

POLICY BRIEF

Skagit Transit study: An overview of Skagit Transit funding, operations and ridership

By Marissa Gaston, Transportation Research Associate
and Mariya Frost, Director, Coles Center for Transportation

November 2021

Key Findings

1. Unlike most state transit agencies, total ridership on Skagit Transit increased 13.6 percent between 2011 and 2019, with ridership peaking in 2014 at well over a million riders.
2. Skagit Transit officials reduced administrative costs as a percentage of their operating expenses from 38 percent to 19 percent between 2011 and 2019. Total operating expenses increased across the same time period.
3. From 2015 to 2019, Skagit Transit officials increased both service and operating expenses only to serve 35 percent fewer passenger miles per revenue mile.
4. Fares paid by passengers make up only between 6 and 8 percent of total revenue.
5. In light of the COVID-19 pandemic, total ridership on Skagit Transit decreased by 56 percent from 2019 to 2020.
6. Total ridership for the first half of 2021 is at 38 percent of where it was in 2019, pre-pandemic.
7. In light of the COVID-19 pandemic, Skagit Transit should re-evaluate PAS planning documents, projections and cost-benefit analyses, streamline costs, contract out service, and pursue innovative partnerships to improve service efficiency.



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INTRODUCTION

Washington Policy Center, an independent public policy think tank, provides key facts and research about transit agencies across Washington state. This Policy Brief contains new research about Skagit Transit.

Skagit Transit was founded in 1993 and is headquartered in Burlington, Washington. The agency is governed by a 10-member board of directors composed of local elected officials and one non-voting labor representative. While it originally operated fare-free, Skagit Transit began charging a 50-cent fare in 2001.¹ Today, the standard fare for local routes is \$1.00.²

Skagit Transit operates in a Public Transportation Benefit Authority (PTBA), a special taxing district of approximately 750 square miles,³ providing public transportation services in northern and western Skagit County,⁴ from Anacortes in the west to Marblemount in the east.⁵ This includes parts of the 10th, 39th, and 40th legislative districts and parts of the 1st and 2nd congressional districts. As of 2020, the total population of Skagit Transit's PTBA is estimated at 116,627 people.⁶

Services consist of fixed-route local buses, demand response (paratransit), commuter buses and vanpool services in and around Skagit County cities including Mount Vernon, Burlington, Anacortes, La Conner, and Sedro-Woolley. Additionally, Skagit Transit works with Island Transit and Whatcom Transit Authority to provide passenger connections between Whidbey Island and Bellingham respectively.⁷ The transit agency also operates a route from Burlington to Everett Station in Snohomish County through Mount Vernon.

1 "Skagit Transit Ridership Hits High Point in October," by Rachel Lerman, *Go Skagit, Skagit Valley Herald*, 19 Nov. 2013, www.goskagit.com/all_access/skagit-transit-ridership-hits-high-point-in-october/article_8880dde5-b61e-5d06-a9ed-145169dcbbe5.html.

2 Ibid.

3 "Fact Sheet - About Us." *Skagit Transit*, www.skagittransit.org/about-us/fact-sheet/.

4 "2020 Public Transportation Benefits Area Population Estimates," by Robert Kemp, Washington State Office of Financial Management, at ofm.wa.gov/sites/default/files/public/dataresearch/pop/special/ptba.pdf.

5 "Skagit Transit System Map," Skagit Transit, at https://www.skagittransit.org/assets/1/7/System_Map_Jan_2020.pdf.

6 Ibid.

7 "County Connectors," Skagit Transit, 20 Sept. 2021, at <https://www.skagittransit.org/routes/routes/county-connectors/>.

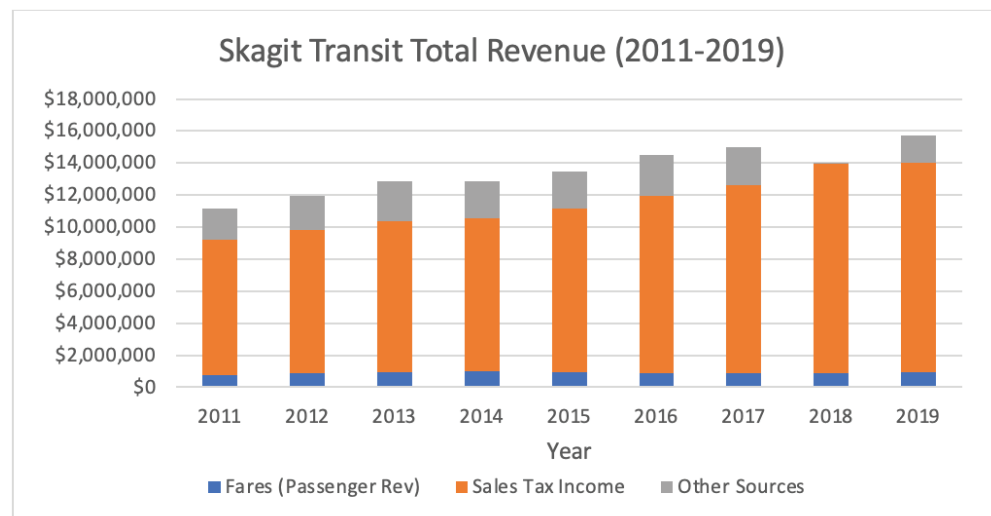
The majority of Skagit Transit’s funding (over 83 percent in 2019) comes from the 0.4 percent sales tax that the agency imposes on people living in the Skagit County PTBA. Originally a 0.2 percent sales tax enacted in 1993, an additional 0.2 percent was approved in 2008. According to WSDOT’s website, “Voters in unincorporated Shelter Bay, Burlington Country Club, North and Northwest Skagit County, and Big Lake have also been annexed into the PTBA after successful voter initiatives to expand Skagit Transit’s service area.”⁸

BACKGROUND

Data analysis approach

This study examines Skagit Transit operations from 2011 to 2019, the most recent years for which fiscal actuals are available.⁹ As of August 2021, the National Transit Database has ridership numbers available for Skagit Transit through June 2021. Ridership in 2019 and 2020 is discussed separately in the section on the effects of COVID-19.

Revenue

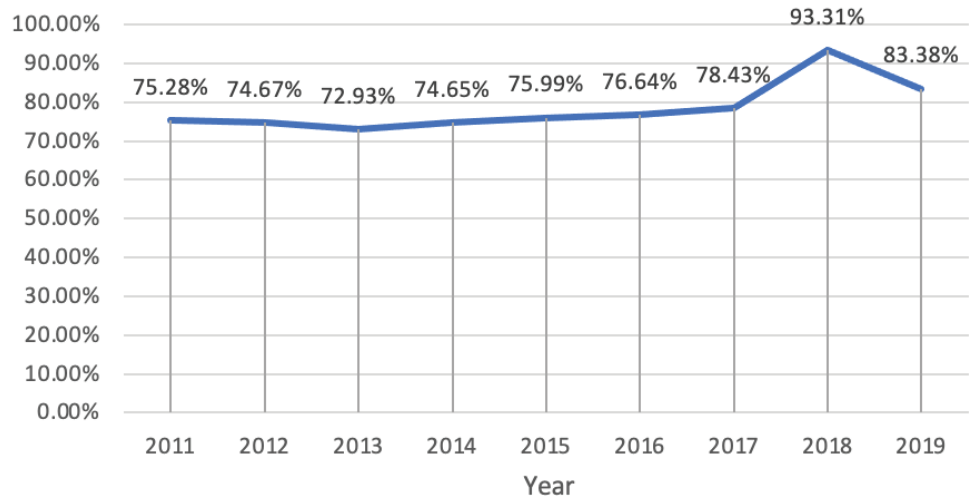


Skagit Transit’s primary revenue source is the 0.4 percent sales tax it imposes on people living in the PTBA, hovering between 72 and 79 percent of the agency’s total revenue between 2011 and 2017. When other sources of funding, such as grants, fell from well over \$2 million in 2017 to \$25,653 in 2018, the sales tax jumped to 93 percent of total revenue. Sales tax was responsible for 83 percent of the agency’s revenue in 2019. Operating revenue, referring to fares paid by passengers, makes up only between 6 and 8 percent (in 2014, the agency’s ridership peak) of total revenue.

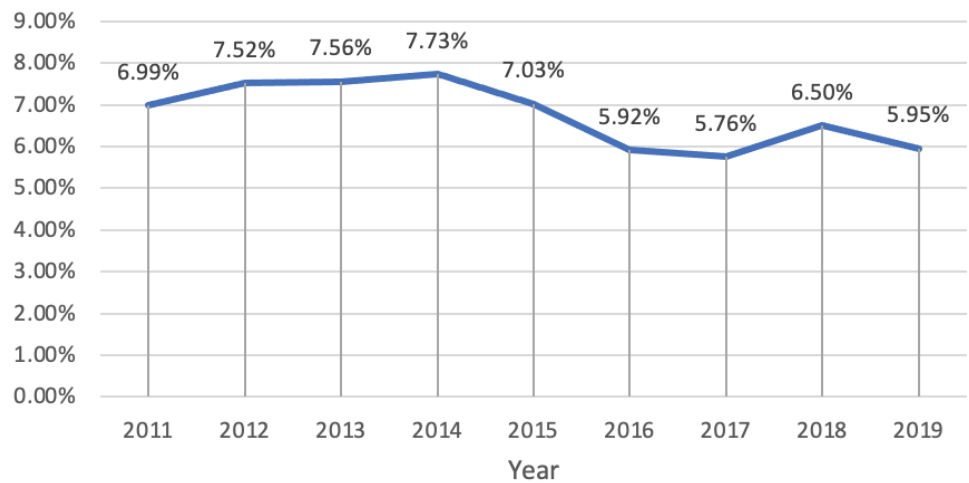
8 “Transit Development Plan 2019-2024, *Skagit Transit*,” at www.wsdot.wa.gov/publications/manuals/fulltext/M3079/tdps/skagit.pdf.

9 “Fact Sheet – Financial Info.” *Skagit Transit*, at <https://www.skagittransit.org/about-us/financial-info/>.

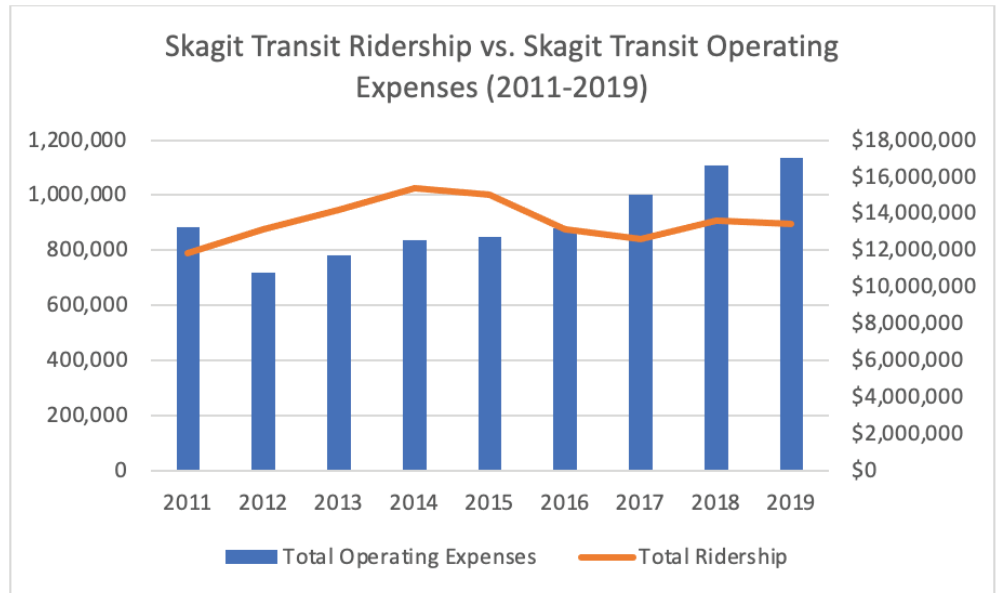
Sales Tax as a Percentage of Total Skagit Transit Revenue (2011-2019)



Fares as a Percentage of Total Skagit Transit Revenue (2011-2019)

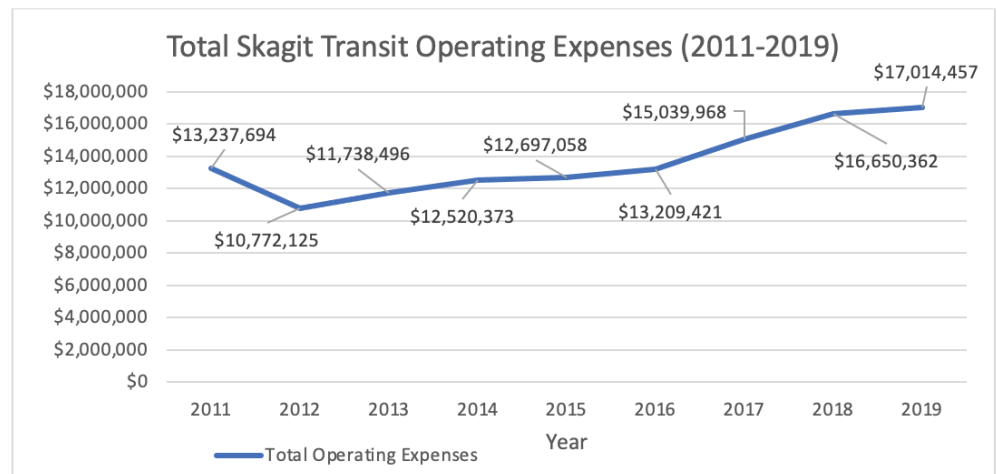


Farebox recovery as a percentage of Skagit Transit's total revenue correlates with ridership. Skagit Transit's highest total ridership occurred in 2014 and thus coincided with its largest collection of fares. As ridership declined slightly from that 2014 peak – operating revenue also decreased.



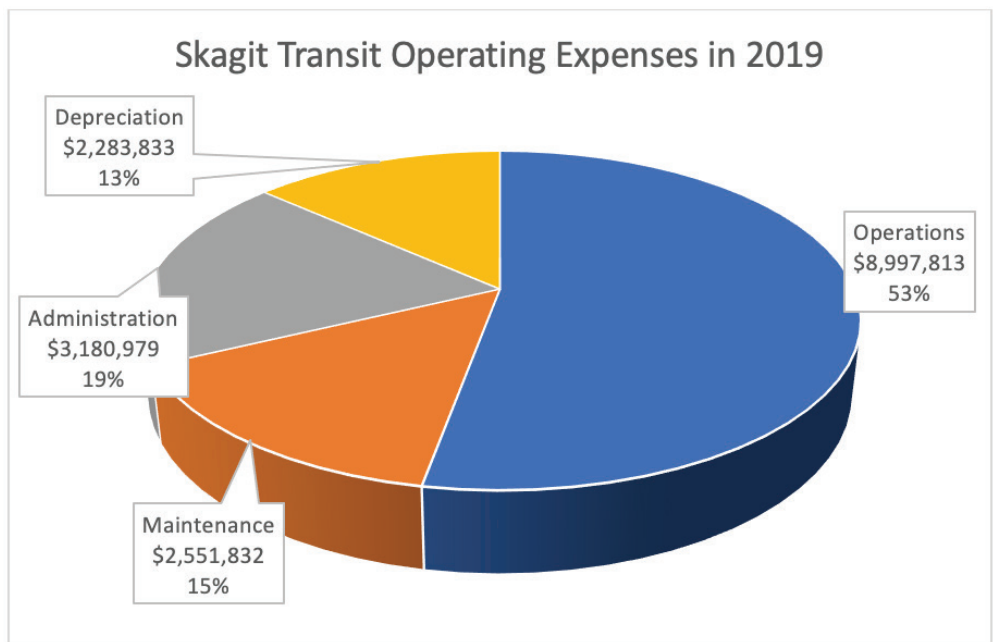
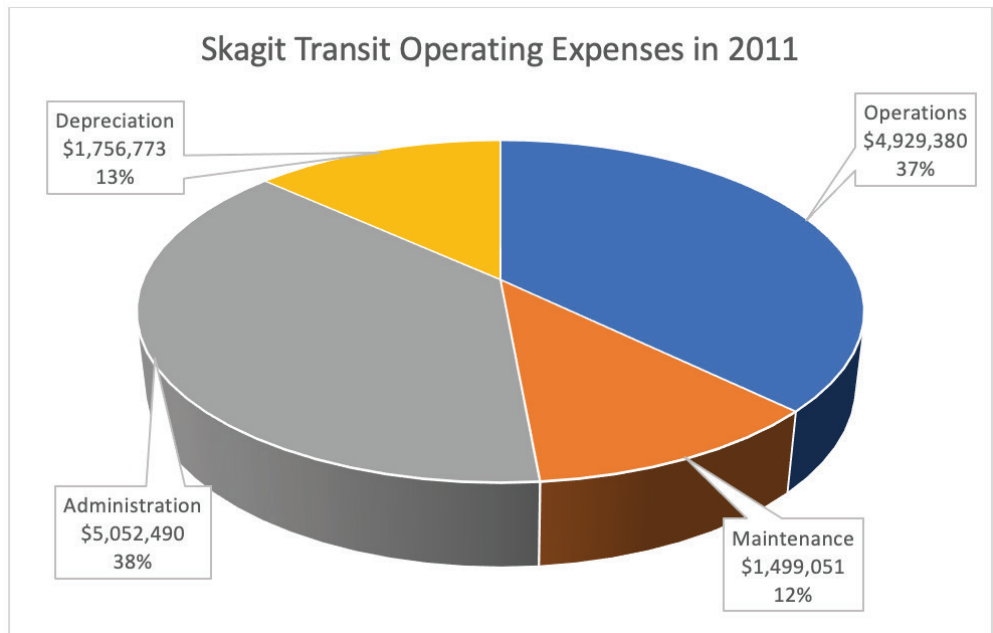
Controlling administrative expenses

Skagit Transit officials decreased administrative expenses as a percentage of their total operating expenses between 2011 and 2019. Total operating expenses, meanwhile, increased across the same time period. The agency defines the functions of administration as “including executive direction, planning, marketing, information systems, purchasing, finance, human resource, and safety.”¹⁰ The operations department “is responsible for all on-street services, including operators, dispatchers, and scheduling for bus service to the public.”¹¹



¹⁰ “Skagit Transit 2018 Annual Financial Report,” page 19, Office of the Washington State Auditor, 23 Sept. 2019, at [https://www.skagittransit.org/assets/1/7/2018_Annual_Financial_Report.pdf].

¹¹ Ibid.

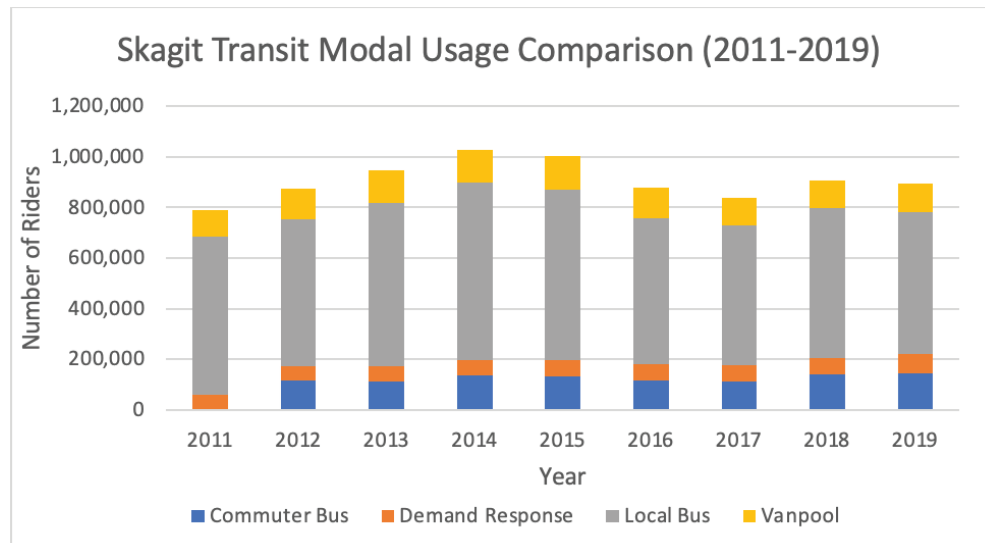


While other transit agencies, like the Whatcom Transportation Authority, have significantly expanded their administrative costs despite declining ridership,¹² Skagit Transit reduced administrative costs as a percentage of its total operating expenses, from over \$5 million (38 percent of operating expenses) in 2011 to under \$3.2 million (19 percent of operating expenses) in 2019. At the same time, expenses on operations as a portion of total operating expenses increased from just under \$5 million (37 percent of operating expenses) in 2011 to almost \$9 million (53 percent of operating expenses) in 2019.

12 “Whatcom Transportation Authority Collects More Taxes and Imposes Higher Costs despite Declining Ridership,” by Mariya Frost and Marissa Gaston, Policy Brief, Washington Policy Center, 14 Oct. 2020, at [<https://www.washingtonpolicy.org/publications/detail/whatcom-transportation-authority-collects-more-taxes-and-imposes-higher-costs-despite-declining-ridership>].

Ridership

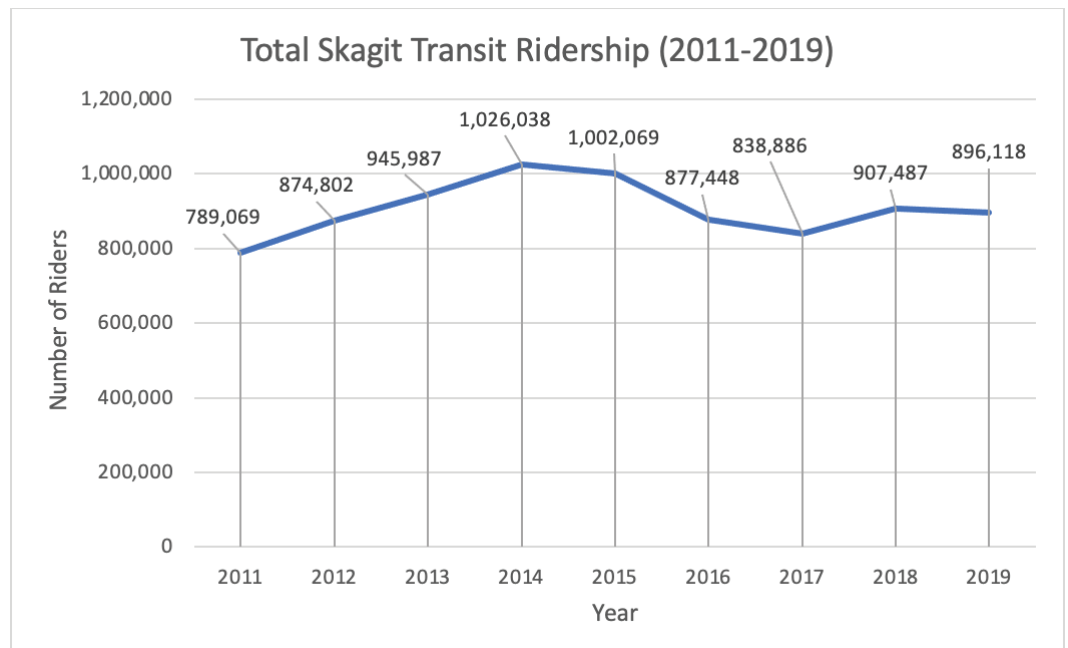
Skagit Transit ridership peaked in 2014 at well over a million riders across all modes, a 30 percent increase from just under 800,000 a few years prior in 2011. This trend correlates with Washington state gas prices increasing sharply in 2011. Gas prices rose above 4 dollars per gallon on five separate occasions between 2011 and 2014, with the last (and still most recent) instance being in July 2014. By June 2017, the price for a gallon of gas in Washington state had decreased by 29 percent to \$2.84 per gallon.¹³ Similarly, as reported in Washington Policy Center's October 2020 policy brief, Whatcom Transportation Authority also saw its ridership peak in 2014.¹⁴



Fixed route local bus service has consistently provided Skagit Transit with its largest number of riders, from 79 percent of total ridership in 2011 (before the introduction of commuter buses), to 62 percent in 2019. Commuter buses (longer routes and limited stops) have provided roughly 13 percent of Skagit Transit's ridership year to year, from a low of just under 12 percent in 2013 to a high of 16 percent in 2019.

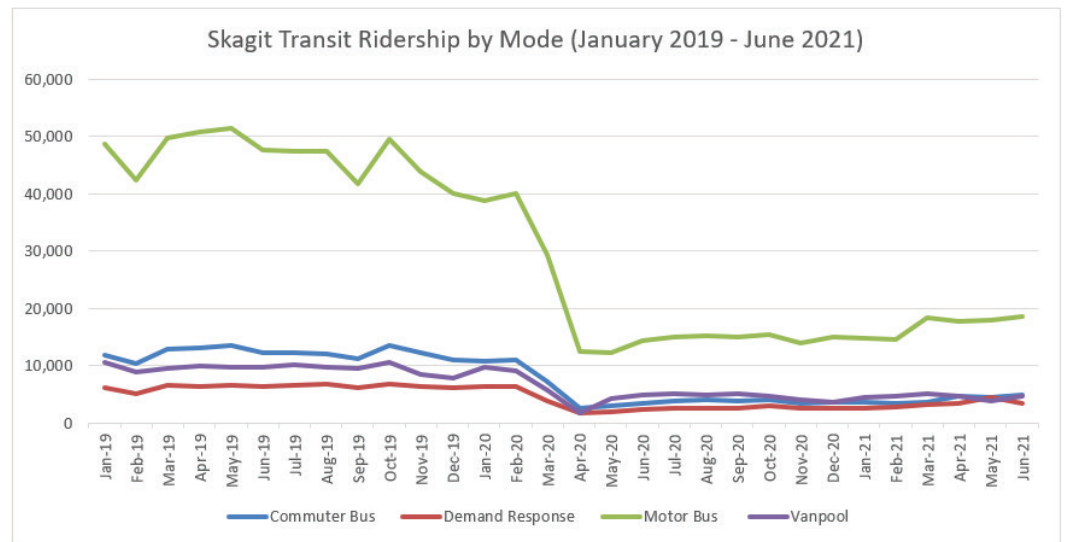
13 "Weekly Washington All Grades All Formulations Retail Gasoline Prices," Weekly Washington All Grades All Formulations Retail Gasoline Prices (dollars per Gallon), US Energy Information Administration, 20 Sept. 2021, at https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=EMM_EPM0_PTE_SWA_DPG&f=W.

14 "Whatcom Transportation Authority Collects More Taxes and Imposes Higher Costs despite Declining Ridership," by Mariya Frost and Marissa Gaston, Policy Brief, Washington Policy Center, 14 Oct. 2020, at [<https://www.washingtonpolicy.org/publications/detail/whatcom-transportation-authority-collects-more-taxes-and-imposes-higher-costs-despite-declining-ridership>].



Impact of COVID-19

The National Transit Database has ridership numbers for Skagit Transit available through June 2021. The agency provided 896,118 trips in 2019, a 1.3 percent decrease from 2018. In 2020, Skagit Transit ridership plummeted 56 percent to 398,923 with local bus service still accounting for a majority of trips. Financial actuals for this period are not yet available.



Total ridership dropped by 30 percent from February to March 2020, a sharp decline that correlates with the introduction of economic lockdowns. The steepest decline in ridership and the month with the single lowest total ridership on Skagit Transit was April 2020 with just 18,562 riders. This is a 60 percent decrease in ridership between March and April 2020, when uncertainty around the virus was at a high and lockdowns were among the most severe.

Three of Skagit Transit's four modes of transportation (vanpool, commuter bus, and demand response) hit ridership lows in April 2020, while local buses hit a ridership low in May 2020 with just 12,248 riders.

In the first six months of 2021, monthly total ridership on Skagit Transit has steadily increased from 25,408 to 31,483. Even as the region opens up and lockdowns ease, Skagit Transit ridership has not rebounded to pre-pandemic levels. Total ridership for the first half of 2021 is at 38 percent of where it was in 2019.

Efficiency

Transit is about moving people from where they are to where they want to be in the most efficient way possible. There are different ways to assess efficiency. One way is to look at passenger miles traveled per revenue mile (cumulative total of miles ridden by each passenger for each mile that a bus travels while in service), and at what cost per mile. We reviewed data for the last five years leading up to COVID to get an idea of Skagit Transit's efficiency.

In 2015, Skagit Transit buses each contained an average of 4.0 passengers (that is, they carried 4.0 passenger-miles per revenue mile) at an operating cost of \$6.56 per mile.¹⁵ In 2019, they carried 2.6 passengers at an operating cost of \$8.57 per mile.¹⁶ Over that same period, officials increased revenue miles by about 11 percent. So, in five years, Skagit Transit officials increased both service and operating expenses only to serve 35 percent fewer passenger miles per revenue mile.

POLICY RECOMMENDATIONS

1. Re-evaluate past planning documents, projections and cost-benefit analyses

In light of the COVID-19 pandemic, all transit agencies, including Skagit Transit, should re-evaluate past plans and projections, and redo any cost-benefit evaluations conducted prior to 2020.¹⁷ It is important to ensure projections and service plans reflect the new post-COVID reality we live in, including the impact of telework and shifts in travel preferences.

2. Streamline costs

Public officials should continue to review and streamline administrative costs, as Skagit Transit did successfully between 2011 and 2019, to direct taxpayer funds towards providing in-demand service. Even so, not all service is needed. Transit officials should continue to assess which services are most used by the public and which to re-allocate –or cut –as the agency strives to be a good steward of taxpayer money.

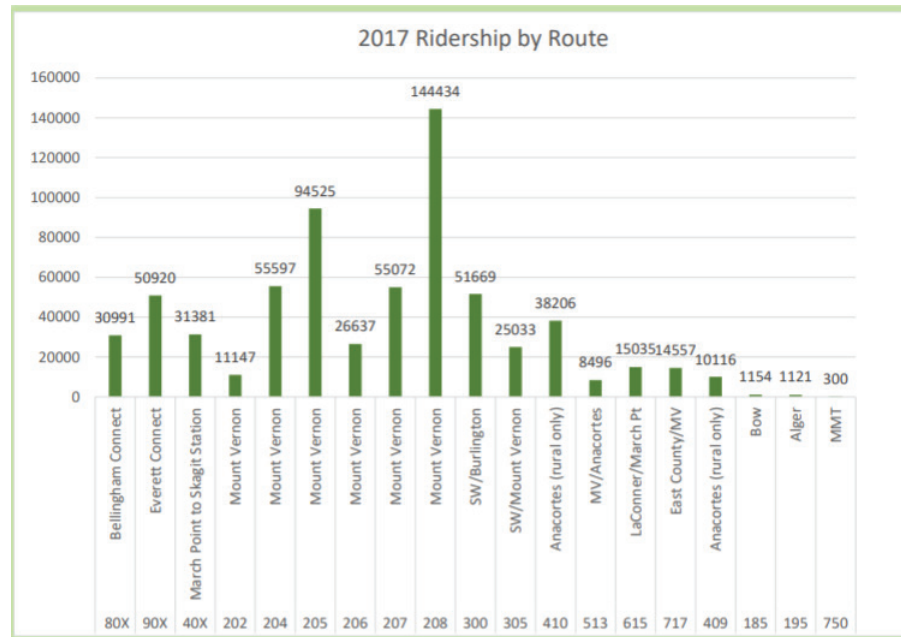
15 2015 Skagit Transit Agency Profile, National Transit Database, at https://www7.fta.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2015/00044.pdf.

16 2019 Skagit Transit Agency Profile, National Transit Database, at https://www7.fta.dot.gov/sites/fta.dot.gov/files/transit_agency_profile_doc/2019/00044.pdf.

17 Planning Documents, Skagit Transit, at <https://www.skagittransit.org/about-us/planning-documents/>.

3. Contract out service

Skagit Transit officials should look for opportunities to contract out services to achieve cost savings for taxpayers. They should reduce service hours along unproductive routes (see graph below), and contract with the private sector to provide service in areas with low demand. Private vans and other passenger vehicles can provide quality public service at much lower cost in areas of low demand. Below is a graph from the agency's Transit Development Plan for 2018-2023 that shows bus ridership in 2017 by route.



4. Partner with innovative companies to improve service efficiency

During the pandemic, Sioux Area Metro (SAM), the transit agency in Sioux Falls, South Dakota, made transit service more efficient to benefit riders and to reduce the financial burden on the agency during the economic recession.

Officials did that by joining with a Canadian company called Pantonium, which provided technology to create a new on-demand rider service using the agency's existing bus fleet.¹⁸ Pantonium improves reliability and efficiency of transit service, which reduces fleet mileage and agency operating costs while increasing ridership due to more convenient and fast trips. The technology helps transit agencies do more with less, which provides a benefit for transit agencies and the public they serve.

Skagit Transit officials are committed to efficiency as a part of the agency's mission, and innovation and technology as an organizational value. It makes sense to look for innovative partnerships like this as ridership remains low more than three-quarters into 2021 since some of the ridership losses caused by the economic lockdown are likely permanent.

¹⁸ "How technology can make transit more efficient," by Mariya Frost and Todd Myers, Blog, Washington Policy Center, October 8, 2020, at <https://www.washingtonpolicy.org/publications/detail/how-technology-can-make-public-transit-more-efficient>.

CONCLUSION

Unlike many transit agencies throughout the state, Skagit Transit has maintained itself relatively well prior to the COVID-19 pandemic. Total operating expenses year over year between 2011 and 2019 correlated with an increase in total ridership, indicating a rising demand for the agency's services during this period.

In short, ridership increased and agency officials relocated funds accordingly. Like virtually all transit agencies, Skagit Transit was hit hard by the pandemic and subsequent lockdowns, seeing a steep drop in its ridership, which should inform new strategic planning and reassessment moving forward.

Appendix - Additional data

Total Skagit ridership by mode and by year

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Commuter Bus	0			134,063	133,350	116,348	112,563	139,223	146,079
Demand Re-sponse				61,370	61,616	64,409	63,992	66,829	75,496
Local Bus				701,676	677,374	578,663	554,403	591,047	560,363
Vanpool				128,929	129,729	118,028	107,928	110,388	114,180
Total ridership						877,448	838,886	907,487	896,118

Revenues	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fares (Passenger Rev)	\$780,401	\$900,029	\$971,255	\$993,174	\$946,168	\$859,171	\$864,584	\$909,834	\$935,050
Sales Tax Income	\$8,404,588	\$8,940,904	\$9,374,575	\$9,587,215	\$10,233,474	\$11,119,193	\$11,776,859	\$13,055,020	
Other Sources	\$1,979,228	\$2,132,246	\$2,509,000	\$2,261,672	\$2,287,187	\$2,529,626	\$2,374,389	\$25,653	\$1,674,765
Total Revenues (Op and Non-Op)					\$13,466,829	\$14,507,990	\$15,015,832	\$13,990,507	
OpRev % of Total	6.99%	7.52%	7.56%	7.73%	7.03%	5.92%	5.76%	6.50%	5.95%
Sales Tax % of Total	75.28%	74.67%	72.93%	74.65%	75.99%	76.64%	78.43%	93.31%	83.38%
Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operations	\$4,929,380	\$5,225,102	\$5,818,047	\$6,041,118	\$6,168,579	\$6,464,329	\$7,340,228	\$8,180,142	\$8,997,813
Maintenance	\$1,499,051	\$1,744,779	\$1,945,365	\$2,202,158	\$2,209,430	\$2,369,025	\$2,492,224	\$2,585,527	\$2,551,832
Administration	\$5,052,490	\$2,191,661	\$2,330,671	\$2,482,542	\$2,534,230	\$2,570,331	\$2,910,956	\$3,437,885	\$3,180,979
Depreciation	\$1,756,773	\$1,610,583	\$1,644,413	\$1,794,555	\$1,784,819	\$1,805,736	\$2,296,560	\$2,446,808	\$2,283,833
Total Operating Expenses					\$12,697,058	\$13,209,421	\$15,039,968	\$16,650,362	
Administration** % of Total OpEx	38.17%	20.35%	19.85%	19.83%	19.96%	19.46%	19.35%	20.65%	18.70%

Other sources = interest, grants, gain (loss) on disposition of assets, other non-operating revenues

Administration = functions include executive direction, planning, marketing, information systems, purchasing, finance, human resources, and safety.

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Operating Expenses					\$12,697,058	\$13,209,421	\$15,039,968	\$16,650,362	
Total Ridership	789,069	874,802	945,987	1,026,038	1,002,069	877,448	838,886	907,487	896,118
Cost per ride	\$16.78	\$12.31	\$12.41	\$12.20	\$12.67	\$15.05	\$17.93	\$18.35	\$18.99

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Mariya Frost is the Director of the Coles Center for Transportation at Washington Policy Center. Born in Russia, she and her family came to the United States in 1993 and she grew up in Washington state. She is a graduate of the University of Washington with a degree in Political Science. Mariya completed a studies program in the Dominican Republic, Spain and northern Africa through the University of Nations, and has completed courses in accounting and business administration at Saint Martin's University. She spent ten years working in the private sector and as a staff member at the U.S. House of Representatives and the Washington state senate.

Mariya has lived in both Eastern and Western Washington, and believes strongly in the freedom of mobility for all Washingtonians. She is on the Board of Directors for the Eastside Transportation Association, a member of the Jim MacIsaac Research Committee, and a member of the Women of Washington civic group.