it is not the intent of HCTD that existing staff be replaced or supplanted by the proposer. Furthermore, any changes in the existing staff leadership team that the Proposer might suggest or recommend shall require Board approval.

2-2.1 Term of Contract

The term of the contract shall be for two (2) years, beginning on January 1, 2022, and ending on December 31, 2023. There shall be two (2) one-year options for extension beyond 2023 upon the sole discretion of HCTD, should the successful proposer provide notice of desire to extend. Said notice of desire to extend shall be not less than 90 days prior to the end of the term of the contract.

2-2.2 Reimbursement and Compensation

The proposed contract shall be a fixed fee agreement for management services. All of the remaining expenses associated with operating HCTD shall be paid for by HCTD. The management services fee shall be paid monthly by HCTD to the successful Proposer. Such fee shall cover all costs and expenses incurred by the manager in providing management services to HCTD. The IGM will not be an employee of HCTD and therefore will not be eligible for, or covered by, HCTD employee benefits. HCTD will pay for reasonable expenses related to training and travel associated with the performance of manager's duties and responsibilities as IGM for HCTD and as may be approved in the HCTD budget.

2-2.3 Management Service Fee Adjustment

The Contractor is required to disclose to HCTD related to resident managers' salaries and benefit costs in order to determine the reasonableness for adjustment of resident manager's absence.

2-3 Interim General Manager

The Interim General Manager ('IGM') of the successful Proposer should have at least five (5) years of experience as a manager. It is preferred that the IGM have some experience and background in a similarly sized transit district. The IGM must possess a bachelor's degree in business, public administration, political science, urban planning or related field. It is preferred

that the IGM have experience in reporting to and working with a political body. The IGM should be able to demonstrate overall experience in working with and managing a complex service-delivery organization.

The IGM should have experience in state and federal funding and of the rules and regulations and processes associated with obtaining and managing such funding. Demonstrated past experience and success in developing and executing a strategic plan and in working with local, state and federal partners is highly desirable.

The initial selection and appointment, or any change or replacement of the IGM shall be the responsibility of the successful Proposer. However, any changes to the IGM after the award of the contract may only be made with the prior approval of the HCTD Board of Directors.

The IGM shall serve at the pleasure and will of the HCTD Board of Directors. If the HCTD Board of Directors determines that the IGM is no longer acceptable, the successful Proposer may submit another candidate to the HCTD Board of Directors for consideration and approval. However, the HCTD Board of Directors reserves sole discretion and authority to accept such candidate or not. If the HCTD Board of Directors does not accept such candidate, the HCTD Board of Directors may terminate this contract and no further obligations or commitments shall continue upon notification by the HCTD Board of Directors, acting by and through its Chair, upon the date of such notice.

Fidelity Security

The Contractor, at its sole cost and expense, shall provide a Fidelity Security, insurance policy, or bond in an amount of \$1,000,000 in the form acceptable to HCTD to protect HCTD. Failure to provide or maintain either of such security or notice that such security will be cancelled or not renewed shall be considered a material breach of this contract. Such security shall be provided with the executed contract.

Assets, Material and Supplies

HCTD will furnish to the Contractor reasonable equipment, office furniture, bus maintenance and storage facilities and offices, which may be necessary for the Contractor in the performance of the proposed contract.

SECTION 3 – PROPOSAL SUBMISSION PROVISIONS

3-1 Postponement, Amendment and/or Cancellation of Request for Proposals

HCTD reserves the right to revise or amend any portion of this RFP prior to the date and time for the proposal delivery. Such revisions and amendments, if any, shall be issued through addenda to this RFP. Copies of such addenda and/or amendments shall be placed on HCTD website and will be furnished to the Proposer's email address submitted on the Interested Proposer Registration Form. If the revisions or addenda require changes in requested information or the format for proposal submission, the established date for submission of proposals contained in this RFP may be postponed by such number of days as, in HCTD's opinion, shall enable Proposers adequate time to revise their proposals.

HCTD reserves the right to cancel this RFP at any time or change the date and time for submitting proposals by announcing it prior to the date and time established for proposal submittal.

3-2 Rejection of Proposals

HCTD reserves the right to reject any or all proposals and waive any minor informalities or irregularities.

3-3 Clarification of Proposals

HCTD reserves the right to obtain clarification of any point in a proposal or to obtain additional information necessary to properly evaluate a particular proposal. Failure of a Proposer to respond to such a request for additional information or clarification may result in the proposals' rejection.

3-4 Modification or Withdrawal of Proposals and Late Proposals

At any time before the time and date set for submittal of proposals, a Proposer may request to withdraw or modify its proposal. Such a request must be made in writing by a person with authority as identified on the RFP Cover Page, provided their identity is made known and a receipt is signed for the proposal. All proposal modifications shall be made in writing executed and submitted in the same form and manner as the original proposal. Any proposal or modification of proposal received at HCTD's facility designated in the solicitation after the exact time specified for proposal receipt will not be considered.

3-5 Errors and Administrative Corrections

HCTD will not be responsible for any errors in proposals. Proposers will only be allowed to alter proposals after the submittal deadline in response to requests for clarifications by HCTD. HCTD reserves the right to request an extension of the proposal period from a Proposer or Proposers.

HCTD reserves the right to allow corrections or amendments to be made that are due to minor administrative errors or irregularities, such as errors in typing, transposition or similar administrative errors. Erasures or other changes or entries made by the Proposer must be initialed by the person signing the proposal.

3-6 Compliance with RFP Terms and Attachments

HCTD intends to award a Contract based on the terms, conditions, and attachments contained in this RFP. Proposers are strongly advised to not take any exceptions. Proposers shall submit proposals that respond to the requirements of the RFP. An exception is not a response to a RFP requirement.

Proposers are cautioned that exceptions to the terms, conditions, and attachments may result in rejection of the proposal.

3-7 Collusion

The Proposer guarantees that the proposal submitted is not a product of collusion with any other Proposer, and no effort has been made to fix the proposal price of any Proposer or to fix any overhead, profit, or cost element of any proposal price (Affidavit of Non-Collusion). Failure to submit the signed affidavit at the time of bid opening shall be grounds for disqualification of the Proposer's offer.

If HCTD determines that collusion has occurred among Proposers, none of the proposals from the participants in such collusion shall be considered. HCTD's determination shall be final.

3-8 Taxes and Interest

HCTD is exempt from payment of Federal, Excise and Transportation Tax, and the Texas Sales, Excise and Use Tax. Proposers will not include these taxes in their proposed price(s). All other government taxes, duties, fees, licenses, permits, royalties, assessments, and charges shall be included in the proposed price.

HCTD will not pay interest on unpaid or disputed invoices, whether due or overdue.

3-9 Single Proposal Response

If only one Proposal is received in response to the RFP, a sample of two (2) Proposals, if available, awarded to the Proposer within the past two (2) years may be requested of the single Proposer. A cost/price analysis and/or audit may be performed of the cost proposal in order to determine if the price is fair and reasonable.

3-10 Exclusionary or Discriminatory Specifications

HCTD agrees that it will comply with the requirements of 49 U.S.C. Section 5323(h) (2) by refraining from using any Federal assistance awarded by the FTA to support procurements using exclusionary or discriminatory specifications. HCTD further agrees to refrain from using state or local geographic preferences, except those expressly mandated or encouraged by Federal Statute.

3-11 Protest Procedures

In the event an offeror believes certain actions or inactions on the part of HCTD have been prejudicial to the offeror's position relative to the proposal, a protest may be filed. HCTD alone will be responsible in accordance with good administrative practice and sound business judgment

for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the grantee of any contractual responsibility under its contracts. Protests should not be sent to the FTA, and the FTA will not substitute its judgment for that of the grantee or sub grantee. Violations of the law will be referred to the local, State, or Federal authority having proper jurisdiction.

Offerors can lodge written protests as a remedy to correct a perceived wrong that may have occurred during the procurement process. HCTD will accept and review the protest with the understanding that the integrity of the procurement process may be at stake.

All protests lodged by potential or actual bidders must be made in writing and contain the following information:

Name, address, and telephone number of the protester.

- Identification of the solicitation or contract number and title.
- A detailed statement of the protest's legal and factual grounds, including copies of relevant documents.
- Identification of the issue(s) to be resolved and statement of what relief is requested.
- Argument and authorities in support of the protest.
- A statement that copies of the protest have been mailed or delivered to all interested parties in the procurement process. In the case of Requests for Qualifications, the HCTD Procurement Officer shall direct the protester to mail or deliver the protest to relevant parties. Unless specifically stated otherwise in this Protest Procedures section, the term "Procurement Officer" shall refer to the General Manager or the person the GM assigns to serve in that capacity. Mail the protest to:

Procurement Officer
Hill Country Transit District
P.O. Box 217 (*for United States Postal Service Delivery*)
906 South High Street (*for hand delivery or non-USPS delivery such as FedEx or UPS or other*)
San Saba, TX 76877

Faxed or e-mailed protests will not be accepted.

The HCTD Procurement Officer will respond, in written detail, counterclaims to each substantive issue raised in the protest. The Procurement Officer will also perform the following analysis:

- Price Analysis or Cost Analysis for each claim.
- Technical Analysis to determine the validity of the claim(s) and determine the appropriate response(s).
- Legal Analysis to consider all the factors available after the price, cost and technical analyses have been conducted to determine the contractor's, HCTD's, and FTA's legal positions.

HCTD's General Manager has the authority to render the final determination regarding the protest. Any determination rendered by HCTD will be final.

Pre-Solicitation Phase Protest

A Pre-Solicitation Phase Protest must be received in writing by the HCTD Procurement Department a minimum of five (5) full work days prior to the proposal due date. If the written protest is not received in the time specified, the award may be made following normal procedures, unless the Procurement Officer, upon investigation, determines that remedial action is required on the grounds of fraud, gross abuse of the procurement process, or otherwise indicates substantial prejudice to the integrity of the procurement system, and said action should be taken. Within three (3) workdays from the time the protest is received, the HCTD Procurement Officer will notify all proposers that a protest has been lodged and the nature of the protest. The Procurement Officer will respond to the protest in writing within five (5) working days from the time the protest was received. If the Procurement Officer decides to withhold the award pending the resolution of the protest, the Procurement Officer may request a time extension for award acceptance from those proposers whose proposal might become eligible for award. This extension for award acceptance must be with the consent of sureties, if any, in order to avoid to the need for re-advertising.

HCTD will not make an award prior to five (5) working days after the protest is resolved, or during the protest negotiation period, unless HCTD determines that:

- The items or services to be procured are urgently required;
- Delivery or performance will be unduly delayed by failure to make the award promptly; or
- Failure to make the award will otherwise cause undue harm to HCTD or the Federal Government.

The Procurement Officer will document this action and give written notice of the decision to proceed with the award to the Protester, and to other parties where deemed necessary.

Pre-Award Protest

Protests may be lodged after the Close of Request for Proposal deadline and prior to Notice of Award. Within three (3) workdays from the time the protest is received, the HCTD Procurement Officer will notify all offerors that a protest has been lodged and the nature of the protest. The Procurement Officer will respond to the protest in writing within five (5) working days from the time the protest was received. If the Procurement Officer decides to withhold the award pending the resolution of the protest, the Procurement Officer may request a time extension for award acceptance from those offerors whose proposals might become eligible for award. This extension for award acceptance must be with the consent of sureties, if any, in order to avoid the need to re-advertise.

HCTD will not make an award prior to five (5) working days after the protest is resolved, or during the protest negotiation process, unless HCTD determines that:

- The items or services to be procured are urgently required;
- Delivery or performance will be unduly delayed by failure to make the award promptly; or
- Failure to make the award will otherwise cause undue harm to HCTD or the Federal Government.

The Procurement Officer will document this action and give written notice of the decision to proceed with the award to the Protester, and to other parties where deemed necessary.

Post-Award Protest

The HCTD Procurement Officer will receive protests in writing within three (3) working days after the Notice of Award and letters of notification should have been received by offerors. Upon receipt of a protest, the Procurement Officer shall notify the offeror awarded the contract. The Procurement Officer will not render a determination to proceed with the contract or suspend the project until the protest is resolved. The Procurement Officer will respond to the protest in writing within five (5) working days after receipt of the protest.

Appeals

The HCTD Procurement Officer/General Manager has the authority to settle any dispute and resolve the protest. The Procurement Officer/General Manager may solicit written responses regarding the protest from other parties. The General Manager will issue a decision within five (5) working days after receipt of the appeal. HCTD may elect to involve legal counsel or arbitration and mediation consultants to resolve the issue(s).

Violations of Federal law or regulation will be handled by the complaint process stated within that law or regulation. Violations of State or local law or regulations will be under the jurisdiction of state or local authorities.

In the event that data becomes available that was not previously known, or there has been an error of law or regulation, HCTD will grant an allowance for request for reconsideration.

3-12 Insurance Requirements

Contractor shall not commence work until all insurance required under this section has been obtained and the proper insurance verification has been provided to HCTD. The Contractor will maintain the minimum insurance coverage standard for the type of services being provided under the contract. Required insurances are intended to cover the Contractor assigned staff, and not HCTD staff and equipment.

Contractor will maintain liability insurance policies for claims that may be made against Contractor arising out of the services being provided. Contractor shall maintain comprehensive general and automobile liability coverage with limits no less than \$1,000,000 per occurrence and \$2,000,000 annual aggregates and other such coverage as required by the State. Contractor shall maintain workers' compensation insurance in the statutory required amounts. Contractor agrees to name HCTD as additional insured on the insurance policies by endorsement to the policies. Contractor shall provide HCTD certificates of insurance evidencing coverage.

All insurance policies shall be written with a company or companies licensed to conduct business within the State of Texas and holding a current Best's Key Rating of A- VII or better. Coverage shall not be changed or modified without at least (30 days prior written notice to HCTD. Insurance policies shall be endorsed to give HCTD thirty (30) day's written notice (ten (10) days in case of Workers Compensation) of cancellation for any reason, non-renewal or material change in coverage or limits.

Complete, certified copies of all applicable insurance policies will be sent to HCTD within 60 days of each inception or anniversary date, so that these insurance policies may be reviewed by HCTD. Until copies of policies are received, evidence of Coverage in the form of an original Certificate of

Insurance shall be submitted to HCTD. The Contractor also agrees to have deficiencies in the insurance policies amended as per the directions of HCTD or its representative.

Contractor's insurance shall be primary in the event of any claim resulting from services provided by Contractor.

SECTION 4 – PROPOSAL EVALUATION & CONTRACT AWARD

4-1 General

HCTD shall employ a qualifications-based selection process approach in a negotiated procurement of services method in making the award for this contract. Technical information and price information will be evaluated.

The Evaluation Committee may elect to interview Proposers in order to clarify their proposals and/or for the Proposers to make oral presentations. If interviews, presentations, or negotiations are held, the evaluation team may re-evaluate the proposals of those firms interviewed. HCTD expects all Proposers to fully cooperate with the evaluation process.

Final award of the contract will be by decision of the HCTD Board of Directors.

4-2 Eligibility for Award / Preliminary Proposal Review

The preliminary review is the initial step in the proposal review process and the purpose is to gauge the responsiveness of the Proposer. The proposals will be preliminarily evaluated according to the following criteria:

- The completeness of the proposal,
- The Proposer has submitted proposal on or before the required due date and time,
- The required forms, certifications, and deliverables have been submitted.

Failure to meet any or all of the above criteria will result in a nonresponsive proposal and said proposal will be rejected in its entirety.

In order to qualify as a Responsible Proposer, in addition to the other requirements herein provided, a Proposer must be prepared to prove to the satisfaction of HCTD that it has the integrity, skill, and experience to faithfully perform the conditions of the Contract and that it has the necessary financial resources to provide the services in a satisfactory manner and within the time specified.

To be considered skilled and experienced, the Proposer must show, among other requirements of HCTD, that it has satisfactorily supplied services of the same general type and scope as that which is called for in the RFP. The Proposer must certify that they are not on the U.S. Comptroller General's list of ineligible Contractors.

The Proposer shall maintain at all times, the necessary insurance, licenses, permits or certifications required and may be required to furnish evidence of the same.

4-3 Evaluation of Proposals

The Evaluation Committee will evaluate the proposals in accordance with the criteria set forth below. The total evaluation points, as separately determined by each Evaluation Committee member, will be added together, and each Proposer will be ranked in numerical sequence, from the highest to the lowest score.

The Evaluation Committee may require written clarification to questions raised in the Proposal. The Evaluation Committee may also ask the top Proposers from this process to give them a presentation, which will be evaluated using the same criteria as that used for the proposals. Attendance at oral interviews is at the Proposer's expense.

The Evaluation Committee's final rankings and recommendations will be provided to the HCTD Board of Directors for review and subsequent independent evaluation.

4-4 Scoring and Evaluation Criteria

Each criterion has been assigned a weighting factor that reflects the relative significance or priority each criterion has in determining quality associated with this service. Conversely, the proposal receiving the highest total score shall be deemed the proposal in the opinion of HCTD as best meeting the established criteria listed therein. Proposals will be rated on a scale from one (the lowest ranking) to ten (the highest ranking) with regard to each evaluation criterion. As such, the proposal that is evaluated by an Evaluation Committee member as the best with regard to a particular criterion will receive the maximum number of points for that criterion. The evaluation criteria are listed as follows:

Background, Experience, Capabilities of IGM	40%
Project Approach	30%
Price	30%

As noted, while cost is certainly an important factor, it will not be sole basis on which proposals are evaluated.

Background, Experience, Capabilities of IGM

The experience and background of the IGM will be measured by his/her overall experience in managing and operating similar organizations. The Proposer should identify such similar organizations or projects, including the number of years of experience, and the size and nature of such organizations. Contact persons and references should be provided.

Project Approach

The proposer should identify the approach they will take toward providing the services set forth in Section 2.2, Scope of Work.

Price

The Proposer should set forth a detailed cost proposal in accordance with the terms and conditions set forth in Section 2.2.2.

ALL COMPLETED CERTIFICATIONS AND ASSURANCES MUST BE CONTAINED IN THE PROPOSAL PACKET IN ORDER TO BE INCLUDED IN THE PROPOSAL EVALUATION CRITERIA.

Documentation is requested to support each proposal submitted. Proposers must submit all certificates, even if the information submitted is not complete or if based on estimates. A range of

costs or other estimated figures should be provided and noted as estimates or otherwise, if more precise figures are not available.

Unless a Proposer's responsibility can be verified and documented, the Evaluation Committee may make a negative determination. There must be a positive judgment that the Proposer will perform the contract in the timeframe required and in complete compliance with its terms.

The Evaluation Committee will take measures to determine each Proposer's technical performance capability under the terms of the proposed contract. Its efforts may include:

- A. An evaluation of data on hand;
- B. An evaluation of the data from other agencies; and
- C. Any combination of the above.

HCTD will not be liable for any expense incurred in the preparation of the proposals. HCTD shall be under no obligation to return any response to this RFP or other material submitted as a result of this RFP.

4-5 Competitive Range

The evaluation of proposals may result in reductions of the number of proposals that remain in a competitive range. The competitive range is determined through a preliminary evaluation of proposals, which applies the evaluation criteria as set forth above. The groups remaining in the competitive range may be invited to participate in additional evaluations, interviews, Best and Final Offers, or negotiations.

4-6 Negotiations

HCTD may undertake concurrent negotiations with Proposers determined to be within a competitive range. HCTD does, however, reserve the right to award a Contract based on the original proposal without any negotiations. The decision to award without negotiation may be made by HCTD if, in the opinion of HCTD, preliminary evaluation of the proposals received indicates that the best achievable and technically acceptable proposal has been received.

Concurrent negotiations with all Proposers whose proposals are within the competitive range may be conducted by HCTD. Negotiations may be entered with one (1) or more Proposers to finalize contract terms and conditions. In the event negotiations are not successful, HCTD may initiate negotiations with another Proposer or other Proposers, or reject all proposals.

Negotiation of a Contract will be in conformance with all applicable federal, state, and local laws, regulations, rules, and procedures. The objective of the negotiations will be to reach agreement on all provisions of the proposed Contract.

4-7 Contract Award

Contract award, if any, will be made by HCTD to the properly licensed, responsible Proposer whose proposal best meets the requirements of the RFP, and will be the most advantageous to HCTD with

respect to operational approach, quality, and other factors as evaluated by HCTD. HCTD shall have no obligations until a Contract is signed between the Proposer and HCTD.

Contract award will occur when HCTD signs the Contract or issues a purchase order. No other act of HCTD shall constitute Contract award. The Contract will establish the Contract value and incorporate the terms of this document; but will not be the authorization for Contractor to proceed.

4-8 Execution of Contract and Notice to Proceed

The Proposer to whom HCTD intends to award the Contract shall sign the Contract and return it to HCTD. Upon authorization by HCTD's Board of Directors, or designee, the Contract will be countersigned. Upon receipt by HCTD of any required documentation and submittals by the Proposer, a Notice to Proceed may be issued, if appropriate.

4-9 Public Disclosure of Proposals

HCTD is subject to the Texas Public Information Act (PIA). Therefore, the contents of this RFP and the Contractor's proposal submitted in response to this RFP shall be considered public documents and are subject to the PIA statutes. As such, all proposals submitted to HCTD will be available for inspection and copying by the public after the selection process has been concluded. There are, however, various items that may be exempt under public disclosure laws. If any proprietary, privileged, or confidential information or data is included in the Contractor's proposal, each page that contains this information or data should be marked as such (e.g., "Proprietary," "Confidential," "Business Secret," or "Competition Sensitive") in order to indicate your claims to an exemption provided in the PIA. It is HCTD's sole right and responsibility, however, to make the determination whether these items are exempt or not exempt under the Texas PIA statutes.

All data, documentation and innovations developed as a result of these contractual services shall become the property of HCTD.

SECTION 5 – STANDARD CONTRACTUAL TERMS & CONDITIONS

5-1 Administration

This Contract is between HCTD and the Contractor who will be responsible for providing the goods and/or performing the services described herein. HCTD is not party to defining the division of work between the Contractor and its Subcontractors, if any, and the Specifications and/or Scope of Work has not been written with this intent.

Contractor represents that it has or will obtain all duly licensed and qualified personnel and equipment required to perform hereunder. Contractor's performance under this Contract may be monitored and reviewed by the HCTD Procurement Officer. Reports and data required to be provided by Contractor shall be delivered to the HCTD Procurement Officer. Questions by Contractor regarding interpretation of the terms, provisions, and requirements of this Contract shall be addressed to HCTD Procurement Officer for response.

5-2 Notification of Delay

Contractor will notify the HCTD Procurement Officer as soon as Contractor has, or should have, knowledge that an event has occurred that will delay delivery or start-up of services. Within five days, Contractor will confirm such notice in writing furnishing as many details as is available.

5-3 Request for Extension

Contractor agrees to supply, as soon as such data are available, any reasonable proofs that are required by the HCTD Procurement Officer to make a decision of any request for extension. The HCTD Procurement Officer will examine the request and any documents supplied by Contractor and will determine if Contractor is entitled to an extension and the duration of such extension. The HCTD Procurement Officer will notify Contractor of the decision in writing. It is expressly understood and agreed that Contractor will not be entitled to damages or compensation, and will not be reimbursed for losses due to delays resulting from any cause under this provision.

5-4 Contract Changes

Any proposed change in the contract will be submitted to HCTD for its prior written approval and HCTD will make the change by a Change Order if agreed upon by both parties in writing. Each written Change Order will expressly include any change in the Contract price or delivery schedule. No oral order or conduct by HCTD will constitute a Change Order unless confirmed in writing by HCTD.

5-5 Instructions by Unauthorized Third Persons

In accordance with subsection 5-4, Contract Changes, of the solicitation, the HCTD Procurement Officer or his or her authorized representative are the only persons authorized to make changes within the general scope of the Contract.

Any instructions, written or oral, given to Contractor by someone other than HCTD Procurement Officer or his or her authorized representative, which are considered to be a change in the Contract, will not be considered as an authorized Contract change. Any action on the part of Contractor taken in compliance with such instructions will not be grounds for subsequent payment or other consideration in compliance with the unauthorized change.

5-6 Cost or Price Analysis

HCTD reserves the right to conduct a cost or price analysis for any purchase. HCTD may be required to perform a cost analysis when competition is lacking for any purchase. Sole source procurements that result in a single Bid being received will be subject to a cost analysis that will include the appropriate verification of cost data, the evaluation of specific elements of costs and the projection of data to determine the effect on Bid prices. HCTD may require a Pre-Award Audit and potential Contractors shall be prepared to submit data relevant to the proposed work which will allow HCTD to sufficiently determine that the proposed price is fair, reasonable, and in accordance with Federal, State and local regulations. Procurements resulting in a single Bid will be treated as a negotiated procurement and HCTD reserves the right to negotiate with the single Proposer to achieve a fair and reasonable price. If a negotiated price cannot be agreed upon by both parties, HCTD reserves the right to reject the single Bid. Contract change orders or modifications will be subject to a cost analysis.

5-7 Lack of Funds

If expected or actual funding is withdrawn, reduced, or limited in any way prior to the expiration date set forth in this Contract or in any amendment hereto, HCTD may, upon written notice to Contractor, terminate this Contract in whole or in part. Such termination shall be in accordance with HCTD's rights to terminate for convenience or default.

5-8 Force Majeure

The timely receipt of HCTD's requirements is essential. If the requirements are not received on time in accordance with the delivery schedule, HCTD may cancel the unfilled portion of the contract for cause, purchase substitute requirements elsewhere, and recover from Contractor any increased costs, thereby incurred together with all resulting incidental and consequential damages. HCTD may also terminate for cause, purchase substitute requirements elsewhere and recover costs and damages for breach of Contractor obligations.

The Contractor shall be entitled to a reasonable extension of time from HCTD for the delays caused by damage to Contractor's and/or HCTD's property caused by fire, lightning, earthquakes, tornadoes, and other extreme weather conditions or acts of nature, power failures, riots, acts of civil or military authorities of competent jurisdiction, strikes, lockouts, and any other industrial, civil or public disturbances beyond the control of the Contractor and its subcontractors causing the inability to perform the requirements of this Contract. Any delay other than ones mentioned above shall constitute a breach of Contractor's contractual obligations.

5-9 Taxes, Licenses, Laws, and Certificate Requirements

Contractor shall maintain and be liable for all taxes, fees, licenses, and costs as may be required by federal, state, and local laws, rules, and regulations for the conduct of business by Contractor and any subcontractors and shall secure and at all times maintain any and all such valid licenses and permits as may be required to provide the services or supplies under this Contract. If for any reason, Contractor's required licenses or certificates are terminated, suspended, revoked, lapsed, or in any manner modified from their status at the time this Contract becomes effective, Contractor shall immediately notify HCTD in writing of such condition.

Contractor will give all notices and comply with all federal, state, local and HCTD laws, ordinances, rules, regulations, standards, and orders of any public authority bearing on the performance of the Contract, including, but not limited to, the laws referred to in these General Provisions of the Contract and the other Contract Documents. If the Contract Documents are at variance therewith in any respect, any necessary changes shall be adjusted by appropriate modification. Omission of any applicable laws, ordinances, rules, regulations, standards or orders by HCTD in the Contract Documents shall be construed as an oversight and shall not relieve the Contractor from its obligations to meet such fully and completely. Upon request, Contractor shall furnish to HCTD certificates of compliance with all such laws, orders and regulations. Contractor shall be responsible for obtaining all necessary permits and licenses required for performance under the Contract.

Applicable provisions of all federal, state, and local laws, and of all ordinances, rules, and regulations shall govern any and all claims and disputes which may arise between person(s) submitting a Bid response hereto and HCTD, by and through its officers, employees and authorized representatives, or any other persons, natural and otherwise, and lack of knowledge by any Contractor shall not constitute a cognizable defense against the legal effect thereof.

5-10 Defective Work, Materials or Services

When and as often as HCTD determines that the work, materials, or services furnished under the Contract are not fully and completely in accordance with any requirement of the Contract, it may give notice and description of such non-compliance to Contractor. Within seven (7) calendar days of receiving such written notification, Contractor must supply HCTD with a written detailed plan that indicates the time and methods needed to bring the work, materials, or services within acceptable limits of the Contract. HCTD may reject or accept this plan at its discretion. In the event this plan is rejected, the work, materials, or services will be deemed not accepted and returned to Contractor at Contractor's expense. This procedure to remedy defects is not intended to limit or preclude any other remedies available to HCTD by law, including those available under the Uniform Commercial Code.

5-11 Assignment

Contractor shall not assign any interest, obligation, or benefit under or in this Contract or transfer any interest in the same, whether by assignment or notation, without the prior written consent of HCTD. If an assignment is approved, this Contract shall be binding upon and inure to the benefit of the successors of Contractor. This provision shall not prevent Contractor from pledging any proceeds from this Contract as security to a lender. An assignment may be conditioned upon the posting of bonds, securities and the like by the assignee and the assignee must assume the written

Contract and be responsible for the obligations and liabilities of Contractor, known and unknown, under this Contract and applicable law.

HCTD may assign its rights and obligations under the Contract to any successor to the rights and functions of HCTD or to any governmental agency to the extent required by applicable laws or governmental regulations, or to the extent HCTD deems necessary or advisable under the circumstances.

5-12 Indemnification and Hold Harmless

To the maximum extent permitted by law, and except to the extent caused by the sole negligence of HCTD, and except to the extent caused by decisions, omissions or actions made in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner which is believed to be in the best interests of HCTD, Contractor shall indemnify, defend, and hold harmless HCTD, their appointed officials, officers, agents, and employees, from and against any and all claims, suits, actions, losses, costs, penalties, and damages of any kind or nature whatsoever arising out of, in connection with, or incident to the services provided by or on behalf of Contractor, including, but not limited to, reasonable attorney fees, expert expenses and costs of litigation. In addition, Contractor shall, at HCTD's option, assume the defense of HCTD and its officers and employees in all legal or claim proceedings arising out of, in connection with, or incident to such indemnified services, and shall pay all defense expenses, including reasonable attorney's fees, expert fees, and costs incurred by HCTD on account of such litigation or claims. This indemnification obligation shall include, but is not limited to, all claims against HCTD by an employee or former employee of Contractor or its subcontractors, and Contractor, by mutual negotiation, expressly waives all immunity and limitation on liability, as respects HCTD only, under any industrial insurance act, other than the Worker's Compensation Act, the Disability Benefit Act, or other employee benefit act of any jurisdiction, which would otherwise be applicable in the case of such claim. This indemnification obligation shall also obligate Contractor to protect, indemnify, defend, and save harmless HCTD, their appointed officials, officers, officials, agents, and employees from any and all claims or lawsuits alleging a violation of a third party's copyright or patent rights arising out of, or in connection with, Contractor's provision of services under this Contract. Notwithstanding anything provided in this Subsection, HCTD retains the right to provide its own defense against any suits, claims, or actions, and to assess any costs of such defense to Contractor, including reasonable attorney's fees, expert witness fees, and court costs.

5-13 Applicable Law and Forum

All work done pursuant to any contract resulting from this RFP will be governed by and construed according to the regulations of the Federal Transit Administration and the laws of the State of Texas. Further, the successful Proposer shall abide by all federal, state, and local laws, codes, and ordinances governing any areas(s) in which a service is rendered and shall have all required permits, licenses, agreements, tariffs, bonding, and insurance required by same. No claims for additional payment shall be approved for changes required to comply with any such requirements. Any actions arising here from shall be filed in the County of San Saba, Texas and the Federal Transit Administration if applicable.

5-14 Attorney Fees

In the event either party shall engage the services of an attorney or other professional due to the default of the other party, the defaulting (non-prevailing) party shall pay all legal costs and fees, including attorney's fees, incurred by the non-defaulting (prevailing) party in enforcing its rights.

5-15 HCTD Board of Directors and Employees Ethics Policy

Hill Country Transit District has adopted a policy regarding Board of Directors and Employees Ethics. These policies shall apply to HCTD Board of Directors and employees involved in procurement. It is a breach of ethical standards for any HCTD Board Director or employee to participate directly or indirectly in a procurement when the Board Director or employee knows:

- The Board Director or employee, or any member of the Board Director's or employee's immediate family, has a financial interest pertaining to the procurement;
- A business or organization in which the Board Director or employee, or any member of the Board Director's or employee's immediate family, has a financial interest pertaining to the procurement; or
- Any other person, business or organization with whom the Board Director or employee or any member of a Board Director's or an employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement. In addition, any persons acting as members of an evaluation committee for any procurement shall, for the purposes of the procurement, be bound by conditions of this Section. Throughout the bid/proposal evaluation process and subsequent contract negotiations, offerors shall not discuss or seek specific information about this procurement, including but not limited to, the contents of submissions, the evaluation process or the contract negotiations, with members of any evaluation committee, the HCTD Board of Directors, or HCTD employees.

5-16 Conflicts of Interest and Non-Competitive Practices

- A. Conflict of Interest – Contractor by entering into this Contract with HCTD to perform or provide work, services, or materials, has thereby covenanted that it has no direct or indirect pecuniary or proprietary interest, and that it shall not acquire any interest, which conflicts in any manner or degree with the work, services, or materials required to be performed and/or provided under this Contract and that it shall not employ any person or agent having any such interest. In the event that Contractor or its agents, employees or representatives hereafter acquires such a conflict of interest, it shall immediately disclose such interest to HCTD and take action immediately to eliminate the conflict or to withdraw from this Contract, as HCTD may require.
- B. Contingent Fees and Gratuities – Contractor, by entering into this Contract with HCTD to perform or provide work, services, or materials, has thereby covenanted:
1. No person or selling agency except bona fide employees or designated agents or representatives of Contractor has been or will be employed or retained to solicit or secure this Contract with an agreement or understanding that a commission, percentage, brokerage, or contingent fee would be paid; and
 2. No gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by Contractor or any of its agents, employees, or representatives, to any official, member or employee of HCTD or other governmental agency with a view toward securing this Contract or securing favorable treatment with respect to the awarding or amending, or the making of any determination with respect to the performance of this Contract.

5-17 Conflicts of Interest – Current and Former Employees

HCTD seeks to eliminate and avoid actual or perceived conflicts of interest and unethical conduct by current and former HCTD employees in transactions with HCTD. Consistent with this policy, no current or former HCTD employee may contract with, influence, advocate, advise, or consult with a third party about a HCTD transaction, or assist with the preparation of Bids submitted to HCTD while employed by HCTD or within one (1) year after leaving HCTD's employment, if he/she participated in determining the work to be done or process to be followed while a HCTD employee.

Furthermore, no member, officer, or employee of HCTD during their tenure or for two (2) years thereafter will have any financial interests, direct or indirect, in this Contract or the proceeds thereof.

5-18 Other Public Agency Orders

Other federal, state, county, and local entities may utilize the terms and conditions established by this Contract. HCTD does not accept any responsibility or involvement in the purchase orders or contracts issued by other agencies.

5-19 Severability

Whenever possible, each provision of this Contract shall be interpreted to be effective and valid under applicable law. If any provision is found to be invalid, illegal, or unenforceable, then such provision or portion thereof shall be modified to the extent necessary to render it legal, valid, and enforceable and have the intent and economic effect as close as possible to the invalid, illegal, and unenforceable provision.

5-20 Non-waiver of Breach

No action or failure to act by HCTD shall constitute a waiver of any right or duty afforded to HCTD under the Contract; nor shall any such action or failure to act by HCTD constitute an approval of, or acquiescence in, any breach hereunder, except as may be specifically stated by HCTD in writing.

5-21 Use of HCTD's Name in Contractor Advertising or Public Relations

HCTD reserves the right to review and approve all HCTD-related copy prior to publication. Contractor will not allow HCTD-related copy to be published in Contractor's advertisements or public relations programs until submitting HCTD-related copy and receiving prior written approval from HCTD Procurement Officer or HCTD Board Chair. Contractor will agree that published information on HCTD or its program will be factual, and in no way imply that HCTD endorses Contractor's firm, service, or product.

SECTION 6 – SPECIFIC CONTRACTUAL TERMS & CONDITIONS

6-1 Contract

A Contract shall be issued referencing this solicitation. Contract shall define and authorize the work by Contractor based on the negotiated fees agreed to by HCTD. The Contract(s) issued by HCTD may reflect agreed to modification of Contract terms, funding, or other matters subject to subsection 5-4, Contract Changes.

6-2 Contract Documents and Precedence

The documents constituting the Contract between HCTD and Contractor are intended to be complementary so that what is required by any one of them shall be as binding as if called for by all of them. In the event of any conflicting provisions or requirements within the several parts of the Contract Documents, the following order of precedence shall be applied:

- 1) Any required federal, state or local regulations that may not be altered by HCTD;
- 2) Contract;
- 3) Contract amendments;
- 4) Results of negotiations;
- 5) Solicitation and all issued addenda and approved equals;
- 6) Any optional federal regulations elected by HCTD as expressly set forth herein;
- 7) Clarifications of and amendments to Contractor's proposal as accepted by HCTD; and
- 8) Contractor's proposal and Attachments, and all clarifications and amendments issued prior to contract award.

6-3 Contract Term

The term of the Contract shall be effective with the issuance of the Notice to Proceed. The Contract Term is defined in Section 2, Scope of Work.

6-4 Payment Procedures

Payments for services rendered and expenses incurred shall be made after presentation of Contractor's proper invoices. Such invoices shall be computed in accordance with the fee schedule agreed to by HCTD and Contractor, and incorporated into the final contract, and are due and payable within thirty (30) days of receipt of a correct invoice as agreed upon by HCTD. The monthly amount payable is based on the annual management fee payable. Contractor also agrees to supply, with each invoice, additional information as may be requested by HCTD.

HCTD may, at any time, conduct an audit of any and/or all records kept by the Contractor for this project. Any overpayment uncovered in such an audit may be charged against the Contractor's future invoices. HCTD may withhold payment for services it believes were improper, failed to meet with project specifications, or are otherwise questionable.

Invoices should be submitted to:

Attention: Accounts Payable
Hill Country Transit District
P.O. Box 217
San Saba, TX 76877

Or electronically to:

hctdap@takethehop.com

6-5 Advance Payment Prohibited

No advance payment shall be made for the work furnished by Contractor pursuant to this Contract.

6-6 Prompt Payment to Subcontractors

The Contractor is required to pay each first tier Subcontractor for all work that the Subcontractor has performed to the satisfaction of HCTD, no later than thirty (30) calendar days after the Contractor has received payment from HCTD for that work, and each tier of Subcontractors must likewise pay the next lower tier of Subcontractors within thirty (30) calendar days after receiving payment. If this Contract provides for retainage, the Contractor must remit to each first-tier Subcontractor its share of any retainage within thirty (30) days after receipt of such retainage from HCTD, and each tier of Subcontractors must likewise remit retainage to the next lower tier of Subcontractors within thirty (30) calendar days after receiving payment. If this Contract does not provide for retainage, then neither Contractor nor any Subcontractor may withhold retainage from a Subcontractor. The requirements of this paragraph must be stated in all of the Contractor's subcontracts.

A delay in or postponement of payment to a Subcontractor requires good cause and prior written approval by the HCTD Procurement Officer or his or her designee. The Contractor is required to include, in each subcontract, a clause requiring the use of appropriate arbitration mechanisms to resolve all payment disputes.

HCTD will not pay the Contractor for work performed unless and until the Contractor ensures that each Subcontractor has been promptly paid under all previous payment requests, as evidenced by the filing with HCTD of lien waivers (if applicable), canceled checks (if requested), and the Contractor's sworn statement that it has complied with the prompt payment requirements. The Contractor must submit a prompt payment affidavit, (form to be provided by HCTD) which identifies each Subcontractor and the date and amount of the last payment to such Subcontractor, with every payment request filed with HCTD, except for the first payment request.

Failure to comply with these prompt payment requirements is a breach of the Contract that may lead to any remedies permitted under law, including, but not limited to, Contractor debarment. In addition, Contractor's failure to promptly pay its Subcontractors is subject to the provisions of 2 C.F.R. part 180.

6-7 Express Warranties for Services

Contractor warrants that the services shall in all material respects conform to the requirements of this Contract. Contractor warrants that qualified professional personnel with in-depth knowledge shall perform the services in a timely and professional manner; and that the services shall conform to the standards generally observed in the industry for similar services. Contractor warrants that the services shall comply with all applicable laws, rules, and regulations.

6-8 Independent Status of Contractor

In the performance of this Contract, the parties shall be acting in their individual, corporate, or governmental capacities and not as agents, employees, partners, joint ventures, or associates of one another. The parties intend that an independent contractor relationship shall be created by this Contract. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever. Contractor shall not make any claim or right, privilege or benefit, which would accrue to an employee.

6-9 Notices

Any notice which is required to be given hereunder shall be deemed sufficiently given or rendered if such notice is in writing and is delivered personally or sent by certified mail, postage prepaid, return receipt requested, or by a national overnight courier service to the following addresses:

Hill Country Transit District
P. O. Box 217 *(for United States Postal Service delivery only)*
906 S. High Street *(for non-USPS delivery such as FedEx, UPS, or other delivery service)*
San Saba, TX 76877

Any notice given hereunder by personal delivery or express mail shall be deemed delivered when received. Any properly addressed notice given herein by certified mail shall be deemed delivered when the return receipt therefore is signed, or refusal to accept the mailing by the addressee is noted thereon by the postal authorities. Either party may, at any time, change its address for the above purposes by sending a notice to the other party stating the change and setting forth the new address.

6-10 Non-Disclosure of Data

Data provided by HCTD either before or after Contract award shall only be used for its intended purpose. Proposers, vendors, Contractors, and subcontractors shall not utilize or distribute HCTD data in any form without the prior express written approval of HCTD.

6-11 Non-Disclosure Obligation

While providing the work required under this Contract, Contractor might encounter licensed technology, software, documentation, drawings, schematics, manuals, data, or other materials marked "Confidential," "Proprietary," or "Business Secret." Contractor shall, with regard to such information and material received or used in performance of this Contract, employ practices no less than those used for the protection of Contractor's own confidential information.

The Contract imposes no obligation upon Contractor with respect to confidential information which Contractor can establish that: a) was in the possession of, or was rightfully known by Contractor without an obligation to maintain its confidentiality prior to receipt from HCTD or a third party; b) is or becomes generally known to the public without violation of this Contract; c) is obtained by Contractor in good faith from a third party having the right to disclose it without an obligation of confidentiality; or, d) is independently developed by Contractor without the participation of individuals who have had access to HCTD's or the third party's confidential information. Contractor may disclose confidential information if so required by law, provided that Contractor notifies HCTD that the third party of such requirement prior to disclosure.

6-12 Public Disclosure Requests

Contracts shall be considered public documents and, with exceptions provided under public disclosure laws, will be available for inspection and copying by the public.

If a Contractor considers any portion of any documents that may be delivered to HCTD pursuant to this Contract to be protected under the law, Contractor shall clearly identify each such item with words such as "Confidential," "Proprietary," or "Business Secret." If a request is made for disclosure of any such document, HCTD will determine whether the document should be made available under the law. If the document or parts thereof are determined by HCTD to be exempt from public disclosure, HCTD will not release the exempted document. If the document is not exempt from public disclosure law, HCTD will notify Contractor of the request and allow Contractor five (5) days to take whatever action it deems necessary to protect its interests. If Contractor fails or neglects to take such action within said period, HCTD will release the document deemed subject to disclosure. By signing a Contract, Contractor assents to the procedure outlined in this paragraph and shall have no claim against HCTD due to actions taken under such procedure.

6-13 Ownership of Data

Subject to the rights granted Contractor pursuant to this Agreement, all right, title and interest in and to the data collected and developed during the performance of this contract shall at all times remain the sole and exclusive property of HCTD. Contractor shall surrender all such data to HCTD prior to submitting an invoice for final payment.

6-14 Counterparts

This Contract may be signed in two (2) counterparts, each of which shall be deemed an original and which shall together constitute one (1) Contract.

6-15 Contractual Relationships

No contractual relationship will be recognized under the Contract other than the contractual relationship between HCTD and Contractor.

SECTION 7 – FEDERAL TRANSIT ADMINISTRATION (FTA) REQUIREMENTS

The Purchaser and Contractor agree and acknowledge

7-1 No Federal Government Commitment or Liability to Third Parties

Except as the Federal Government expressly consents in writing, the Recipient agrees that:

1. The Federal Government does not and shall not have any commitment or liability related to the Underlying Agreement, to any Third-Party Participant at any tier, or to any other person or entity that is not a party (FTA or the Recipient) to the Underlying Agreement; and
2. Notwithstanding that the Federal Government may have concurred in or approved any Solicitation or Third-Party Agreement at any tier that may affect the Underlying Agreement, the Federal Government does not and shall not have any commitment or liability to any Third-Party Participant or other entity or person that is not a party (FTA or the Recipient) to the Underlying Agreement.

7-2 Access to Third-Party Contract Records

The Recipient agrees to require, and assures that each of its Subrecipients will require, its Third-Party Contractors at each tier to provide:

- A. The U.S. Secretary of Transportation and the Comptroller General of the United States, the state, or their duly authorized representatives, access to all Third-Party Contract records (at any tier) as required under 49 U.S.C. § 5325(g); and
- B. Sufficient access to all Third-Party Contract records (at any tier) as needed for compliance with applicable federal laws, regulations, and requirements or to assure proper project management as determined by FTA.

7-3 Changes to Federal Requirements

The Recipient agrees to include notice in each Third-Party Agreement that:

- A. Federal requirements that apply to the Recipient or the Award, the accompanying Underlying Agreement, and any Amendments thereto may change due to changes in federal law, regulation, other requirements, or guidance, or changes in the Recipient's Underlying Agreement including any information incorporated by reference and made part of that Underlying Agreement; and
- B. Applicable changes to those federal requirements will apply to each Third-Party Agreement and parties thereto at any tier.

7-4 Civil Rights

The following Federal Civil Rights laws and regulations apply to all contracts.

- A. Federal Equal Employment Opportunity (EEO) Requirements. These include, but

are not limited to: a. Nondiscrimination in Federal Public Transportation Programs. 49 U.S.C. § 5332, covering projects, programs, and activities financed under 49 U.S.C. Chapter 53, prohibits discrimination on the basis of race, color, religion, national origin, sex (including sexual orientation and gender identity), disability, or age, and prohibits discrimination in employment or business opportunity. b. Prohibition against Employment Discrimination. Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e, and Executive Order No. 11246, "Equal Employment Opportunity," September 24, 1965, as amended, prohibit discrimination in employment on the basis of race, color, religion, sex, or national origin.

- B. Nondiscrimination on the Basis of Sex. Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. § 1681 et seq. and implementing Federal regulations, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 C.F.R. part 25 prohibit discrimination on the basis of sex.
- C. Nondiscrimination on the Basis of Age. The "Age Discrimination Act of 1975," as amended, 42 U.S.C. § 6101 et seq., and Department of Health and Human Services implementing regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," 45 C.F.R. part 90, prohibit discrimination by participants in federally assisted programs against individuals on the basis of age. The Age Discrimination in Employment Act (ADEA), 29 U.S.C. § 621 et seq., and Equal Employment Opportunity Commission (EEOC) implementing regulations, "Age Discrimination in Employment Act," 29 C.F.R. part 1625, also prohibit employment discrimination against individuals age 40 and over on the basis of age.
- D. Federal Protections for Individuals with Disabilities. The Americans with Disabilities Act of 1990, as amended (ADA), 42 U.S.C. § 12101 et seq., prohibits discrimination against qualified individuals with disabilities in programs, activities, and services, and imposes specific requirements on public and private entities. Third party contractors must comply with their responsibilities under Titles I, II, III, IV, and V of the ADA in employment, public services, public accommodations, telecommunications, and other provisions, many of which are subject to regulations issued by other Federal agencies.
- E. Equal Opportunity: The Agency is an Equal Opportunity Employer. As such, the Agency agrees to comply with all applicable Federal civil rights laws and implementing regulations. Apart from inconsistent requirements imposed by Federal laws or regulations, the Agency agrees to comply with the requirements of 49 U.S.C. § 5323(h) (3) by not using any Federal assistance awarded by FTA to support procurements using exclusionary or discriminatory specifications. Under this Contract, the Contractor shall at all times comply with the following requirements and shall include these requirements in each subcontract entered into as part thereof.
 - I. Nondiscrimination. In accordance with Federal transit law at 49 U.S.C. § 5332, the Contractor agrees that it will not discriminate against any employee or applicant for employment because of race, color, religion,

national origin, sex, disability, or age. In addition, the Contractor agrees to comply with applicable Federal implementing regulations and other implementing requirements FTA may issue.

- II. Race, Color, Religion, National Origin, Sex. In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e et seq., and Federal transit laws at 49 U.S.C. § 5332, the Contractor agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," 41 C.F.R. chapter 60, and Executive Order No. 11246, "Equal Employment Opportunity in Federal Employment," September 24, 1965, 42 U.S.C. § 2000e note, as amended by any later Executive Order that amends or supersedes it, referenced in 42 U.S.C. § 2000e note. The Contractor agrees to take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin, or sex (including sexual orientation and gender identity). Such action shall include, but not be limited to, the following: employment, promotion, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
- III. Age. In accordance with the Age Discrimination in Employment Act, 29 U.S.C. §§ 621-634, U.S. Equal Employment Opportunity Commission (U.S. EEOC) regulations, "Age Discrimination in Employment Act," 29 C.F.R. part 1625, the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6101 et seq., U.S. Health and Human Services regulations, "Nondiscrimination on the Basis of Age in Programs or Activities Receiving Federal Financial Assistance," 45 C.F.R. part 90, and Federal transit law at 49 U.S.C. § 5332, the Contractor agrees to refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor agrees to comply with any Implementing requirements FTA may issue.
- IV. Disabilities. In accordance with section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. § 12101 et seq., the Architectural Barriers Act of 1968, as amended, 42 U.S.C. § 4151 et seq., and Federal transit law at 49 U.S.C. §5332, the Contractor agrees that it will not discriminate against individuals on the basis of disability. In addition, the Contractor agrees to comply with any implementing requirements FTA may issue.
- V. Promoting Free Speech and Religious Liberty. The Contractor shall ensure that Federal funding is expended in full accordance with the U.S. Constitution, Federal Law, and statutory and public policy requirements: including, but not limited to, those protecting free speech, religious

liberty, public welfare, the environment, and prohibiting discrimination.

7-5 Incorporation of Federal Transit Administration (FTA) Terms

The provisions within include, in part, certain Standard Terms and Conditions required by DOT, whether or not expressly set forth in the preceding contract provisions. All contractual provisions required by DOT, as set forth in the current FTA Circular 4220 are hereby incorporated by reference. Anything to the contrary herein notwithstanding, all FTA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Contract. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any request which would cause a violation of the FTA terms and conditions.

7-6 Energy Conservation

The Recipient agrees to, and assures that its Subrecipients will, comply with the mandatory energy standards and policies of its state energy conservation plans under the Energy Policy and Conservation Act, as amended, 42 U.S.C. § 6321 et seq., and perform an energy assessment for any building constructed, reconstructed, or modified with federal assistance required under FTA regulations, "Requirements for Energy Assessments," 49 C.F.R. part 622, subpart C.

7-7 Veterans Preference

As provided in 49 U.S.C. § 5325(k), to the extent practicable, the Recipient agrees and assures that each of its Subrecipients:

- A. Will give a hiring preference to veterans, as defined in 5 U.S.C. § 2108, who have the skills and abilities required to perform construction work required under a Third-Party Contract in connection with a Capital Project supported with federal assistance appropriated or made available for 49 U.S.C. chapter 53; and
- B. Will not require an employer to give a preference to any veteran over any equally qualified applicant who is a member of any racial or ethnic minority, female, an individual with a disability, or a former employee.

7-8 False or Fraudulent Statements or Claims

- A. Civil Fraud. The Recipient acknowledges and agrees that:
 - I. Federal laws, regulations, and requirements apply to itself and its Underlying Agreement, including the Program Fraud Civil Remedies Act of 1986, as amended, 31 U.S.C. § 3801 et seq., and U.S. DOT regulations, "Program Fraud Civil Remedies," 49 C.F.R. part 31.
 - II. By executing the Underlying Agreement, the Recipient certifies and affirms to the Federal Government the truthfulness and accuracy of any claim, statement, submission, certification, assurance, affirmation, or representation that the Recipient provides to the Federal Government.
 - III. The Federal Government may impose the penalties of the Program Fraud Civil Remedies Act of 1986, as amended, and other applicable penalties if the Recipient presents, submits, or

makes available any false, fictitious, or fraudulent information.

B. Criminal Fraud. The Recipient acknowledges that 49 U.S.C. § 5323(l)(1) authorizes the Federal Government to impose the penalties under 18 U.S.C. § 1001 if the Recipient provides a false, fictitious, or fraudulent claim, statement, submission, certification, assurance, or representation in connection with a federal public transportation program under 49 U.S.C. chapter 53 or any other applicable federal law.

7-9 Disadvantaged Business Enterprises

The recipient must include assurances that third party contractors will comply with the DBE program requirements of 49 C.F.R. part 26, when applicable. The following contract clause is required in all DOT-assisted prime and subcontracts:

The contractor, subrecipient or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 C.F.R. part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the recipient deems appropriate, which may include, but is not limited to:

- A. Withholding monthly progress payments;
- B. Assessing sanctions;
- C. Liquidated damages; and/or
- D. Disqualifying the contractor from future bidding as non-responsible. 49 C.F.R. §26.13(b).

Further, recipients must establish a contract clause to require prime contractors to pay subcontractors for satisfactory performance of their contracts no later than 30 days from receipt of each payment the recipient makes to the prime contractor. 49 C.F.R. § 26.29(a). Finally, for contracts with defined DBE contract goals, each FTA recipient must include in each prime contract a provision stating that the contractor shall utilize the specific DBEs listed unless the contractor obtains the recipient's written consent; and that, unless the recipient's consent is provided, the contractor shall not be entitled to any payment for work or material unless it is performed or supplied by the listed DBE. 49 C.F.R. § 26.53(f) (1).

7-10 Fly America

The recipient agrees to comply with the air transportation requirements of Section 5 of the International Air Transportation Fair Competitive Practices Act of 1974, as amended, 49 U.S.C. § 40118, and U.S. General Services Administration (U.S. GSA) regulations, "Use of United States Flag Air Carriers," 41 C.F.R. §§ 301-10.131 – 301-10.143.

7-11 ADA Access

The Recipient agrees to comply with the following federal prohibitions against discrimination based on disability:

- A. Federal laws, including:
- I. Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, which prohibits discrimination based on disability in the administration of federally assisted Programs, Projects, or activities;
 - II. The Americans with Disabilities Act of 1990 (ADA), as amended, 42 U.S.C. § 12101 et seq., which requires that accessible facilities and services be made available to individuals with disabilities:
 - a. For FTA Recipients generally, Titles I, II, and III of the ADA apply; but
 - b. For Indian Tribes, Titles II and III of the ADA apply, but Title I of the ADA does not apply because it exempts Indian Tribes from the definition of “employer;”
 - III. The Architectural Barriers Act of 1968, as amended, 42 U.S.C. § 4151 et seq., which requires that buildings and public accommodations be accessible to individuals with disabilities;
 - IV. Federal transit law, specifically 49 U.S.C. § 5332, which now includes disability as a prohibited basis for discrimination; and
 - V. Other applicable federal laws, regulations, and requirements pertaining to access for seniors or individuals with disabilities.
- B. Federal regulations and guidance, including:
- I. U.S. DOT regulations, “Transportation Services for Individuals with Disabilities (ADA),” 49 C.F.R. part 37;
 - II. U.S. DOT regulations, “Nondiscrimination on the Basis of Disability in Programs and Activities Receiving or Benefiting from Federal Financial Assistance,” 49 C.F.R. part 27;
 - III. Joint U.S. Architectural and Transportation Barriers Compliance Board (U.S. ATBCB) and U.S. DOT regulations, “Americans With Disabilities (ADA) Accessibility Specifications for Transportation Vehicles,” 36 C.F.R. part 1192 and 49 C.F.R. part 38;
 - IV. U.S. DOT regulations, “Transportation for Individuals with Disabilities: Passenger Vessels,” 49 C.F.R. part 39;
 - V. U.S. DOJ regulations, “Nondiscrimination on the Basis of Disability in State and Local Government Services,” 28 C.F.R. part 35;
 - VI. U.S. DOJ regulations, “Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities,” 28 C.F.R. part 36;
 - VII. U.S. EEOC, “Regulations to Implement the Equal Employment Provisions of the

Americans with Disabilities Act,” 29 C.F.R. part 1630;

- VIII. U.S. Federal Communications Commission regulations, “Telecommunications Relay Services and Related Customer Premises Equipment for Persons with Disabilities,” 47 C.F.R. part 64, subpart F;
- IX. U.S. ATBCB regulations, “Electronic and Information Technology Accessibility Standards,” 36 C.F.R. part 1194;
- X. FTA regulations, “Transportation for Elderly and Handicapped Persons,” 49 C.F.R. part 609;
- XI. FTA Circular 4710.1, “Americans with Disabilities Act: Guidance;” and
- XII. Other applicable federal civil rights and nondiscrimination regulations and guidance.

7-12 Special Notification Requirements for States

- A. Types of Information. To the extent required under federal law, the State, as the Recipient, agrees to provide the following information about federal assistance awarded for its State Program, Project, or related activities:
 - I. The Identification of FTA as the federal agency providing the federal assistance for a State Program or Project;
 - II. The Catalog of Federal Domestic Assistance Number of the program from which the federal assistance for a State Program or Project is authorized; and
 - III. The amount of federal assistance FTA has provided for a State Program or Project.
- B. Documents. The State agrees to provide the information required under this provision in the following documents: (1) applications for federal assistance, (2) requests for proposals or solicitations, (3) forms, (4) notifications, (5) press releases, and (6) other publications.

7-13 Termination

All contracts in excess of \$10,000 must address termination for cause by the non-federal entity including the manner by which it will be effected and the basis for settlement.

Termination

- a. Termination for Convenience (General Provision) HCTD may terminate this contract, in whole or in part, at any time by written notice to the Contractor when it is in the Government's best interest. The Contractor shall be paid for the work it has completed consistent with its contract requirements. No contract close-out costs and lost profits shall be paid to the Contractor. Termination will be effected by written notice at least ten (10) days prior to termination date. If the Contractor

has any property in its possession belonging to HCTD, the Contractor will account for the same, and dispose of it in the manner HCTD directs.

- b. Termination for Default [Breach or Cause] If the Contractor does not deliver supplies in accordance with the contract delivery schedule, or, if the contract is for services, the Contractor fails to perform in the manner called for in the contract, or if the Contractor fails to comply with any other provisions of the contract, HCTD may terminate this contract for default. Termination shall be effected by serving a notice of termination on the contractor setting forth the manner in which the Contractor is in default. The contractor will only be paid the contract price for supplies delivered and accepted, or services performed in accordance with the manner of performance set forth in the contract. If it is later determined by HCTD that the Contractor had an excusable reason for not performing, such as a strike, fire, or flood, events which are not the fault of or are beyond the control of the Contractor, HCTD, after setting up a new delivery of performance schedule, may allow the Contractor to continue work, or treat the termination as a termination for convenience.
- c. Opportunity to Cure HCTD in its sole discretion may, in the case of a termination for breach or default, allow the Contractor ten (10) business days in which to cure the defect. In such case, the notice of termination will state the time period in which cure is permitted and other appropriate conditions. If Contractor fails to remedy to HCTD's satisfaction the breach or default of any of the terms, covenants, or conditions of this Contract within ten (10) days after receipt by Contractor of written notice from HCTD setting forth the nature of said breach or default, HCTD shall have the right to terminate the Contract without any further obligation to Contractor. Any such termination for default shall not in any way operate to preclude HCTD from also pursuing all available remedies against Contractor and its sureties for said breach or default.
- d. Waiver of Remedies for any Breach In the event that HCTD elects to waive its remedies for any breach by Contractor of any covenant, term or condition of this Contract, such waiver by HCTD shall not limit HCTD's remedies for any succeeding breach of that or of any other term, covenant, or condition of this Contract.
- e. Termination for Convenience of Default (Cost-Type Contracts) HCTD may terminate this contract, or any portion of it, by serving a notice of termination on the Contractor. The notice shall state whether the termination is for convenience of HCTD or for the default of the Contractor. If the termination is for default, the notice shall state the manner in which the contractor has failed to perform the requirements of the contract. The Contractor shall account for any property in its possession paid for from funds received from HCTD, or property supplied to the Contractor by HCTD. If the termination is for default, HCTD may fix the fee, if the contract provides for a fee, to be paid the contractor in proportion to the value, if any, of work performed up to the time of termination. The Contractor shall promptly submit its termination claim to HCTD and the parties shall negotiate the termination settlement to be paid the Contractor. If the termination is for the convenience of HCTD, the Contractor shall be paid as provided for in Section 7-13 (a).

7-14 Debarment and Suspension

The Recipient agrees to the following:

- A. It will comply with the following requirements of 2 C.F.R. part 180, subpart C, as adopted and supplemented by U.S. DOT regulations at 2 C.F.R. part 1200.
- B. It will not enter into any “covered transaction” (as that phrase is defined at 2 C.F.R. §§ 180.220 and 1200.220) with any Third- Party Participant that is, or whose principal is, suspended, debarred, or otherwise excluded from participating in covered transactions, except as authorized by—
 - I. U.S. DOT regulations, “Nonprocurement Suspension and Debarment,” 2 C.F.R. part 1200;
 - II. U.S. OMB regulatory guidance, “Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement),” 2 C.F.R. part 180; and
 - III. Other applicable federal laws, regulations, or requirements regarding participation with debarred or suspended Recipients or Third-Party Participants.
- C. It will review the U.S. GSA “System for Award Management – Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs,” if required by U.S. DOT regulations, 2 C.F.R. part 1200.
- D. It will ensure that its Third-Party Agreements contain provisions necessary to flow down these suspension and debarment provisions to all lower tier covered transactions.
- E. If the Recipient suspends, debars, or takes any similar action against a Third-Party Participant or individual, the Recipient will provide immediate written notice to the:
 - I. FTA Regional Counsel for the Region in which the Recipient is located or implements the Underlying Agreement;
 - II. FTA Headquarters Manager that administers the Grant or Cooperative Agreement; or
 - III. FTA Chief Counsel.

7-15 Never Contract with the Enemy

The Recipient agrees to the regulations implementing Never Contract with the Enemy in 2 CFR part 183. The regulations in 2 CFR part 183 affect covered contracts, grants and cooperative agreements that are expected to exceed \$50,000 within the period of performance, are performed outside the United States and its territories, and are in support of a contingency operation in which members of the Armed Forces are actively engaged in hostilities.

7-16 Resolution of Disputes, Breaches, or Other Litigation

A. FTA Interest

FTA has a vested interest in the settlement of any violation of federal law, regulation, or requirement, or any disagreement involving the Award, the accompanying Underlying

Agreement, and any Amendments thereto including, but not limited to, a default, breach, major dispute, or litigation, and FTA reserves the right to concur in any settlement or compromise.

B. Notification to FTA; Flow Down Requirement

If a current or prospective legal matter that may affect the Federal Government emerges, the Recipient must promptly notify the FTA Chief Counsel and FTA Regional Counsel for the Region in which the Recipient is located. The Recipient must include a similar notification requirement in its Third-Party Agreements and must require each Third-Party Participant to include an equivalent provision in its sub-agreements at every tier, for any agreement that is a “covered transaction” according to 2 C.F.R. §§ 180.220 and 1200.220.

I. The types of legal matters that require notification include, but are not limited to, a major dispute, breach, default, litigation, or naming the Federal Government as a party to litigation or a legal disagreement in any forum for any reason.

II. Matters that may affect the Federal Government include, but are not limited to, the Federal Government's interests in the Award, the accompanying Underlying Agreement, and any Amendments thereto, or the Federal Government's administration or enforcement of federal laws, regulations, and requirements.

III. Additional Notice to U.S. DOT Inspector General. The Recipient must promptly notify the U.S. DOT Inspector General in addition to the FTA Chief Counsel or Regional Counsel for the Region in which the Recipient is located, if the Recipient has knowledge of potential fraud, waste, or abuse occurring on a Project receiving assistance from FTA. The notification provision applies if a person has or may have submitted a false claim under the False Claims Act, 31 U.S.C. § 3729 et seq., or has or may have committed a criminal or civil violation of law pertaining to such matters as fraud, conflict of interest, bid rigging, misappropriation or embezzlement, bribery, gratuity, or similar misconduct involving federal assistance. This responsibility occurs whether the Project is subject to this Agreement or another agreement between the Recipient and FTA, or an agreement involving a principal, officer, employee, agent, or Third-Party Participant of the Recipient. It also applies to subcontractors at any tier. Knowledge, as used in this paragraph, includes, but is not limited to, knowledge of a criminal or civil investigation by a Federal, state, or local law enforcement or other investigative agency, a criminal indictment or civil complaint, or probable cause that could support a criminal indictment, or any other credible information in the possession of the Recipient. In this paragraph, “promptly” means to refer information without delay and without change. This notification provision applies to all divisions of the Recipient, including divisions tasked with law enforcement or investigatory functions.

C. Federal Interest in Recovery

The Federal Government retains the right to a proportionate share of any proceeds recovered from any third party, based on the percentage of the federal share for the Underlying Agreement. Notwithstanding the preceding sentence, the Recipient may return all liquidated damages it receives to its Award Budget for its Underlying Agreement rather than return the federal share of those liquidated damages to the Federal Government, provided that the Recipient receives FTA's prior written concurrence.

D. Enforcement

The Recipient must pursue its legal rights and remedies available under any Third-Party Agreement or any federal, state, or local law or regulation.

E. Agency Process

Disputes arising in the performance of this Contract which are not resolved by agreement of the parties shall be decided in writing by the authorized representative of HCTD Board of Directors. This decision shall be final and conclusive unless within five (5) days from the date of receipt of its copy, the Contractor mails or otherwise furnishes a written appeal to the HCTD Board Chair. In connection with any such appeal, the Contractor shall be afforded an opportunity to be heard and to offer evidence in support of its position. The decision of the HCTD Board Chair shall be binding upon the Contractor and the Contractor shall abide by the decision.

Performance During Dispute - Unless otherwise directed by HCTD, Contractor shall continue performance under this Contract while matters in dispute are being resolved.

Claims for Damages - Should either party to the Contract suffer injury or damage to person or property because of any act or omission of the party or of any of his employees, agents or others for whose acts he is legally liable, a claim for damages therefor shall be made in writing to such other party within a reasonable time after the first observance of such injury or damage.

Remedies - Unless this contract provides otherwise, all claims, counterclaims, disputes and other matters in question between HCTD and the Contractor arising out of or relating to this agreement or its breach will be decided by arbitration if the parties mutually agree, or in a court of competent jurisdiction within the State of Texas, San Saba County.

Rights and Remedies - The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights and remedies otherwise imposed or available by law. No action or failure to act by HCTD or the Contractor shall constitute a waiver of any right or duty afforded any of them under the Contract, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing.

7-17 Lobbying Restrictions

The Recipient agrees that neither it nor any Third-Party Participant will use federal assistance to influence any officer or employee of a federal agency, member of Congress or an employee of a member of Congress, or officer or employee of Congress on matters that involve the Underlying Agreement, including any extension or modification, according to the following:

- A. Laws, Regulations, Requirements, and Guidance. This includes:
 - I. The Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352, as amended;
 - II. U.S. DOT regulations, “New Restrictions on Lobbying,” 49 C.F.R. part 20, to the extent consistent with 31 U.S.C. § 1352, as amended; and III. Other applicable federal laws, regulations, requirements, and guidance prohibiting the use of federal assistance for any activity concerning legislation or appropriations designed to influence the U.S. Congress or a state legislature; and
- B. Exception. If permitted by applicable federal law, regulations, requirements, or guidance, such lobbying activities described above may be undertaken through the Recipient's or Subrecipient's proper official channels.
- C. Political Activity. The Recipient agrees to comply with:
 - I. The Hatch Act, 5 U.S.C. chapter 15, which limits the political activities of state and local government agencies supported in whole or in part with federal assistance, including the political activities of state and local government officers and employees whose principal governmental employment activities are supported in whole or in part with federal assistance;
 - II. U.S. Office of Personnel Management regulations, “Political Activity of State or Local Officers or Employees,” 5 C.F.R. part 151; and
 - III. 49 U.S.C. § 5323(l)(2) and 23 U.S.C. § 142(g), which limits the applicability of the Hatch Act, as follows:
 - a. The Hatch Act does not apply to nonsupervisory employees of a public transportation system, or any other agency or entity performing related functions, based upon the Award of federal assistance under 49 U.S.C. chapter 53 or 23 U.S.C. § 142(a)(2); but
 - b. Notwithstanding the preceding section 4(e)(3)(ii) of this Master Agreement, the Hatch Act does apply to a nonsupervisory employee if imposed for a reason other than the Award of federal assistance to its employer under 49 U.S.C. chapter 53 or 23 U.S.C. § 142(a)(2).
- D. Lobbying and Disclosure Certification

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

7-18 Environmental Protection (Clean Air and Clean Water)

The Recipient agrees to comply with the regulations within the Clean Air Act (42 U.S.C. §§ 7401 - 7671q.) and the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 - 1388), as amended. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401 - 7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. §§ 1251 - 1388). Violations must be reported to the 64 Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

Operations/Management Related Clauses

7-19 Recycled Products

The Contractor agrees to provide a preference for those products and services that conserve natural resources, protect the environment, and are energy efficient by complying with and facilitating compliance with Section 6002 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6962, and U.S. Environmental Protection Agency (U.S. EPA), “Comprehensive Procurement Guideline for Products Containing Recovered Materials,” 40 C.F.R. part 247.

7-20 Transit Employee Protective Arrangement

As a condition of award of federal assistance appropriated or made available for FTA programs involving public transportation operations, the Recipient agrees to comply and assures that each Third-Party Participant will comply with the following employee protective arrangements of 49 U.S.C. § 5333(b):

(1) U.S. DOL Certification. When its Award, the accompanying Underlying Agreement, or any Amendments thereto involve public transportation operations and are supported with federal assistance appropriated or made available for 49 U.S.C. §§ 5307 – 5312, 5316, 5318, 5323(a)(1), 5323(b), 5323(d), 5328, 5337, 5338(b), or 5339, or former 49 U.S.C. §§ 5308, 5309, 5312, or other provisions of law as required by the Federal Government, U.S. DOL must provide a certification of employee protective arrangements before FTA may provide federal assistance for that Award. The Recipient agrees that the certification issued by U.S. DOL is a condition of the Underlying Agreement and that the Recipient must comply with its terms and conditions.

(2) Special Warranty. When its Underlying Agreement involves public transportation operations and is supported with federal assistance appropriated or made available for 49 U.S.C. § 5311, U.S. DOL will provide a Special Warranty for its Award, including its Award of federal assistance under the Tribal Transit Program. The Recipient agrees that its U.S. DOL Special Warranty is a condition of the Underlying Agreement and the Recipient must comply with its terms and conditions.

(3) Special Arrangements for Underlying Agreements for Federal Assistance Authorized under 49 U.S.C. § 5310. The Recipient agrees, and assures that any Third-Party Participant providing public transportation operations will agree, that although pursuant to 49 U.S.C. § 5310, and former 49 U.S.C. §§ 5310 or 5317, FTA has determined that it

was not “necessary or appropriate” to apply the conditions of 49 U.S.C. § 5333(b) to any Subrecipient participating in the program to provide public transportation for seniors (elderly individuals) and individuals with disabilities, FTA reserves the right to make case-by-case determinations of the applicability of 49 U.S.C. § 5333(b) for all transfers of funding authorized under title 23, United States Code (flex funds), and make other exceptions as it deems appropriate.

7-21 Charter Services Operations

The contractor agrees to comply with FTA’s Charter Service Regulations (49 CFR Part 604), which implement 49 U.S.C. 5323(d), protect private charter operators from unauthorized competition from FTA grant recipients.

7-22 School Bus Operations

The contractor agrees to comply with 49 U.S.C. 5323(f), and 49 C.F.R. part 604, and not engage in school bus operations using federally funded equipment or facilities in competition with private operators of school buses, except as permitted under: 1. Federal transit laws, specifically 49 U.S.C. § 5323(f); 2. FTA regulations, “School Bus Operations,” 49 C.F.R. part 605; 3. Any other Federal School Bus regulations; or 4. Federal guidance, except as FTA determines otherwise in writing. If Contractor violates this School Bus Agreement, FTA may: 1. Bar the Contractor from receiving Federal assistance for public transportation; or 2. Require the contractor to take such remedial measures as FTA considers appropriate. When operating exclusive school bus service under an allowable exemption, the contractor may not use federally funded equipment, vehicles, or facilities. The Contractor should include the substance of this clause in each subcontract or purchase under this contract that may operate public transportation services.

7-23 Drug Use and Alcohol Program

The contractor agrees to comply with a drug and alcohol program that has a third party contractor(s) who perform safety-sensitive functions must comply with FTA’s substance abuse management program under 49 C.F.R. part 655, “Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations.” Under 49 C.F.R. § 655.4, Safety-sensitive function means any of the following duties, when performed by employees of recipients, subrecipients, operators, or contractors:

1. Operating a revenue service vehicle, including when not in revenue service;
2. Operating a nonrevenue service vehicle, when required to be operated by a holder of a Commercial Driver's License;
3. Controlling dispatch or movement of a revenue service vehicle;
4. Maintaining (including repairs, overhaul and rebuilding) a revenue service vehicle or equipment used in revenue service. This section does not apply to the following: an employer who receives funding under 49 U.S.C. § 5307 or § 5309, is in an area less than 200,000 in population, and contracts out such services; or an employer who receives funding under 49 U.S.C. § 5311 and contracts out such services;

5. Carrying a firearm for security purposes. Additionally, third party contractors providing testing services involving the performance of safety sensitive activities must also comply with 49 C.F.R. part 40, "Procedures for Transportation Workplace Drug and Alcohol Testing Programs."

7-24 Prohibition on certain telecommunications and video surveillance services or equipment

Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

- I. Procure or obtain;
- II. Extend or renew a contract to procure or obtain; or
- III. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
 - a. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 - b. Telecommunications or video surveillance services provided by such entities or using such equipment.
 - c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.

7-25 Contract work Hours and Safety Standards Act

All contracts awarded by the non-federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. §§

3702 and 3704, as supplemented by Department of Labor regulations (29 C.F.R. part 5). Under 40 U.S.C. § 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer based on a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. § 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts

SECTION 8 – TEXAS DEPARTMENT OF TRANSPORTATION (TxDOT) REQUIREMENTS

The Purchaser and Contractor acknowledge and agree

8-1 34 TAC §20.585 Debarment

The State of Texas, in order to protect the interests of the state may:

- A. Conduct an investigation upon a complaint regarding a contractor's acts and omissions in procurement or performance of that contract where the complaint may constitute cause for debarment;
- B. Cancel one or more of the contractor's active or pending contracts upon a complaint regarding the contractor's acts and omissions in procurement or performance of that contract where the complaint may constitute cause for debarment;
- C. Assess actual damages and costs incurred due to contractor's failure to perform as specified in the contract;
- D. Debar contractor for a specified period of time; and
- E. Take any other action authorized by law.

8-2 §231.006 Family Code Child Support Obligation Certification

Under Section 231.006(d) of the Texas Family Code, the Sub-recipient certifies that the individual or business entity named in this Agreement is not ineligible to receive the specified GRANT and acknowledges that this Agreement may be terminated and payment or grant funds may be withheld if this certification is inaccurate.

8-3 §2252.903 Gov't Code Debts and Delinquencies Affirmations

Sub-recipient agrees that any payments due it under the Agreement shall be applied toward any debt or delinquency that is owed to the State of Texas.

8-4 §444.190 Gov't Code Disaster Recovery Plan

In accordance with 13 TAC (Texas Administrative Code) §6.94(a)(9), Sub-recipient shall provide descriptions of its business continuity and disaster recovery plans.

8-5 §2254.033 Gov't Code Disclosure of Prior State Employment

In accordance with Section 2254.033 of the Texas Government Code, relating to consulting services, RESPONDENT certifies that it does not employ an individual who has been employed by TxDOT or another agency at any time during the two years preceding the submission of the Response or, in the alternative, RESPONDENT has disclosed in its Response the following:

- A. The nature of the previous employment with TxDOT or the other agency;
- B. The date the employment was terminated; and
- C. The annual rate of compensation for the employment at the time of its termination.

8-6 §2271.001 Gov't Code Entities that Boycott Israel

Pursuant to Section 2271.001 of the Texas Government Code, Sub-recipient certifies that either:

- A. It meets an exception criterion under Section 2271.002, or
- B. It does not boycott Israel and will not boycott Israel during the term of this Agreement. Subrecipient shall in a writing to TxDOT state any fact(s) that make it exempt from the boycott certification.

8-7 Federal Executive Order 13224 Excluded Parties

Sub-recipient certifies that it is not listed on the prohibited vendors list authorized by Executive Order 13224, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten

to Commit, or Support Terrorism”, published by the United States Department of the Treasury, Office of Foreign Assets Control.

8-8 §2155.077(a)(2) Gov't Code False Statements

Sub-recipient represents and warrants that all statements and information prepared and submitted in this document are current, complete, true and accurate. Submitting a false statement or material misrepresentation made during the performance of a contract is a material breach of contract and may void this agreement.

8-9 §2155.004 Gov't Code Financial Participation Prohibited Affirmation

Under Section 2155.004(b) of the Texas Government Code, Sub-recipient certifies that the individual or business entity named in this Agreement is not ineligible to receive the specified agreement/GRANT and acknowledges that this agreement may be terminated, and payment withheld if this certification is inaccurate.

8-10 §2252.152 Gov't Code Foreign Terrorist Organizations

Sub-recipient represents and warrants that is not engaged in business with Iran, Sudan, or a foreign terrorist organization as prohibited by Section 2252.152 of the Texas Government Code.

8-11 §2155.006 and 2261.053 Gov't Code Prior Disaster Relief Contract Violation

Under Sections 2155.006 and 2261.053 of the Texas Government Code, the Sub-recipient certifies that the individual or business entity named in this Agreement is not ineligible to receive the specified agreement/GRANT and acknowledges that this agreement may be terminated and payment withheld if this certification is inaccurate.

8-12 Chapter 552, Gov't Code and §2252.907 Gov't Code Public Information Act

Information, documentation, and other material in connection with this Agreement may be subject to public disclosure pursuant to Chapter 552 of the Texas Government Code (the “Public Information Act”). In accordance with Section 2252.907 of the Texas Government Code, the Sub-recipient is required to make any information created or exchanged with the State pursuant to the Agreement and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the State.

8-13 §2252.0012 Gov't Code Signature Authority

The Sub-recipient represents and warrants that the individual executing this Agreement is authorized to sign this Agreement on behalf of the Sub-recipient and to bind the Sub-recipient.

8-14. §2262.154 Gov't Code State Auditor's Right to Audit

The state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract. The acceptance of funds directly under the contract or indirectly through a subcontract under the contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, an entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

8-15 §2155.077 Gov't Code Suspension and Debarment

Sub-recipient certifies that it and its principals are not suspended or debarred from doing business

with the State of Texas or federal government as listed on the State of Texas Debarred Vendor List as maintained by the Texas Comptroller of Public Accounts and the System for Award Management (SAM) maintained by the General Services Administration.

8-16 §2262.056 (b) Gov't Code Assignment

Sub-recipient shall not assign its rights under the Agreement or delegate the performance of its duties under the Agreement without prior written approval from the TxDOT. Any attempted assignment in violation of this provision is void and without effect.

8-17 §552.372 Gov't Code Contracting Information Responsibilities

In accordance with Section 552.372 of the Texas Government Code, Sub-recipient agrees to:

- A. preserve all contracting information related to the Agreement as provided by the records retention requirements applicable to TxDOT for the duration of the Agreement,
- B. promptly provide to TxDOT any contracting information related to the Agreement that is in the custody or possession of the Sub-recipient on request of TxDOT, and
- C. on termination or expiration of the contract, either provide at no cost to TxDOT all contracting information related to the Agreement that is in the custody or possession of the Sub-recipient or preserve the contracting information related to the Agreement as provided by the records retention requirements applicable to TxDOT. Except as provided by Section 552.374(c) of the Texas Government Code, the requirements of Subchapter J, Chapter 552, Government Code, may apply to the Agreement and the Sub-recipient agrees that the Agreement can be terminated if the Sub-recipient knowingly or intentionally fails to comply with a requirement of that subchapter.

8-18 §2155.0061 Gov't Code Human Trafficking Prohibition

Under Section 2155.0061 of the Texas Government Code, the Sub-recipient certifies that the individual or business entity named in the Agreement is not ineligible to receive the specified Agreement/GRANT and acknowledges that this Agreement may be terminated and payment withheld if this certification is inaccurate.

Operations/Management

8-19 §2260.004 Gov't Code Dispute Resolution

The Recipient agrees to the dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used to attempt to resolve any dispute under this Agreement.

ATTACHMENT A – Vendor Checklist

(Verification that all necessary documents are included)

This form must be completed and returned with the technical proposal. Failure to return this form may be cause for considering your proposal non-responsive.

	<u>Vendor Check-Off</u>	<u>HCTD Check-Off</u>
Cover Letter	_____	_____
Request For Proposal Cover Page	_____	_____
Attachment A: Vendor Checklist	_____	_____
Attachment B: Proposal Affidavit	_____	_____
Attachment C: Addendum Page	_____	_____
Attachment D: Price Proposal Form	_____	_____
Attachment E: TXDOT Form PTN-130 from https://www.txdot.gov/inside-txdot/forms-publications/forms/public-transportation.html	_____	_____

ATTACHMENT B – Proposal Affidavit

The undersigned hereby declares that he/she has carefully read and examined the Advertisement, the Scope and Terms, the Specifications, Warranty, and Quality Assurance Requirements, with all supporting certificates and affidavits, for the provision of services specified.

Signed: _____

Title: _____

Company Name: _____

Subscribed and sworn to before me this ____ day of _____, 20____

Notary Public: _____

My Commission Expires: _____

ATTACHMENT C – Addendum Page

The undersigned acknowledges receipt of the following addenda to this RFP. (Include the number and date for each entry.)

Addendum Number	Dated _____
Addendum Number	Dated _____
Addendum Number	Dated _____
Addendum Number	Dated _____
Addendum Number	Dated _____
Addendum Number	Dated _____
Addendum Number	Dated _____

Failure to acknowledge the receipt of all addenda may cause the proposal to be considered non-responsive to this Request for Proposals, which will require rejection of the proposal.

Signature

Title

ATTACHMENT D – Price Proposal Form

The undersigned hereby declares that he/she has carefully read and examined the Public Notice, the Request for Proposal, terms, and requirements, with all supporting certificates and affidavits, for services noted herein, and that he/she will enter into contract negotiations for said provision services, as specified, using the costs identified herein, as the basis for those contract negotiations. **Detailed cost information shall be attached and meet the requirements as described in the Proposal.**

Contract Year:	Price
January 1, 2022 – December 31, 2022	\$
January 1, 2023 – December 31, 2023	\$
Total Initial Years	\$
Option Years:	
January 1, 2024 – December 31, 2024	\$
January 1, 2025 – December 31, 2025	\$
Total Option Years	\$
Total Initial Term and Option Years	\$

Signature

Company Name

Official's Title

Address

Date

Telephone Number

ATTACHMENT E – TxDOT PTN-130
Vendor Consolidated Certification Form

From <https://www.txdot.gov/inside-txdot/forms-publications/forms/public-transportation.html>

Note: Procurement funding sources are both Federal and State.
Third Party Procurement Contract Provisions based on type of solicitation are
Operations/Management Related Clauses.

Hill Country Transit District

Response to questions submitted for the RFP - Professional Transit Management Services

October 5, 2021

1. The Legal Notice on page 11 states the proposals may be submitted via email. Do proposals need to be submitted via email along with the submission requirements on page 13?

To clarify, proposals *may* be submitted via e-mail *in addition to* the submission requirements on page 13. Proposals are not required to be submitted via email.

2. Please provide clarification: Will the only employee for this contract be the interim general manager or will a subsidiary company be required for all other employees? Or; is HCTD only requesting services for an interim general manager with all other HCTD employees remaining with HCTD?

The only management service to be proposed is the interim general manager. There will be no subsidiary company for all other employees. HCTD is only requesting management services for an interim general manager who will not be an employee of HCTD. All HCTD employees will remain at-will employees.

3. What COVID-19 operational and administrative protocols does HCTD have in place currently?

HCTD follows all CDC and Health Department COVID-19 protocols. HCTD management coordinates with local health officials to ensure consistent administration of protocols. Protocols include mandating all passengers and bus operators to wear face masks at all times while in vehicle or operating a vehicle. HCTD has signage in vehicles that alerts passengers prior to entering the vehicle that masks are mandatory to board. Each operator has a supply of disposable masks to provide to any passenger who does not have a mask. HCTD urban divisions have blocked every other passenger seat on both fixed route and STS buses to ensure a safe distance between passengers. HCTD Rural Division Dispatchers and Schedulers limit the number of passengers transported per vehicle in order to maintain social distancing. Bus operators and maintenance staff follow a strict disinfecting and cleaning regimen.

4. Has the 2021 Transit Study been completed? If so, will HCTD provide a copy of the study?

The Transit Study has been completed. Please see attached Q4 Transit Study. Note that the HCTD Board of Directors chose to proceed with Chapter 6. Implementation Option One.

5. Can more clarification be provided to section E. "The Effectiveness of the Management Plan" on page 15 of the RFP? Will HCTD provide the recommendations from 2021 HCTD Transit Study?

See above response.

6. Can HCTD provide a list of all revenue and non-revenue vehicles with make, model, age, housed location and most recent mileage?

Please see attached Q6 Vehicles List.

7. What are the current goals for the transit system set by the HCTD's Board of Directors?

Current goals for the transit system include: implement the recommendations of the 2021 Transit Study Option One including solicit a study of service needs and delivery, put together a plan to improve communications and public outreach, and improve performance reports. Other goals include optimize cost effectiveness, increase ridership, provide superior customer service, improve financial planning and stability, develop staff, innovate the system, improve schedule adherence and image of fleet and system.

8. Can ridership numbers be provided for rural service, fixed route service, ADA paratransit service and contracted services showing calendar year 2019 ridership and current ridership?

Please see attached Q8 Ridership.

9. We understand U.S. Comptroller General's list to be SAM.gov, please clarify.

RFP page 29 statement "The Proposer must certify that they are not on the U. S. Comptroller General's list of ineligible Contractors" is clarified to "The Proposer must certify that they are not listed on the U. S. GSA System of Award Management (SAM.gov) List of Parties Excluded from Federal Procurement and Non-procurement Programs (list of ineligible Contractors)."

Attachment Q4 Transit Study
Hill Country Transit District
RFP – Professional Transit Management Services
Response to Proposer’s Question 4.
Completed 2021 Transit Study

HILL COUNTRY TRANSIT DISTRICT

Service Provision Options

Final Report May 19, 2021

Nancy R. Edmonson, Transportation Consulting

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List of Acronyms

AAA	Area Agencies on Aging
ADA	Americans with Disabilities Act
ATCOG	Ark-Tex Council of Governments
BRT	Bus Rapid Transit
BTD	Brazos Transit District
CAA	Community Action Agency
CARES	Coronavirus Aid, Relief, and Economic Security Act
CARTS	Capital Area Rural Transit District
COG	Council of Governments
CVTD	Concho Valley Transit District
FBCPT	Fort Bend County Public Transportation
FTA	Federal Transit Administration
FY	Fiscal Year
GCRPC	Golden Crescent Regional Planning Commission
GIS	Geographic Information Systems
HCTD	Hill Country Transit District
HHSC	Health and Human Services Commission
HOTCOG	Heart of Texas Council of Governments
HOTRTD	Heart of Texas Rural Transit District
MCRTD	McLennan County Rural Transit District
METRO	Metropolitan Transit Authority of Harris County
MOU	Memorandum of Understanding
MOUSD	Midland-Odessa Urban Transit District
MPO	Metropolitan Planning Organization
NEMT	Non-Emergency Medical Transportation
NTD	National Transit Database
RFP	Request for Proposals
RTD	Rural Transit District
STS	Special Transit Service
TDC	Transportation Development Credit
TxDOT	Texas Department of Transportation
UTD	Urban Transit District
UZA	Urbanized Area

Executive Summary

The Texas counties of Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, and San Saba, and the cities of Belton, Copperas Cove, Harker Heights, Killeen, and Temple are exploring options for the most efficient provision of transit service in their jurisdictions. These counties and cities are currently served by Hill Country Transit District (HCTD), an urban and rural transit district authorized by the Texas Transportation Code that provides fixed-route service in the Killeen and Temple urbanized areas and demand-response service in all nine counties.

The cities and counties hired Nancy R. Edmonson, Transportation Consulting, to assess different organizational options and to recommend the best structure for the provision of transit service in this area. To establish a point of comparison, **Chapter 1** of this report describes current service and financial conditions at HCTD. Data from the agency show that ridership, service, and total operating costs have declined over the past five years but that operating costs per hour continue to rise. Revenue from federal and state grants has remained reliable, but revenues from Medicaid service, HCTD's main source of local matching funds, has been declining, straining the agency's ability to qualify for grants.

Chapter 2 summarizes the results of interviews with local stakeholders, including board members, elected officials, city staff, and community leaders. Stakeholders agree that transit should be available to the general public across all nine counties, and they are interested in making travel across the region as smooth as possible. Urban stakeholders, however, are much more critical of HCTD than rural stakeholders, finding that the agency is not currently meeting the needs of their fast-growing communities.

Chapter 3 is a peer review of eight areas in Texas similar to HCTD. In four of these areas, urban and rural transit services are provided by the same entity, as with HCTD. In the other four, urban and rural services are provided by separate entities. All eight areas were compared to HCTD across standard performance measures to assess whether some structures consistently produce more efficient or effective service than others. The review shows that while HCTD performs around the peer average in terms of most standard measures, transit services, especially rural services, are slightly more cost-efficient in areas where urban and rural transit are provided separately.

Where chapter 3 takes a quantitative approach to studying other agencies, **Chapter 4** is qualitative: it presents four case studies of other areas in Texas that demonstrate different approaches to structuring and funding transit. Particular attention is paid to how agencies generate local matching funds. Ark-Tex Council of Governments illustrates how a struggling rural transit district revived itself by pursuing partnerships with local interests to generate operating revenue. Midland-Odessa Urban Transit District is an example of a sole-purpose urban transit entity that serves coequal cities but does not serve the wider region. The Waco Area is featured because it has two rural transit districts in addition to an urban transit district. And Fort Bend County Public Transportation, outside of Houston, is included as a rare example of a county-level transit provider in Texas.

The results of chapters one, two, three, and four were used to develop four options for how HCTD could organize itself, which are analyzed in **Chapter 5**. Each option is assessed in terms of service, governance, and financial criteria in order to develop recommendations. The four options assessed are:

- *Option One — Stronger Together:* Current structure

- *Option Two — Separate Ways*: One urban transit district and one nine-county rural transit district
- *Option Three — Different People, Different Needs*: One urban transit district and two rural transit districts (rural Bell County and the remaining eight counties)
- *Option Four — Different Cities, Different Goals*: Two municipal departments (serving the Killeen and Temple urbanized areas) and one nine-county rural transit district

The analysis suggests that *Option Three: Different People, Different Needs* provides the best balance among competing criteria. It meets the needs of local communities and has more favorable assessments than unfavorable assessments on most criteria, and the complexity of its governance structure is mitigated by the model in the nearby Waco area. *Option Two: Separate Ways* ranks second, meeting the needs of most of the population while having no strong advantages or strong disadvantages. And although not ultimately recommended, neither *Option One: Stronger Together* nor *Option Four: Different Cities, Different Needs* is found to be a poor choice: Option One has a simple structure and facilitates regional travel, while Option Four offers cities a high degree of local control.

After discussing the results of this analysis, HCTD’s board requested an implementation plan for Options One and Two. **Chapter 6** outlines the steps HCTD could take to improve the current operations of HCTD, if it wishes to first optimize Option One before deciding if Option Two is necessary. Then if needed, the steps it would take to split into two entities under Option Two, including requesting permission from the Texas Department of Transportation (TxDOT), dividing assets between the two transit districts, and creating new boards, are outlined.

This document restricts its recommendations to structure. Costs, revenues, service, and local investment are all discussed, but finding solutions to all of the issues raised here is beyond the scope of this study. While the analysis suggests that adopting a different organizational structure may promote better service, restructuring alone will not achieve a dramatically different outcome—local policy decisions will ultimately determine the scope and specifics of transit service in the area.

Chapter 1: Existing Conditions

Introduction

Chapter 1 describes HCTD's current structure, service area, service characteristics, expenses, and revenues. Particular attention is paid to how costs are allocated across divisions. Data come from HCTD staff, the National Transit Database (NTD), the US Census Bureau, TxDOT, and local government budgets.

Structure

This section explains how HCTD is organized, governed, and managed. A summary is provided here:

STRUCTURE – OVERVIEW

HCTD functions as both an urban transit district and a rural transit district under Texas law

HCTD is governed by a board comprised of representatives from the member counties and cities

HCTD is organized differently for management and fiscal purposes

- Management is divided into urban and rural divisions
- Revenues and expenses are divided into Killeen, Temple, and Rural divisions

Political Structure

HCTD today is a political subdivision of the State of Texas. The agency began in the 1960s as a volunteer transportation program, and after gradual evolution and several changes in law, was organized into its current form in the late 1990s. HCTD serves as an urban transit district (UTD) for the urbanized areas (UZAs) of Killeen and Temple, and it serves as a rural transit district (RTD) for the rural areas of all nine member counties. Urban and rural transit districts are structures created by the State of Texas to facilitate the flow of state and federal funds from the Texas Department of Transportation to transit providers. Generally speaking, urban transit districts in Texas serve UZAs with populations under 200,000. Most UZAs with populations greater than 200,000 are served by transit authorities, which have different political structures. Under the legislation that established urban transit districts, though, agencies serving UZAs that had populations under 200,000 as of September 1, 1994, such as Killeen, may continue to operate as urban transit districts rather than transit authorities.

As required by Texas law, HCTD is governed by a Board of Directors comprised of representatives of the nine member counties and five member cities. Each representative must be an elected official. The Board is chaired by a board member elected by the other members.

Management Structure

HCTD is headquartered in San Saba, the location of the original volunteer organization out of which the agency developed. Most administrative, accounting, and grant management functions are housed in San Saba. The agency also has a facility in Belton, which handles maintenance of vehicles used in Bell County, reservations and dispatch for the entire service area, and human resources and information technology.

For purposes of management, HCTD is organized into two divisions—urban and rural—each of which has its own operations director. But, for purposes of revenues and expenses, HCTD is divided into three divisions—Killeen, Temple, and Rural—to reflect that Killeen and Temple are considered separate UZAs by the US Census Bureau and thus receive different amounts of federal funds.

Service Area Demographics

This section describes HCTD’s service area, presents demographic statistics on population and income for counties and cities, and explains the meaning and importance of urbanized area designations. A summary is provided here:

SERVICE AREA DEMOGRAPHICS – OVERVIEW

HCTD serves approximately 530,000 people in nine counties

- Most people live in predominantly urban Bell County
- Most of the land area is rural

HCTD’s urban population is growing much faster than its rural population

- Bell County has grown by 17 percent since 2010, compare to an average of 3 percent for the eight rural counties
- Belton was the single fastest growing jurisdiction over the last decade

Killeen and Temple are considered separate urbanized areas by the US Census Bureau

- UZA designations help determine federal funding allocations
- UZAs are redefined every ten years
- The Killeen and Temple UZAs could become one at some point in the future

HCTD serves a nine-county area with a total population about 530,000 people and a land area of about 8,400 square miles. Figure 1, below, depicts the counties, urbanized areas, and operating facilities in the service area. Table 1 presents key demographic statistics for Bell County, the eight rural counties, the five cities in the urban service area, and the State of Texas.

Figure 1: HCTD Service Area

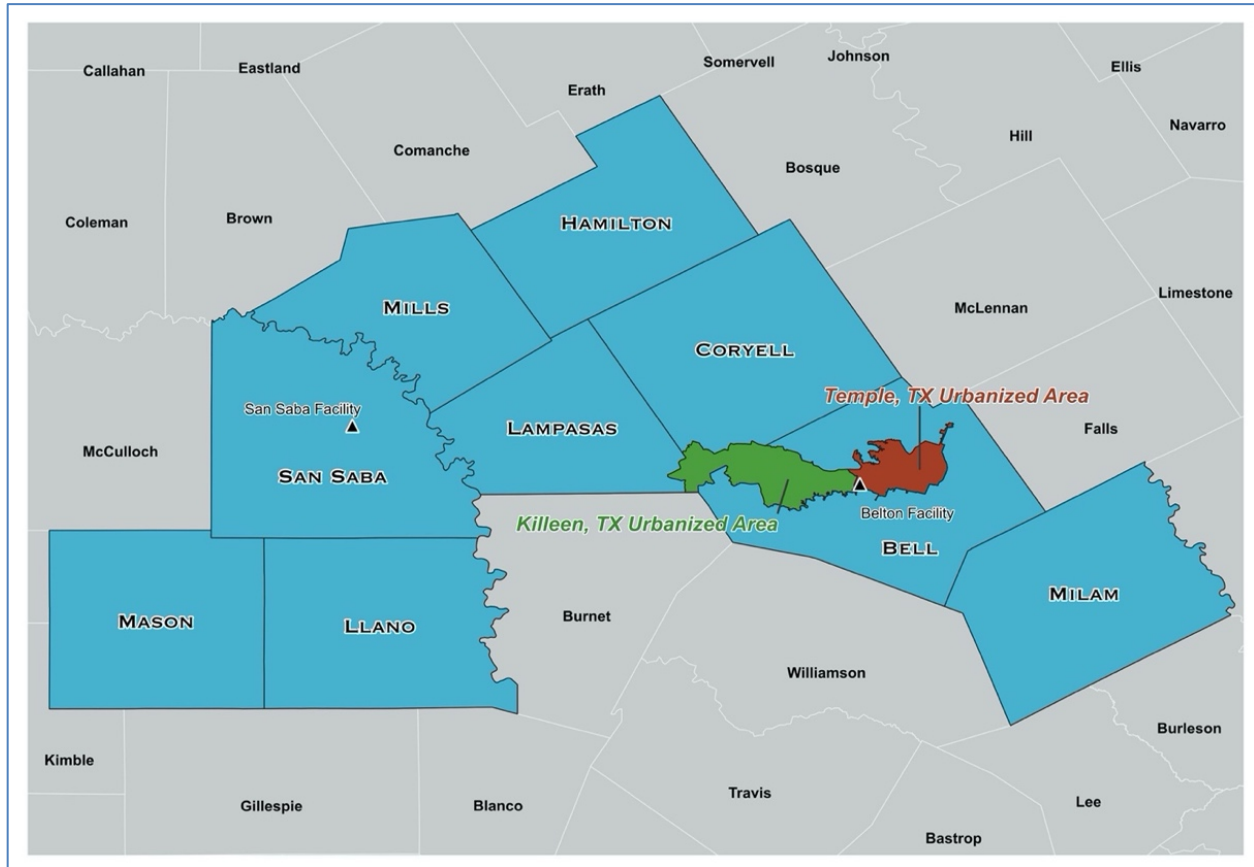


Table 1: Demographic Statistics

Jurisdiction	Estimated Population (2019)	Population Growth, 2010–2019	Percent of Population Age 65 and Over	Median Income, 2014–2018
Bell County	362,924	17.0%	11.2%	\$54,184
Eight Rural Counties	167,660	3.0%	24.6%	\$47,953
Belton	22,885	25.5%	11.4%	\$53,623
Copperas Cove	33,235	3.1%	10.0%	\$52,715
Harker Heights	32,421	21.3%	9.4%	\$72,603
Killeen	151,666	18.6%	5.9%	\$50,418
Temple	78,439	18.7%	15.1%	\$52,226
Texas	28,995,881	15.3%	12.9%	\$59,570

Urban Service Area

Bell County is predominantly urban and is home to about two-thirds of the service area population. It has a younger and slightly wealthier population than the service area as a whole and has grown by 17 percent since 2010.

Killeen and Temple are the two primary cities in Bell County and account for most of its population. Despite their proximity, the two cities are distinct economically and demographically. Larger Killeen is dominated by Fort Hood, a US Army base, which partly accounts for the city's young population. Smaller Temple's economy, by contrast, is focused on healthcare, logistics, and distribution. Its share of elderly residents is higher than Killeen's and is slightly above the statewide average.

Of Bell County's three smaller cities, Copperas Cove stands out for its slower growth and Harker Heights for its higher median income. In general, though, the three cities more closely resemble their larger urban neighbors than do the rural counties.

Rural Service Area

The other eight counties in HCTD's service area are predominantly rural, have older populations, and are much slower growing than the urban area. Median income varies widely by county, but the median income of the rural area as a whole is lower than that of any jurisdiction in the urban area.

Urbanized Area Designations

Although Bell County and its cities are effectively one urban area from a service perspective, Killeen and Temple are designated as separate urbanized areas (UZAs) by the US Census Bureau. UZA classification is based on criteria including population, population density, and land use and is distinct from city or county limits. The Killeen UZA, for example, includes parts of neighboring Copperas Cove, Harker Heights, and Nolanville and extends beyond Bell County into corners of Coryell and Lampasas Counties. The Temple UZA extends beyond the city limits to take in Belton, part of Troy, and some communities on Belton Lake.

UZAs are redefined following each census. As Table 2 shows, the populations and land areas of the Killeen and Temple UZAs grew by as much as one-third between the 2000 and 2010 censuses. As Bell County continues grows and the less developed area between the two UZAs decreases, the Census Bureau could merge the Killeen and Temple UZAs into one, possibly as soon as 2020.

Table 2: UZA Population and Land Area Growth

Urbanized Area	2010 Population	% Change from 2000	2010 Land Area (sq. m.)	% Change from 2000
Killeen UZA	217,630	29.6%	84.8	32.4%
Temple UZA	90,390	25.7%	54.1	30.9%

UZA designations are significant because the Federal Transit Administration (FTA) uses them to allocate federal urban formula funds. The rules for using federal funds and the potential impact of the UZAs being merged are discussed under *Operating Revenues* below.

Service Characteristics

This section describes the features of HCTD's urban and rural services and surveys trends in ridership and service hours over the last ten years. A summary is provided here:

SERVICE CHARACTERISTICS – OVERVIEW

HCTD has an urban division and a rural division

- The urban division provides fixed-route and ADA paratransit service in urban Bell County
- The rural division provides general public demand-response service in the other eight counties, but not rural Bell County

Most of the agency's ridership is urban

- Bell County accounted for 84 percent of passenger trips in FY 2019
- Milam County had the highest ridership of the rural counties

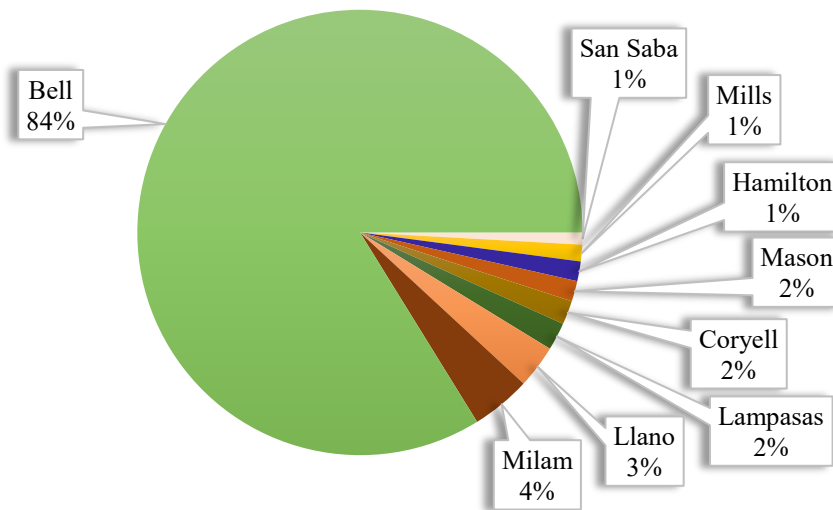
Service and ridership have declined over the last several years due to lack of local funding

- Ridership in FY 2019 was down 48 percent from a peak in FY 2013
- Revenue hours in FY 2019 were down 43 percent from a peak in 2016
- Reduced Medicaid service is the biggest factor in these declines

Service Overview

HCTD has two operating divisions: urban and rural. The urban division, which serves populous Bell County, accounts for most of HCTD's ridership. In FY 2019, Bell County accounted for about 84 percent of HCTD's approximately 500,000 total trips. Milam County followed second with 4 percent, and the remaining counties contributed a few percent each (see Figure 2).

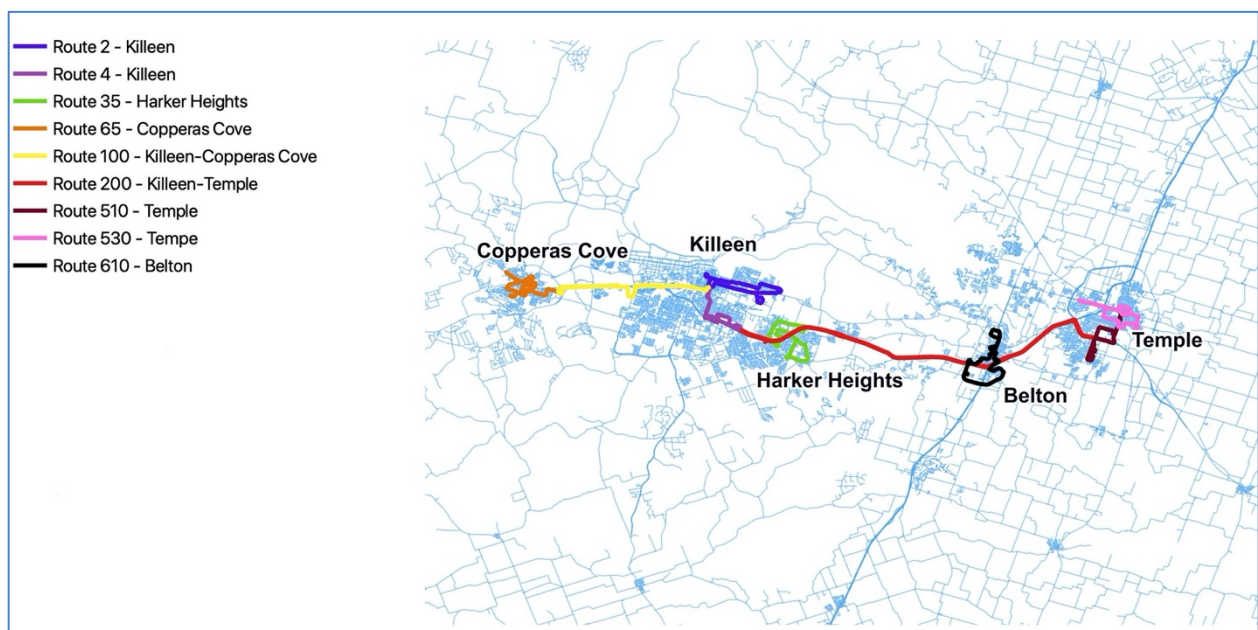
Figure 2: Ridership by County, FY 2019



Urban Service

HCTD operates two services in its urban area: fixed-route service and Special Transit Service (STS). Fixed-route service is bus service that adheres to defined stops and timetables. HCTD’s fixed-route service, branded The HOP, started in Killeen in 2000 and was expanded to Temple in 2001. Today, HCTD has nine fixed routes: three in Killeen, two in Temple, one each in Belton, Copperas Cove, and Harker Heights, and one connecting Killeen, Belton, and Temple. Figure 3 depicts the current route structure.

Figure 3: HCTD Fixed Routes



STS is HCTD's paratransit service for the disabled. The Americans with Disabilities Act requires public transit providers to offer complementary paratransit service for the disabled within three-quarters of a mile of fixed routes. STS rides are scheduled in advance and can carry riders from their origins to their destinations or connect them to fixed routes.

The base fare for fixed-route service is \$1.00 per ride, with discounts available for seniors, children, students, Medicare recipients, and the disabled. The base fare for STS service is \$2.00 per ride, which, at double the base fixed-route fare, is the maximum allowed by FTA.

The Killeen division owns 50 vehicles, and the Temple division owns 36. During full service, ten vehicles operate on fixed-route service at a given time. The other vehicles provide ADA complementary paratransit service and some trips into rural portions of Bell County. Maintenance and dispatch for both Killeen and Temple are performed at the Belton facility.

Rural Service

In all rural areas except rural Bell County, HCTD operates demand-response service for the general public, which is door-to-door, shared-ride service that riders schedule in advance. Fares are based on distance: a trip of between zero and five miles costs \$1.00, with each additional five miles adding 50 cents, up to \$5.50 for a 50-mile trip; each mile over 50 miles costs an additional 15 cents.

In rural Bell County, HCTD provides only medical trips. HCTD adopted this policy out of concern that demand for trips other than medical trips from rural Bell County residents would strain rural funding and HCTD's resources.

Rural service is decentralized, with drivers and vehicles dispersed over the large service area. The rural division has sixty-two vehicles total. Each county is allocated between two and ten vehicles, depending on demand. Vehicles and drivers are stationed in their home counties at dedicated offices, at least some of which are provided by or shared with other governmental or nonprofit entities. Each county's vehicles and drivers serve that county's residents but may take passengers to destinations in other counties.

Unlike urban vehicle maintenance, which is performed in-house at the Belton facility, rural vehicle maintenance is performed locally under contract. Rural reservations and dispatch are provided centrally by the dispatch facility in Belton, and administrative and support functions are provided centrally from the Belton or San Saba facilities.

Service Trends

HCTD's ridership has been declining over the past several years: from a high 974,000 trips in FY 2013, it fell to about 502,000 trips in FY 2019 (see Figure 4). HCTD's total revenue hours (the time vehicles spend in service, as opposed to coming and going from garages and maintenance facilities) in FY 2019, meanwhile, were the lowest in a decade (see Figure 5).

Figure 4: Ridership by Mode, FY 2009–2019

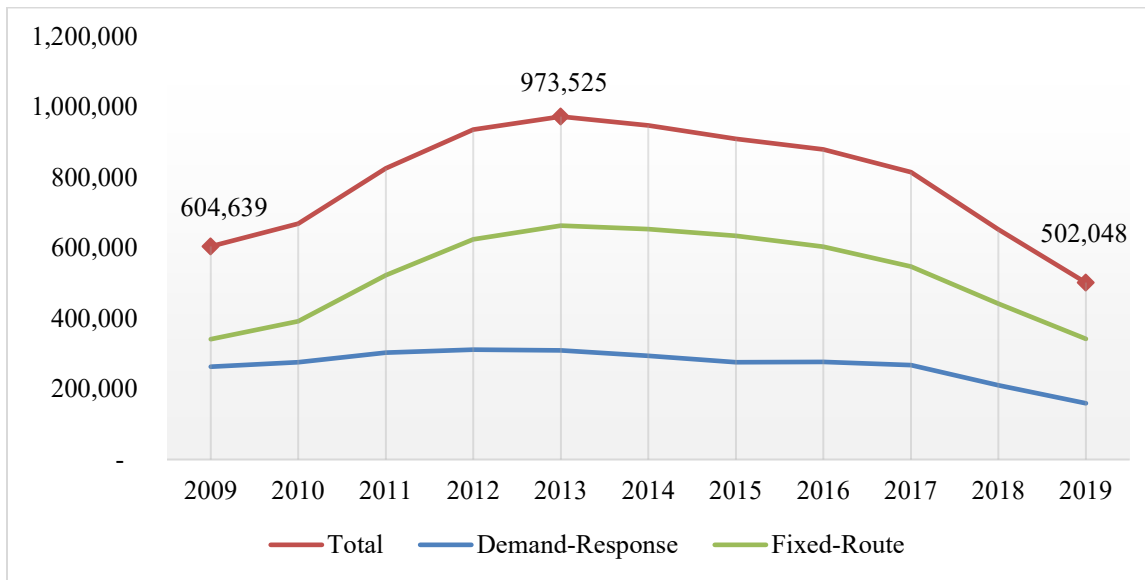
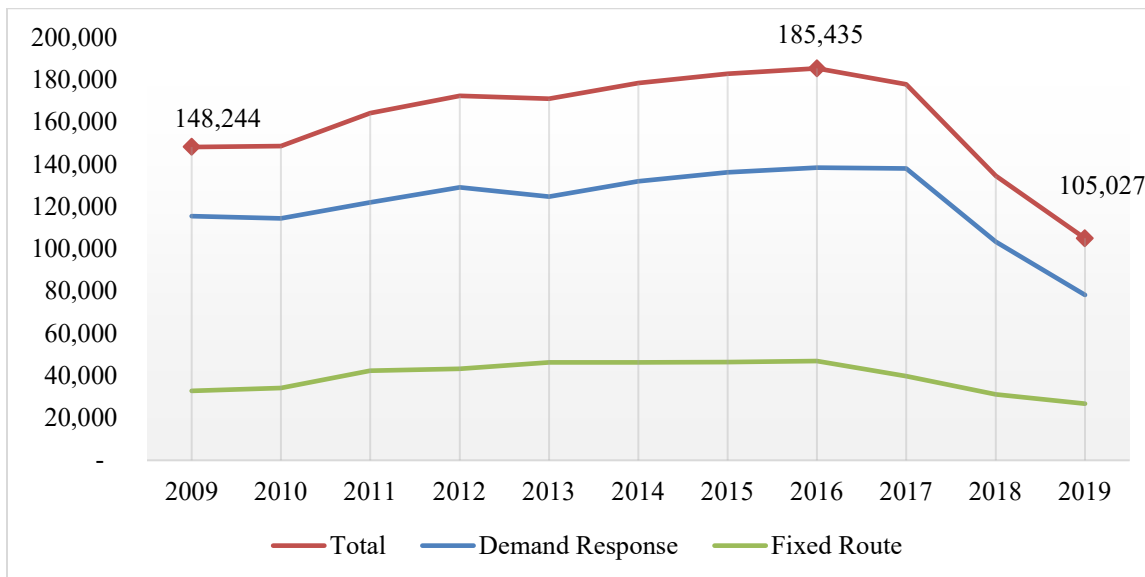


Figure 5: Revenue Hours by Mode, FY 2009–2019



Reduced Medicaid service is the biggest contributor to these declines in service and ridership. HCTD has long provided non-emergency medical transportation for Medicaid recipients under contract through state-operated program. In 2014, TxDOT changed the way it administers this program. All trips are now funneled through regional brokers, who then operate or contract for service through a number of public and private transportation providers. This change resulted in HCTD handling fewer Medicaid trips and receiving less revenue from those trips it does handle.

Medicaid trips are important to HCTD because the revenue they generate can be used as local matching funds for federal grants. Fewer Medicaid funds has meant fewer federal funds for HCTD, which has in turn led to reduced service and reduced ridership. Local matching funds will be discussed in further detail later in this document.

Operating Costs

This section surveys trends in operating costs, assesses HCTD's general administration costs, and evaluates HCTD's method of allocating costs across divisions and services. A summary is provided here:

OPERATING COSTS – OVERVIEW

Although total operating costs have fallen for the last several years, operating costs per passenger and per revenue hour have continued to increase

- Operating costs per passenger increased by 32 percent from FY 2009 to FY 2019
- Operating costs per revenue hour increased by 42 percent over the same period
- HCTD's operating costs per passenger and revenue hour are broadly in line with those of its peers

HCTD is controlling general administration costs fairly well

- HCTD's general administration costs as a percentage of total operating costs—a figure that helps indicate whether an agency's discretionary spending is too high—is favorable compared to its peers

HCTD allocates administrative costs by division and service type based on revenue hours and duties performed

- This cost allocation model does not result in any one division or service unfairly subsidizing another

Trends in Operating Costs

HCTD's total operating costs for FY 2019 were about \$8.4 million. From an organizational perspective, the Killeen division's operating costs of \$3.7 million were highest, followed by the rural division's at \$2.5 million and the Temple division's at \$2.2 million. From a service perspective, total costs for demand-response service—both urban and rural—were \$6.1 million, more than double the costs for fixed-route service.

Operating costs for FY 2019 are up from \$6.9 million in FY 2009 but down from a peak of \$11.7 million in FY 2016, because HCTD is now running less service (see Figure 6). But while total operating costs are lower, declining ridership has resulted in higher costs per passenger, and reduced service has yielded higher operating costs per revenue hour (see Figure 7 and Figure 8). HCTD is not yet an outlier by these measures. As discussed in chapter 3, below, HCTD's operating costs per revenue hour are fairly comparable to its peers, with costs per revenue hour for fixed-

route service slightly higher than the peers and costs per revenue hour for demand-response service slightly lower than the peers.

Figure 6: Operating Costs by Mode, FY 2009–2019

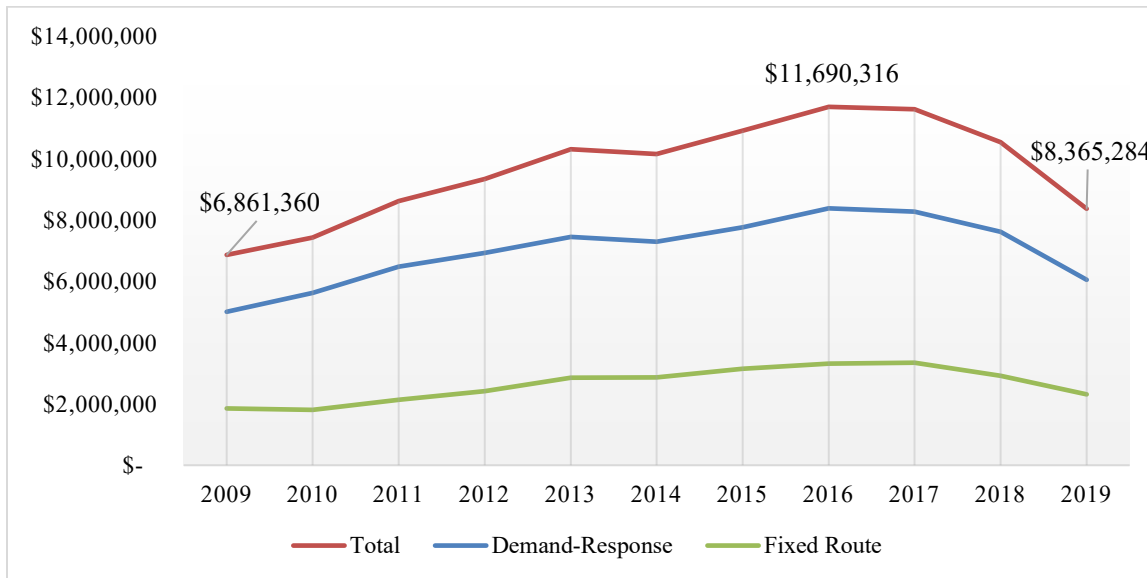


Figure 7: Operating Costs Per Passenger, FY 2009–2019

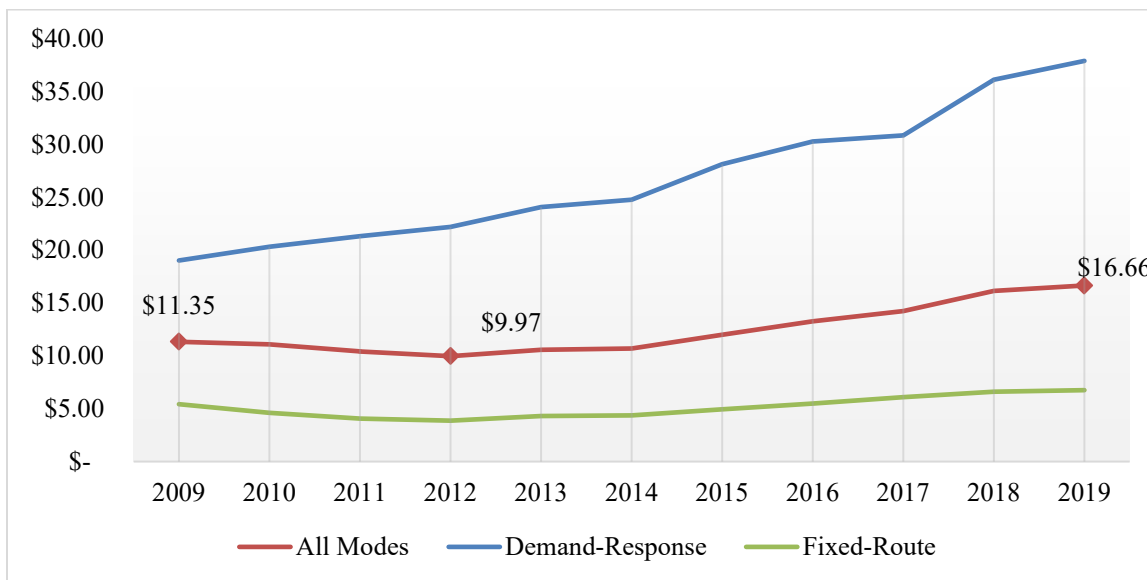
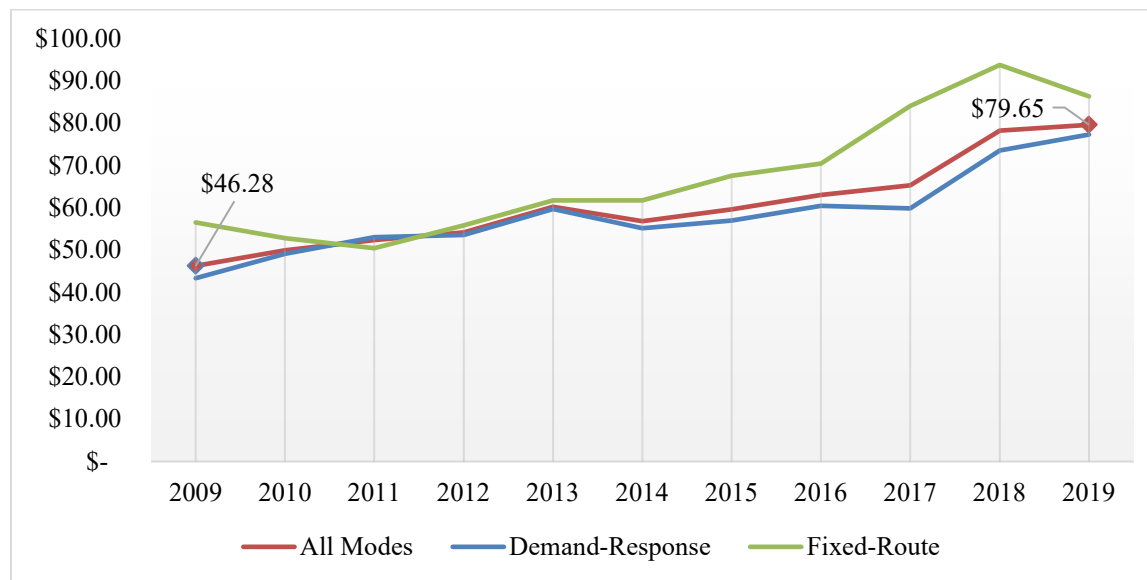


Figure 8: Operating Cost Per Revenue Hour, FY 2009–2019



General and Administrative Costs

FTA’s National Transit Database divides operating costs into four categories:

- Vehicle Operations
- Vehicle Maintenance
- Facilities Maintenance
- General Administration

The first three categories comprise over 80 percent of HCTD’s operating costs, so the trends in total operating costs, operating costs per passenger, and operating costs per revenue hour described above largely mirror trends in operations and maintenance costs. General administration costs, though, are somewhat more discretionary and thus more controllable than operating and maintenance costs. They are therefore analyzed separately here.

A high percentage of general administration costs relative to total operating costs could indicate excess spending on items other than direct service provision. But organizational structure is also an important factor in the amount of general administration costs an agency incurs. Many municipal agencies, for example, share overhead function such as human resources and legal services with other city departments.

To gauge whether HCTD’s general administration costs are high, the study compared equivalent data for several peer agencies: Brazos Transit District, Concho Valley Transit District, Midland-Odessa Urban Transit District, and Waco Transit (the Waco urbanized area only). As Table 3 shows, HCTD’s 2018 general administration costs as a percentage of total costs are quite low compared to these peers. Although there can be some inconsistency across agencies in how administration costs are categorized, these results indicate that HCTD’s general administration costs are reasonable and likely quite lean.

Table 3: General Administration Costs as Percentage of Operating Costs, Selected Peer Agencies, FY 2018

Agency	Fixed Route	Demand-Response	Total
HCTD	14.0%	18.4%	17.2%
Brazos Transit District	33.1%	41.7%	36.1%
Concho Valley Transit District	24.3%	31.9%	29.7%
Midland-Odessa UTD (urban only)	N/A	N/A	21.5% ¹
Waco Transit (urban only)	22.1%	27.5%	23.2%
Peer Average	26.5%	33.7%	27.6%

1. FY 2021 data

Shared Cost Allocation

HCTD allocates administrative costs allocated by division and service type, yielding five categories:

- Killeen fixed-route
- Killeen demand-response
- Temple fixed-route
- Temple demand-response
- Rural demand-response

Costs are allocated into these five categories rather than just to the three divisions, because some sources of operating funds are applicable to only certain divisions (e.g., rural), while others are applicable to only certain types of service (e.g., demand-response). Therefore, HCTD must track its costs across all five categories.

In general, HCTD allocates shared costs based on the number of revenue hours operated by each service. Allocating costs by revenue hours is common in the transit industry, because the number of hours operated on each service tends to reflect the comparative level of effort needed for each. For example, the cost of operator wages, one of the largest cost components of transit service, is clearly a function of the number of hours operated. While more complicated allocation models can be developed, allocating by revenue hours is generally considered a fair system.

Some administrative costs apply to all five categories; others apply only to two, three, or four. Staff costs are allocated annually to the appropriate categories by person. The General Manager’s salary, for example, is spread across all five categories, while the Director of Urban Operations’ salary is spread across only the four urban categories.

After a detailed review of the general model and how it was applied in FY 2019, HCTD's cost allocation model appears to be fair. Neither the methodology nor the resulting data indicate any cross-subsidization of costs across the divisions or service types.

Operating Revenues

This section details HCTD's sources of revenue and explains how the agency meets local matching requirements for federal grants. A summary is provided here:

OPERATING REVENUES – OVERVIEW

HCTD's main sources of revenue are federal grants, state grants, contributions from cities, fare revenue, and Medicaid transportation

Federal grants are HCTD's largest revenue source, accounting for over half of total revenue

- Section 5307 urban area formula funds are apportioned by UZA according to population, population density, and amount of transit service provided
- Section 5311 rural formula funds are apportioned primarily by land area and population
- Federal funds require local matching funds

Medicaid transportation is HCTD's largest source of local matching funds, followed by contributions from the member cities and Area Agencies on Aging

- Medicaid revenues have declined over the past several years due to changes in how the program is administered
- Contributions from the cities are small relative to contributions to transit from local governments in similar-sized urban areas
- HCTD is beginning to have trouble securing enough local matching funds to take advantage of federal operating funds

Fare revenue accounts for only a small percentage of operating revenues

- Fare revenue is not forecast to increase substantially in the future and may not be used as local match

Figure 9 presents HCTD's total operating revenues by source for FY 2019, and Table 4 splits those revenues by division and source. Then, each funding source and its contribution to HCTD's budget is discussed in detail below.

Figure 9: Total Operating Revenues by Source, FY 2019

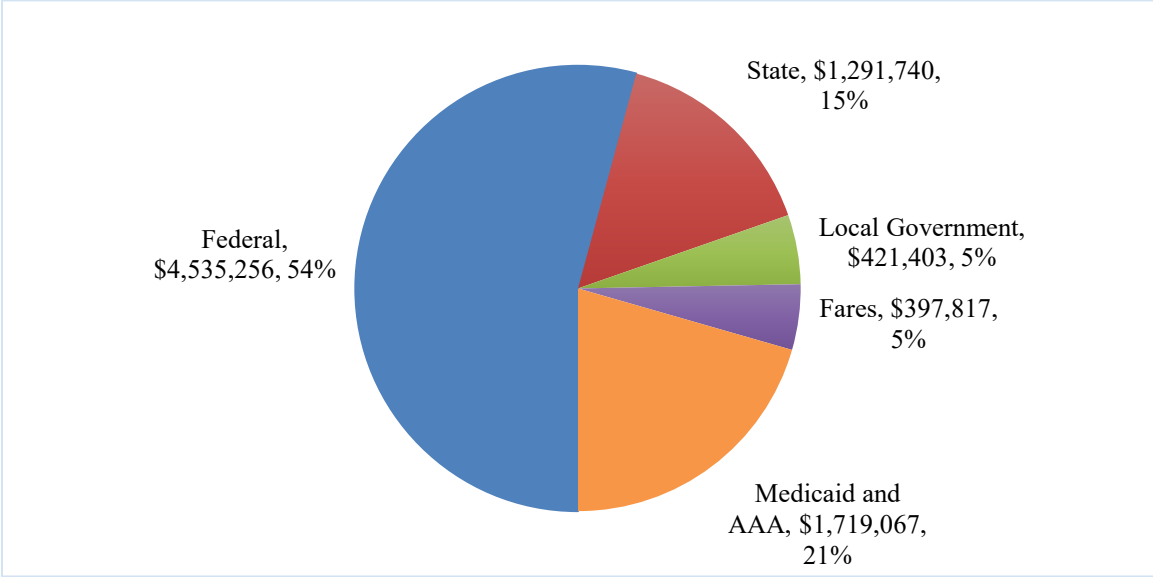


Table 4: Operating Revenues by Source and Division, FY 2019

Division	Rural	Killeen	Temple	Total
Federal Transportation Grants	\$924,647	\$2,497,456	\$1,113,153	\$4,535,256
State Transportation Grants	\$537,590	\$386,517	\$367,633	\$1,291,740
City and County Contributions				
<i>City of Killeen</i>		\$117,512		\$117,512
<i>City of Copperas Cove</i>		\$97,238		\$97,238
<i>City of Harker Heights</i>		\$38,895		\$38,895
<i>City of Temple</i>			\$136,727	\$136,727
<i>City of Belton</i>			\$31,031	\$31,031
Subtotal - City and County Contributions ¹	\$0	\$253,645	\$167,758	\$421,403
Medicaid Service	\$917,137	\$330,078	\$453,501	\$1,700,715
Area Agencies on Aging (AAA)	\$18,352	\$0	\$0	\$18,352
Fare Revenues ²	\$75,417	\$207,993	\$114,407	\$397,817
TOTAL	\$2,473,143	\$3,675,689	\$3,799,902	\$8,521,409
¹ Bell County contributed \$156, 125 in calendar year 2018 for use in 2019.				
² Includes contributions from AAA riders				

Federal Revenue Sources

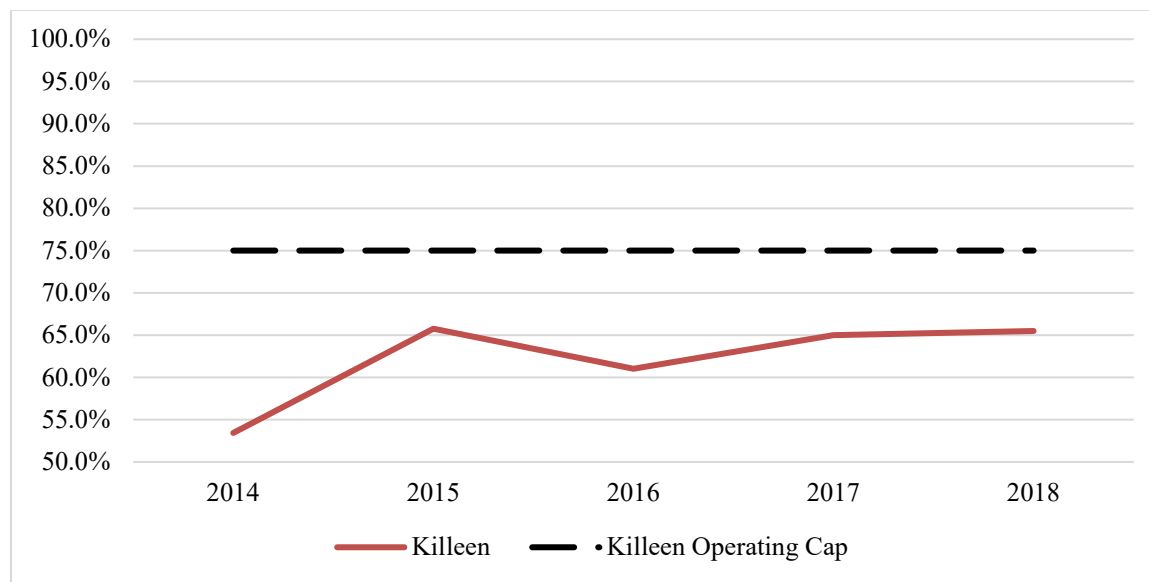
Grants from the Federal Transit Administration comprise the largest share of revenues for the two urban divisions and the second-largest share of revenues for the rural division. In general, federal grants may be used to fund up to 80 percent of capital expenses and 50 percent of operating expenses. The remainder, termed matching funds, must come from either the state or the local entity.

Section 5307 Urbanized Area Formula Program

Section 5307 is FTA’s largest funding program for urban transit agencies and is HCTD’s largest source of federal funds. Section 5307 funds are apportioned by UZA, not by agency, based on factors including population, population density, and amount of transit service provided.

HCTD receives 5307 funds for the Temple and Killeen UZAs, but the rules for using these funds differ. The Temple UZA is a small UZA, with a population between 50,000 and 200,000. Temple funds may be used for operating expenses with no restrictions. The Killeen UZA is a large UZA, with a population over 200,000. In general, funds apportioned to large UZAs may not be used for operating expenses. But, under the Section 5307 Operating Assistance Special Rule, agencies in large UZAs that run 75 or fewer vehicles in peak service, including HCTD, may use up to 75 percent of their 5307 funds to cover operating expenses. Historically, HCTD has not approached the 75-percent cap. Data for FY 2014–2018 (the most recent complete data available) show that the portion of the Killeen UZA’s 5307 funds spent on operating expenses has remained between 50 and 65 percent (see Figure 10).

Figure 10: Portion of 5307 Funds Used for Operating Expenses, Killeen Division, FY 2014–2018



In FY 2019, HCTD received approximately \$2.5 million in operating revenue for Killeen (including some funds apportioned in FY 2018) and \$1.1 million in operating revenue for Temple from Section 5307 funds. Recently, a shortage of local matching funds, not the operating assistance cap, has been the constraint on the use of federal funds for operating expenses. If HCTD were to use the full 75 percent of Killeen’s 5307 allocation for operating expenses, it could capture between \$200,000 to \$400,000 more federal dollars. But, doing so would require an equal amount of local matching funds, because the maximum federal share for operating grants is 50 percent. Assuming local match were found, the result would be a 10 to 20 percent increase in operating budget for the Killeen division.

HCTD’s operating expenses will continue to grow and could eventually outpace growth in federal funding. When and if they do so is a function of how much service HCTD runs. Between FY 2014 and FY 2018, the combined 5307 apportionment for the Killeen and Temple UZAs grew by 8 percent, while HCTD’s total operating costs grew by only 4 percent. HCTD reduced service during that period, however. If the agency opts to increase service in the future, operating costs have to potential to grow faster than federal funding.

Section 5311 Formula Grants for Rural Areas Program

FTA's Section 5311 Formula Grants for Rural Areas program fund capital and operating expenses for public transportation in rural areas and in cities with populations less than 50,000. Funds are apportioned primarily by land area and population and are allocated to the states, who then distribute the funds to eligible operators. In FY 2019, HCTD received about \$925,000 in Section 5311 funds in support of its rural operations.

Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program

Section 5310 grants provide capital and operating assistance for urban and rural services that benefit the program's target groups. In FY 2019, HCTD did not receive any Section 5310 funds, but it has in the past and plans to in the future. Section 5310 funds remain available during the fiscal year of apportionment plus two additional years. Because the annual apportionments are relatively small (e.g., about \$150,000 per year for Killeen), HCTD has often combined at least two years of Section 5310 apportionments into one application. It currently plans to continue that process.

State Revenue Sources

The State of Texas also supports HCTD's urban and rural services. Funds are apportioned according to several formulas according to urbanized area population, type of service, and service performance. TxDOT also provides matching funds for Temple's Section 5307 grants and rural Section 5311 grants. State funds account for a larger share of rural revenues than urban revenues. In FY 2019, HCTD received \$538,000 in state rural grants and \$754,000 in state urban grants.

Local Revenue Sources

Local revenue sources are critical to the financial strength of a transit agency, because most federal and some state grants require local matching funds. Therefore, a shortage of local funds can reduce total available grant funds.

Medicaid

HCTD's largest local funding source is Medicaid's non-emergency medical transportation program. HCTD relies on Medicaid funding for local match for federal grants. As discussed above, changes by TxDOT in how it administers the Medicaid program have resulted in HCTD providing fewer Medicaid trips, which has in turn reduced the amount of federal funding the agency can access. Lacking other local funding sources to compensate, HCTD has had to reduce service.

Cities and Counties

HCTD's other main source of local funds is support from the cities and, at times, counties in the service area. HCTD requests funds from the five cities and Bell County each year, but the amounts actually contributed are determined by the cities and county themselves. Local government contributions are, in essence, funds of last resort—whatever expenses are not covered by other sources must come from them, or else service must be reduced.

Together, local governments in the service area contributed \$421,000 in FY 2019, down from \$535,000 in FY 2018. As shown in Table 4, Temple was the largest contributor in FY 2019, followed by Killeen, Copperas Cove, Harker Heights, and Belton. None of the counties made cash

contributions to HCTD’s FY 2019 budget. Bell County contributed \$156,000 in its own FY 2019 budget, but this cash was received and spent by HCTD in its FY 2018 budget. Normally, Bell County’s 2020 contribution would have appeared in HCTD’s 2019 statement of revenues and expenses, but HCTD refunded the 2020 contribution when the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds became available. HCTD likewise refunded the cities’ FY 2020 contributions. Because CARES Act funds cover 100 percent of operating and capital expenses, HCTD plans to use them to fund operating expenses in FY 2020 and FY 2021.

To assess whether the total local contribution to HCTD’s budget is typical, local government contributions to transit agencies in similar-sized urbanized areas were investigated. Table 5 presents the contribution of local governments to transit in four UZAs in Texas using the most recent available budgets. These UZAs differ from those selected for the peer review in chapter 3 because the focus here is on agencies serving similar sized populations, not agencies providing similar amounts of service.

The results show that, at about 5 percent of operating costs, the total contribution of HCTD’s local governments was well below that of the other governments in the other UZAs studied. In Amarillo and Brownsville, all local funds come from the cities; in Lubbock, city funds are supplemented with revenue from an economic development corporation; and in Midland-Odessa, Ector County contributes a small amount specifically for Section 5310 service on top of the cities’ contributions.

Table 5: Local Government Contribution to Urban Service Operating Costs, Selected UZAs, Most Recent Available Data

UZA	Population (2010)	Urban Operating Costs	Local Government Share of Operating Costs	Percentage of Operating Costs
Killeen and Temple (FY 2019)	308,020	\$8,521,409	\$421,403	4.9%
Amarillo (FY 2020)	196,651	\$5,763,279	\$1,833,477	31.8%
Brownsville (FY 2020)	217,585	\$5,987,372	\$2,018,357	33.7%
Lubbock (FY 2020)¹	237,356	\$14,152,316	\$3,258,473	23.0%
Midland-Odessa (FY 2021)	244,212	\$6,548,590	\$ 1,303,512	20.0%

Area Agencies on Aging

The nine counties of HCTD are split across three councils of government (COGs), which serve as conduits for funding from Area Agencies on Aging (AAAs), nonprofit organizations that provide support services for the elderly. The COGs distribute small sums from three AAAs to the rural division.

Transportation Development Credits

Local match can also be provided with Transportation Development Credits (TDCs), a financing tool by which the federal government credits states for local and state investment in toll projects. TDCs are credits, not cash. They may be used as matching funds for federally supported projects, meaning that such projects become 100-percent federally funded.

In Texas, TDCs are awarded by TxDOT, which reserves a portion of TDCs for public transit projects. In awarding TDCs, TxDOT generally aims to maximize available federal funds, so it prioritizes projects where federal funds would otherwise go unused due to inability to provide the non-federal share. Credits are usually awarded for capital projects such as replacing buses, building new transit facilities, and investing in information technology, but can be used to match operating grant funds as well.

In FY 2019, HCTD made a one-time request to use TDCs worth \$447,000 to match Section 5307 funds for the Killeen division. Without TDCs, HCTD would not have been able to access all of the federal operating assistance available to it, because its other local revenue sources would not have covered the required local match. Because TDCs are not cash, they do not appear in Table 4.

In-Kind Contributions

In the past, HCTD has tracked in-kind contributions to operating costs, which in general are items such as office space shared with another government entity and overhead services provided by other often larger organizations. In HCTD's case, some rural counties provide office space for rural operations. HCTD stopped tracking these contributions several years ago. Medicaid revenue has always provided enough local match for the rural division, so HCTD decided that tracking in-kind contributions was not worthwhile.

Fare Revenue

The only other source of funds for HCTD is fare revenue, which helps cover operating costs but may not be used as local match. HCTD has not raised its fares in many years, and fares are unlikely to become a major source of operating funds. HCTD records cash fares for each division according to which service they were received on. It allocates sales of passes to the two urban divisions according to service hours, just as shared operating costs are allocated. In FY 2019, fare revenues covered about 3 to 6 percent of each division's operating costs.

Capital Costs and Revenues

This report has focused on operating costs and revenues because funding annual operations is a greater challenge than funding capital projects for HCTD and indeed most transit agencies. Still, HCTD does have periodic capital costs, such as new buses and passenger amenities. The proportion of capital costs to operating costs varies year-to-year, but HCTD's capital costs are in general much lower than its operating costs.

Over the last five years, the agency's major capital expenses have included about \$5.6 million for new vehicles and \$650,000 for information and communication systems. These purchases have been made primarily with federal grants, which cover up to 80 percent of expenses. State funds have generally been used to meet local matching requirements.

Summary

HCTD operates multiple modes of service over a large geographic area with distinctly different urban and rural areas. Overall, the agency manages its costs well. It has a low percentage of general administration costs relative to total operating costs, and it allocates costs fairly among divisions. Over the past several years, however, HCTD has had to reduce service, contributing to lower ridership and higher costs per hour and per passenger. The most important contributing

factor to reduced service—and HCTD’s biggest fiscal challenge—is a lack of local match funds. Revenue from Medicaid trips is declining, and contributions from local governments are lower than in similar-sized urban areas. CARES Act funds for FY 2020 and FY 2021 mean that the agency is financially secure for several years, but if it would like to increase service in the future, it will require more local funding.

Chapter 2: Stakeholder Interviews

Introduction

To better understand goals for transit in the service area, phone interviews were conducted with area stakeholders, including city and county staff and elected officials and other concerned parties. Respondents were asked questions regarding how HCTD is perceived in their communities, what services HCTD should provide, what challenges HCTD faces, and how HCTD should be organized in the future. Each interview was tailored to the knowledge and interests of the stakeholder.

The results of these interviews are summarized below. This document does not attribute opinions to specific stakeholders, instead describing trends that emerged from the interviews as a whole. These perspectives were used to help develop the options and recommendations discussed in chapter 5.

Participating Stakeholders

Table 6 lists the stakeholders who were interviewed along with their organizations and functions. Most are either current HCTD board members or community officials who regularly work with HCTD and are thus familiar with HCTD's structure, governance, funding, and services. Those who have less contact with HCTD are generally familiar with service in their areas but less so with the agency as a whole.

Table 6: Organizations and Roles of Participating Stakeholders

Stakeholder	Organization	Position
Sam Listi	City of Belton	City Manager
Dan Kirkley	City of Belton	City Councilman/HCTD Board Member
Fred Chavez	City of Copperas Cove	City Councilman
Joseph Molis	City of Harker Heights	Planning Director
Kristina Ramirez	City of Harker Heights	Assistant Public Works Director
Leslie Hinkle	City of Killeen	Executive Director of Community Development
Judy Morales	City of Temple	Mayor Pro Tem
Bob Browder	Temple Reinvestment Zone	Board of Directors
David Blackburn	Bell County	County Judge/ HCTD Board Chair
Ebony Jackson	Bell County	Director of Bell/Mills County Indigent Health Care Program
Keith Allen Curry	Hamilton County	Commissioner/HCTD Board Member
Randall Hoyer	Lampasas County	County Judge/ HCTD Board Member
Peter Jones	Llano County	Commissioner/HCTD Board Vice Chair
Stephen Mutschink	Mason County	Commissioner/HCTD Board Member
Byron Theodosis	San Saba County	County Judge/ HCTD Board Member

Impressions of HCTD

This series of questions assessed how HCTD is perceived in the community and by what measures stakeholders think the agency should be judged. Broadly speaking, rural communities are happy with the services HCTD provides and the performance reports that the agency currently produces. Urban communities have more concerns, and urban stakeholders would like to see improvements in service and management.

Have you or anyone you know used HCTD’s services?

Only one interviewee had ever used HCTD’s services, though some had ridden either to evaluate service or on demonstration trips. Family members of a few others have used an HCTD service. Yet, lacking firsthand knowledge of the system, most stakeholders said that awareness of HCTD in their communities is fairly or very high, particularly among residents who need it.

How is HCTD perceived in your community?

Here the opinions of rural stakeholders differ sharply from those of their urban counterparts. Rural representatives unanimously felt that the public perceived HCTD and its services positively. Urban stakeholders, however, reported a more critical urban public: some current riders perceive HCTD poorly due to recent service cuts, some potential riders perceive the service to be unreliable, and some nonriders perceive the system to be underused.

Is HCTD well run?

In general, stakeholders who said that the public views HCTD positively said that HCTD is well managed. Rural stakeholders unanimously gave management high marks for effectiveness and efficiency, with many citing HCTD's success at meeting and beating its own goals for on-time performance, breakdowns, and other service quality measures. They also cited the lack of complaints by constituents as evidence that the service was well-run.

Urban stakeholders painted a different picture. Many were critical of HCTD's management. Some felt that HCTD operates its basic service effectively but is not creatively addressing issues such as funding. Similarly, a couple of stakeholders lamented that HCTD is not taking advantage of new technologies in operations or fare payment. Others said that HCTD does not communicate well with riders or elected officials, even when the district must make necessary and prudent changes.

Others were critical of HCTD's service. One urban stakeholder felt that HCTD's urban service is limited and not responsive to the needs of the community, indicating that the agency is poorly managed or inefficient. Several more raised the issues of reliability and travel time. One said the service was not reliable enough to be useful, while another said the service was reliable but too slow to be useful. And finally, one respondent felt that the Board acted as a "good ol' boys club" and did not deploy service to meet demand, as it should be.

How should performance be measured?

All of the rural respondents, who are all HCTD board members, thought the current performance reports published by HCTD measured the efficiency and effectiveness of the system. In addition, most believed that complaints (or lack thereof) from constituents were an important measure of HCTD's performance.

IMPRESSIONS OF HCTD

Rural stakeholders are pleased with current service

- Rural constituents have voiced few if any complaints, indicating comfortable, useful service
- HCTD meets its performance goals, indicating well-run service
- HCTD's performance reports are a useful and effective means of measuring success

Urban stakeholders are more critical

- Riders and nonriders question the reliability and usage of bus service
- HCTD is not doing enough to diversify funding sources and implement new technologies
- Communication with riders and elected officials is poor
- HCTD's performance reports are useful, but ridership should be tracked more closely to improve urban service

Urban stakeholders' responses varied more. Current board members and some city staff are familiar with the current performance reports. While they generally thought the reports measure efficiency and effectiveness well, some felt additional measures should be tracked, including ridership by major stop for fixed routes, cost-efficiency, and fuel efficiency. One stakeholder specifically mentioned the need to "demonstrate good stewardship of public funds" by tracking asset maintenance. Another felt the current performance reporting was limited to only those measures that need to be reported to the Federal Transit Administration each year, rather than including efficiency and effectiveness measures that are more relevant to local elected officials.

Those not familiar with current performance reports tended to cite total ridership as the most important measure of success. Interestingly, unlike the rural stakeholders, only two urban respondents cited constituent complaints as a gauge for how well the system is operating.

Purpose of Public Transportation

Next, stakeholders were asked what functions transit should fulfill and whether HCTD does so currently. Here, rural and urban stakeholders alike agreed that transit is critical to mobility for seniors and that transit should be used to tie the region together more closely. Urban stakeholders, however, believe that transit can and should do more, offering services aimed at a broader market. They think that HCTD is not doing enough to meet the needs of groups including students, lower income residents needing to get to work, and soldiers at Fort Hood.

What should be the functions of transit?

Rural stakeholders cited mobility for seniors and the disabled as the primary purpose of public transportation in their counties, with a few adding low-income or indigent residents to that group. The ability to access nutrition, medical care, and shopping facilities were discussed as important functions of transit. Urban representatives agreed, but they also mentioned other functions including facilitating economic growth and providing access to jobs and education. They were also more likely to prioritize low-income residents, who need transit to access full-service grocery stores, lifeline services, and health care.

PURPOSE OF HCTD

Mobility for seniors is critical

- Low-income residents, students, and commuters are also important markets

Residents need to travel across the region

- Access to medical care often requires long trips
- Killeen and Temple are economic, medical, and recreational hubs
- Fort Hood creates regional demand

HCTD meets the needs of rural communities

- Seniors are the heaviest users and demand-response service suits their needs well

HCTD does not fully meet the needs of urban communities

- Routes do not go where people need to go
- Service is too sparse, infrequent, and unreliable to be useful

Who should have access to transit?

All stakeholders said that transit should be available to the general public while acknowledging that some groups need the service more than others.

Should service be locally or regionally oriented?

Likewise, nearly all stakeholders believed that transit should be used to connect the region. Rural representatives emphasized the need for access to specialized medical services, which are often not available in rural counties. Representatives of the smaller cities prioritized connections to Killeen and Temple, where many residents go for jobs, shopping, and medical services. Indeed, Temple is a particularly important destination across the region because of its hospitals. A few respondents envisioned even broader regional service, with connections to public transportation providers in Austin and Waco to expand job opportunities for their residents.

Does HCTD meet the needs of the community?

Most rural stakeholders felt that HCTD is meeting the needs of their communities, although a few qualified their responses by saying that service could always be improved. Urban respondents, on the other hand, agreed almost unanimously that the transportation needs of their communities are not being met. Common concerns include:

- Routes do not cover all of the areas needed (e.g., Fort Hood, Texas A&M University-Central Texas, employers on outskirts of region)
- Walks to bus stops are too long in many high-need areas
- Service hours are too short to be useful (particularly for residents with jobs in retail or those travelling to Temple for medical services)
- Frequency is inadequate
- Reliability is questionable

Many cited the recent cuts in fixed route service as evidence that HCTD was not responsive to the needs of the riders.

What are the Major Challenges of HCTD Today?

All participants recognize that HCTD has many challenges. Some factors were cited by numerous respondents, others by just one or two people—but all were well-thought out and are worth documenting. In contrast to the questions above, there was no consistent divide between rural and urban stakeholders or between HCTD board members and community representatives.

Funding

Funding, both short- and long-term, was the most commonly cited challenge. Some stakeholders specifically felt the challenge was raising sufficient funds to sustain current service levels; others felt more funds were needed to address unmet needs. One stakeholder expressed the issue as “how do we do more with the money we have”. Another person felt that the major players had unrealistic expectations about the amount of local funding needed to support the service.

Growth

Meeting the needs of growing communities was the second most commonly cited challenge. Multiple interviewees felt HCTD has not responded well to rapid growth in its urban areas and that current service is inadequate to the needs of many urban residents. One person summarized the issue by stating that HCTD was twenty years behind the times.

Leadership

No other single challenge emerged from the interviews, but many respondents described challenges that broadly relate to leadership, focus, and sense of purpose. These include:

- Poor staff and Board leadership
- Poor communication between staff and Board and between Board members and their constituencies
- Discord among member entities, especially related to funding
- Different focuses of different counties and cities
- Public branding and service visibility

CHALLENGES TODAY

Funding is scarce

- Stakeholders question whether HCTD has sufficient funding to maintain its current service and increase service in the future

Rapid urban growth is generating unmet needs

- Killeen and Temple continue to add residents and businesses while rural areas are stable

Stronger leadership is needed

- The agency has no unified vision
- Communication with the public is lacking

The Future: Funding, Fares, and Structure

Of all the questions asked, this set generated the least agreement and specificity. Some stakeholders demurred, saying they did not know enough about funding and fares to develop reasoned opinions, while others consciously avoided the political pitfalls of discussing money.

How should HCTD be funded?

Currently, HCTD is funded primarily by federal and state grants, with fare revenue and contributions from the five cities comprising the remainder. In FY 2019, no county government contributed to the budget. Most rural representatives doubted this would change—they do not see their counties contributing to HCTD’s budget, either because of lack funds or because they think state and federal sources should be adequate. Interestingly, though, two county representatives said the counties should expect to pay a share at some point in the future.

Urban stakeholders recognized that city contributions are essential, but most thought they lacked the context or background knowledge to know whether the current contributions are adequate. The City of Belton, however, does feel that its contribution is fair, based on the number of Belton residents using the service.

A couple of stakeholders felt that HCTD must seek out new sources of funding, including advertising and new private partnerships.

Multiple stakeholders expressed concerns about urban areas subsidizing rural service or vice versa. A few interviewees cited the need to look for new and creative funding sources, such as advertising revenues and large employers.

Should fares be raised?

Overall, most rural and urban stakeholders thought the current fares are fair. A few felt that fares could be raised so long as service is reliable. Others felt that fares should be raised to help generate political support for the service by demonstrating that riders are paying their fair share. One respondent felt that slightly higher fares would ensure that riders have “skin in the game” and demonstrate that the service provided is valuable.

How should HCTD be structured in the future?

The rural-urban divide was nowhere more apparent than in stakeholders’ answers to the question of how transit delivery should be structured in the future—combined rural and urban operation as it is today or split into smaller entities. Rural stakeholders unanimously approve of the current structure, predominantly because they believe that it minimizes overhead costs and is thus more cost-efficient.

Urban stakeholders varied more in their responses. Two agreed with their rural colleagues that the current structure should be maintained. One cited the idea that the single agency structure minimizes overhead costs, while the other believed that a regional agency has the greatest potential to smooth regional connections for passengers. Three other urban stakeholders, meanwhile, specifically recommended breaking up the agency. One thought a local urban agency would have more control over routes and service and thus be able to respond to residents’ needs more easily. Another believes that the transit needs of the rural and urban areas are so different as to require two entities. This respondent went further, even suggesting that Temple and Killeen could have separate transit providers, since the sources of demand in two urban areas differ substantially. One respondent just felt that the current structure was not working; therefore, something needed to change. Finally, the remaining three urban stakeholders felt that the best structure is whichever is most efficient.

THE FUTURE AT HCTD

There is little agreement on where funding should come from

- Few stakeholders envision their jurisdictions contributing more to the budget
- Many are concerned that their constituencies are unfairly subsidizing others

The fares are fair

- Few stakeholders are interested in raising fares

Rural stakeholders and most HCTD board members favor maintaining the current organizational structure

- They believe it to be fair and cost-efficient

Urban stakeholders and non-HCTD board members are interested in different structures

- Some expressly favor separate rural and urban providers
- Others simply prefer whichever arrangement is most cost-efficient

A sharp divide between HCTD board members and non-board members became apparent here as well. Almost all board members favored maintaining the current structure, but most non-board members preferred either breaking up the agency or opting for the cost-efficient structure, even if that means splitting HCTD in two (or even three).

Other Comments

Some comments and opinions gathered in the interview process do not fit into the categories outlined above but are nonetheless valuable. Various stakeholders would like to see HCTD doing the following:

- Provide an avenue for riders to serve on the board or in an advisory capacity
- Create transfers hubs to facilitate both transfers between fixed routes and transfers from demand-response service to fixed-route service
- Provide more service oriented toward Fort Hood, including routes to bars and other entertainment venues
- Seek out innovate and different ways of providing services
- Provide mobile hot spots on buses
- Generate revenue through advertising and other new sources
- Use GIS and other modern tools to make routes better and more efficient

Conclusion

Despite their different backgrounds, positions, and constituencies, the stakeholders interviewed agreed on many important points. Certainly, no one interviewed is inherently opposed to transit. All interviewees understand the importance of transit to senior citizens but also recognize that it benefits the general public. They would, by and large, like to see transit used to facilitate movement within the region. And they believe that the cost of transit to riders is fair for the services being provided.

On other points, however, there is a stark divide between rural and urban stakeholders. Rural representatives see a well-run agency that effectively provides critical mobility services for senior citizens who can no longer drive. Urban representatives see a stagnant agency that is behind the times and failing to meet the transportation needs of its cities. It is no surprise, then, that urban stakeholders are consistently the most interested in changing the current structure.

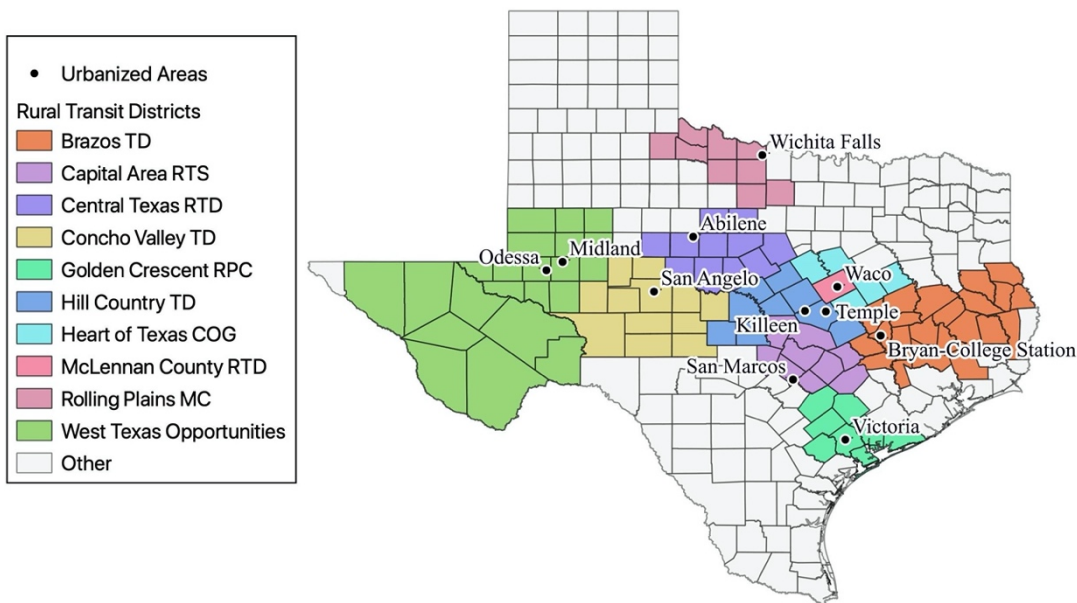
These interviews demonstrate that public perception, internal politics, regional tradition, and local interests all have roles to play in ultimately determining the best structure for HCTD. The perspectives gathered here contribute to the development and assessment of options in chapter 5.

Chapter 3: Peer Review

Introduction

To provide context for HCTD’s operations and to assess whether different structures produce different outcomes, a peer review was conducted of eight areas in Texas that contain both urban and rural transit districts. Data come from HCTD, NTD, and TxDOT. The urban and rural areas studied are depicted in Figure 10:

Figure 11: Peer Areas



Factors considered in selecting these peers include geography and organizational structure. All eight regions have at least one small-to-midsized urban area surrounded by a large rural area. For the most part, areas near major metropolitan centers were avoided (Capital Area Rural Transportation System, which surrounds Austin, is the exception), as were areas along the Texas-Mexico border (West Texas Opportunities serves border counties, but there are no significant urban areas on either side of the border there). Entirely rural regions were also ruled out, since one of HCTD’s defining features is its mixture of urban and rural service.

At the same time, a mix of organizational structures was sought: urban service and rural service are provided by single entities in four of these areas and by separate entities in the other four. These two groups will be termed *aggregate peers* and *disaggregate peers* in this report.

The aggregate peers are as follows, with the service provider listed first, followed by the district’s primary urbanized area. HCTD would be considered an aggregate agency by this definition.

- Brazos Transit District | Bryan-College Station

- Capital Area Rural Transportation System | San Marcos
- Concho Valley Transit District | San Angelo
- Golden Crescent Regional Planning Commission | Victoria

The disaggregate peers are as follows, with the urban provider listed first, followed by the rural provider.

- City of Abilene | Central Texas Rural Transit District
- Midland-Odessa Urban Transit District | West Texas Opportunities
- City of Waco | Heart of Texas Council of Governments | McLennan County Rural Transit District
- City of Wichita Falls | Rolling Plains Management Corporation

All of the peers have enough similarities to HCTD to make comparison worthwhile, but a few have unusual features that bear comment:

- CARTS offers some rural, intercity fixed-route services that have no parallel at HCTD or the other peers. Therefore, when this report references CARTS's fixed-route service, it uses data for its San Marcos service only, and CARTS data are excluded from averages where it is impossible to accurately split urban fixed-route data from rural fixed-route data.
- The City of Waco operates a large service for Baylor University. This service is paid for by the university and results in much higher revenue and ridership figures than would otherwise be expected in Waco. These data are excluded from some averages as well.
- The area surrounding Waco has two rural transit districts. Where data for rural service are referenced in this report, data for Heart of Texas COG and McLennan County RTD are combined.
- The City of Wichita Falls does not provide ADA-complementary demand-response service. Instead, all of its bus routes are point-deviation routes, meaning that ADA-eligible customers can make reservations for buses to pick them up or drop them off within a certain distance of the normal route.

In the following discussion, demographic data come from the Texas Transit Performance Dashboard, a website developed by the Texas A&M Transportation Institute for TxDOT. Then, measures of performance are presented for the eight regions for all service, for fixed-route urban service, and for rural service. Splitting the data this way required some compromises. Data for fixed-route service were gathered from the Federal Transit Administration's National Transit Database (NTD), which splits data by mode and by individual agencies' fiscal years. Data for rural service were gathered from the Texas Department of Transportation (TxDOT), which splits data by urban or rural area and by TxDOT's fiscal year (September 1 through August 31). Data for fixed-route and rural service will, therefore, not exactly align with the data for all service. Nevertheless, fixed-route and rural comparisons are the most useful to make for this study despite these challenges.

Unless otherwise noted, all data in this report are for FY 2018, the most recent publicly available numbers. HCTD reduced service and had fewer riders in FY 2019, so the assessments below may not fully represent the situation today.

Peer Characteristics

Table 7 presents population, area size, population density, and the number of counties served by transit for each peer, treating the disaggregate peers as single areas. The table shows that HCTD falls in the middle of its peers in terms of size and density: it is the third most populous, the fifth largest, and the fourth most densely populated. HCTD’s nine-county service area is less than the peer average of twelve counties served, but it is the most common number of counties in a service area among the group.

Table 7: Descriptive Statistics for Peers

Agency	Population	Area (sq. mi.)	Population Density (persons/sq. mi.)	Number of Counties Served
Hill Country TD	493,799	8,415	58.7	9
Brazos TD	902,050	13,063	69.1	16
Capital Area TD	542,828	6,996	77.6	9
Concho Valley TD	155,925	15,358	10.2	12
Golden Crescent RPC	231,924	7,109	32.6	8
Abilene/Central Texas RTD	316,103	10,795	29.3	11
Midland-Odessa/W. Texas Opp.	451,609	44,138	10.2	22
Waco Area	336,114	5,509	61.0	6
Wichita Falls/Rolling Plains MC	200,233	7,522	26.6	9
Peer Average	392,098	13,811	28.4	12

Table 8 presents population, area size, population density, and the type of organization providing transit for the urban areas. It shows that Killeen and Temple combined have the most people and cover the most area of any of the urban areas in the peer group and are the third-least densely populated.

Table 8: Descriptive Statistics for Urban Peers

Urban Area	Population	Area (sq. mi.)	Population Density (persons/sq. mi.)	Type of Organization
Killeen/Temple (HCTD)	291,789	176	1,657.9	Sole-purpose transit district
Bryan-College Station (BTD)	185,236	97	1,909.6	Sole-purpose transit district
San Marcos (CARTS)	57,743	34	1,698.3	Sole-purpose transit district
San Angelo (CVTD)	97,895	47	2,082.9	Sole-purpose transit district
Victoria (GCRPC)	66,139	37	1,787.5	Council of governments
Abilene	122,612	107	1,145.9	Municipal department
Midland-Odessa	242,309	120	2,019.2	Sole-purpose transit district
Waco	161,074	90	1,789.7	Municipal department
Wichita Falls	106,503	78	1,365.4	Municipal department
Peer Average	129,939	76	1,704.1	

Table 9 compares the rural areas only by the same measures. HCTD falls squarely in the middle here: its rural area is the fourth-most populous, the fifth largest, and the fifth densest.

Table 9: Descriptive Statistics for Rural Peers

Agency	Population	Area (sq. mi.)	Population Density (persons/sq. mi.)	Type of Organization
Hill Country TD	202,010	8,239	24.5	Sole-purpose transit district
Brazos TD	716,814	12,966	55.3	Sole-purpose transit district
Capital Area RTD	485,085	6,962	69.7	Sole-purpose transit district
Concho Valley TD	58,030	15,311	3.8	Sole-purpose transit district
Golden Crescent RPC	165,785	7,072	23.4	Sole-purpose transit district

Agency	Population	Area (sq. mi.)	Population Density (persons/sq. mi.)	Type of Organization
Central Texas RTD	193,491	10,688	18.1	Sole-purpose transit district
West Texas Opportunities	209,300	44,018	4.8	Community action agency
Heart of Texas COG	113,173	4,490	25.2	Council of governments
McLennan County RTD	61,867	929	66.6	Single county
Rolling Plains MC	93,730	7,444	12.6	Community action agency
Peer Average	229,929	11,812	19.5	

Service Provided

The peer agencies vary widely in terms of how much and what types of service they provide. This report uses revenue hours to compare the amount of service provided. Revenue hours are the time that transit vehicles operate while serving passengers; they exclude time spent driving to and from garages or maintenance facilities. In terms of revenue hours, HCTD operates the third most service of its peers (see Table 10).

HCTD and most of its peers provide two types of service: demand-response and fixed route. Demand-response service is door-to-door, shared-ride service that passengers arrange in advance. In urban areas it is used primarily to serve the disabled, in compliance with the Americans with Disabilities Act (ADA). In rural areas it is open to the general public and is usually the only mode of public transportation. Fixed-route service is bus service that adheres to timetables and defined stops. It is the usual mode of public transportation in urban areas and is sometimes used in rural areas to connect into cities. HCTD, along with the area served by Abilene and Central Texas RTD combined, operates the highest proportion of demand-response service among its peers (see Table 10).

Table 10: Amount of Service Provided by Peers

Agency	Revenue Hours	Percent Demand-Response	Percent Fixed-Route
Hill Country TD	134,626	77%	23%
Brazos TD	86,794	45%	55%
Capital Area TD	111,706	48%	16%
Concho Valley TD	61,701	69%	31%
Golden Crescent RPC	59,844	44%	56%

Agency	Revenue Hours	Percent Demand-Response	Percent Fixed-Route
Abilene/Central Texas RTD	114,888	77%	23%
Midland-Odessa/West Texas Opportunities	145,181	69%	31%
Waco Area	135,791	60%	40%
Wichita Falls/Rolling Plains MC	91,801	59%	41%
Peer Average	100,963	59%	37%

Like HCTD, all of the peer agencies operate their services directly—none contracts with a third-party transit provider for service. Likewise, there is little variation in fares among the peers. HCTD charges a \$1.00 base fare on its fixed-route service. Although this is below the peer average of \$1.28, the range of fixed-route base fares at the other agencies is not large. Three peers charge \$1.00, one \$1.25, and four \$1.50. Despite its slightly low fare, HCTD’s fare recovery ratio (the percentage of operating costs covered by fare revenue) on fixed-route service is roughly the peer average. (See Table 11). Fare recovery ratio is discussed in more detail later in this report.

There is greater variation in fare structure for demand-response rural service. Some agencies, including HCTD, charge according to mileage. Others charge according to whether a trip stays within one county or crosses a county line. Unusually, Concho Valley Transit District does not charge fares at all for rural service.

Table 11: Fare Data for Peers

Agency	Fixed Route Base Fare (\$)	Fixed-Route Fare Recovery Ratio	Rural Base Fare	Rural Fare Recovery Ratio
Hill Country TD	\$1.00	9.5%	\$1.00	2.0%
Brazos TD	\$1.00	5.7%	\$3.50	3.1%
Capital Area TD	\$1.00	3.7%	\$2.00	2.8%
Concho Valley TD	\$1.00	6.2%	\$0.00	1.8%
Golden Crescent RPC	\$1.50	5.0%	\$1.00	2.2%
Abilene/Central Texas RTD	\$1.50	9.3%	\$1.00	2.9%
Midland-Odessa/W. Texas Opp.	\$1.25	7.3%	\$1.00	1.2%
Heart of Texas/McLennan	\$1.50	23.1%	\$1.00/\$3.00	4.7%

Agency	Fixed Route Base Fare (\$)	Fixed-Route Fare Recovery Ratio	Rural Base Fare	Rural Fare Recovery Ratio
Wichita Falls/Rolling Plains MC	\$1.50	13.2%	N/A	1.6%
Peer Average	\$1.28	9.2%	\$1.31	2.5%

Performance Measures

To assess the performance of HCTD relative to its peers, this report uses measures of cost efficiency, service effectiveness, and cost effectiveness. Together, these performance measures are a useful means of comparing the performance of agencies of different sizes and types. Each is defined and presented in the following section.

Cost Efficiency

Cost efficiency is measured in terms of operating cost per revenue hour. This measure shows how well an agency uses the money it has available. Ideally, an agency would run the most possible service for the least amount of money. Figure 13, which presents operating cost per revenue hour for HCTD and the peer agencies, shows that HCTD has higher operating costs per revenue hour relative to its peers. Breaking down operating costs by mode (see Figure 14 and Figure 15) reveals that HCTD’s higher costs are associated mainly with its fixed-route service. Its operating cost per hour for rural service is actually below the peer average and well below that of the other aggregate peers.

COST EFFICIENCY

HCTD is slightly less cost-efficient than its peers

- Higher costs are primarily associated with its fixed-route service

The disaggregate peers are slightly more cost-efficient across their regions compared to the aggregate peers.

- Disaggregate fixed-routes services have slightly lower operating costs per revenue hour
- Disaggregate rural services have much lower operating expenses per revenue hour

Figure 12: FY 2018 Operating Cost per Revenue Hour: All Service

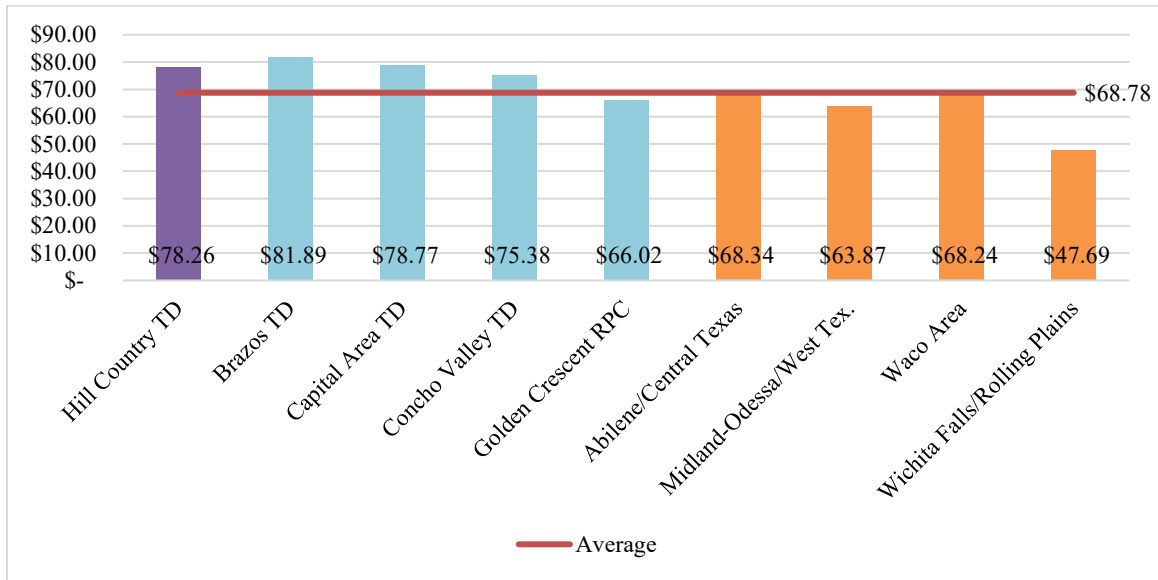


Figure 13: FY 2018 Operating Cost per Revenue Hour: Fixed-Route Service

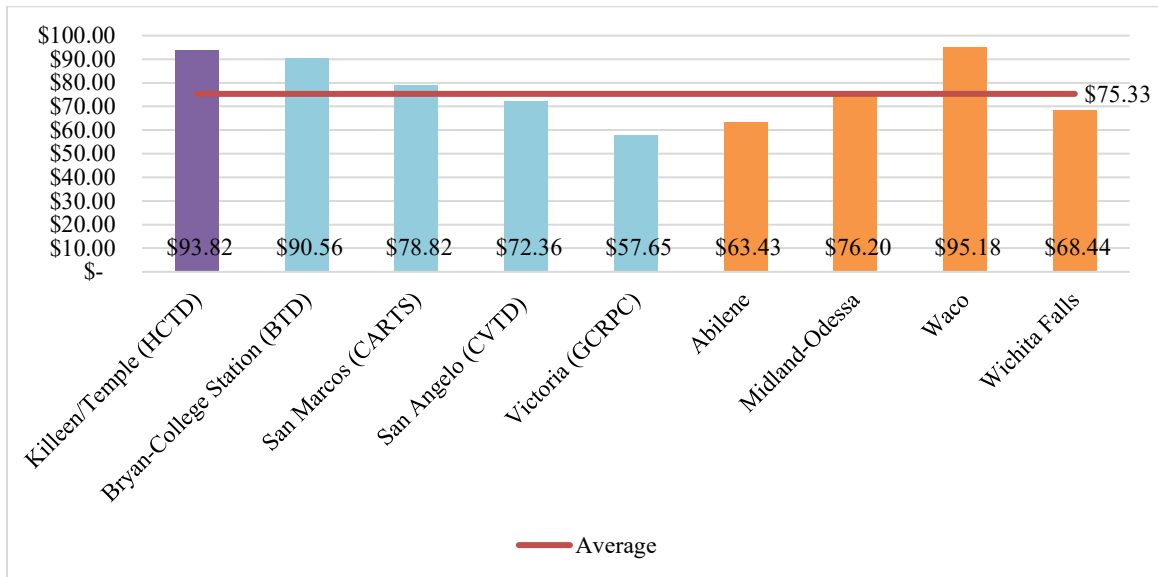
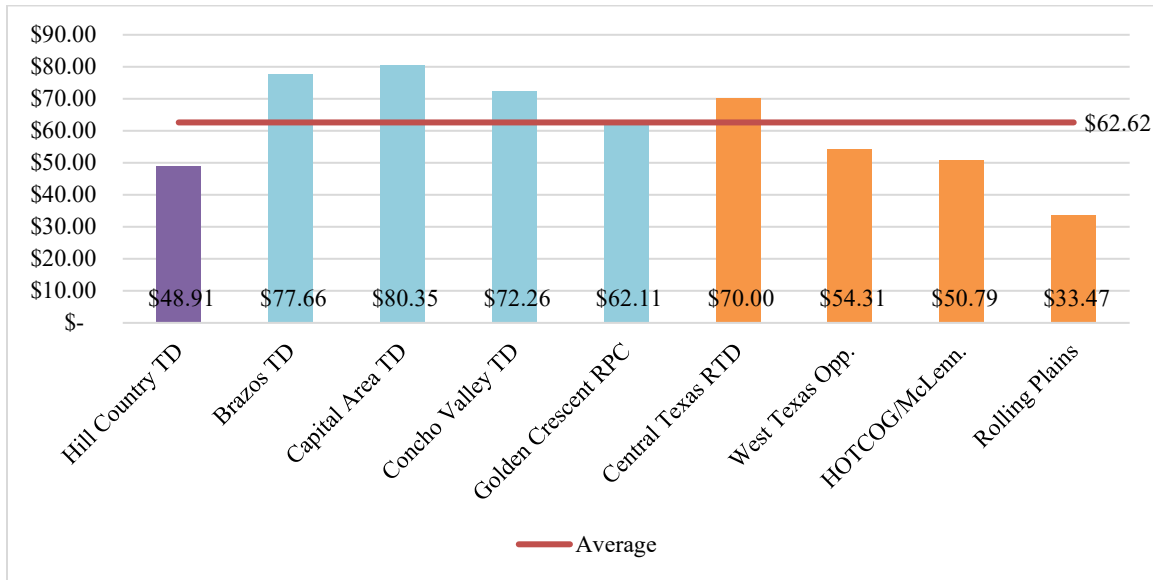


Figure 14: FY 2018 Operating Cost per Revenue Hour: Rural Service



Service Effectiveness

HCTD falls around the peer average in terms of service effectiveness, which measures how well a service is used, irrespective of the cost of providing the service (see Figure 16). Service effectiveness is measured by passengers per revenue hour. Comparing fixed-route service only (see Figure 17), HCTD outperforms its peers, perhaps because its urban area has the highest population of the group. Note that Waco performs unusually well here because of its high student ridership. HCTD’s rural service effectiveness, meanwhile, is not far off the peer average (see Figure 18).

SERVICE EFFECTIVENESS

HCTD carries more passengers per hour than most peers

Density does not appear to correlate with higher passengers per revenue hour

- Temple and Killeen are less dense than Midland-Odessa but have twice as many passengers per hour.
- Concho Valley TD and West Texas Opportunities serve sparse areas relative to HCTD and Heart of Texas COG, but all have similar passengers per hour

Organizational structure does not appear to affect service effectiveness

- No clear split between the aggregate and disaggregate peers
- Waco is anomalous due to its large amount of student service

Figure 15: FY 2018 Passengers per Revenue Hour: All Service

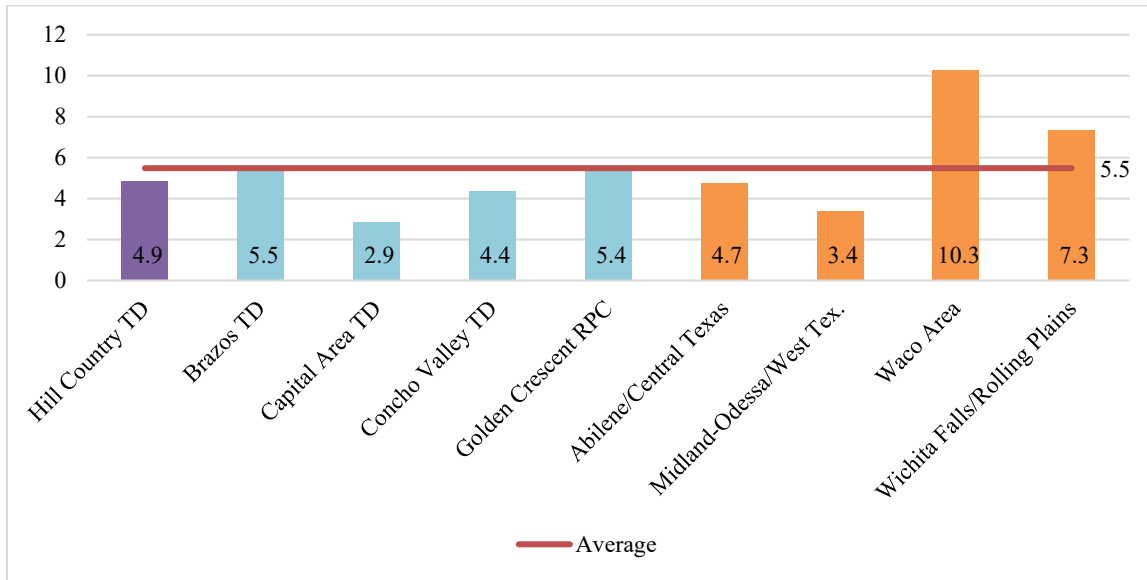
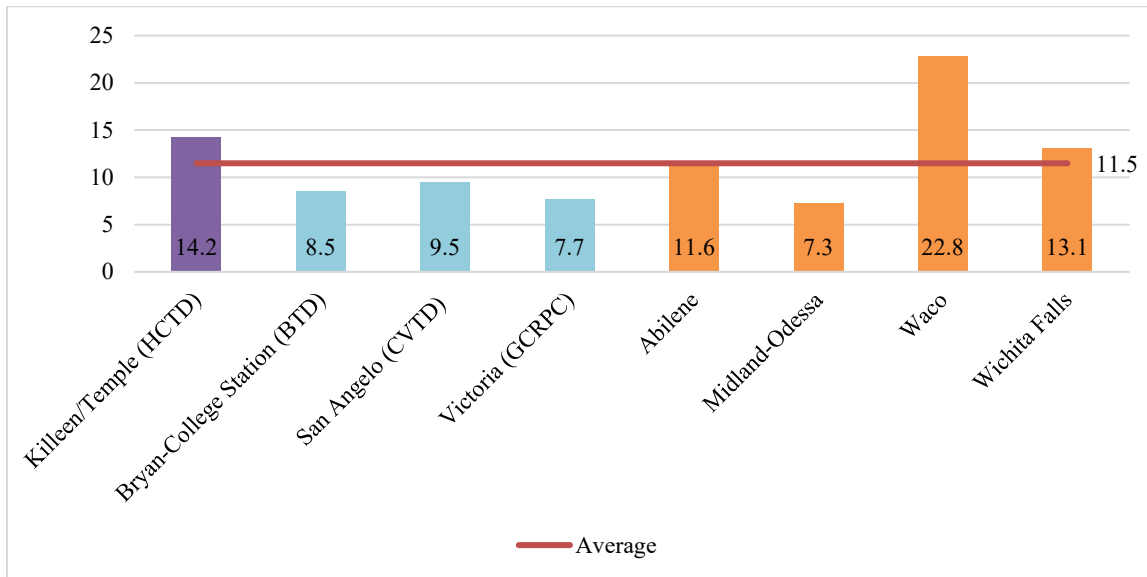
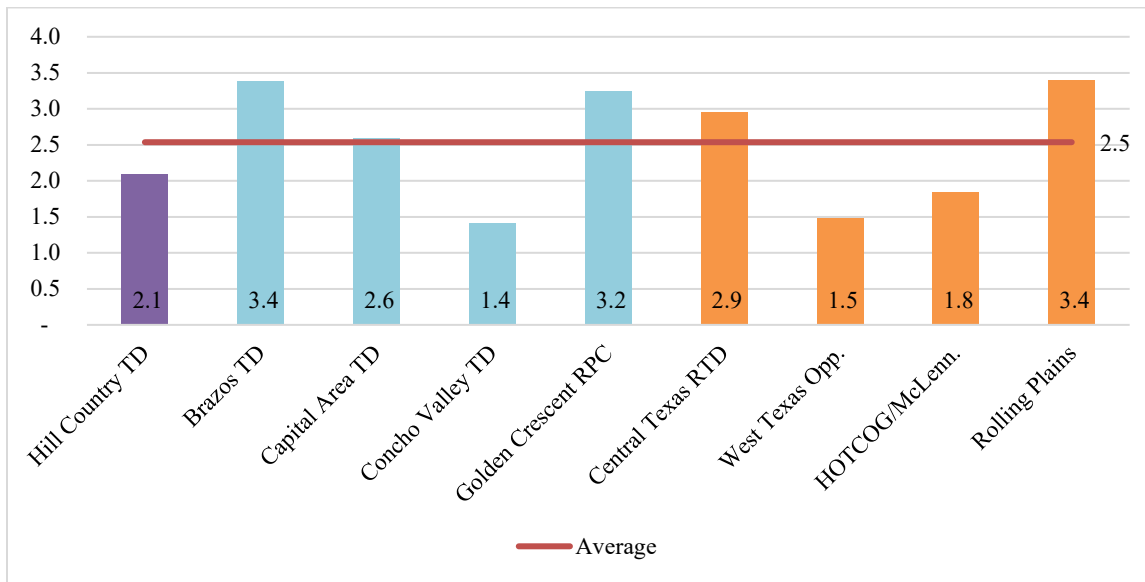


Figure 16: FY 2018 Passengers per Revenue Hour: Fixed-Route Service*



* San Marcos is excluded from this chart because an accurate split between the urban and rural fixed-route services of CARTS was not available.

Figure 17: FY 2018 Passengers per Revenue Hour: Rural Service



Cost Effectiveness

The last point of comparison is cost effectiveness, which is measured in terms of operating expenses per passenger and fare recovery ratio. Cost effectiveness combines cost efficiency and service effectiveness by including both the cost and usage components of the service. By the first measure, HCTD falls near the peer average in total service and when split by mode (see Figure 19, Figure 20, and Figure 21). Note that the peers present a particularly wide range by this measure, especially in rural service.

HCTD falls slightly below average in terms of total fare recovery and rural fare recovery, but it is right at the average for fare recovery on fixed-route service (see Figure 22, Figure 23, and Figure 24). Again, note that Waco's fixed-route fare recovery appears unusually high because its Baylor service is paid for by the university, not by fares.

COST EFFECTIVENESS

HCTD is about average in terms of cost effectiveness

Disaggregate peers are slightly more cost effective across their regions than the aggregate peers

- Disaggregate fixed-route systems have slightly lower operating expenses per passenger
- Disaggregate fixed-route systems have slightly better slightly better fare recovery ratios

Disaggregate rural services are not consistently more cost effective

- Some aggregate peers in fact achieve somewhat better fare recovery in rural areas than their rural-only peers

Figure 18: FY 2018 Operating Costs per Passenger: All Service

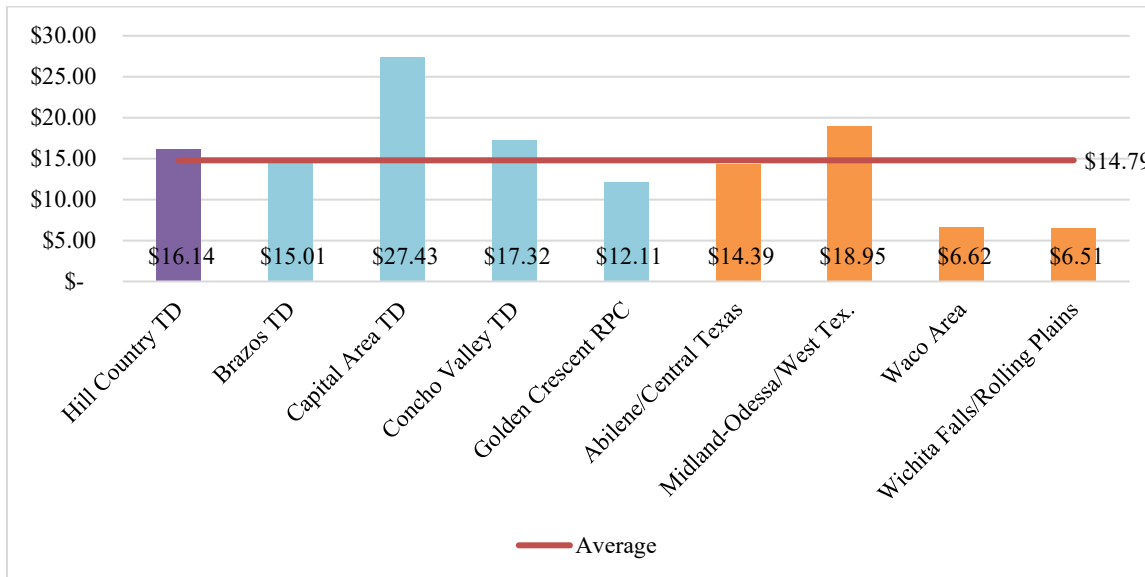
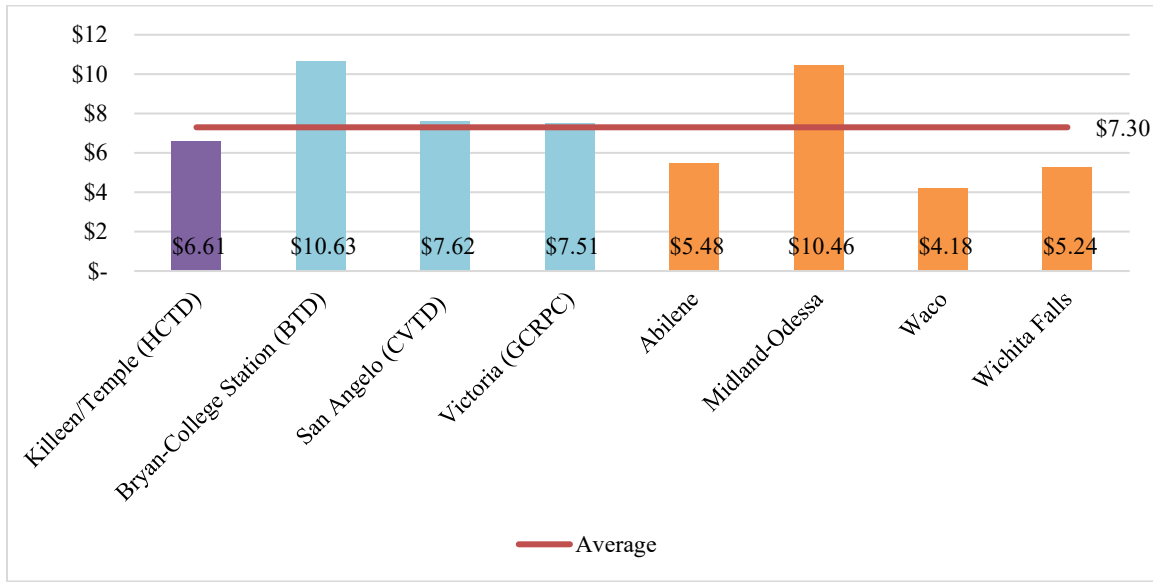


Figure 19: FY 2018 Operating Costs per Passenger: Fixed-Route Service*



* San Marcos is excluded from this chart because an accurate split between the urban and rural fixed-route services of CARTS was not available.

Figure 20: FY 2018 Operating Costs per Passenger: Rural Service

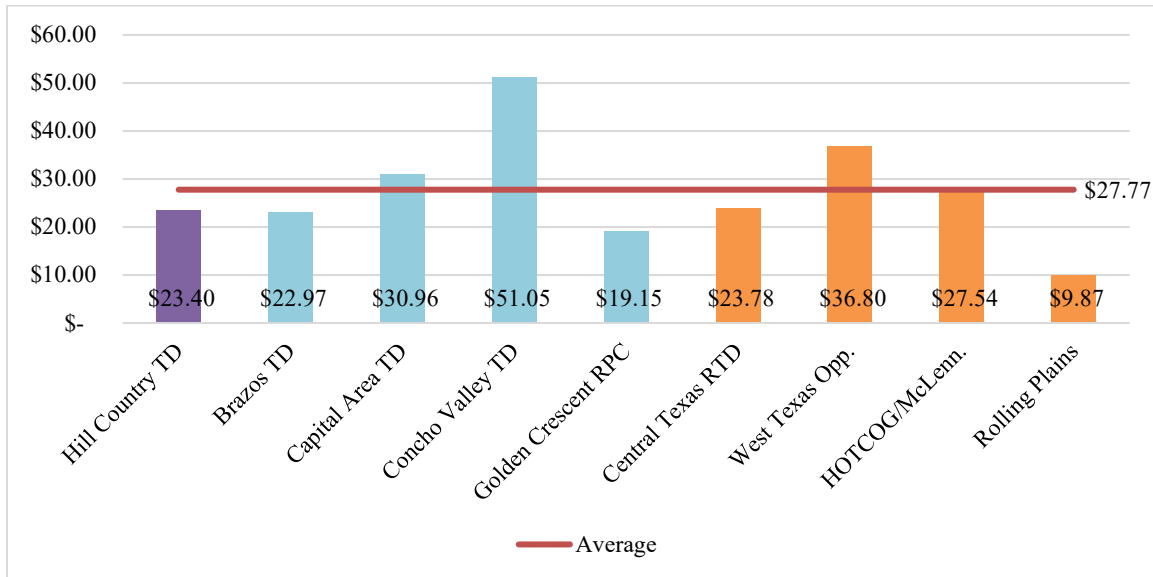


Figure 21: FY 2018 Fare Recovery Ratio: All Service

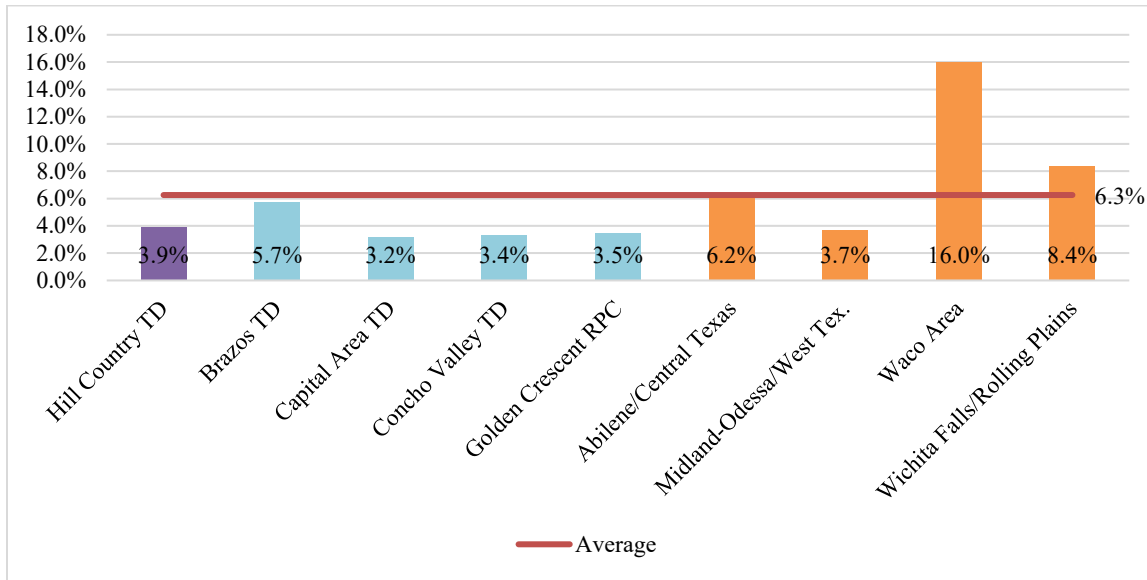


Figure 22: FY 2018 Fare Recovery Ratio: Fixed-Route Service

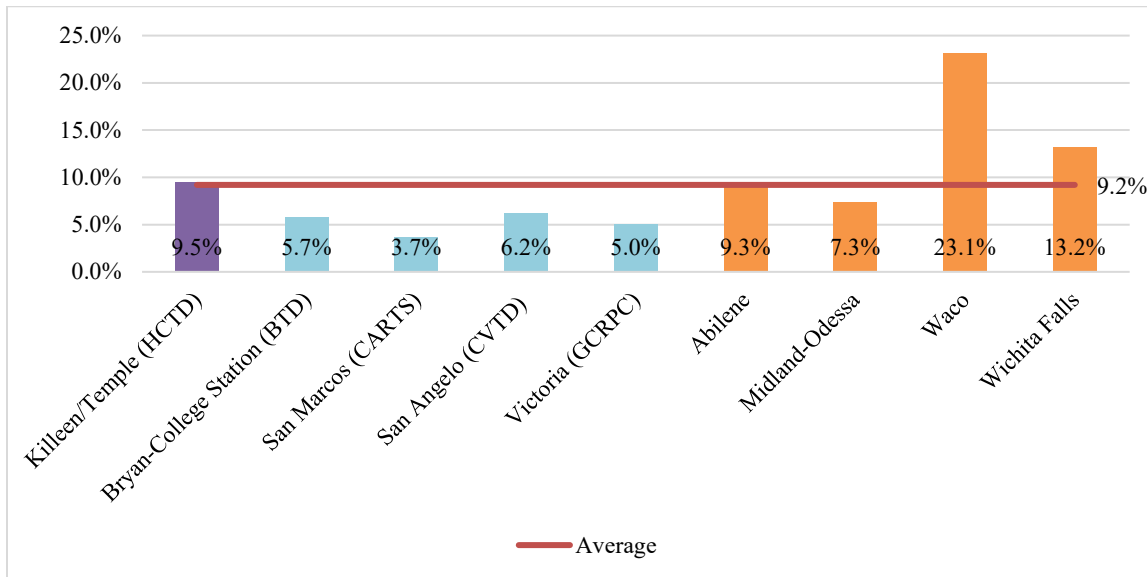
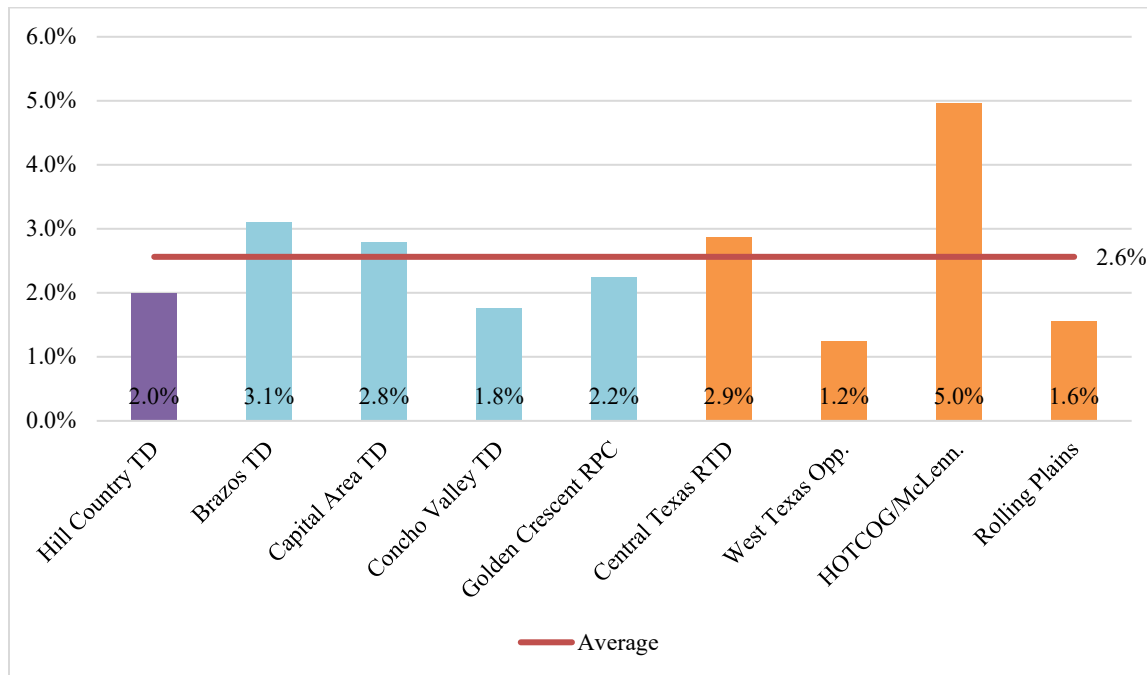


Figure 23: FY 2018 Fare Recovery Ratio: Rural Service



Conclusion

The data suggest that the biggest differentiator between the aggregate and disaggregate peers is cost efficiency. Operating costs, especially for rural transit, are slightly lower where urban and rural transit are provided separately. Several factors may contribute to this finding:

- *Cost sharing:* Services run by transit-specific entities such as HCTD must allocate all expenses to transit. Services run by cities and nonprofits, however, may not always allocate all costs to transit that they could. Examples include the use of city human resources, legal, and procurement departments to support transit operations.
- *Lower rural wages and costs:* Operating expenses tend to be lower at rural-only agencies because they tend to be smaller, to be located in less expensive rural markets, and to be private nonprofits, all of which correlate with lower salaries and fewer benefits.
- *No economies of scale:* Generally speaking, transit does not benefit from economies of scale with increasing levels of service and service area, a finding supported by at least one rural transit-specific study.¹ At a minimum, having a single entity providing both fixed-route and demand-response service does not increase efficiency; in some cases, it may even decrease efficiency as higher urban wage structures are carried into the rural areas.

Nevertheless, by most standard performance measures, HCTD is about average: it is slightly less cost efficient, operates slightly more effective service, and is right at the peer average in terms of cost effectiveness. And though it averages a poorer fare recovery ratio than its peers across all its

¹ David G. Ripplinger, “Organizing Transit in Small Urban and Rural Communities” (Fargo, ND: North Dakota State University, 2012).

service, fare recovery for fixed-route service, which accounts for most of the agency's fare revenue, is right at the peer average as well. The implications of the peer review for HCTD are assessed in Chapter 5, which uses the findings of this chapter to develop and evaluate aggregate and disaggregate models of service for the study area.

Chapter 4: Case Studies

Introduction

To better understand some existing models of transit provision in Texas, as well as how transit agencies fund their operations, four case studies of transit providers in Texas were conducted. The agencies selected for the case studies are not necessarily direct peers of HCTD. Rather, each was chosen because it has interesting funding or governance features. Data come from NTD, TxDOT, agency budgets, and internet research.

Ark-Tex Council of Governments, which serves nine counties in northeast Texas, illustrates how a struggling rural transit district revived itself by pursuing partnerships with local interests to generate operating revenue. *Midland-Odessa Urban Transit District* is an example of a sole-purpose transit entity that serves coequal cities but does not serve the wider region. The *Waco Area*, meanwhile, has three entities responsible for transit, but the City of Waco in fact operates much of the service and maintenance for the whole region. Finally, *Fort Bend County Public Transportation*, outside of Houston, is a rare example of a county-level transit provider in Texas. Each case study includes a profile with key statistics, a discussion of notable organizational characteristics, charts describing sources of operating revenue, and points for HCTD to consider as it contemplates its own future. For reference, an agency profile for HCTD is provided here, above, similar to those provided for each case study.

HILL COUNTRY TRANSIT DISTRICT

Organization Type: Urban and rural transit district

Service area: Nine counties in central Texas (Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, and San Saba)

Modes Operated

- General-public demand-response
- Fixed route with ADA paratransit

Demographics (2019 est.)

- Population: 530,584
- Pop. change since 2010: 12.2%
- Land area: 8,415 sq. m.
- Pop. density: 63 persons/sq. m

Service (FY 2019):

- Revenue Hours: 105,027
- Passenger Trips: 502,048

Ark-Tex Council of Governments: Diverse Local Funding Sources

Overview

The Ark-Tex Council of Governments (ATCOG) is a voluntary association of governments comprised of nine counties in northeast Texas and one county in southwest Arkansas. It coordinates federal and state programs on aging, housing, and the environment, and it acts as a rural transit district to provide rural public transportation in its nine Texas counties, excluding the Texarkana urbanized area. (It does not provide transit in its one Arkansas county.) ATCOG's transit department is called TRAX. It is governed by a five-member subcommittee of ATCOG's executive committee, whose members are mainly city and county elected officials.

Over the last fifteen years, TRAX has transformed itself from an agency focused on medical transportation into a multifaceted regional transit provider. The agency's history demonstrates some strategies that rural transit districts can use to adapt to changes in ridership and funding.

History

From its inception as a rural transit district in 1989 until 2006, TRAX was primarily a provider of non-emergency medical transportation (NEMT) for Medicaid recipients, under contract with The Texas Health and Human Services Commission (HHSC). Medicaid trips accounted for much of the agency's ridership and revenue, and they were the agency's main source local matching funds for federal grants. (Federal funds originating outside the Department of Transportation may be used as local match for federal transportation grants.)

Following new legislation passed in 2003, responsibility for NEMT shifted from HHSC to the Texas Department of Transportation (TxDOT), which reduced the number of NEMT contractors and simplified the rate structure. In 2006, TRAX lost its contract with the state and therefore its main source of local matching funds. In response, it pursued new revenue sources. It applied for federal grants to implement intercity bus service, established partnerships with local employers, including Pilgrim's Pride, Wal-Mart, and Lowe's, to improve transportation options to their facilities, and developed new relationships with human service providers, thereby recovering some Medicaid riders. TRAX also initiated public outreach efforts to increase awareness of its service, and it invested in automatic vehicle location and mobile data center technology to streamline delivery of demand-response service.

Then, in 2014, the model for provision of NEMT service in Texas changed again. Rather than awarding contracts directly to service providers, the state now contracts with regional brokers, who are responsible for confirming client eligibility, scheduling trips, and arranging the most appropriate transportation at the lowest cost. TRAX's demand-response ridership once again decreased as a result of the change. Having recently recovered from one external shock to funding, TRAX took the same approach as before, adding service and diversifying funding. It implemented fixed-route service in Paris, Texas, in 2016, and it continues to pursue partnerships with major employers.

ARK-TEX COUNCIL OF GOVERNMENTS

Organization Type: Rural Transit District that is part of a Council of Governments

Service area: Nine counties in northeast Texas (Rural Bowie County and all of Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River, and Titus counties)

Modes Operated

- General-public demand-response
- Fixed route with ADA paratransit
- Deviated fixed-route
- Rural intercity bus

Demographics

- Population: 247,114
- Pop. change from 2010: 0.6%
- Land area: 5,695 sq. m.
- Pop. density: 43 persons/sq. m

Service (FY 2019):

- Revenue Hours: 56,388
- Passenger Trips: 168,083

Current Service

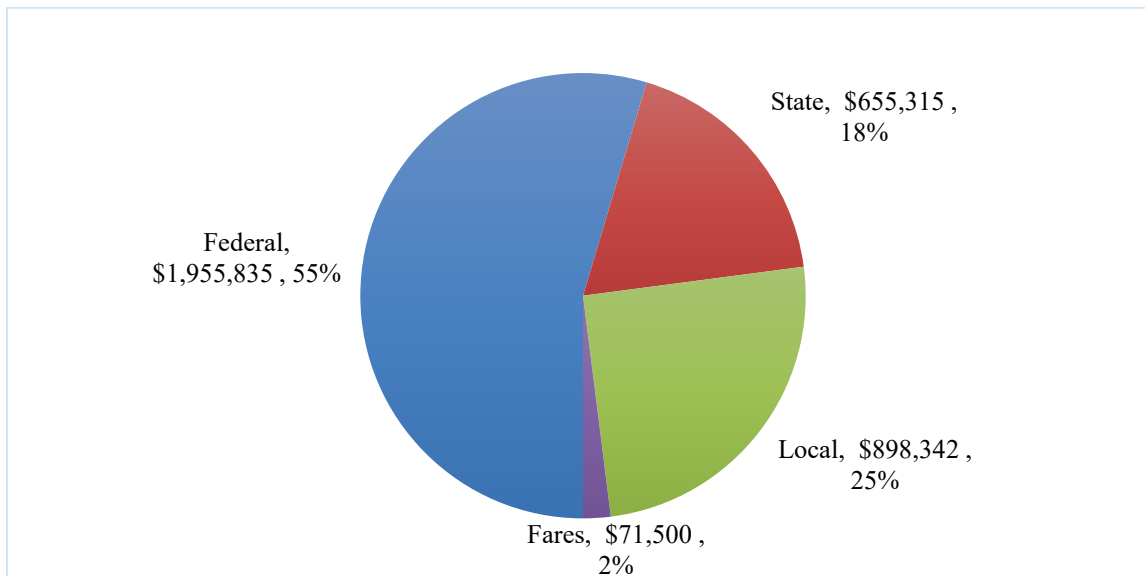
Today, TRAX is unusual among rural transportation providers in Texas in its variety of service, which includes four fixed routes and ADA paratransit in Paris, one deviated fixed route in Mount Pleasant (where the bus can pick up passengers anywhere within one-quarter mile of the route with advance notice), three intercity bus routes connecting to Greyhound service, and general public demand-response service. And, since 2011, it provides ADA paratransit and fiscal management services for T-Line, Texarkana’s urban transit provider. The breadth of its activities is both the result of past fluctuations in funding and a potential safeguard against futures ones.

Funding

Operating Revenues

Like most rural transit districts, TRAX relies on federal and state grants for the lion’s share of its operating costs (see Figure 25). At the same time, TRAX has successfully reduced its reliance on social services revenue for local match by seeking out other funding partners. To launch fixed-route service in Paris, for example, TRAX secured sponsorships from the Paris Regional Medical Center, United Way of Lamar County, Paris Junior College, the City of Paris, The Results Company, Texas Oncology, and local private foundations. As Nancy Hoehn, TRAX’s transportation manager at the time, described, “In the local counties we serve, the income levels are low, and the counties are strapped just to fund the things they are responsible for. That’s why we’ve tried to be creative with our match money to come from other sources.”² TRAX also generates revenue through service contracts with the Area Agency on Aging and T-Line in Texarkana.

Figure 24: TRAX—Operating Revenues, FY 2018



² Quoted in Chris Rall, “The Paris Metro in Small-Town Texas,” T4America Blog (August 16, 2018), accessed October 25, 2020, <https://t4america.org/2018/08/16/the-paris-metro-in-small-town-texas/>

Capital Revenues

Another source of local match for TRAX are transportation development credits (TDCs), which are a financing tool by which the federal government credits states for local and state investment in toll projects. TDCs—which are credits, not cash—are earned when local and state funds are used to develop, construct, implement, improve, or maintain toll facilities. These credits may then be used as matching funds for federally supported transportation projects, including transit, meaning that such projects become 100-percent federally funded.

In Texas, TDCs are awarded by TxDOT. Seventy-five percent of credits are allocated to the MPO in whose region they were earned, and 25 percent are awarded competitively on a statewide basis; a portion of the competitive pool is reserved for public transit projects. In awarding TDCs, TxDOT generally aims to maximize available federal funds, so it prioritizes projects where federal funds would otherwise go unused due to inability to provide the non-federal share. Credits are usually awarded for capital projects such as replacing buses, building new transit facilities, and investing in information technology. TRAX budgeted TDCs worth \$267,000 for FY 2020.

Indirect Cost Allocation

As a program of ATCOG, TRAX is able to use functions such as human resources and purchasing that are shared across the COG. ATCOG allocates a portion of the cost of these services to TRAX, which treats that value as an in-kind contribution from the COG. This budgeting strategy allows TRAX to use that value as local match for federal grants. It also allows the COG to fund some of its overhead costs with federal transportation funds. In FY 2020, ATCOG allocated \$516,000 of indirect costs to TRAX, about 14 percent of the agency’s operating costs.

Points for HCTD to Consider

- Agencies can help meet demand for rural transit by seeking out local partners.
- Relying too much on any one revenue source, such as Medicaid service, leaves agencies financially vulnerable.
- Indirect cost allocation is a useful tool for smaller agencies, which frequently need more local matching funds, and for host agencies such as COGs, which can use federal transportation funds to cover shared overhead costs.

Midland-Odessa Urban Transit District: Two Cities as Equal Partners

Introduction

Midland-Odessa Urban Transit District (MOUSD) is a sole-purpose transit district created in 2001 to serve the two cities. Midland and its smaller neighbor Odessa anchor the Permian Basin region of Texas, and in many ways the pair resemble Killeen and Temple. Midland and Odessa are defined as two separate urbanized areas by the US Census Bureau, as are Killeen and Temple. Midland and Odessa are growing quickly: their combined population is estimated to have grown by 28 percent over the last decade, compared with 19 percent in Killeen and Temple. The west Texas cities are economically dependent on the energy industry, just as Killeen is dependent on Fort Hood. And finally, transit began in the area only in this century, as in Killeen and Temple. Analysis of Midland-Odessa Urban Transit District, the regional transit provider, can thus demonstrate one agency's response to the challenge of serving two fast-growing, economically independent cities whose size and density do not immediately lend themselves to transit.

History

Neither Midland nor Odessa has a long history of transit. Midland's first transit system, Midtran, was initiated in 1980. It originally operated four fixed routes, but due to low ridership, the system was gradually converted to demand-response service before being eliminated altogether in 1985. Interest in transit revived in the 1990s, and following several feasibility studies, MOUSD was created in 2001 via an interlocal agreement between Midland and Odessa. MOUSD began operating service in 2003 under the name EZ-Rider.

MOUSD is a sole-purpose, stand-alone entity that serves the two cities equally. The agency is governed by a twelve-member board comprised of six representatives from Midland and six from Odessa. The board is in turn advised by the Transit Advisory Committee, whose members are citizens representing interest groups in both cities. Both cities contribute equal amounts to MOUSD's budget each year, and the interlocal agreement also details how assets would be distributed between the two cities should either chose to withdraw.

MIDLAND-ODESSA URBAN TRANSIT DISTRICT

Organization Type: Sole-purpose urban transit district

Service Area: Most of the Midland and Odessa urbanized areas

Modes Operated

- Fixed route with ADA paratransit
- Commuter bus

Demographics

- Population: 269,372
- Pop. change since 2010: 27.6%
- Land area: 114.1 sq. m.
- Pop. density: 2,361 persons/sq. m

Service (FY 2018):

- Revenue Hours: 63,375
- Passenger Trips: 368,534

Current Service

The EZ-Rider of today closely resembles the EZ-Rider conceived in 2003. Now as then, it operates six fixed routes in Midland, six fixed routes in Odessa, and ADA complementary paratransit. In 2012, it added a commuter route that connects the two cities. The system serves activity centers include Greyhound bus terminals in both cities, Midland Airport, and Midland Mall. EZ-Rider does not, and did not in the past, provide any rural transportation. Instead, West Texas Opportunities, a community action agency, operates general public demand-response service across the Permian Basin and west Texas, including in the rural portions of Ector County (home to Odessa) and Midland County.

EZ-Rider's most recent ridership figure of 369,000 passenger trips in FY 2018 represents a 28 percent decline from its peak of 514,000 in FY 2012, although ridership continues to grow on its paratransit and commuter modes. And while it hopes to add two fixed routes sometime between 2026 and 2035, its near-term service goals are more modest: adding two hours of daily revenue service, conducting an operations analysis, and constructing a new transfer center in Midland.

Service Goals

Analysis of MOUTD's current service suggests that the agency prioritizes moving passengers within each city rather than between them. Midland's six routes and Odessa's six routes operate within relatively compact areas in the city centers. Connecting the two cities appears to be a secondary concern. EZ-Rider initiated its one intercity route in 2012, about a decade after its inception. The region's Metropolitan Transportation Plan slates another intercity route before 2045, but this is not a priority project.

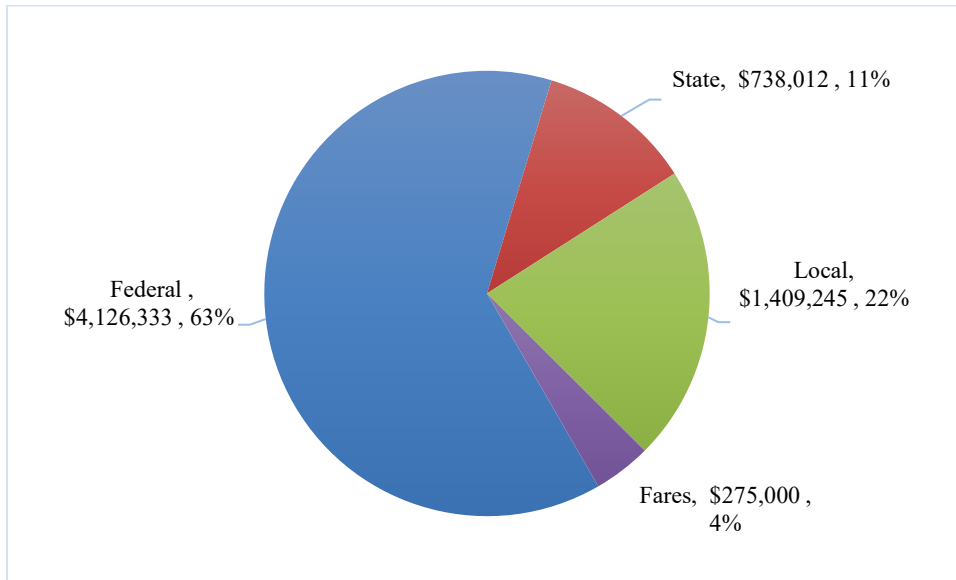
Furthermore, MOUTD's service boundaries are the city limits of Midland and Odessa—it is not a regional entity. The service area does not cover the entire population of either UZA, leaving out about 8 percent of residents in the Midland UZA and 21 percent of residents in the Odessa UZA. These service gaps are larger than in UZAs such as Waco and Abilene, where service boundaries and UZA boundaries align closely, but they are not hugely different from those in the Killeen and Temple UZAs.

Funding

Overview

As with many small urban transit districts in Texas, federal and state funds cover a large percentage of MOUTD's operating costs (see Figure 26). Federal funding for the agency is an interesting case because of the area's population. Transit areas serving urbanized areas with populations greater than 200,000 generally cannot use 5307 federal urban formula funds to cover operating costs (although some UZAs, like Killeen, benefit from an exception that allows them to use a certain percentage). Midland and Odessa, though, are separate UZAs. Thus, despite serving an area larger than 200,000 people, MOUTD is not currently subject to any restriction on the use of 5307 funds for operating expenses.

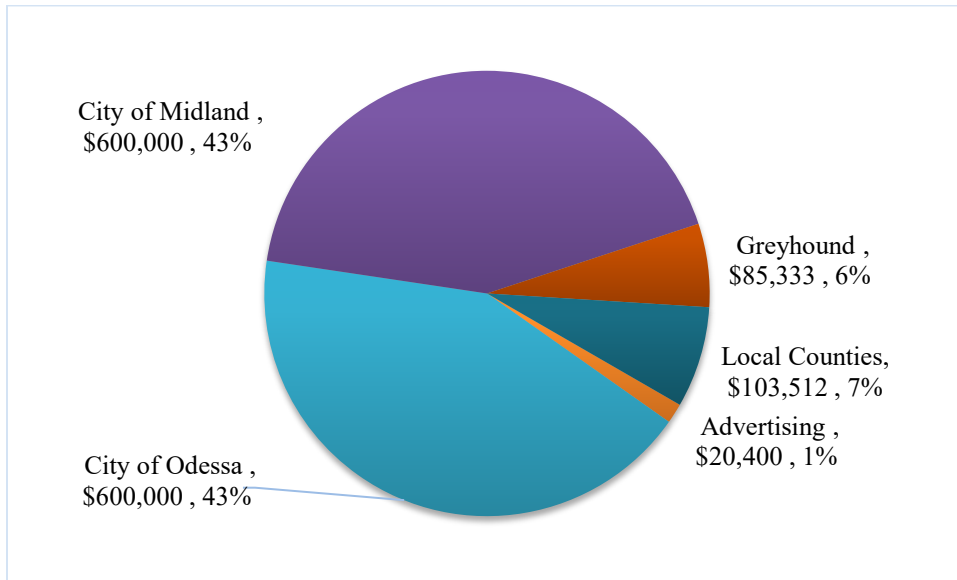
Figure 25: MOUTD—Operating Revenues, FY 2021 (Budgeted)



Local Operating Revenues

Still, local matching funds are required for nearly all federal grants. Contributions from Midland and Odessa are far and away MOUTD's largest source of local funds (see Figure 27). The two cities commit equal amounts of money annually to MOUTD. This sum has substantially increased over the last several years, from 350,000 apiece in FY 2017 to 600,000 apiece in FY 2021. Other local funding sources include small contributions from Ector and Midland counties for senior and disabled service, advertising on vehicles and facilities, and leasing a portion of one facility to Greyhound.

Figure 26: MOUTD—Local Operating Revenues, FY 2021 (Budgeted)



Points for HCTD to Consider

- MOUTD relies on city support for local match. It has fewer local funding partners than the other agencies profiled in this document.
- Despite having a smaller total population, the cities of Midland and Odessa contribute far more to transit than any city in HCTD’s urban areas.
- MOUTD focuses on moving people around the two cities, not between them. This is neither inherently positive nor negative. In focusing on cities, though, it is possible that the agency misses opportunities to promote regional mobility.

Waco Area: Three Agencies, One Region

Overview

For purposes of this study, the Waco area is defined as McLennan County, which includes the City of Waco, and neighboring Bosque, Falls, Freestone, Hill, and Limestone Counties. Bordering Milam, Bell, Coryell, and Hamilton Counties, the area lies directly adjacent to HCTD's service area.

The Waco area is unusual in Texas in that responsibility for transit is split between three entities: The City of Waco, which operates Waco Transit; McLennan County Rural Transit District (MCRTD); and Heart of Texas Council of Governments (HOTCOG). As this study will show, however, Waco Transit is in fact involved with some aspect of nearly all public transportation in the region.

Division of Responsibilities

City of Waco

The City of Waco owns and operates Waco Transit System and contracts with RATP Dev, USA, for management of the service. Waco Transit currently runs ten fixed routes, two free downtown circulators, four routes on the campus of Baylor University, several shuttle routes to specific destinations, and ADA paratransit. The system is growing—ridership has increased over the last decade, rising from 688,000 in 2008 to about 1.2 million in 2018, and the agency currently has plans to construct a Bus Rapid Transit (BRT) route and to redesign its fixed route network to prioritize more frequent service.

McLennan County

As a municipal system, Waco Transit did not historically provide service outside the city. Until recently, that responsibility fell solely to HOTCOG, which provided general public demand-response service in rural McLennan County and the five neighboring counties. In 2015, however, McLennan County decided to create its own rural transit district separate from HOTCOG. At the time, county leaders were dissatisfied with the amount of service HOTCOG was providing and believed they could do better.

WACO AREA (ALL PROVIDERS)

Transit Providers:

- City of Waco
- McLennan County Rural Transit District
- Heart of Texas Council of Governments

Service Area: McLennan, Bosque, Falls, Freestone, Hill, and Limestone counties

Modes Operated

- Fixed route with ADA paratransit
- General public demand-response
- Commuter bus

Demographics (2019 est.)

- Population: 372,408
- Pop. growth since 2010: 6.6%
- Land area: 5,527 sq. m.
- Pop. density: 67 persons/sq. m

Service (FY 2018):

- Revenue Hours: 134,458
- Passenger Trips: 1,398,722

McLennan County never planned to operate its own service, however. Instead, it entered into an interlocal agreement with Waco Transit for Waco to operate general public demand-response in rural parts of the county service using MCRTD's vehicles. Establishing a new RTD allowed McLennan County to secure control over state and federal grant funds, which are in effect passed on to Waco Transit. This arrangement has allowed Waco Transit to use rural funds to initiate several commuter routes into rural McLennan County.

Service is still not quite comprehensive across the county, though. There remain small areas within the Waco urbanized area that are outside Waco Transit's service area. Residents in these areas are not eligible for ADA paratransit through Waco Transit or general-public demand response through MCRTD.

Other Rural Counties

HOTCOG continues to provide rural demand-response service in the five rural counties. Historically, HOTCOG has contracted with several different transportation providers for service, but as of now, it operates all service in house. Prior to 2018, Waco Transit performed scheduling and dispatching for HOTCOG, but when HOTCOG brought service back in house, it brought those functions as well. HOTCOG believes that being responsible for its own scheduling and dispatching has decreased the number of riders it has to turn down, because it perceives Waco Transit's scheduling system to be better designed for urban service than rural service.

Regional Responsibilities

Waco Transit performs all maintenance for the region, including for MCRTD and HOTCOG vehicles. Waco Transit also provides all non-emergency medical transportation for Medicaid recipients in the six counties through a broker.

Funding

Federal and state grants account for slightly over half of Waco Transit's operating revenues and most of MCRTD and HOTRTD's operating revenues. (See Figure 28, Figure 31, and Figure 32). Neither MCRTD nor HOTCOG receive any local funds from county or city governments, so their local funds consist of contract revenue and in-kind contributions.

Figure 27: Waco Transit—Operating Revenues, FY 2019

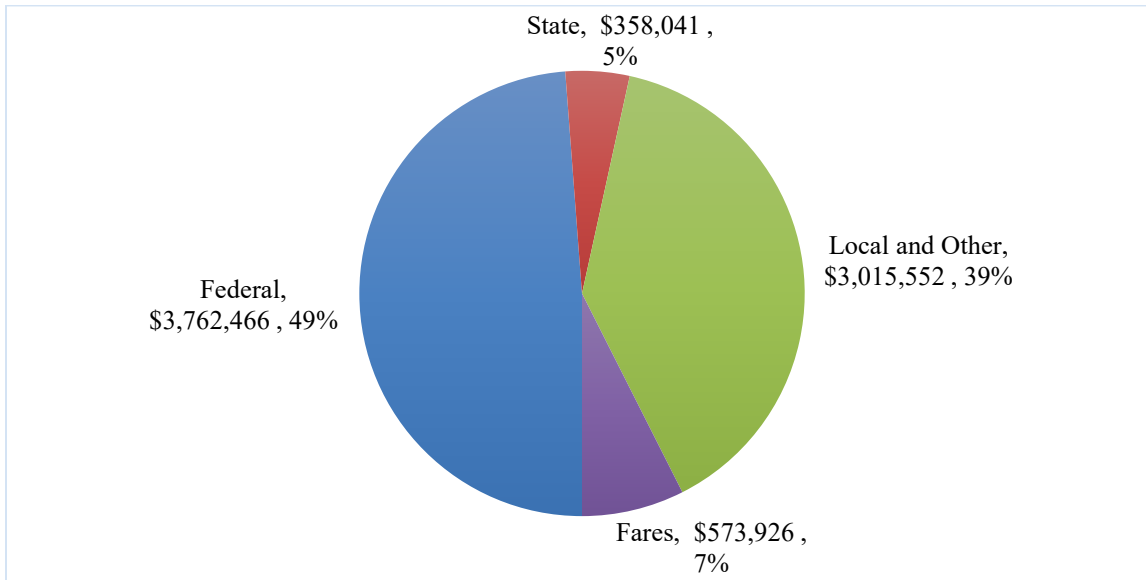


Figure 28: McLennan County RTD—Operating Revenues, FY 2018

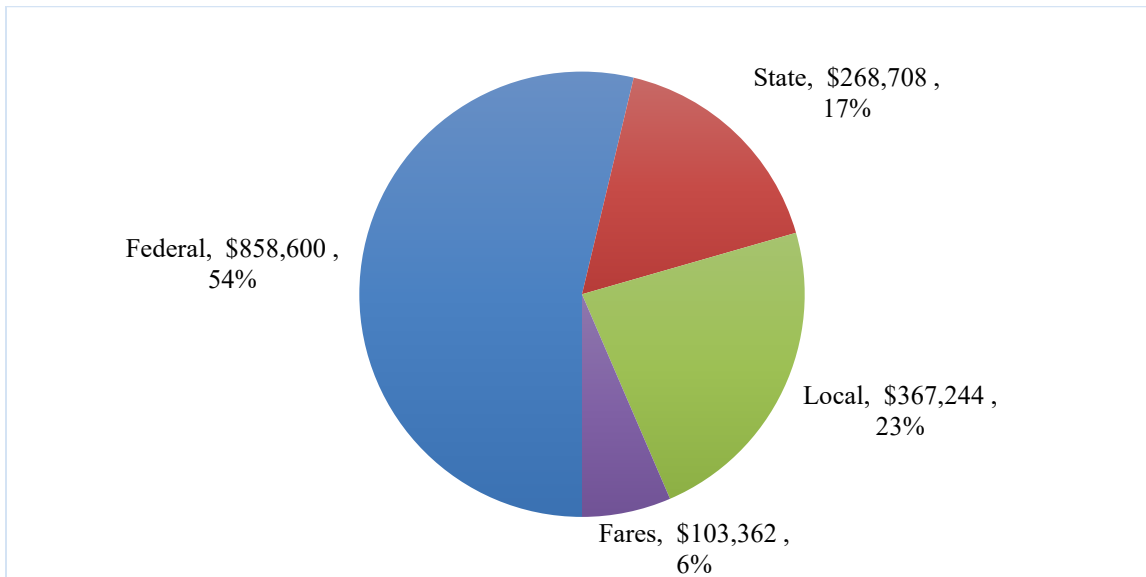
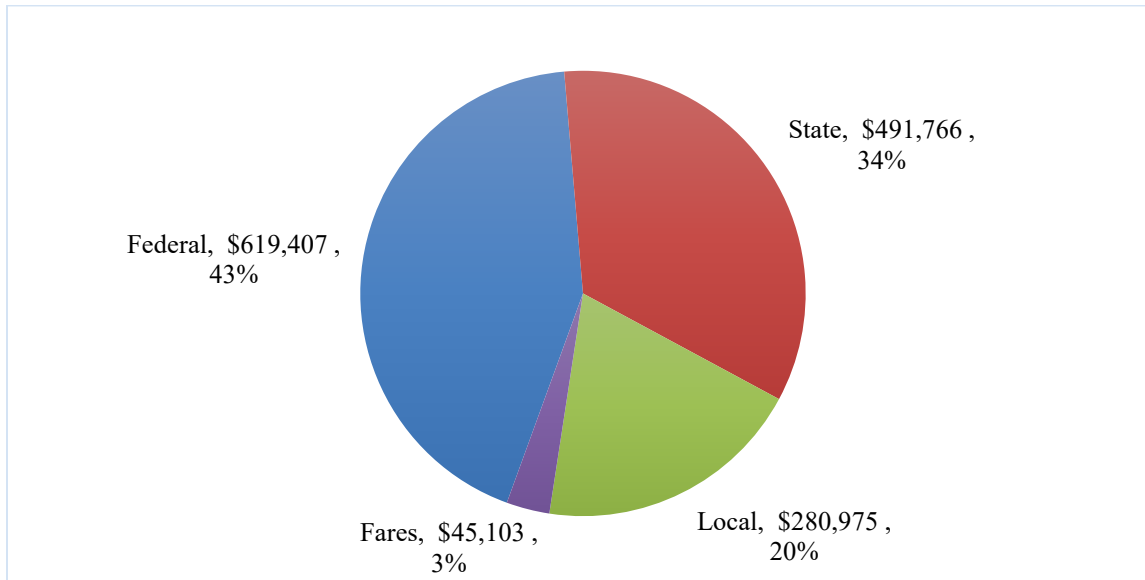


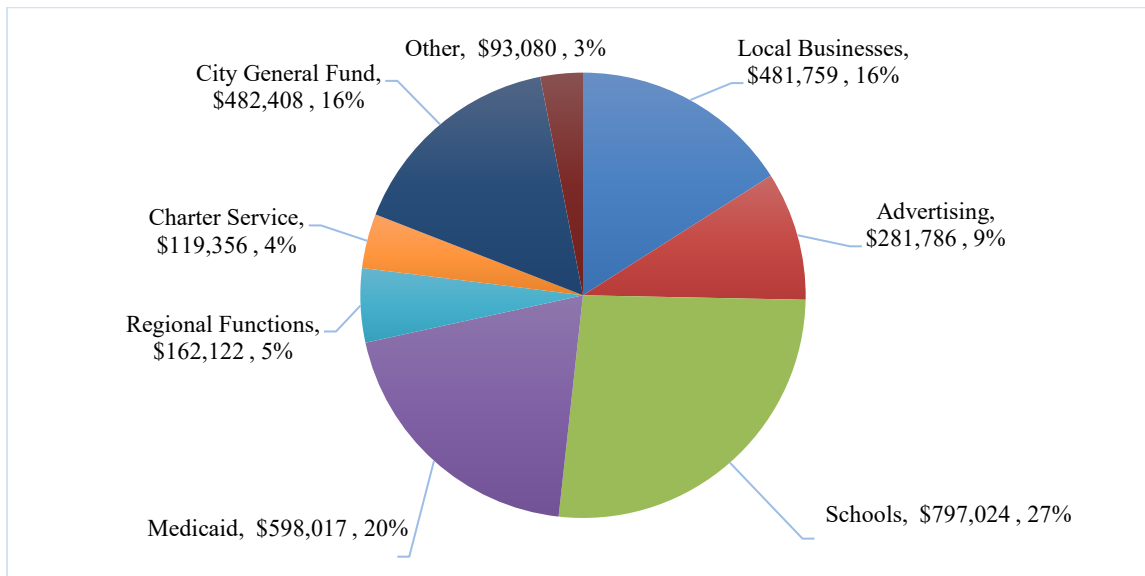
Figure 29: Heart of Texas COG—Operating Revenues, FY 2019



Local Revenue Sources

Waco Transit is notable for the value and variety of its local funding sources, which include advertising, schools, and area businesses. Schools and Medicaid transportation are the largest sources of local revenue, but no one source dominates (see Figure 31).

Figure 30: Waco Transit—Local Operating Revenues, FY 2020



- *Advertising:* Waco Transit sells advertising space on its vehicles, shelters, and benches. Prices range from \$40 per month for a vehicle interior banner in a vehicle to \$650 per

month for a full-height vehicle exterior banner. In FY 2019, advertising accounted for 3.7 percent of Waco Transit's operating revenue, more than most similar-sized agencies.

- *Schools*: Baylor University contributes a significant sum annually for the operation of Baylor University Shuttle, a fixed-route network serving the campus distinct from Waco Transit's regular service. Texas State Technical College contributes some money for a regular fixed route that serves its campuses. McLennan Community College and Waco Independent School District contribute sums to fund free-fare programs for their students.
- *Medicaid*: Waco Transit provides non-emergency medical transportation for Medicaid recipients for the entire six-county region.
- *City General Fund*: The City of Waco contributes varying amounts annually to cover operating expenses not covered by other sources.
- *Local Businesses*: Waco Transit operates a free circulator shuttle that serves commercial destinations in downtown Waco with support from businesses in the area.
- *Regional Functions*: Waco Transit performs maintenance for all MCRTD and HOTCOG vehicles.
- *Charter Service*: In general, recipients of federal transportation grants may not operate charter service, but there are limited exceptions: for example, an agency may operate charter service for official government business, qualified human service organizations, or by agreement with all registered charter providers in its geographic area.
- *Other*: Includes rent for real estate and scrap revenue.

Agencies in the Waco area have also benefitted from awards of TDCs from TxDOT in the past. In FY 2020, TxDOT awarded TDCs to Waco Transit and MCRTD to meet local matching requirements for federally supported senior and disabled service.

Indirect Cost Allocation

The City of Waco allocates indirect costs to Waco Transit and the service it operates for MCRTD. In FY 2020, the City allocated indirect costs to Waco Transit worth 7.2% of Waco Transit's operating expenses, and it allocated to MCRTD indirect costs worth 1.9 % of MCRTD's operating expenses. HOTCOG also allocates indirect costs from the COG to transit. Indirect costs were worth 8.2 percent of public transportation operating costs in FY 2019.

Points for HCTD to Consider

- Closer coordination between the City of Waco and McLennan County has yielded more transit options for rural residents, though service is still not comprehensive across McLennan County.
- Waco Transit performs many regional functions because it has by far the greatest resources of the three transit providers. Even though responsibility for transit is divided at the organizational level, it is less so at the practical level.
- Waco Transit has a variety of local funding partners, ensuring that the agency does not rely on one source and allowing it to serve more transit markets.

- HOTCOG’s lack of local funding sources limits any future expansion of service in the five rural counties.

Fort Bend County Public Transportation: County Government as Transit Provider

Overview

Fort Bend County Public Transportation (FBCPT) is a department of Fort Bend County, a large, fast-growing county southwest of Houston. Most of the county’s population is urban and falls within the Houston UZA, but most of its land area is rural. FBCPT currently runs three commuter routes to employment hubs in Houston as well as general public demand-response service across the county, reflecting the different needs of the county’s different geographic areas. The department contracts with First Transit, a turnkey service provider, for provision of all services including maintenance.

History

FBCPT began operating commuter and demand-response service in 2005. Prior to then, several park-and-ride services operated by reached the edge of Fort Bend County, but no transit service was available within it. FBCPT also ran point-deviation routes in the cities of Richmond and Rosenberg for several years, but this service was recently discontinued due to low ridership. Nevertheless, FBCPT’s service has more or less increased in tandem with the county’s population during its fifteen-year history. The department recently completed a new operating, maintenance, and administrative facility, and it intends to add two new commuter routes in the next two years.

Governance

FBCPT is unusual in Texas in that it is part of the county government. Its closest analog is El Paso County Transit, which operates vanpools, regional bus service, and commuter bus service outside the service area of City of El Paso Mass Transit Department. Like FBCPT, El Paso County Transit serves urban and rural areas, and it is governed directly by the county commissioner’s court.

Other examples of county-run systems include McLennan County RTD, discussed above along with Waco; Webb County Community Action Agency (CAA), which serves rural Webb County outside of Laredo; and Harris County Transit, which serves areas of Harris County outside the Houston METRO service area. MCRTD differs from FBCPT in that it contracts with Waco Transit for all services—it is more a conduit for funding than an independent system. MCRTD also has its

FORT BEND COUNTRY PUBLIC TRANSPORTATION

Organization Type: County department

Service Area: Fort Bend County

Modes Operated

- General public demand-response
- Commuter bus

Demographics

- Population: 811,688
- Pop. change since 2010: 38.7%
- Land area: 680 sq. m.
- Pop. density: 1195 persons/sq. m

Service (FY 2018):

- Revenue Hours: 82,601
- Passenger Trips: 392,613

own nine-member board, which is selected by the commissioner's court. Webb County CAA, meanwhile, provides general-public demand-response service, but its responsibilities extend beyond transit to social services, nutrition, and self-help. Finally, Harris County Transit was created to complement an existing system, not to provide comprehensive public transportation service.

Impact of Geography and Demographics on Funding

Encompassing both urban and rural areas, Fort Bend County receives urban and rural federal funds and rural state funds. Its geography presents several challenges to using those funds, however.

First, FBCPT's proportion of rural to urban service is small because the county's rural population is small, and the amount of rural funds that FBCPT can receive is partly a function of the amount of rural service it provides. Thus, while FBCPT could in theory receive more rural funds, it cannot provide enough rural service to do so. Following the 2020 census, when new UZAs are defined, even more of Fort Bend County will likely fall into the Houston UZA, further reducing the amount of service that can be counted as rural and the amounts of rural funds available. HCTD faces no such issue at the present. If, however, Bell County were to pursue a county-run service model, the new entity could face a similar problem as the Killeen and Temple UZAs grow further into rural parts of the county.

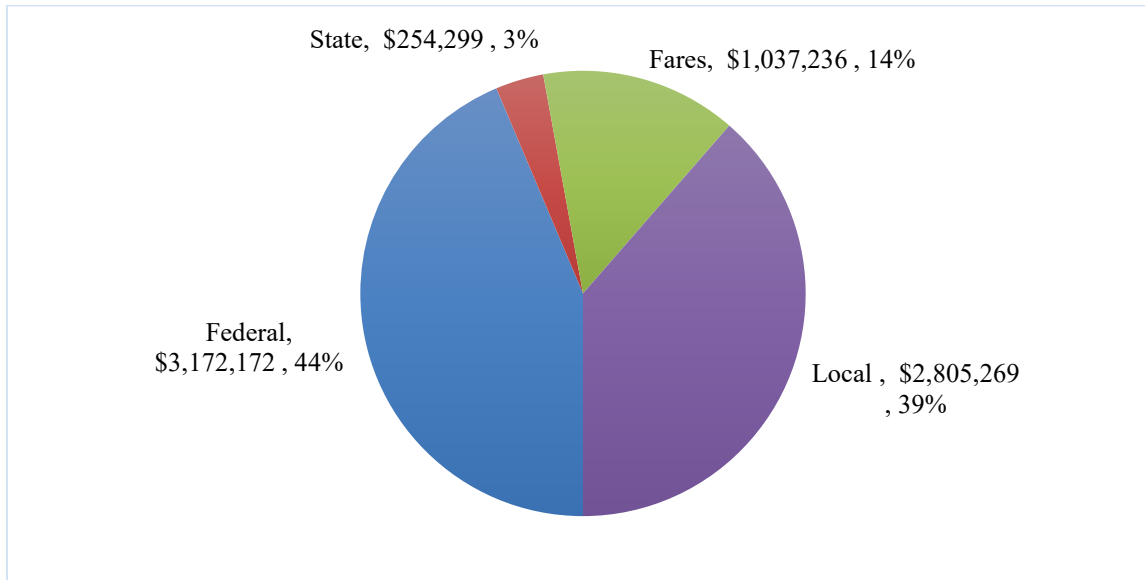
Second, as part of a large UZA, FBCPT is subject to restrictions on how much federal funding it can use to cover operating costs. As discussed in the case of Midland and Odessa above, transit agencies serving large UZAs cannot, as a general rule, use urban formula funds toward operating costs. But, under a special rule, agencies operating fewer than 100 vehicles in maximum service may use up to a certain percentage of their apportionment of 5307 urban formula funds for operating costs. FBCPT will reach this cap soon, and as a result it is seeking new revenue sources, especially at the local level.

With a population of greater than 200,000, Killeen UZA benefits from this same special rule. (Funds apportioned to the smaller Temple UZA are not subject to any such restrictions.) Historically, HCTD has not approached its cap on the use of 5307 funds for operating expenses. But, if operating expenses begin to outpace revenue, whether due to increased service or increased administrative costs, HCTD could face a similar funding shortfall to FBCPT.

Funding

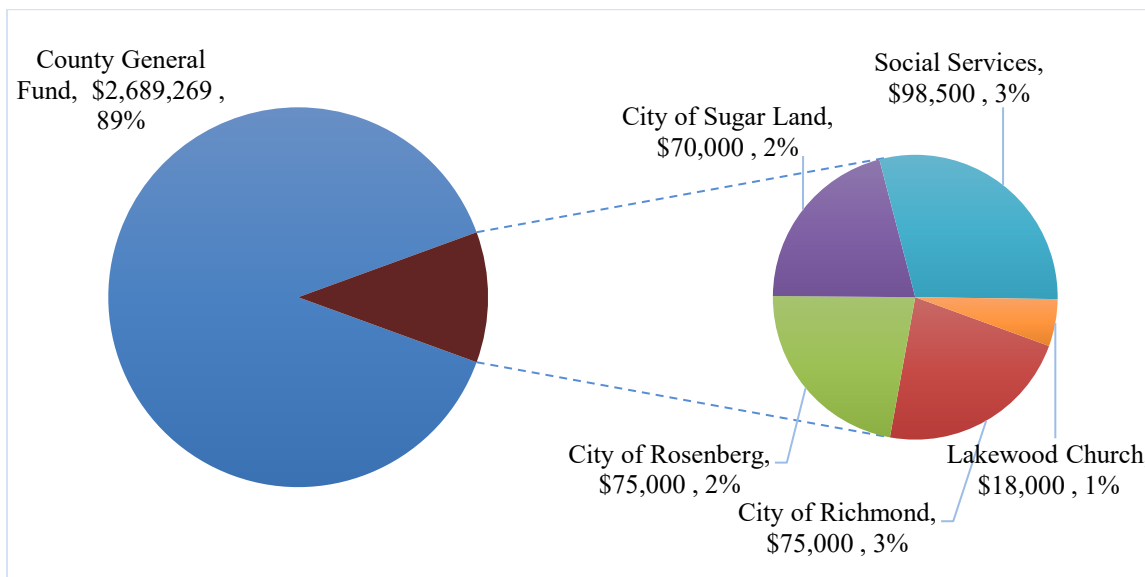
FBCPT receives federal urban funds, but as part of a large UZA, it does not receive state urban funds, only state rural funds. Fare revenue covers a somewhat higher percentage of operating costs than the other agencies profiled here because commuter bus service tends to yield higher fare recovery ratios than fixed-route or demand-response service (see Figure 32).

Figure 31: FBCPT—Operating Revenues, FY 2020



As noted above, the amount of federal funds FBCPT can spend on operating costs is capped. Securing sufficient and consistent local funds is therefore FBCPT’s greatest fiscal challenge. Fort Bend County’s general fund is FBCPT’s largest local funding source, accounting for 89 percent of local revenue in FY 2020 (see Figure 33). FBCPT negotiates the amount of this contribution each year as it develops its budget. Funds from the county are, in essence, funds of last resort—whatever expenses are not covered by other sources come from the county. As such, the amount the county contributes varies as grant monies ebb and flow. Furthermore, unlike some counties and municipalities that operate transit, Fort Bend County does not have a dedicated fund for transit. FBCPT competes with other county functions for funding.

Figure 32: FBCPT—Local Operating Revenues, FY 2020



FBCPT's other local funding partners include the cities of Richmond, Rosenberg, and Sugarland, several human service providers, and a large church. None of these contributions is large, however, nor is any guaranteed through an interlocal agreement.

Indirect Cost Allocation

Fort Bend County does not currently allocate indirect costs to transit. But, doing so would not benefit FBCPT much. Agencies in rural or small urban areas, such as ATCOG and Waco Transit, are able to secure more federal funds for operations by using indirect costs as local match. FBCPT, though, cannot spend any more federal funds on operating, so allocating indirect costs would not solve its funding problem.

Points for HCTD to Consider

- County-run public transportation is rare in Texas.
- Fort Bend County's population growth is creating more demand for transit, but rules for the use of federal and state funds limit FBCPT's potential non-local revenue in the future. HCTD could face a similar challenge as the Killeen and Temple UZAs grow.
- FBCPT's current local funding sources are insufficient in the long term. City contributions are small and have not increased with inflation or service.

Chapter 5: Service Provision Options and Assessment

Introduction

To determine whether HCTD should consider another structure, four service provision options are assessed in this chapter:

- Option One — Stronger Together: Current structure
- Option Two — Separate Ways: One urban transit district and one rural transit district
- Option Three — Different People, Different Needs: One urban transit district and two rural transit districts
- Option Four — Different Cities, Different Goals: Two municipal departments and one rural transit district

These four options were developed based on information gathered in the analysis of existing conditions, peer review, stakeholder interviews, and case studies. They are as distinct from one another as possible while remaining within the bounds of what makes sense for the region and what appears acceptable to local stakeholders. And although discrete service provision options have to be defined to be assessed, the three alternatives to the current structure are not mutually exclusive—elements of each could be blended into a final, optimal solution.

Criteria for Assessment

This study assesses each option according to criteria based largely but not exclusively on the goals for transit identified through the stakeholder interviews. Further criteria covering practical considerations such as complexity and risk round out the evaluation. Each of the four options is graded for its impact on the urban areas, rural Bell County, the other eight rural counties, and the region overall across a range of criteria. For each criterion, one of the following ratings is assigned:



Very unfavorable



Somewhat unfavorable



Neutral



Somewhat favorable



Very favorable

A summary table at the end of the document then compares the overall impacts of the four options to one another.

The criteria for assessment fall into three categories—service, governance, and financial—as outlined below.

Service

Structure does not necessarily determine service levels or local investment in transit—the region could choose to provide whatever types of transit services it wants at whatever level it is willing to fund under any of the options. Nevertheless, structure may facilitate or hinder the provision of service in the following areas:

- *Meet needs of local areas* – Transit provision should ideally be structured to meet the needs of as many local areas as possible. Structures conducive to providing good service are considered favorable.
- *Facilitate regional connections* – Most stakeholders expressed interest in maintaining and improving transit connections between the region’s cities and between rural areas and urban areas. Options that lend themselves to developing regional connections are considered favorable.
- *Ability to meet growth* – Urban stakeholders mentioned the challenge of serving a rapidly growing area as a reason to consider other organizational structures. Structures that facilitate responding to growth are considered favorable.

Governance

The number of governing bodies responsible for transit is one of the distinguishing features of the four options. Governance is evaluated in the following areas:

- *Local control* – Many stakeholders value local control over service and finances, the better to respond to constituent needs. More local control is therefore considered favorable.
- *Simplicity* – Where there is more local control, governance may be less simple. Options that include multiple transit districts have multiple governing bodies. Adopting any of these options would entail transfer costs such as legal advice and asset distribution. The more complex the changes, the more time and money needed to affect them. Simple options are therefore considered favorable.

Financial

Within any organizational structure, financial support for transit is subject to the policy decisions of local governments, which this analysis does not attempt to forecast. Structure can, however, affect financial outcomes in the following areas:

- *Cost efficiency* – Cost efficiency is evaluated on the basis of the peer review. Structures that have demonstrated lower operating costs per hour are considered favorable.
- *Shared Overhead* – Shared overhead encompasses two topics: allocating costs to transit to take advantage of federal and state grants and sharing administrative costs within transit agencies. Options with more opportunities to secure funding and share costs are considered favorable.
 - *Cost allocation* – If a city operates a transit department, transit will share functions such as human resources or legal services with other city departments. The city can allocate a portion of these overhead costs to transit, making them eligible for 50-percent funding from federal transit grants. Similarly, if the urban transit district described in Option Three provides all service for rural Bell County, it could allocate some overhead costs to the Bell County rural transit district. These expenses would then be eligible for rural federal and state grants, which require no local matching funds.
 - *Shared administrative costs* – Some options lend themselves better to sharing administrative costs such management, reservations, and maintenance across divisions or agencies.
- *Risk* – Financial risk could include reduced opportunities to share funding between urban and rural areas and to secure regional financial partners. Options with fewer and larger entities are generally considered less financially risky and therefore favorable.

Contracting for Service

Under any option, the entities responsible for transit can choose to operate service directly or contract for service with a private or public entity. Hiring a private contractor to provide some or all functions of a transit agency is common. Some contracts are turn-key, meaning the contractor owns the buses and facilities, operates and maintains all buses, and provides management and administrative functions. Fort Bend County has a turn-key contract for transit, although it is beginning to acquire some of its own buses and facilities.

Other contracts are for management only, meaning the contractor provides senior staff but the public entity owns all buses and facilities and employs operators, mechanics, and most staff. The City of Waco contracts for management with a private company. Transit agencies can also contract

with other public entities for service. McLennan County Rural Transit District, for example, contracts with the City of Waco for all management and service.

Current Financial Condition

Table 12 shows 2019 actual operating revenues and costs for HCTD restated into four divisions—the eight-county rural area, rural Bell County, the Killeen urbanized area (UZA), and the Temple UZA—rather than the three divisions into which it currently divides revenues and costs. These data are used to evaluate the four options below.

Rural Bell County is split from the other rural counties here to facilitate the assessment of each option's impact on the area. Rural Bell County is evaluated separately because it is unusual within HCTD: its demand-response service is restricted to medical trips only, whereas demand-response service in the other rural counties has no such restriction.

Data for rural Bell County were calculated using HCTD's ridership and service data and the Texas Department of Transportation's (TxDOT's) rural allocation formula. Operating expenses were allocated based on service hours, and fare revenue and Medicaid revenue were allocated based on ridership. Then, state and federal funds were allocated based on TxDOT's allocation formula, which distributes funds 65 percent according to needs (weighted 75 percent-25 percent between population and land area), and 35 percent according to performance (measured in terms of cost-efficiency). In this analysis, performance was held constant between rural Bell County and the other rural counties, so the allocation to rural Bell County is based solely on population and land area.

The data show that rural Bell County accounts for about 24 percent of HCTD's rural population and 11 percent of its land area, meaning that about 21 percent of the rural state and federal funds allocated by TxDOT to HCTD are attributable to rural Bell County. The \$356,000 in revenues attributable to rural Bell County is thus much higher than the \$140,000 in expenses incurred to operate service there.

Note that, as in chapter 1, Table 12 shows no cash contribution from Bell County, because Bell County's contribution from its fiscal year 2019 was actually received and spent by HCTD in its calendar (and fiscal) year 2018. Normally, Bell County's 2020 contribution would have appeared in HCTD's 2019 statement of revenues and expenses, but HCTD refunded the 2020 contribution when the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds became available.

Table 12: HCTD 2019 Actual Operating Expenses and Revenues by Source and Division

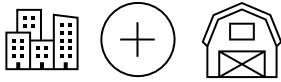
	Eight Rural Counties	Rural Bell County	Total Rural	Killeen UZA	Temple UZA	Total Urban	Total
REVENUES							
Fare Revenues	\$71,978	\$3,439	\$75,417	\$207,993	\$114,407	\$322,400	\$397,817
City and County Contributions							
<i>City of Killeen</i>				\$117,512		\$117,512	\$117,512
<i>City of Copperas Cove</i>				\$97,238		\$97,238	\$97,238
<i>City of Harker Heights</i>				\$38,895		\$38,895	\$38,895
<i>City of Temple</i>					\$136,727	\$136,727	\$136,727
<i>City of Belton</i>					\$31,031	\$31,031	\$31,031
Subtotal - City and County Contributions	\$0	\$0	\$0	\$253,645	\$167,758	\$421,403	\$421,403
Medicaid Service	\$865,318	\$51,818	\$917,137	\$330,078	\$453,501	\$783,579	\$1,700,715
Area Agencies on Aging	\$18,352	\$0	\$18,352	\$0	\$0	\$0	\$18,352
State Transportation Funds	\$426,847	\$110,744	\$537,590	\$386,517	\$367,633	\$754,150	\$1,291,740
Federal Transportation Funds	\$734,170	\$190,477	\$924,647	\$2,497,456	\$1,113,153	\$3,610,609	\$4,535,256
TOTAL	\$2,116,665	\$356,478	\$2,473,143	\$3,675,689	\$2,216,452	\$5,892,141	\$8,365,284
EXPENSES							
Vehicle Operations	\$1,569,045	\$93,960	\$1,663,004	\$2,287,708	\$1,423,751	\$3,711,459	\$5,374,464
Vehicle Maintenance	\$136,933	\$8,200	\$145,133	\$674,861	\$386,801	\$1,061,662	\$1,206,795
Facilities Maintenance	\$8,311	\$498	\$8,808	\$78,327	\$43,795	\$122,121	\$130,930
General and Administrative	\$619,123	\$37,075	\$656,198	\$632,795	\$364,102	\$996,896	\$1,653,094
TOTAL	\$2,333,410	\$139,733	\$2,473,143	\$3,673,690	\$2,218,449	\$5,892,139	\$8,365,282

Option One – Stronger Together

Current Structure

OPTION ONE — STRONGER TOGETHER

Structure: One joint urban and rural transit district



Governance: One independent board comprised of urban and rural representatives

Advantages

- Facilitates regional transit connections
- Existing structure is the simplest and has no associated transition costs
- Rural service is relatively well-liked and cost-efficient

Disadvantages

- Urban areas have different needs than rural areas, and the current structure has not responded well to them
- No one area has control over its service
- Urban service could be more cost-efficient














HCTD is a political subdivision of the State of Texas. HCTD serves as an urban transit district (UTD) for the Killeen and Temple UZAs and as a rural transit district (RTD) for the rural areas of all nine member counties. Urban and rural transit districts are structures created by the State of Texas to facilitate the flow of state and federal funds from TxDOT to transit providers.








HCTD is governed by a Board of Directors comprised of representatives from the nine member counties and five member cities. Each representative must be an elected official. The Board is chaired by a Board member elected by the other members.

If the current structure is retained, HCTD's headquarters would remain in San Saba, where most administrative, accounting, and grant management functions are housed. Urban and Bell County operations would continue from the facility in Belton, which handles maintenance of vehicles used in Bell County, reservations and dispatch for the entire service area, and human resources and information technology.

For purposes of revenues and expenses, HCTD would continue to operate as three divisions—Killeen, Temple, and Rural. This structure reflects the different grant funds for which each division is eligible. Revenues and expenses for Option One would be the same as those shown in Table 12, which reflects current conditions.

Table 13: Option One — Stronger Together

	Urban Areas	Rural Bell County	Rural Areas	Overall
SERVICE CRITERIA				
<i>Meet Needs of Local Areas</i>	 Urban stakeholders would like to see additional service	 Rural Bell County has the largest rural population but has limited service	 Rural stakeholders are satisfied	 The urban area is more populous, so more people have unmet needs
<i>Facilitate Regional Connections</i>	 Having a single agency simplifies regional travel			
<i>Ability to Meet Growth</i>	 Urban areas are growing quickly but service is not	 Rural Bell County is growing faster than other rural counties but has limited service	 HCTD can likely meet rural growth if growth remains slow	 Urban and rural areas of Bell County are growing quickly, and service is not
GOVERNANCE CRITERIA				
<i>Local Control</i>	 Urban areas are represented but are concerned that Board is dominated by rural interests	 Rural Bell County may need more representation because of its population size and growth	 Rural interests compete with urban interests for attention	 All counties and cities are represented but none has direct control of service, and Board composition is not proportionate to population

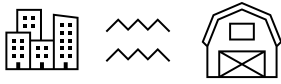
	Urban Areas	Rural Bell County	Rural Areas	Overall
<i>Simplicity</i>	 Retaining the current structure is the simplest option and incurs no transition costs			
FINANCIAL CRITERIA				
<i>Cost Efficiency</i>	 Current urban service has slightly higher costs per hour than most peers	 Rural Bell County service is operated out of urban division, but no data are currently available to assess the cost efficiency of service in rural Bell County alone	 Current rural service has slightly lower costs per hour than peers	 HCTD performs well against its peers, but most of its service is urban, so most of its service has slightly high costs per hour
<i>Shared Overhead</i>	 Some administrative costs are shared across urban and rural service, but cities cannot benefit from FTA grant funds for municipal overhead			
<i>Risk</i>	 There is little financial risk to retaining the current structure			

Option Two – Separate Ways

One Urban Transit District and One Rural Transit District

OPTION TWO — SEPARATE WAYS

Structure: One urban transit district and one rural transit district



Governance: Two independent boards, one for each transit district

Advantages

- Urban and rural service could be more responsive to changing needs
- Increases local control
- Potentially more cost-efficient, based on data from peer review

Disadvantages

- Regional connections could be more difficult to coordinate and develop
- Limits opportunities for shared overhead costs, either between agencies or with cities
- Splitting into two entities would incur transition costs













Option Two, modeled on the Midland-Odessa area, divides responsibility for transit between two agencies—an urban transit district and a rural transit district. The existing HCTD would likely serve as the rural transit district for all nine counties, and a new urban transit district would be created to serve the Killeen and Temple UZAs. Each transit district would be governed by its own board as dictated by state law, and each would be responsible for its own finances. Rural HCTD’s board would still need to have at least one elected representative from each county and could not exceed fifteen members. Otherwise, the district could alter its board as it sees fit.









State law provides little guidance on the size and composition of boards for urban transit districts. Midland-Odessa Urban Transit District provides one model—it is governed by a twelve-member board, with six members appointed by the City of Midland and six appointed by the City of Odessa. If all five cities in the Killeen and Temple UZAs were to participate in the new urban transit district, they would need to agree on the size and composition of the board.

Services could be operated by any agency or private provider. The new urban transit district could hire its own management and employees, or it could contract for service with a private or public entity. Urban service could be even operated under contract with HCTD, if desired by both parties. Such an arrangement would be distinct from today’s structure in that the urban and rural areas would have their own boards and control their own finances.

Although the new urban transit district would operate as one service, likely based out of the existing Belton facility, it would still track revenues and expenses in two divisions—Killeen and Temple—to reflect the different grant funds for which each UZA is eligible. Since no service, funding sources, or funding allocations are different in this option, the revenues and expenses in Table 12 still reflect the expected financial outcome for Option Two. The column labeled Total Rural becomes the new HCTD; the column labelled Total Urban becomes the new urban transit district.

Table 14: Option Two – Separate Ways

	Urban Areas	Rural Bell County	Rural Areas	Overall
SERVICE CRITERIA				
<i>Meet Needs of Local Areas</i>	 Urban service can more easily be tailored to meet urban needs	 Rural Bell County has the most people but has limited service	 HCTD would retain all rural vehicles and funding, so current levels of service should be possible	 Different needs of urban and rural areas are better met, but rural Bell County does not necessarily benefit
<i>Facilitate Regional Connections</i>	 Urban connections have the potential to improve	 Rural-urban connections potentially harder to coordinate	 Rural-urban connections potentially harder to coordinate	 Rural-urban connections potentially harder to coordinate
<i>Ability to Meet Growth</i>	 New UTD can easily grow with sufficient resources	 Rural Bell County is growing faster than other counties but has limited service	 HCTD can meet rural growth if growth remains slow	 New UTD would cover most of population and could prioritize service to meet growth

	Urban Areas	Rural Bell County	Rural Areas	Overall
GOVERNANCE CRITERIA				
<i>Local Control</i>	 New UTD board would control service and finance in urban areas	 Rural Bell County may need more representation because of its population size and growth	 Rural interests would no longer compete with urban interests, but needs of counties could still differ	 Urban and rural areas would gain some local control, but rural Bell County still has little control
<i>Simplicity</i>	 Adds an additional operating and funding agency and splits assets between them; urban-rural model is well-established in Texas			
FINANCIAL CRITERIA				
<i>Cost Efficiency</i>	 Peer areas where separate entities operate urban and rural services have lower unit operating costs, especially for fixed-route service			
<i>Shared Overhead</i>	 Urban and rural service would not share administrative costs, nor would urban or rural transit benefit from any city services			
<i>Risk</i>	 Some additional financial risk to agencies without ability to share funding			

Option Three – Different People, Different Needs

One Urban Transit District and Two Rural Transit Districts

OPTION THREE — DIFFERENT PEOPLE, DIFFERENT NEEDS

Structure: One urban transit district and two rural transit districts



Governance: Three independent boards, one for each transit district

Advantages

- Urban and rural areas could be more responsive to changing needs
- Rural Bell County could capture more funding and have more comprehensive service
- Demonstrated model in Waco area

Disadvantages

- Regional connections could be more difficult to coordinate and develop
- Significantly more complex than Option One or Two to implement
- Eight-county rural transit district could end up with less funding

Option Three, modeled on the Waco area, divides responsibility for transit among three agencies: an urban transit district, a rural transit district for Bell County, and a rural transit district for the remaining eight counties. As with Option Two, HCTD would continue as the rural service provider for all counties except Bell County, and a new urban transit district would be created to serve the Killeen and Temple UZAs. A new rural transit district would also be created for rural Bell County.

Each of the three entities would be governed by its own board as dictated by state law, and each would be responsible for its own finances. As in Option Two, the eight-county rural board would still need to have at least one elected representative from each county and could not exceed fifteen members in total, and the size and composition of the urban board would be determined locally. The board of the new Bell County rural transit district could not exceed nine members by state law, but its size and composition would otherwise be determined locally.

This analysis assumes that, as in the Waco area, the new Bell County rural transit district would contract with the new urban transit district for all service. As in Option Two, the urban transit district would have the choice to operate service directly or under contract with a private or public entity.

Although the new urban transit district would operate as one service, likely based out of the existing Belton facility, it would still track revenues and expenses in two divisions—Killeen and Temple—to reflect the different grant funds for which each UZA is eligible. Since no service,

funding sources, or funding allocations are different for the urban area in this option, the urban revenues and expenses in Table 12 still reflect the expected financial outcome for Option Two.













How rural revenues and expenses are split, however, would change. In Table 15, below, the column labeled *Eight Rural Counties* is the new HCTD; the column labeled *Rural Bell County* is the new Bell County rural transit district. In this table, expenses for rural Bell County are increased to match the revenues generated by that area. Therefore, under Option Three, the new Bell County rural transit district could more than double service levels in rural Bell County. But increasing Bell County’s expenses to match revenues means taking away those expenses from the eight-county rural area, which would result in about a 10 percent decrease in its service. Total revenues and expenses for all rural areas is the same as for the other options; it is simply the split between Bell County and the remaining counties that changes.









If Option Three is chosen, there is one other issue that may need to be considered: Milam County would no longer be adjacent to the rest of HCTD. Given that every county has its own vehicles and drivers, non-adjacency may not matter. Still, Milam County could consider joining one of the three other rural transit districts it abuts: Capital Area Rural Transportation System, Brazos Transit District, or Heart of Texas Council of Governments.

Table 15: Changes to 2019 Actual Revenues and Expenses Under Option Three

	Eight Rural Counties	Rural Bell County	Total Rural
REVENUES			
Fare Revenues	\$71,978	\$3,439	\$75,417
City and County Contributions	\$0	\$0	\$0
Medicaid Service	\$865,318	\$51,818	\$917,137
Area Agencies on Aging	\$18,352	\$0	\$18,352
State Transportation Funds	\$426,847	\$110,744	\$537,590
Federal Transportation Funds	\$734,170	\$190,477	\$924,647
TOTAL	\$2,116,665	\$356,478	\$2,473,143
EXPENSES			
Vehicle Operations	\$1,423,299	\$239,705	\$1,663,004
Vehicle Maintenance	\$124,213	\$20,919	\$145,133
Facilities Maintenance	\$7,539	\$1,270	\$8,808
General and Administrative	\$561,614	\$94,584	\$656,198
TOTAL	\$2,116,665	\$356,478	\$2,473,143

Table 16: Option Three – Different People, Different Needs

	Urban Areas	Rural Bell County	Rural Areas	Overall
SERVICE CRITERIA				
<i>Meet Needs of Local Areas</i>	 Urban service can easily be tailored to meet urban needs	 Bell County gains representation and funding	 Without rural Bell County, funding could be lower, but most needs should still be able to be met since service is decentralized	 Different needs of urban and rural areas are better met, and rural Bell County potentially gains service
<i>Facilitate Regional Connections</i>	 Urban connections have the potential to improve	 Rural-urban connections potentially harder to coordinate	 Rural-urban connections potentially harder to coordinate	 Rural-urban connections potentially harder to coordinate
<i>Ability to Meet Growth</i>	 New UTD can easily grow with sufficient resources	 Much more service could be provided to Bell County residents	 HCTD can meet rural growth if growth remains slow	 New UTD and Bell County RTD would cover most of population and could prioritize service to meet growth

	Urban Areas	Rural Bell County	Rural Areas	Overall
GOVERNANCE CRITERIA				
<i>Local Control</i>	 New UTD board would control service and finance in urban areas	 Bell County would have much greater control but could still be subject to efficiency of new UTD	 Rural interests would no longer compete with urban interests, but needs of counties could still differ	 All areas gain some level of control
<i>Simplicity</i>	 Adds an additional operating agency, two additional funding agencies, and two boards; requires splitting assets among them; may point to different solution for Milam County; model exists in Waco area			
FINANCIAL CRITERIA				
<i>Cost Efficiency</i>	 Peer areas where separate bodies operate urban and rural services have lower unit operating costs, especially for fixed-route service			
<i>Shared Overhead</i>	 Urban transit district could charge some overhead costs to Bell County rural transit district, which would be eligible for rural state and federal funds, but urban and eight-county rural services would not share administrative costs			
<i>Risk</i>	 Some additional financial risk to agencies without ability to share funding			

Option Four – Different Cities, Different Goals

Two Municipal Departments and One Rural Transit District

OPTION FOUR — DIFFERENT CITIES, DIFFERENT GOALS

Structure: Two municipal departments and one rural transit district



Governance: Two city councils or independent boards and one independent rural transit district board

Advantages

- Cities in the Killeen and Temple UZAs can independently decide how best to serve their residents
- The cities of Killeen and Temple could cover some city overhead costs with federal transit grants
- Uses existing resources of cities

Disadvantages

- Travel between cities could be more difficult
- Distribution of assets between cities could be complex, since there is only one urban operating facility as of now
- Risks fragmenting the region and reducing possible funding partners

Option Four divides responsibility for urban transit between the Killeen and Temple UZAs. One city in each UZA (probably, but not necessarily, Killeen and Temple) would create a municipal transit department and operate service for the UZA. HCTD would continue to serve as the rural transit district for the remaining eight counties and rural Bell County.













Each entity would be governed by its own board as dictated by state law. There are two choices for governance in this option. The city councils of the lead cities could serve as the governing boards. Assuming that Belton is served by Temple and Copperas Cove and Harker Heights by Killeen, both sets of cities would need to create interlocal agreements laying out participating cities' rights and responsibilities.









Alternatively, two urban transit districts could be created—one for Temple and Belton area and one for Killeen, Copperas Cove, and Harker Heights. The two lead cities would operate the services, but special-purpose boards would govern the urban transit districts. As discussed under Option Two and Three, the size and composition of the boards of urban transit district would be determined locally.

This analysis assumes that Killeen UZA and Temple UZA would each operate its own service or contract for service with a private entity. The municipalities or urban transit districts would receive grant funds and incur and track expenses separately, reflecting their positions in different UZAs. But since no service, funding sources, or funding allocations are different in this option, the revenues and expenses in Table 12 still reflect the expected financial outcome for Option 4. The column labelled Total Rural becomes the new HCTD; the columns labelled Killeen and Temple become the new municipal or municipal-led districts.

The most distinct financial feature of Option Four is that, if the cities operate transit service, they could potentially allocate some city overhead costs, such as human resources and purchasing, to transit. This would allow the cities to fund some citywide expenses with federal and state transit grants. The City of Amarillo, for example, allocates about \$300,000 per year of City overhead to transit and then recovers about \$150,000 through FTA operating grants. If operating transit does not significantly increase staffing or other costs in administrative areas, then the city effectively funds 50 percent of what it is already spending with federal dollars. The ability to allocate costs to transit is one of the major advantages of Option Four from the cities' perspective, but it is not reflected in the projected financials for transit—it would appear instead on City budgets.

Table 17: Option Four – Different Cities, Different Goals

	Urban Areas	Rural Bell County	Rural Areas	Overall
SERVICE CRITERIA				
<i>Meet Needs of Local Areas</i>	 Urban service can easily be tailored to meet urban needs	 Rural Bell County has the most people but has limited service	 HCTD would retain all rural vehicles and most facilities, so current levels of service should be possible	 Different needs of urban and rural areas are better met, but rural Bell County does not necessarily benefit
<i>Facilitate Regional Connections</i>	 Connections between cities potentially harder to coordinate	 Rural-urban connections potentially harder to coordinate, especially with two urban entities	 Rural-urban connections potentially harder to coordinate	 Interurban and rural-urban connections potentially harder to coordinate
<i>Ability to Meet Growth</i>	 Two urban districts can focus on different growth rates and challenges	 Rural Bell County is growing faster than other counties but has the least service	 HCTD can meet rural growth if growth remains slow	 New UTDs would cover most of population and could prioritize growth

	Urban Areas	Rural Bell County	Rural Areas	Overall
GOVERNANCE CRITERIA				
<i>Local Control</i>	 The three cities in Killeen UZA and two cities in Temple UZA would control the services and finances in their areas, so control would be most local possible	 Rural Bell County may need more representation because of its population size and growth	 Rural interests would no longer compete with urban interests, but needs of different counties could still differ	 Urban areas gain most local control possible, and rural areas gain some local control, but rural Bell County still has little control
<i>Simplicity</i>	 Adds two additional operating and funding agencies; requires creating one new agency and splitting assets			
FINANCIAL CRITERIA				
<i>Cost Efficiency</i>	 Peer areas where separate entities operate urban and rural services have lower unit operating costs, especially for fixed-route service, but two small municipal agencies may lack economies of scale in overhead costs			
<i>Shared Overhead</i>	 Municipal overhead costs charged to transit departments could be used to capture federal operating funds, but urban and rural services would not share administrative costs			
<i>Risk</i>	 Having independent city departments risks limiting regional funding partners; splitting urban and rural service risks ability to share funds between areas			

Comparison of Options

Table 18, below, compares the *Overall* column for the four options in one place. Determining the best option is unfortunately not a simple matter of summing pluses and minuses. Different evaluators will prioritize criteria differently, and local decision-makers may well reach a different conclusion from this table than does this study.

Table 18: Summary of Advantages and Disadvantages of All Options

	Option One	Option Two	Option Three	Option Four
SERVICE CRITERIA				
<i>Meet Needs of Local Areas</i>	◀◀	>	▶▶	>
<i>Facilitate Regional Connections</i>	▶▶	<	<	◀◀
<i>Ability to Meet Growth</i>	<	>	>	>
GOVERNANCE CRITERIA				
<i>Local Control</i>	<	>	>	>
<i>Simplicity</i>	▶▶	<	◀◀	◀◀
FINANCIAL CRITERIA				
<i>Cost Efficiency</i>	<	>	>	><
<i>Shared Overhead</i>	><	<	><	>
<i>Risk</i>	>	<	<	◀◀

Recommendation

Of the four options, this study finds that **Option Three — Different People, Different Needs** provides the best balance among competing criteria. Option Three's primary advantage is its ability to meet the needs of local communities, while its primary disadvantage is its lack of simplicity. Option Three also has more favorable assessments than unfavorable assessments on the remaining criteria, and the complexity of its governance structure is mitigated by there being a model in the nearby Waco area.

Option Two — Separate Ways runs a close second, without either strong advantages or strong disadvantages, and it splits evenly between favorable and unfavorable assessments on the criteria. Option Two could potentially be a first step toward Option Three: HCTD could first split into urban and rural transit districts, and Bell County could later separate from the rural transit district.

Option One — Stronger Together is in many ways the opposite of Option Three. Option One's disadvantage is that it struggles to meet the needs of communities in urban and rural Bell County, but its advantage is simplicity—simplicity of regional connections as well as the organizational simplicity of maintaining status quo. Its ratings on the rest of the criteria are overall slightly unfavorable or neutral.

Finally, **Option Four — Different Cities, Different Needs** has favorable assessments on a number of criteria, including local control, but its advantages are outweighed by the stronger disadvantages associated with breaking up the urban area and developing governance structures.

Conclusion

Change is hard, but the status quo is not working. A model that fit the needs of central Texas twenty years ago doesn't necessarily fit the needs of today's rapidly growing and urbanizing area. Transit service has not kept pace, and HCTD has stagnated.

None of the four options is a cure for HCTD's biggest challenge: its lack of local funding. Ultimately, transit service cannot be increased a meaningful amount unless local governments commit more money to transit. Nevertheless, implementing a new organizational structure may spur change on this front if policymakers believe that the new structure and associated governance will ensure local returns on local investment.

Option Three, implemented either in one step or using Option Two as a stepping stone, is the recommended option.

Chapter 6: Implementation

Introduction

After the findings of this study were presented to counties and cities that requested briefings, the study participants met to determine a course of action. Their preferred option is to see whether the issues identified in this study can be resolved within HCTD's current governance structure—Option One—but they also requested a plan for splitting into two districts—Option Two. This chapter describes the steps necessary for pursuing each option.

Next Steps: Option One

If the Board wishes to preserve HCTD's current structure, it should take the following actions to address issues identified during the study. Each item is described further below.

- 1) Create advisory committees to the Board
- 2) Consider contracting for management of HCTD
- 3) Solicit a study of service needs and delivery
- 4) Request communications and public outreach plan from management
- 5) Improve performance reports

Create Advisory Committees to the Board

State law dictates the composition of HCTD's Board—it must have one elected official from each member county and urban city. This arrangement results in rural representatives outnumbering urban representatives. HCTD's service, ridership, and budget are predominantly urban, however, and are likely to become even more so when UZA boundaries are updated to reflect the 2020 census. Urban stakeholders would, therefore like more control over HCTD's expenditures.

HCTD cannot change the composition of its Board, but it can solicit additional input from member counties and cities. HCTD should create two advisory committees to the Board: one for the rural area and one for the urban area. These committees would review all service and financial proposals from HCTD staff before such measures go before the full Board. Adding this level of review would give local stakeholders more influence over HCTD's policy decisions.

Participation on advisory committees should not be limited to elected officials as it is for Board members; county staff, city staff, and other stakeholders should be eligible. Having a larger pool of candidates for the committees would bring new perspectives and expertise to HCTD's policymaking. The cost of the new committees would be nominal, so long as the participating counties and cities allow staff members to serve on the committees as a part of their regular duties.

Consider Contracting for Management of HCTD

HCTD does not currently have a general manager. Rather than hire a new general manager directly, the Board should solicit competitive bids for a contract for management of HCTD. As discussed in Chapter 5, many transit agencies contract with private companies for the operation of some or all functions of their systems. Some contracts are turn-key, meaning the contractor owns the buses

and facilities, operates and maintains all buses, and provides management and administrative functions. Other contracts are for management only, meaning the contractor provides the general manager and potentially other senior staff, but the public entity owns all buses and facilities and employs operators, mechanics, and most staff. Of the agencies discussed in this study, at least two—Waco Transit and Midland-Odessa Urban Transit District—contract for management.

Contracting for management of HCTD is recommended for several reasons. First, a management contract can be a good value because it often brings not only the expertise of the assigned general manager but also the broader resources of the firm. Second, the Board may still wish to pursue Option Two in the future, creating uncertainty that could make hiring a general manager challenging. A management contract allows for more flexibility. The contract could be awarded for an initial defined term and extended or amended as necessary to suit future needs.

Solicit Study of Service Needs and Delivery

As noted in this report, many stakeholders believe that HCTD’s current services do not meet the needs of its urban residents, particularly after recent service reductions. Rather than rely on these impressions, though, the Board should address the issue directly by soliciting bids for a study of the transit needs of the urban areas and the best way to deliver those services.

The service study should identify existing needs, how to best meet those needs with the funds available, and what could be done if more funds were available. Possible recommendations could include a different route structure, flexible route structures, or more on-call service. The study could be solicited concurrently with the solicitation for a management contract, or it could be solicited once the new general manager is in place. This type of study could likely be funded with FTA urban planning funds, provided HCTD or the local MPO has the required local matching funds (generally 20% of the total cost).

Request Communications and Public Outreach Plan from Management

Stakeholders also cited poor communication between HCTD’s management and its constituent communities as a persistent issue. Most urban and some rural stakeholders perceive that HCTD makes service changes and other significant policy decisions without consulting with the communities affected by the changes. If Option One is to be successful, HCTD must better communicate and interact with its member entities. This means going beyond the Board to talk to the communities themselves.

Once new management is in place, the Board should request a plan for communications and public outreach from the general manager. This plan should articulate how proposed service changes will be communicated, how feedback will be solicited from the public, and how HCTD will maintain good relationships with its member communities and riders in the future.

Improve Performance Reports

The Board has said that it would pursue Option Two only if the issues raised in this study cannot be addressed under Option One. This decision requires knowing what success or failure looks like. HCTD currently produces quarterly performance reports, but these reports lack important elements for evaluating service. Deficiencies include:

- No measures of cost efficiency (e.g., operating cost per revenue hour)

- No measures of cost effectiveness (e.g., operating cost per passenger)
- No measures of on-time performance for fixed-route service
- No measures of on-time performance for ADA service separate from other demand-response service (required by ADA)
- No trend analysis for any measures

Determining what performance indicators should be tracked and what the goals should be set is beyond the scope of this study, but at a minimum, any performance report should cover service effectiveness, cost efficiency, cost effectiveness, safety, and quality for each of the services provided. It should also include any specific measures required for ADA service to ensure compliance with federal law. HCTD may wish to gather sample performance reports from peer agencies to see how other transit providers measure service. Once HCTD has decided which measures it wants to track, it can then determine an appropriate goal for each.

Defining Success

Table 19 lays out a possible schedule for implementing the above recommendations. Some items could begin sooner, but this schedule assumes that the new general manager is in place before the Service Needs and Delivery Study is complete, the communications plan is initiated, and the performance report is revised. Fourteen months total are budgeted for implementing the recommendations.

A further six months are budgeted for assessing the effects of any changes made. Evaluating the success of Option One will require both a quantitative assessment of service, as measured through performance reports, and a qualitative assessment of whether the issues raised in this study have been addressed. At the end of the twenty months, the Board should ask the following questions:

- Have advisory boards been created? Are they contributing productively to HCTD's decision-making?
- Has new leadership been put in place at HCTD?
- Does HCTD have a communications plan? Do the communities feel that they are involved and valued?
- Have the recommendations of the Service Needs and Delivery Study been implemented? Do they better meet the needs of area residents?

Table 19: Option One Improvements and Assessment Timeline

Action	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Create Board advisory committees	1-3	■	■	■																	
Hire management contractor																					
Write request for proposals	2		■																		
Issue RFP and receive responses	3-4		■	■	■																
Select contractor; new GM in place	5-6					■	■														
Implement service needs and delivery review																					
Hire contractor and execute study	3-8			■	■	■	■	■	■												
Implement recommended changes	9-14									■	■	■	■	■	■						
Develop communications plan																					
Develop communications plan	7-8								■	■											
Revise performance monitoring report																					
Revise performance monitoring report	7-8								■	■											
Assess success of Option One improvements																					
Assess success of Option One improvements	15-20															■	■	■	■	■	■

Next Steps: Option Two

If HCTD ultimately decides that the district as it is currently configured cannot meet the transit needs of the region, it could pursue Option Two, which would entail splitting HCTD into two transit districts: one for all rural areas and one for the Killeen and Temple UZAs. The following actions would be necessary to accomplish this split:

- 1) Determine applicable governance structures
- 2) Create new governing boards
- 3) Negotiate MOU among urban members
- 4) Determine operating strategy
- 5) Split capital assets
- 6) Hire management contractors
- 7) Revise communications plans
- 8) Revise performance monitoring reports

Determine Applicable Governance Structures

Texas state law defines three governance structures under which public transit providers in the state may be organized: 1) transit authorities, 2) urban transit districts, and 3) rural transit districts. Transit authorities generally serve UZAs with populations greater than 200,000; they have the power to levy taxes but are not eligible for state funding. Urban transit districts generally serve UZAs with populations under 200,000. They may not levy taxes, but they are eligible for state funding. If a UZA's population grows beyond 200,000 after an urban transit district has been established there—like Killeen—TxDOT has historically allowed the urban transit district to remain eligible for state funding. Finally, rural transit districts may serve any number of counties and people. They may not levy taxes, and they are eligible for state funding.

There are two ways that splitting HCTD could be accomplished: creating a new urban transit district and creating a new rural transit district. In the first scenario, the existing HCTD would continue to provide rural service, and a new agency would be created to serve the Killeen and Temple UZAs. The problem with this option is that it entails creating a new urban transit district in the Killeen UZA, which has over 200,000 people, which could render the Killeen UZA ineligible for state funding. Yet this option has a recent precedent: The Conroe/Woodlands UZA, which has over 200,000 people, left Brazos Transit District, but the UZA continues to receive its state funds by routing them through BTD. TxDOT is not eager to replicate this arrangement, but the department has expressed interest finding solutions that preserve state funding for growing urban areas.

Alternatively, and perhaps more straightforward, would be for the existing HCTD to become the urban transit district—thereby sidestepping the issue of forming a new entity serving a large UZA—and a new rural transit district would be formed for the remaining rural areas. In general, creating a new rural transit district simply requires the approval of the commissioners courts of all participating counties. A rural transit district was recently created in McLennan County without problem.

Consultation with TxDOT is recommended to determine the best way to create two districts such that state funding for the Killeen UZA is preserved.

Create New Governing Boards and Negotiate Memorandum of Understanding

State law dictates that the Board of Directors of a rural transit district, whether it be HCTD or a new rural transit district, shall comprise at least one elected official from each county in the district. Section 458 of the Texas Transportation Code says that all municipalities in a rural transit district shall also appoint one elected official to the Board, but that the Board may not exceed fifteen members. There are clearly more than six municipalities in the rural counties, so the region would need to decide how the remaining six positions on the board should be chosen. Some regions rotate representatives from the various member cities, for example.

State law does not dictate the composition of the Board of Directors of an urban transit district. In other areas that have created new urban transit districts, such as the Midland-Odessa area, Board composition was decided locally. So, the urban transit district would need to decide how it wants to split representation among the five cities and potentially Bell County. Once the size and composition of the Board has been determined, the participating entities would execute a memorandum of understanding to codify the responsibilities for each entity in terms of governance and financial support.

Determine Operating Strategy

The next step would be to determine what operations functions each district would be responsible for. Although Option Two would result in two legal entities, there is a range of possibilities for how responsibilities could be allocated. On one end of the spectrum, one agency could contract with the other for all operations and maintenance. On the other end, the two agencies could operate entirely independently.

HCTD currently has 147 employees: 99 for the urban division, 32 for the rural, and 16 shared between the two. Table 20 shows the number of current HCTD employees by administrative area, function, and division as well as the number of employees under one future scenario. This scenario is intended as a guide only. Further study should be undertaken to determine the most efficient distribution of responsibilities.

Currently, urban and rural operations and maintenance functions are completely separate—urban operations and maintenance are conducted by dedicated urban employees out of the Belton facility, and rural operations are conducted by dedicated rural employees out of the San Saba facility or at local facilities in the rural counties. Rural vehicle maintenance is carried out under contract with local maintenance vendors. The future scenario presented below assumes that operations and maintenance will continue to be provided independently.

Currently, employees responsible for dispatch and reservations are assigned to either rural or urban operations, but they all work at the Belton facility and are supported by the technology at that location. Therefore, the future scenario assumes that the rural district would contract with the urban district for dispatch and reservations. The rural district may eventually want to take on those functions, but it would be easier initially to leave the employees where they are and simply pay the urban district for their services.

The only new employees that the new district—whether that be urban or rural—would need to hire are a General Manager and a Training Coordinator. Option Two would thus result in a 1.4 percent increase in total staff across the two districts.

Table 20: HCTD Staff Allocation, Current and Possible Future

Function	Current Headcount				Future Headcount		
	Urban	Rural	Shared	Total	Urban	Rural	Total
Management/ Administrative	2	1	3	6	4	3	7
Finance			3	3	2	1	3
Human Resources			2	2	1	1	2
Technology			2	2	2		2
Training			1	1	1	1	2
Medical Transportation Program			4	4	2	2	4
Customer Service			1	1	1		1
Dispatch/ Reservations	10	5		15	15		15
STS Scheduler	3			3	3		3
Operations and Maintenance	84	26		110	84	26	110
Total	99	32	16	147	115	34	149

Split Capital Assets between Districts

After an operating strategy has been established, the capital assets now owned by HCTD will need to be divided between the two districts. This task has two components: (1) determining which district should own each asset and (2) deciding whether one district owes the other any monies as a result of that asset division. One possible scenario is presented below, but it is intended only to give decisionmakers some idea of how assets could be divided and what the financial implications of that division would be. If HCTD pursues Option Two, a more detailed look at each asset, which entity should own it, and its undepreciated value at the time of transfer will be needed.

The first component of this task—determining which district should own each asset—would be guided by which district has which responsibilities. The administration facility in San Saba would belong to the rural district, for example, and the Belton operating facility would belong to the urban district. Deciding whether one district owes the other any money, though, is a subject to negotiation among local stakeholders.

The two districts do not have to exchange any money. FTA does not regulate how the value of an asset purchased with federal grant funds is split, provided that asset is still being used for its

original purpose in public transportation. Likewise, no statute dictates that the value of an asset purchased with local funds has to be divided.

That being said, stakeholders will likely want to split the value of all assets in some fashion. Table 21 lists HCTD's current assets with their remaining, or undepreciated, value; which district would own each; and how much money each district would owe the other under one future scenario. The two districts would need to negotiate ownership of all fully depreciated assets as well. But, because these assets have no book value, transferring them has no financial implications, and they do not appear in the table.

For all major assets purchased with federal grants, HCTD has provided information about which grants were rural and which were urban. In the scenario below, all of these major assets are assigned to the urban district, which is consistent with the allocation of functions between the two districts. Therefore, an estimated portion of the grant funds used for each purchase in proportion to the undepreciated value was assigned to the rural district. This potential reimbursement is seen in the column labeled *Grant Funds Owed to Rural*. If the division actually occurs, HCTD would need to confirm the actual amount of rural funds used for the purchase of all assets, not just major.

Assets funded by local funds are transferred in both directions in the scenario below. Almost all of HCTD's capital assets were funded with Medicaid service revenue, not local government contributions. Now and in the past, service revenue is not designated as rural or urban; it is simply local funding to be used as determined by management and the Board. Therefore, this scenario uses rural and urban demand-response operating costs for FY 2019 to estimate the proportion of local funds attributable to rural and urban Medicaid service. This method yields a 59-41 percent split between rural and urban service, which determines the amounts seen in the columns *Local Funds Owed to Urban* and *Local Funds Owed to Rural*.

In total, the new urban district would owe the new rural district about \$18,000 if only grant funds are split, about \$736,000 if only local funds are split (\$795,146 less \$59,152 for the net due to the rural district), and about \$754,000 (\$736,000 plus \$18,000) if both types of funds are included. The vast majority of the funds owed by the urban district is associated with the Belton operating facility. As this facility ages, the amount owed will decline.

Table 21: HCTD Undepreciated Assets

Asset Type	Asset	Undepreciated Value	Transfer Ownership to:	Grant Funds Owed To Urban	Local Funds Owed To Urban	Grant Funds Owed to Rural	Local Funds Owed to Rural
Land	Admin Facility	\$192,489	Rural	\$0	\$697		
	Operating Facility	\$430,000	Urban			\$0	\$52,085
Buildings	Admin Facility	\$1,206,993	Rural	\$0	\$39,380		
	Operating Facility	\$3,780,832	Urban			\$462	\$464,074
Other	Misc Assets Associated with Operating Facility	\$33,230	Urban			\$0	\$10,881
	Computer Software and Hardware	\$30,276	Urban			\$17,863	\$0
Vehicles	Support Vehicles	\$6,557	Rural	\$0	\$2,229		
	Support Vehicles	\$15,063	Urban			\$0	\$9,942
	Buses	\$225,757	Rural	\$0	\$16,845		
	Buses	\$2,233,032	Urban			\$0	\$258,165
TOTAL				\$0	\$59,152	\$18,325	\$795,146

Implement New Management, Communications, and Monitoring Strategies

Once the two districts have been formed, their Boards established, and their assets divided, many of the same tasks laid out for Option One should be executed. These include:

- *Consider Contracting for Management of the Districts* — Given the need to get operations under way quickly, contracting for management of both districts may be the most effective way to move forward.
- *Revise communications plans* — Both districts will need to communicate effectively with the public, but given that each will have more homogenous constituencies than HCTD currently does, their strategies may differ.
- *Revise performance monitoring reports* — Both districts will need useful performance reports, but the most important aspects of service to monitor may differ between urban and rural service

Table 22 lays out a possible schedule for implementing the above recommendations. The greatest uncertainty is about how long negotiations among the cities concerning board representation and financial contribution will take. Even with fairly aggressive assumptions about timing, at least seven months would be required to create the new districts and get Boards in place to govern them. Then, an additional seven months would be needed to get the operating strategy, management, and other supporting tasks in place.

Table 22: Option Two Implementation Timeline

Action	Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Determine applicable governance structures	1-3	■	■	■											
Create new governing boards	3-7			■	■	■	■	■							
Negotiate MOU among urban members	3-7			■	■	■	■	■							
Determine operating strategy	7-9							■	■	■					
Split capital assets	9-12									■	■	■	■		
Hire management contractors															
Write request for proposals	8								■						
Issue RFP and receive responses	9-10									■	■				
Select contractor; new GM in place	11-12											■	■		
Revise communications plans	13-14													■	■
Revise performance monitoring reports	13-14													■	■

Attachment Q6 Vehicles List
Hill Country Transit District
RFP - Professional Transit Management Services
Response to Proposer's Question 6.
List of Revenue and Non-Revenue Vehicles

#	MAKE	MODEL	YEAR	HOUSED AT	REVENUE USAGE	MILEAGE
204	DODGE	CARAVAN	2007	BELTON	LAMPASAS	303,624
209	TOYOTA	SIENNA PASS	2009	HAMILTON	HAMILTON	222,989
210	TOYOTA	SIENNA PASS	2009	SAN SABA	SAN SABA	244,473
211	TOYOTA	SIENNA PASS	2009	LLANO	LLANO	312,859
242	FORD	ELKHART	2008	BELTON	TEMPLE & RBC	305,560
243	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	303,212
244	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	275,526
245	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	267,219
247	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	304,679
249	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	302,804
250	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	315,984
251	TOYOTA	SIENNA PASS	2009	BELTON	TEMPLE & RBC	324,853
252	TOYOTA	SIENNA PASS	2009	BELTON	TEMPLE & RBC	277,820
253	TOYOTA	SIENNA PASS	2009	BELTON	TEMPLE & RBC	261,357
254	CHAMPION	CHALLENGER	2011	BELTON	TEMPLE & RBC	232,160
255	GOSHEN	GCII	2011	BELTON	TEMPLE & RBC	309,309
256	ELDORADO	AEROTECH 220	2013	BELTON	TEMPLE & RBC	232,023
257	DODGE	GRAND CARAVAN SXT1	2012	BELTON	KILLEEN	169,403
259	DODGE	GRAND CARAVAN SXT1	2013	BELTON	KILLEEN	163,477
261	DODGE	GRAND CARAVAN SXT1	2013	BELTON	KILLEEN	172,737
264	CHAMPION	CHALLENGER	2014	BELTON	TEMPLE & RBC	170,027
265	CHAMPION	CHALLENGER	2015	BELTON	TEMPLE & RBC	171,472
266	CHAMPION	CHALLENGER	2015	BELTON	TEMPLE & RBC	197,711
267	CHAMPION	CHALLENGER	2015	BELTON	TEMPLE & RBC	173,632
268	CHAMPION	CHALLENGER	2018	BELTON	TEMPLE & RBC	63,335
269	CHAMPION	CHALLENGER	2018	BELTON	TEMPLE & RBC	76,923
270	ELKHART	ECE4	2020	BELTON	TEMPLE & RBC	15,833
271	ELKHART	ECE4	2021	BELTON	TEMPLE & RBC	11,696
272	ELKHART	ECE4	2020	BELTON	TEMPLE & RBC	12,259
412	FORD	E350 ECONOLINE	2009	MASON	MASON	118,215
413	FORD	E350 ECONOLINE	2009	ROCKDALE	ROCKDALE	148,913
415	FORD	E350 ECONOLINE	2009	GATESVILLE	GATESVILLE	112,126
733	GOSHEN	GCII	2011	BELTON	KILLEEN	279,027
735	GOSHEN	GCII	2011	BELTON	KILLEEN	286,600
736	GOSHEN	GCII	2011	BELTON	KILLEEN	265,623
737	GOSHEN	GCII	2011	BELTON	KILLEEN	274,906
739	CHAMPION	CHALLENGER	2015	BELTON	KILLEEN	205,898
740	CHAMPION	CHALLENGER	2015	BELTON	KILLEEN	202,013
741	CHAMPION	CHALLENGER	2015	BELTON	KILLEEN	209,066
742	CHAMPION	CHALLENGER	2018	BELTON	KILLEEN	98,710
743	CHAMPION	CHALLENGER	2018	BELTON	KILLEEN	81,707

744	CHAMPION	CHALLENGER	2018	BELTON	KILLEEN	90,893
745	CHAMPION	CHALLENGER	2018	BELTON	KILLEEN	91,982
746	CHAMPION	CHALLENGER	2018	BELTON	KILLEEN	84,630
747	ELKHART	ECE4	2020	BELTON	KILLEEN	24,119
748	ELKHART	ECE4	2021	BELTON	KILLEEN	17,118
749	ELKHART	ECE4	2020	BELTON	KILLEEN	13,586
750	ELKHART	ECE4	2020	BELTON	KILLEEN	13,446
751	ELKHART	ECE4	2020	BELTON	KILLEEN	17,960
752	ELKHART	ECE4	2020	BELTON	KILLEEN	22,219
753	ELKHART	ECE4	2020	BELTON	KILLEEN	18,278
754	ELKHART	ECE4	2020	BELTON	KILLEEN	11,610
828	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	344,916
829	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	387,511
830	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	451,097
831	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	434,817
832	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	427,131
833	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	403,409
834	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	KILLEEN	360,516
835	ELDORADO	NAT'L EZ RIDER II	2015	BELTON	KILLEEN	234,079
836	ELDORADO	NAT'L EZ RIDER II	2018	BELTON	KILLEEN	160,626
837	ELDORADO	NAT'L EZ RIDER II	2018	BELTON	KILLEEN	218,148
838	ELDORADO	NAT'L EZ RIDER II	2018	BELTON	KILLEEN	137,176
906	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	TEMPLE	300,008
907	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	TEMPLE	309,081
908	ELDORADO	NAT'L EZ RIDER II	2010	BELTON	TEMPLE	296,828
909	ELDORADO	NAT'L EZ RIDER II	2015	BELTON	TEMPLE	181,536
910	ELDORADO	NAT'L EZ RIDER II	2015	BELTON	TEMPLE	197,403
911	ELDORADO	NAT'L EZ RIDER II	2015	BELTON	TEMPLE	161,183
L135	GOSHEN	GCII	2009	BELTON	KILLEEN	265,461
L137	GOSHEN	GCII	2009	BELTON	KILLEEN	243,987
L138	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	250,976
L139	GOSHEN	GCII	2009	BELTON	TEMPLE & RBC	266,197
L141	GOSHEN	GCII	2009	BELTON	KILLEEN	236,697
L148	GOSHEN	GCII	2010	BELTON	TEMPLE & RBC	252,480
L150	GOSHEN	GCII	2011	CAMERON	CAMERON	145,946
L151	GOSHEN	GCII	2011	SAN SABA	SAN SABA	144,383
L152	ELDORADO	AEROTECH 220	2013	LLANO	LLANO	152,076
L153	ELDORADO	AEROTECH 220	2013	LAMPASAS	LAMPASAS	86,920
L154	ELDORADO	AEROTECH 220	2013	LLANO	LLANO	127,726
L155	ELDORADO	AEROTECH 220	2013	HAMILTON	HAMILTON	175,511
L156	ELDORADO	AEROTECH 220	2013	CAMERON	CAMERON	149,062
L157	CHAMPION	CHALLENGER	2014	CAMERON	CAMERON	81,509
L158	CHAMPION	CHALLENGER	2014	ROCKDALE	ROCKDALE	112,758
L159	CHAMPION	CHALLENGER	2015	GOLDTHWAITE	GOLDTHWAITE	45,994
L160	CHAMPION	CHALLENGER	2015	SAN SABA	SAN SABA	47,953
L161	CHAMPION	CHALLENGER	2017	ROCKDALE	ROCKDALE	132,153
L162	CHAMPION	CHALLENGER	2017	ROCKDALE	ROCKDALE	69,795
L163	CHAMPION	CHALLENGER	2017	GOLDTHWAITE	GOLDTHWAITE	55,337

Attachment Q8 Ridership
Hill Country Transit District
RFP - Professional Transit Management Services
Response to Proposer's Question 8.
Ridership Numbers

Rural Division

	AAA Contract	60+	NEMT Contract	General Public	TOTAL
Demand Response CY2019	2,580	8,135	12,068	62,367	85,150
YTD CY2021: 01/01/2021 - 09/15/2021	821	4,541	2,779	28,009	36,150

Killeen Division

	TOTAL
Fixed Route CY2019	243,876
YTD CY2021: 01/01/2021 - 08/15/2021	71,288

	NEMT Contract	Paratransit Eligible	BCIHC Contract	Other	TOTAL
Paratransit/Demand Response CY2019	15,515	23,460	678	4,061	43,714
YTD CY2021: 01/01/2021 - 09/15/2021	5,768	9,771	0	1,900	17,439

Temple Division

	TOTAL
Fixed Route CY2019	98,559
YTD CY2021: 01/01/2021 - 08/15/2021	39,187

	NEMT Contract	Paratransit Eligible	BCIHC Contract	Other	TOTAL
Paratransit/Demand Response CY2019	14,106	13,775	233	2,635	30,749
YTD CY2021: 01/01/2021 - 09/15/2021	3,825	7,772	0	1,046	12,643