

## Transit Strategies

# SERVICE BUY UPS



Service Buy Ups are contributions from local governments or businesses to transit agencies that fund specific service improvements.

Transit agencies are typically funded at the state or regional level through mechanisms such as dedicated taxes or fees, direct annual appropriations, or standardized local contribution formulas. As a result, most transit agencies must balance the goals and objectives of a wide variety of regional stakeholders when deciding when and where to operate service. Local governments and businesses frequently make requests for new and better transit service, but most agencies do not have the operating funds or resources (vehicles, drivers, etc.) to satisfy these requests – even when stakeholders propose services that meet agency goals and objectives. Local governments and businesses that want to promote transit are left frustrated by transit agency responsiveness to service requests, and transit agencies miss opportunities to increase service quality, serve new markets, and attract more customers.

Several transit agencies have developed programs that enable local governments, businesses, and other stakeholders to directly fund specific transit service improvements – a process known as a service buy up. These programs enable stakeholders to have greater influence in how transit service is designed and allocated, while providing transit agencies the financial means to satisfy requests for new or expanded services. Stakeholders have used service buy ups to expand and enhance transit services in a wide range of scopes and contexts, including:

- **Purchasing of specific bus trips or routes that enable shift workers to access suburban office buildings in cities like Rochester, NY and Cincinnati, OH.**
- **Direct investments from companies like Amazon and Microsoft to provide more frequent service for longer hours on public transit routes that serve their corporate campuses.**
- **A \$40 million dollar annual contribution from the City of Seattle to King County Metro for expanded bus service throughout the city.**

### King County Metro Service Buy Ups

King County Metro in Seattle, WA, has used Service Buy Up partnerships with the City of Seattle, Amazon, and Microsoft to increase local bus service by 15% in the past five years – resulting in industry leading ridership gains.



Service buy up programs are often initiated in tandem with efforts to increase collaboration with local governments and the private sector – such as corporate pass programs, targeted marketing, and infrastructure grants for amenities such as better bus stops. In some cases, transit agencies have also provided a matching contribution for stakeholder funded transit services.

## Service Buy Ups in Practice

A wide range of stakeholders have used service buy ups to make investments in specific transit services. These stakeholders generally fall into the following categories:

### Local Governments

**Expanded Local Service:** Service buy up programs enable local governments to purchase additional transit service that best aligns with local goals and objectives. Local governments have used buy ups to create individual services, like downtown circulators, or broader investments to improve the frequency and span of existing routes across their entire city.

### Schools

**University Transit:** Several universities have provided direct funding to regional agencies to operate expanded bus services to their campuses. The Denton County Transportation Authority (DCTA), for example, has a 10-year contract with the University of North Texas to operate expanded bus service between their campus and adjacent residential neighborhoods.

**Public and Private School Trips:** Numerous school districts and private institutions fund expanded public transit options as an alternative to providing dedicated school bus services.

### Businesses

**Businesses with Shift Workers:** Businesses with shift workers – such as hospitals, call centers, and factories – have used service buy ups to provide front-door service to their buildings at shift changes.

**Corporate Campuses:** Businesses like Microsoft and Amazon have used service buy ups to increase the frequency of transit routes that serve their corporate campuses in both urban and suburban areas.

**Special Event Services:** Transit agencies frequently enter into agreements to provide additional or specialized services during special events, such as sports games, concerts, and conventions.

### Developers

**Development Impact Mitigation:** Service buy ups are increasingly included as part of transportation impact mitigation packages for new developments – with developers typically agreeing to provide an annual subsidy for new or additional transit services in neighborhoods adjacent to their project.

**Office Parks:** Many office parks have high demand for transit but are difficult to serve with existing local bus routes – either because they are located far from primary transit corridors or have a disconnected street network. Office park developers and managers have used service buy ups to fund new or extended public transit routes to serve their developments.

## Service Buy Up Examples

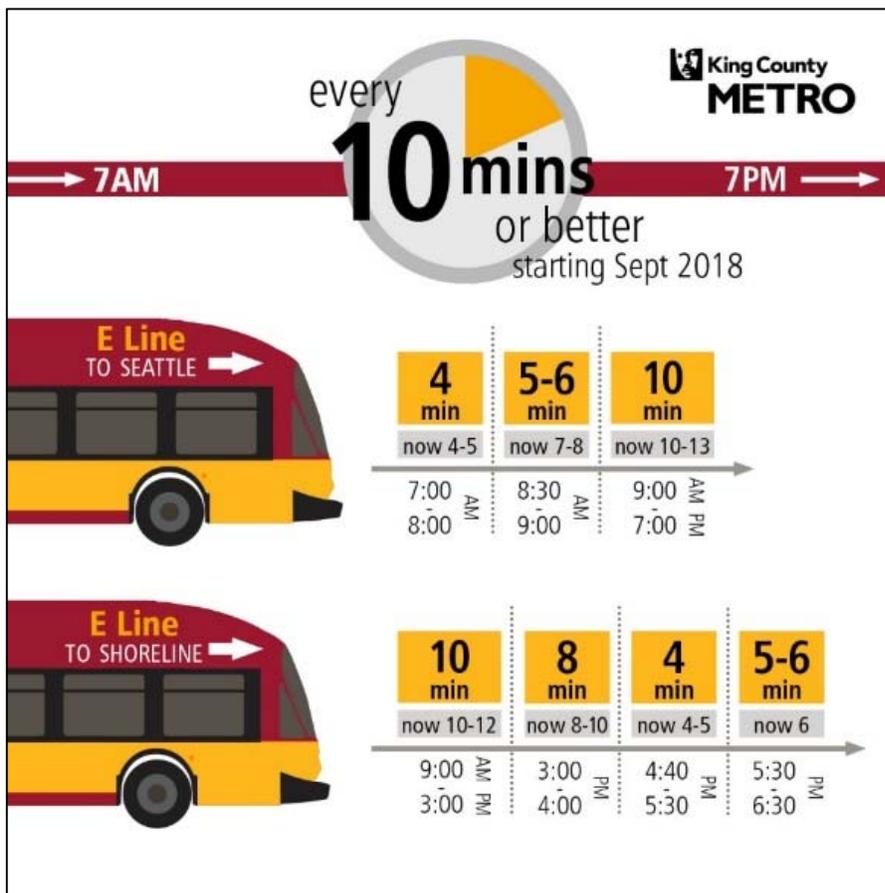
### Corporate and Municipal Partnerships, Seattle, WA

King County Metro has enabled both corporate and municipal partners to purchase additional bus service on existing routes. These partnerships have taken a wide variety of forms, including:

- A \$40 million annual contribution by the City of Seattle that funds over 270,000 hours of local bus service
- A partnership with Microsoft for increased bus services to its corporate campuses, with the company and several municipal partners contributing one-third of the annual operating costs for applicable routes
- A \$1.5 million annual contribution by Amazon to increase routes serving its corporate headquarters in South Lake Union
- Special event service for University of Washington football games
- Extra service for public and private schools

King County Metro also has a robust bulk transit pass program, which is available to both businesses and apartment building owners. In combination, these two programs have enabled King County Metro to increase service by over 15% in the past five years – resulting in industry leading ridership gains and fueling support for additional investments in transit.

#### King County Metro Frequency Advertisement

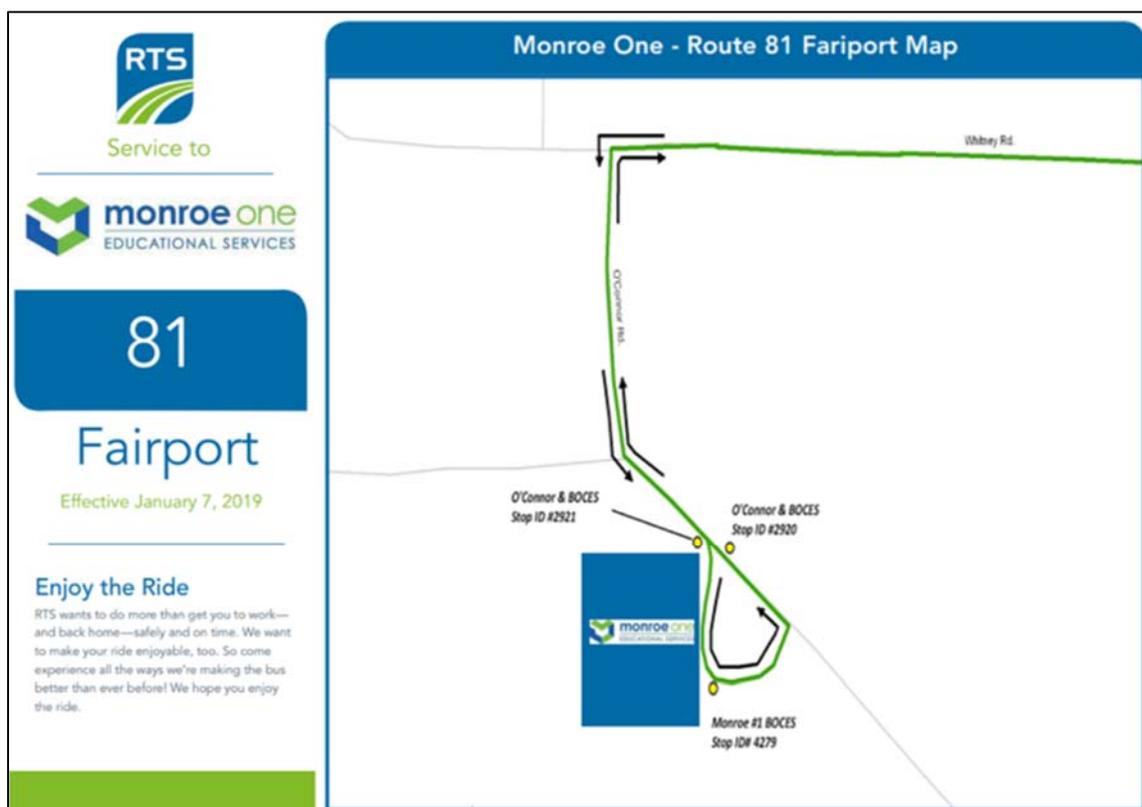


## Business Partnership Program, Rochester, NY

The RTS Business Partnership Program enables business and commercial property owners to fund specific improvements to local bus services. Program participants have funded additional trips, extensions of existing routes, and route deviations to provide front-door service. These additional and extended trips are typically coordinated with shift changes, ensuring that the partnership best serves the needs of employees and customers. For example, Calkins Corporate Park pays RTS to extend an existing route to the office park, with trips timed to meet the needs of its primarily medical office tenants.

RTS provides a broader suite of services to Business Partnership Program participants, including discounted bulk transit passes and customized service information. Agency staff have also worked with program participants to obtain grants for facility improvements, such as new bus stop shelters. Costs for these service buy-ups range from low to high, based on the number and length of the additional trips.

### Route 81 Fairport Serves Monroe One Educational Services



## Encore Boston Harbor Transportation Mitigation, Boston, MA

The Commonwealth of Massachusetts requires large-scale developments to undergo an environmental review process, which typically results in the identification of transportation impact mitigation strategies. In 2016, Encore Boston Harbor, a large casino development located just outside of Boston, proposed a transportation mitigation package that included a wide range of public transit investments – including service buy ups. Beginning in mid-2019, Encore Boston Harbor will pay the Massachusetts Bay Transportation Authority (MBTA) about \$400,000 annually to operate more frequent service for longer hours on an adjacent subway

line. Additional trips funded through the partnership will be scheduled at times where casino-related trips were projected to cause crowding, as well as late at night to reduce car trips to the site. Encore Boston Harbor is the first partner to purchase additional MBTA service, and the agency is considering further partnerships with several proposed large-scale developments in the region.

### MBTA Orange Line



## Potential Service Buy Ups in Rhode Island

Currently, funding for RIPTA primarily comes from the state gasoline tax, passenger revenues, and federal funds. RIPTA can create service buy up partnerships in order to implement statewide transit improvements with a focus on major cities and institutions in the state.

### Partnerships with Cities and Towns

The RIPTA system is centered on Providence, and improvements to the transit system greatly benefit economic development and quality of life in the city. If the city were to increase its ability to fund transportation-related projects and operations, it could direct funding to service buy-ups with RIPTA for specific transit improvements. These could include:

- A **frequent service network** with routes operating every 15 minutes or better, seven days a week — an increase from the current 20-minute Key Corridor frequency
- **General systemwide improvements**, such as more frequent service, service for longer hours, or additional weekend service
- **New routes** serving additional neighborhoods or connecting activity centers to transit
- **Targeted improvements** to high demand transit corridors

Other cities and towns can also use service buy ups to fund RIPTA service improvements, either for local service or commuter service to Providence. Cities like Warwick, Cranston, and Pawtucket can improve service year-round if additional funding becomes available, while cities and towns with more seasonal demand, like Newport and Narragansett, can use service buy ups to provide more transit service in the summer.

These cities and towns can also use additional transportation funding for their own transit-related improvements, such as the development of complete streets and better bus stop facilities.

## Partnerships with Institutions and Private Entities

RIPTA could develop a service buy up partnership program that encourages businesses, developers, and local stakeholders to directly fund transit service. Partners could work with the RIPTA to identify and design potential services to fund through the program, such as more frequent service or longer service hours on an existing route or a new transit route that better serves the partner stakeholder. The most promising buy up partnerships in Rhode Island include:

### Corporate Campuses and Office Parks

Rhode Island has numerous corporate campuses and office parks that lack high quality transit access. Public transit is increasingly viewed by major employers as a tool for attracting and retaining employees, especially millennials. Businesses and development managers could fund new public transit routes that connect corporate campuses and offices parks to residential neighborhoods and the broader transit network, especially during peak workday travel times.

### Education and Medical Campuses

Unlike traditional corporate campuses, institutions such as universities, colleges, and hospitals tend to have transit demand patterns spread out throughout the day, rather than just weekday morning and evening peak times. The University of Rhode Island is an example of a campus with a high population in a low-density area. RIPTA can partner with URI to increase funding for transit service improvements in Kingston, decreasing the need for students and staff to use cars.

RIPTA could also provide financial incentives for these types of partnerships; for example, matching or partial funding for service buy-ups that provide first mile/last mile connections.

### Development Impact Mitigation

The City of Providence and RIPTA could encourage developers of large-scale projects to fund transit service improvements as part of mitigation packages – potentially by providing incentives or offsets to more capital intensive mitigation strategies. Developments along major transit corridors could fund more frequent service for longer hours on existing routes. Developments farther from the existing transit network could fund route extensions or new services to provide direct transit access for workers, residents, and visitors.