

Economic Benefit of TROUT

A research paper arguing for the economic benefits of a rural public transit service.

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This summary outlines how the TROUT can be an economically beneficial long-term investment for the region. A public transit system that integrates the needs of the local communities through an innovative approach of mixed service modes would help with overall community mobility. This could well lead to a diversification of intra-communal spending as the TROUT could expose people to new businesses and opportunities. Mobility of capital in the region thus far is largely dependent on individual transportation methods. Private transportation is a means many people utilize to do a lot of their commercial activity outside our immediate region, hurting the local economy. A public transit system that provides both individualized pick-up and a regularly scheduled route can be an asset to allow people to cheaply traverse surrounding townships and engage with the local economy. As a whole, it is deemed that “improvements in transport services will lead to increased mobility, which [has] a positive impact on the social and economic development of a particular region by encouraging the relocation of people and additional small enterprises,” a goal that all small townships should strive for.¹

It has been shown in numerous studies that a well functioning public transit system is a significant component of the social and economic health of a community. The provision of a public transit option generally raises the revenue of the businesses that are covered by the route. In Bancroft and surrounding communities a regularly scheduled bus would allow for a more consistent flow of clients and customers to businesses that would otherwise be out of reach due to mobility limitations. Preferably, “two or more small municipalities can form an intermunicipal partnership to share knowledge and manage the cost risk of starting up new services through economies of scale. Service that links communities together can improve a variety of opportunities for residents.”² A regional approach would therefore be the most profitable.

Keeping in mind the sizeable population of elderly people in the region, personal transportation is often an issue. Limited mobility among a large portion of the local population is a barrier to maximizing economic potential. Since the area is host to a large quantity of specialty shops and independently owned businesses, rather than large-scale department stores, it is essential to provide mobility between them. This is especially the case for demographic groups that are generally limited by reduced mobility capabilities. Feedback gathered by the TROUT indicated that the vast majority of respondents felt that the system provided a valuable service to the community and recognized that this need would be increasing.

The TROUT would be an asset in making the entire community more accessible, which increases the economic potential. Although the system requires a yearly monetary investment to operate at the desired capacity, the potential of the fully functional system to provide a catalyst to sustainable business practices and economic growth in the region

¹ *Verifying and Strengthening Rural Access to Transport Services*, European Commission, accessed July 10, 2013. ftp://ftp.cordis.europa.eu/pub/transport/docs/summaries/urban_virgil_report.pdf, 5.

² *Improving Travel Options in Small & Rural Communities*, http://www.fcm.ca/Documents/tools/GMF/Transport_Canada/ImprovingTravelSmallRural_EN.pdf, 26.

is large. An economic study of rural public transit projects in 1998 indicated the “average benefit/cost ratios of rural transit as [being] approximately 3.1 to 1.”³ A study of rural Kansas in 2011 shows that “for every \$1 invested in rural public transportation, approximately \$3-\$4 in economic returns is generated.”⁴ Furthermore, this particular study discusses another project in which researchers assessed 268 rural commuting zones and found that the ones with a public transit had a net earnings growth rate 11% higher than those without one.⁵

In addition to acting as an amplifier for existing business, a public transit system such as the TROUT can act as a means to incite newcomers to the region, while making it a more appealing place to stay. The Western Rural Development Center conducted a study with the assumption that all rural communities have to promote economic growth and argued that stimulating local economies through transportation will prevent citizens from leaving the area in search of work.⁶ This argument can be applied specifically to Bancroft and surrounding townships, where youth leaving to find work is definitely having an impact on the region’s demographics and economy. One benefit to keep in mind in this regard is that for areas that face population-loss, economic growth is necessary to keep people in the community.⁷ This is something that public transit can help facilitate.

The economic benefits extend beyond the obvious immediate impacts of improved accessibility to existing businesses. For instance, the TROUT could be used by low-income or underemployed persons in the community. People who face transportation disadvantage could be moved out of that limiting position so they can find employment more easily. This could get them off government funding and would allow them to contribute to the tax base and thus benefit the community.⁸ In support of this point, Northcentral Montana Transit has indicated that poverty can be most efficiently addressed by decreasing competition and fostering collaboration among providers of services for persons of lower incomes.⁹ They also emphasize that their focus is to make it possible for all people to have sustainable access to employment.¹⁰ Therefore the greatest economic benefit would be a result of collaboration and coordination between various transportation service providers. Well funded and coordinated public transit can help alleviate the mobility issues that are characteristic of low income populations. Funding a

³ Dennis M. Brown, *Public Transportation on the Move in Rural America*, Economic Research Service of the US Dept. of Agriculture, <http://www.nal.usda.gov/ric/ricpubs/publictrans.htm>

⁴ Nate Van der Broek and Pat Weaver, “The Economic Impact of Public Transportation in Rural Kansas,” <http://www.kansascollaborative.com/resources/Econ%20Impact%20of%20Public%20Trans%20in%20Rural%20Kansas%20RTAP%20June%202011.pdf>, 1-3.

⁵ Ibid.

⁶ Ben Kidder, *The Challenges of Rural Transportation*, http://wrdc.usu.edu/files/publications/publication/pub__9373753.pdf, 2.

⁷ Kidder, 2.

⁸ *TCRP Report 34: Assessment of the Economic Impacts of Rural Public Transportation*; Transportation Research Board, 140.

⁹ Opportunity Link, *Strategic Plan; Chapter 5 – Part 1*, <http://opportunitylinkmt.org/strategicplan/Chptr5Part1.pdf>, 50.

¹⁰ Opportunity Link, *Strategic Plan; Chapter 5 – Part 2*, <http://opportunitylinkmt.org/strategicplan/Chptr5Part2.pdf>, 64.

service that can provide sustainable access to employment for low-income persons is therefore advisable.

Furthermore, one of the key things people look for in a place they are considering moving to is mobility and transit. If the region is looking to grow and build its economy, it would be advisable to provide newcomers with a well functioning public transportation service. The TROUT's partnership with the various businesses that it directly provides service to is a useful element of its operations in this regard. Studies have illustrated economic benefits to mobility and concluded that "transportation is necessary to support overall economic growth and activity in the national economy, but it also is expected to serve other goals of the community, support the desires of those who use its services, and do all this with the least expenditure of scarce resources" (Fuller, 2000)".¹¹ The 1998 study by Burkhardt, Hedrick, and McGavock indicated quite clearly "that personal transportation services are a good investment for rural communities."¹² Attracting newcomers by providing them with resource-conscious transportation to various businesses and services is of economic benefit.

FCM lists the following benefits

(http://www.fcm.ca/Documents/tools/GMF/Transport_Canada/ImprovingTravelSmallRural_EN.pdf):

- It addresses a key challenge for many young and lower-income people in smaller communities—namely, limited independent mobility to access educational, employment, recreation and social opportunities.
- It helps seniors, who may otherwise be eligible to use charitable transportation services only for medical appointments, or be restricted in which days of the week they can shop for groceries or visit friends.
- It offers families an alternative to cars as a way to get around with small children, and can help communities attract young families looking to raise their children outside an urban environment.
- It helps employers tap into labour markets by improving the mobility of potential employees such as lower-income residents, youth, the working elderly and residents of adjacent communities. This can be especially valuable for isolated employers such as ski resorts, agri-businesses or extraction operations.
- It can increase the customer base for local stores and services, since those who rely on transit will shop where transit routes go—typically to the community's own business district and other shopping areas.
- It can attract tourists who might not otherwise visit the community.

Taking into account the statistics provided by the TROUT, which illustrate the relatively low cost per household to have a properly funded public transit system in the area, it may well be a feasible option for environmentally, socially, culturally, and

¹¹ http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_101.pdf, 30

¹² http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_101.pdf, 31.

economically sustainable transportation. From a sustainability standpoint this would be a sensible thing to introduce to the region. An obstacle would be regional collaboration and cost-sharing, but the collective economic benefits are quite apparent. The local business community ought to see it in their best interest to participate and support this project. The social, environmental, and cultural benefits that come along with this are an added bonus. Although the TROUT requires a fair amount of funding to operate at a capacity that will make it profitable, the economic benefits that it could create in the long term would render it worthwhile. There has to be open communication with the municipalities in order to ensure that their concerns are voiced and responded to in the planning process.

Impact on Surrounding Municipalities

The 8 municipalities that are covered by the TROUT would benefit from an amply funded system. A successful common transit system in the region could aid creating overall transportation cohesion. A large part of the economic gains for less centralized municipalities are derived from keeping people living independently in the community for as long as possible. Maintaining a population by allowing them to be mobile and get access to essential as well as non-essential services will sustain the existing tax-base. Furthermore, should the TROUT receive enough funding it may well be able to run a more efficient and frequent service through all the municipalities. In that case it may be viable to expand the fleet so that it may become a potential commuting option. Since there are a fair amount of low income rural households and “lower availability of public transit systems, lack of transportation becomes a considerable barrier to employment,”¹³ this would be desirable. The largest factor is making it easier and cheaper for people to stay in these communities. It is difficult to have a sustainable economic model if the population decreases consistently.

For the surrounding communities it would further increase stability and raise the potential for investment. Considering the increasing population of seniors and those with limited mobility it would be prudent to make businesses and services accessible to them prior to the current transportation network becoming too unsustainable. The investment generally pays off, even for the areas that are not in the immediate vicinity of the system’s main connecting hub. It could even lead to direct job creation through the hiring of local transit personnel. As well, realizing that this transportation service is for everyone would go a long way in increasing the ridership and make it a profitable service. In collaborating with John Keith the municipalities can get assistance with ensuring that further planning of the service takes into consideration explicit economic interests of sponsoring municipalities.

The American Public Transportation Association summarized their analysis of the Economic Impact of Public Transportation Investment as follows: “The analysis shows that public transportation investment can have significant impacts on the economy, and thus represent an important public policy consideration. However, economic impacts should not be equated with the value of total societal benefits associated with public transportation investment. Care should also be taken to recognize the short-term effect of

¹³ http://wrdc.usu.edu/files/publications/publication/pub_9373753.pdf, 6.

public transportation spending as well as the longer-term benefits of sustained transportation investment on travel times, costs and economic productivity. Both may be useful considerations for public information and investment decisions.”¹⁴ The municipalities should therefore give genuine consideration to notion of funding the TROUT. The benefits extend far beyond a positive return on investment into the fields of social, cultural, and environmental sustainability. These help to augment the overall health of the communities, which contributes to a solid economic base.

To summarize, the economic advantages for all the municipalities covered by the TROUT’s operations are abundant. For one, it can serve as an economic accelerator as it increases accessibility to certain local businesses within rural communities. This could diversify clientele and increase the availability of products to people locally. They will no longer feel as though they have to travel to out-of-region towns to access them, or at the very least feel less strongly about it. This will assist in sustaining a population and tax base and will create an incentive for outside investment. Connecting the region through a consistently operating transit system would reinforce economic stability and increase economic potential in the future. The benefits would be far-reaching, as the issue of mobility would positively impact business performance year-round, by alleviating difficulties with transportation many people experience in the winter months. The overall impact of financially supporting the TROUT on all the communities in the region would therefore be a positive one in terms of economics. The return on the investment will be relative to the initial commitment made, but over time will certainly be positive.

¹⁴http://www.apta.com/resources/reportsandpublications/Documents/economic_impact_of_public_transportation_investment.pdf, iv.