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Montgomery County Transit Authority Draft Proposal and Background Analysis



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This document does not constitute the policy of the Montgomery County Government.



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Preface

Believing that an Independent Transit Authority would benefit the County, the County Executive directed his staff to conduct a study to inform decision-makers as to how the County could move forward with such a proposal. Understanding how an Independent Transit Authority will benefit Montgomery County, the functions and requirements for the Authority, and steps required to establish an Authority are important questions covering a wide range of topics.

The County engaged VHB, a transportation consulting firm with expertise in public transit and experience with a wide range of transit organizations, to facilitate the development of the study, to contribute information about state of the practice in transit agency organization, and to compile the report. In addition to VHB, the County engaged PFM Group, its financial advisor, and McKennon Shelton & Henn LLP, its bond counsel, to advise on the financial and bond obligation considerations associated with the potential Authority. Outside experts, Mr. Frank Spielberg and Mr. Brian McCollum, who have a long record of engagement in transit planning and organizational arrangements in Metropolitan Washington and nationwide were also consulted about the concepts and frameworks presented in this report.

This team of transportation, financial and legal advisors was supported by County staff, who supplied information about the current arrangements supporting transit in Montgomery County and aided the process by vetting the concepts of governance, management, finance, staffing, facilities, and transition described in this report. This report serves as a preliminary analysis and framework for considering implementation of an Independent Transit Authority.

The following activities informed the development of this report:

- A review of transit agency organization recommendations from a variety of national and local sources including the ENO Foundation, the Transportation Research Board (TRB), the American Public Transportation Association (APTA), and other sources
- A scan of transit authorities that might serve as examples of the strategy being proposed for Montgomery County
- Detailed case studies of transit organizations that met certain criteria related to applicability to the Montgomery County proposal
- Detailing, to the extent possible in advance of legislation, the proposal for a transit authority including current thinking about the scope, governance, management, financial and legislative elements of the Authority



- Identification of the required functions and responsibilities of the Authority
- Interviews of Montgomery County staff and documentation of the current model for providing transit service in the County
- Exploration of different management/organizational models for the Authority
- Exploration of different staffing models for the Authority
- Analysis of alternative models in meeting the County needs as currently understood
- Financial analysis of the Authority's capacity to implement the high-priority Rapid Transit projects currently included in State and County transportation and land use plans
- Assessment of the value of including the Parking Lot Districts (PLDs) in the Authority

This report is intended to clarify elements of the proposal for a Transit Authority. At this time, the models are preliminary pending specific authorization of the Authority. If the County moves forward, additional and detailed planning for the most appropriate organizational structure, financial plans, and transitional arrangements will be needed. It is also clear from the background research that it will take time for the Authority to meet its full and intended purpose. This time will give the County and the new Authority the ability to make adjustments to their plans as functions and responsibilities are vested in the Authority.

Introduction

Montgomery County has grown substantially over the past few decades. During that time, economic growth has been exemplified by the success of Bethesda and Silver Spring emerging as major regional activity centers focused on Metrorail. At the same time, economic development continued apace along major corridors such as I-270/MD 355, Georgia Avenue and US 29, following a suburban office and research park model and through development of planned residential and town center communities throughout the county. This development was enabled by the Metrorail system, including its extension to Shady Grove, and by the robust state and county road network which also supports bus operations by a variety of providers including the Ride On, Metrobus and the Maryland Transit Administration (MTA). As the region and the county continue to grow, transportation investment is needed to accommodate more residents and to encourage job growth within the county.

Montgomery County has a strong tradition of planning and keeping the pace of development in line with the public facilities and infrastructure necessary to support new activity. With a relatively mature network of highways and streets, transit improvements are a critical tool to providing additional transportation capacity and mobility, ensuring that the overall transportation system remains adequate and effective in meeting the transportation needs of county residents and businesses. This need was identified as part of the Maryland-National Capital Park and Planning Commission's 1964 General Plan - *On Wedges & Corridors*. Early on it was acknowledged that as automobile ownership and travel increased, rapid transit was necessary to keeping the developed and



1: Housing development at the Metropolitan Grove MARC Station, the terminus of the CCT (Phase 1)



developing areas of the County functioning. These concepts and plans were carried forward as refinements were made to the General Plan in 1969 and 1993. Each refinement recognizing that a balanced and multimodal approach to addressing the County's and region's transportation needs was essential to ensuring the continued quality of life residents of Montgomery County had come to expect. A key component of these planning efforts remained the vision for a rapid transit system. Recently, this vision was reinforced in the adoption of the *Countywide Transit Corridors Functional Master Plan*. The plan outlines a Rapid Transit System (RTS) that will support the County's economic development and mobility goals while seeking to protect and sustain existing communities.

In recent years, planning for development in the county has focused on redevelopment of suburban commercial areas with a vision of higher-density, transit oriented development. Areas like the North Bethesda/White Flint Sector, the Germantown Town Center, and Wheaton are key examples of where these plans are beginning to take shape. Additional plans have been approved that rely upon new transit systems to meet their full potential, such as the White Oak Science Gateway and Great Seneca Science Corridor sectors. Also, major new developments located at the edges of the county's transit system, like Clarksburg, have progressed at a rapid pace, and would benefit from additional high-quality transportation options linking these areas to the regional transit network. Economic development and redevelopment of older-style commercial corridors is also a key focus of the major municipalities within the county, specifically Rockville and Gaithersburg. Although these jurisdictions have their own land use plans and operate their own road networks, their transportation system is inextricably linked to the county's.

Enabling continued growth and economic development is clearly an important reason to improve transit options in the county, but it is not the only reason. Well-documented studies have illustrated that the generation currently entering the workforce, and their period of major economic contribution to our society, is exhibiting different patterns of auto-ownership and preferences for



2: Universities at Shady Grove, located on the CCT

housing. These preferences align strongly with a sense of place and an ability to move without using a car. Places that have been successful in attracting these new workers are often older urban centers, or newer development areas with a robust mix of land uses and transit accessibility.

Still other residents of the county need transit as a basic element of their mobility. For many, owning their own car is not an economically viable option. Providing high quality, reliable transit services can help this



group access opportunities for education, for work, for social services, and for recreation. Providing more transit options is a key for lower-income populations to improve their potential and to achieve their personal aspirations. There are also those who are unable to drive a car, for medical or cognitive reasons. An easy to understand, easy to access transit system can result in dramatic improvement of the quality of life for these individuals and reduce the need for very expensive paratransit services.

Enabling the continued success of Montgomery County as a place people want to live and where business wants to locate (and thrive) requires continued investment in transportation. This investment needs to be multimodal:

- The county needs to continue advancing initiatives around improving the reach and quality of the transit system.
- The county needs to continue to work on adapting the road network to better meet the needs of pedestrian and bicycle travel. Furthermore, the county needs to continue with advocacy for and implementation of improvements to the roadway network that address mobility-limiting bottlenecks.

Improving the county's road network has been the focus of the County's Department of Transportation (MCDOT) and should continue to be this organization's focus. Improving pedestrian and bicycle facilities have also been an area of concerted effort by MCDOT and is closely aligned with the organization's focus on developing, operating, and maintaining the County's road network.

Currently, transit services are also operated by MCDOT, with support from other county departments. The current arrangements work for operating the Ride On system and for managing modest infrastructure development like bus stops, park & ride lots and suburban transit centers. However, the organization is not currently empowered, structured, or equipped to manage a long-term and large scale program of transit investment for the county.

Given the importance of transit investment in meeting the county's economic development and accessibility objectives, the County Executive has proposed the formation of an independent transit authority tasked with improving the transit options for the County and with operating the transit system. This report explores the issues associated with the establishment of an authority, as outlined below.



3: Lakeforest Transit Center



- Chapter 1 begins by describing the proposal for the transit authority
- Chapter 2 provides a description of the legislative requirements necessary to form the authority.
- Chapter 3 provides an overview of the functions the authority will ultimately need to provide.
- Chapter 4 explores governance and management models for the authority, and describes how the authority will meet its mission and respond to the needs of the county, and its bondholders. Different management and staffing models are described. This section also describes the financial model to support the authority and how current county assets can be transferred
- Chapter 5 explores the financial capacity of the authority to implement the county's transit vision and to operate the current and expanded system.
- Chapter 6 explores different strategies for transitioning from the current system to the authority structure.
- Chapter 7 describes other models that could be considered for delivering transit in Montgomery County and compares these to the authority proposal.
- Chapter 8 summarizes how the current Ride On services is provided.
- Chapter 9 summarizes background research on transit organizational models including a scan of transit organizations that bear some similarity to Montgomery County, review of best-practices research assembled by the Transportation Research Board, the American Public Transportation Association (APTA), and the ENO foundation. Case studies of specific transit agencies are also included in this Chapter.



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Rationale and Proposal

The impetus for considering the creation of an independent transit authority is associated with two factors. The first, is that under the current organization as part of the County's Department of Transportation, the Division of Transit Services cannot advance large scale transit programs because its resources are limited. Additionally the MCDOT continues to manage and advance the roadway system and the County's parking operation. The current agency structure has four divisions focused on roadway design, traffic engineering, parking, and roadway maintenance and one division focused on transit. The staff within MCDOT are well-qualified and diligent, however, the organization does not currently have the resources to advance a major transit program.

A second limitation is that funding is limited. Currently, transit is funded through collection of a mass transit tax in addition to monies received from the state, fares, and transfers from other operations. The mass transit tax competes with all other county programs for funding within the limits established in the County's Charter. In this environment, the funding varies from year-to-year, which challenges the operation of the Ride On bus system, and is ineffective for backing major capital investment in transit through issuance of bonds. Additionally, without an independent authority, these bonds would directly weigh against the county's debt capacity. Consideration for using the Washington Suburban Transit Commission¹ (WSTC) to fund transit system expansion in the County was determined to not be viable because the taxing authority of the WSTC also falls within the County's Charter limit and the WSTC is a joint body with the State and Prince George's County, making that organization a less desirable choice for meeting Montgomery County's long term needs.

It is believed that creating an independent transit authority, separate from County government, with its own funding sources would create an agency whose sole and primary mission is the advancement of transit in Montgomery County, and one with its own capacity to not only fund Ride On operations, but to issue the debt needed to develop improved transit infrastructure. This Authority provides the opportunity to establish an agency that can respond more nimbly to market opportunities and work

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¹ Created in 1965 through Maryland state law. The WSTC administers the transit district for Montgomery and Prince George's counties, acting as the funding agency for mass transit projects.



outside the strict requirements of the Montgomery County Government. It can provide a balance of independence, while remaining politically accountable to the residents, businesses, and elected officials in the County. Additionally, the Authority can be totally committed to transit and requires no retooling of employees or organizational customs, allowing more effective implementation of the transit program.

Nationally, transit authorities are a very common organizational model. These authorities are usually formed to provide some independence from local or state governments. In many cases, authorities are structured in association with new revenues approved by legislation or referenda (sales taxes are a common example) dedicated to a specific purpose, such as building and operating a new transit system. In these instances, the independence from local government assures taxpayers that the approved funds are being used only for the explicitly approved purpose. This case most closely matches the concept for Montgomery County. Another reason transit authorities are formed is to develop transportation infrastructure and to provide service across jurisdictional boundaries. This model is also very common. Locally, the Washington Metropolitan Area Transit Authority (WMATA) is a well-known example. Other major U.S. Transit agencies, such as the MBTA in Boston, the MTA in New York, SEPTA in Philadelphia, MARTA in Atlanta are examples to this type of authority. In addition to the authority model, transit is provided through a wide range of other organizational models including state agencies, municipal departments, non-profit corporations, and for-profit enterprises.

Creating an Authority would require both state enabling legislation and County implementing legislation. The new Authority would be charged with planning and operating the existing Ride On services, implementing service improvements to Ride-On such as expanded express bus and limited-stop services, as well as designing, constructing, and operating a new rapid transit system, and other future transit improvements deemed appropriate by its Board and approved by the Council as part of the Authority's Capital Improvement Plan (CIP).

The enabling legislation would allow for the establishment of taxes, set at a level deemed appropriate by the County Council and not subject to the County's Charter limits, to provide the local funding for the advancement of the system. These funds would be in addition to existing funding received from the Maryland Transit Administration, revenues collected through passenger fares and advertising, state and federal grants, transfers from other County sources, as well as any miscellaneous revenues. Additionally, capital financing options that fall outside the County's current capacity would be available to the Authority. This new financial capacity will allow the Authority to advance high-priority transit projects independent of the state's and county's current debt limitations, within parameters deemed responsible by the Authority's Board, the County Executive and County Council, and supportable by capital market requirements.

This new Transit Authority would allow for the consolidation of current services that are spread across multiple departments within the County government. This consolidation aids in the



advancement of a singular mission focused on the planning, design, construction, maintenance, and operation of transit services. While still relying upon State funding, with this focus, the County will be able to exhibit greater local control of implementation of the rapid transit system. Greater local control, and accountability will allow faster, and more cost-effective implementation of the program. Additionally, the Authority, to demonstrate its value in the immediate term, will be motivated to implement system improvements and enhancements to the Ride On network such as express and limited stop services or key corridors and routes.

The challenges faced by Montgomery County to advance transit are not unique to the County alone. Many regions and jurisdictions have struggled not just in advancing future plans for system growth but maintaining existing operations due to both organizational and financial challenges. In an effort to address these challenges, many agencies have forged similar paths to create greater autonomy and independence for advancing their transit priorities. No, one single model has proved universally effective in solving these problems, as each situation has its own hurdles to overcome and warrants a tailored solution. Chapter 9 provides greater detail about other similar models utilized by agencies who were identified and researched in greater detail to provide context and lessons learned for Montgomery County.



4: Proposed Montgomery County Rapid Transit System



2

Establishment/Legislative Requirements

In order to establish an independent transit authority, legislation will be required by the Maryland General Assembly and the Montgomery County Council. The adopted structure and content of the legislation, if approved, is subject to the legislative process for both the State and the County. State legislation will provide the County with the authority to establish an independent organization, will establish the basic provisions governing the new organization, and will establish limits on the authority's activities. As currently contemplated, the state legislation will enable the County to establish a transit authority including the following provisions:

- The minimum number and appointment authority of directors
- Authority to set tax rates and collect taxes
- Authority to specify the organizational structure of the transit authority
- Authority to specify the powers necessary and proper for the transit authority
- Authority to specify other matters necessary and proper for the transit authority

The currently contemplated legislation provides the following powers for the transit authority:

- Incur debt secured by authority revenues and other funds that the County provides
- Acquire property necessary to implement transit improvements, through contract and condemnation following established procedures for such matters.
- Enter into agreements with governmental and private entities
- Adopt policies associated with employees, purchasing, and other matters



5: Maryland State House (source: plan maryland)



- Enter into public-private partnership agreements
- Receive and manage funds
- Issue tax-exempt revenue bonds
- Establish and set fares and fees for services

Other important elements of the proposed legislation include:

- Identify the provisions of the County Charter that will not apply to the Authority including exclusion of authority revenue from current limitations on county taxes
- Exclude authority bonds from the county's Charter limits on debt issuance
- Establish provisions for asset and obligation transfers if the authority is dissolved
- Establish requirements for the transfer of employees from the county to the authority including protections for benefits, collective bargaining and labor representation
- Establish provisions for the authority to access State and Municipal rights-of-way
- Require application of Montgomery County Public Ethics Law to the authority

In addition to state enabling legislation, county legislation will be required to establish the authority.

Elements of anticipated County legislation include:

- Specification of the number of directors and their qualifications
- Process for appointment and confirmation of directors
- Establishment of tax rates
- Identification of applicable County Charter provisions (if any).
- Authorization of asset transfers
- Approval of the capital improvement program



6: Montgomery County Council Building (source: MC DGS)

Authority Mission and Responsibilities

The mission of a new Transit Authority is to implement and operate a world-class public transit system that meets the current and future needs of Montgomery County. The system development responsibilities of the Authority include enhancing the current bus operations, implementing the County's rapid transit plans including the RTS network, operating the County's transit network, maintaining the County's transit fleet and infrastructure, and coordinating these activities with other county initiatives and those of other jurisdictions.

Given this vision, the goals of the authority should include:

- Improve and expand existing Ride On operations
- implement rapid transit in multiple corridors
- Advance transit - working with the Montgomery County government
- Coordinate transit investments and operations with other agencies and jurisdictions, including
 - o the Federal Transit Administration (FTA)
 - o the Washington Metropolitan Area Transit Authority (WMATA),
 - o the Maryland Transit Administration (including MARC),
 - o the Maryland State Highway Administration,
 - o the independent municipalities within Montgomery County (principally Rockville, Gaithersburg and Takoma Park)
 - o The District of Columbia,
 - o Howard, Prince George's and Frederick Counties in Maryland
 - o neighboring jurisdictions in Virginia, such as Fairfax County and other metropolitan Washington jurisdictions.

A separate transit authority that absorbs Ride On operations, implements improvements to the current bus network, and takes over the planning, design and construction of a rapid transit system would need to take on multiple functions, in addition to those that are currently performed for Ride On by the Montgomery County Department of Transportation, Transit Division.



Administration and Support Functions:

The new transit authority will need administrative and support functions to handle the day-to-day tasks of the authority. This will include: legal, risk management/safety/security, regulatory compliance, procurement, human resources, budget, information technology, and intergovernmental governmental entities such as: FTA, MDOT (MDSHA, MTA, MARC), WMATA, Montgomery County, and other jurisdictions. These functions will be crucial as the new Authority seeks to expand transit operations relations, and public information and community outreach. It is possible that all, or some of these functions could be contracted with the County to eliminate overlap and duplication until they can be justified as standalone Authority functions.

Some of the human resource programs (pensions, benefits, and collective bargaining agreements) may continue to be administered by the County as a mechanism to hold the existing employees harmless, with the Authority paying a fee for services rendered. It will be critical for the new Authority to establish these functions early on in order to hire new staff, administer new funding sources, and establish protocols and procedures for the hiring of other staff.

Intergovernmental relations functions are needed to continue handling the strong existing relationships between Ride On and other surrounding agencies and jurisdictions, and to coordinate with other and advance a rapid transit program. As the County's financial stake in advancing transit projects increases, ensuring that the County's role is elevated will be an important role of the Authority. Greater County control should improve the cost and pace of rapid transit system implementation.

Public Information activities are crucial to keep an open and continuing dialogue with the public. The public information function will handle all external communications with the public and Authority customers. This function may closely overlap with the Intergovernmental Relations function during times when communications occurring between various agencies is important to the public-at-large. This function will handle three key areas of communication: marketing, customer service, and community relations. Marketing is needed to craft the communications that are released about new services and developing materials to attract new customers. The customer service function will interact with the riding public daily, addressing questions about accessing the service and responding to complaints or issues. The community



7: Grosvenor Parking Structure



8: Ride On Bus in service (source: flickr)

relations function is tasked with ensuring the community-at-large is kept informed of major changes and will have a role in the planning of new service, facilitating public meetings.

Capital Programs

A function will be needed to plan, design and construct needed capital improvements. These improvements will be essential to implement a rapid transit program, and to undertake any other future capital expansions planned. Included in capital programs will likely be a group responsible for the administration of grants and other federal and state programs

responsible for funding capital programs. This will be extremely important because advancement of rapid transit will continue to be enabled by continued, robust support from the State. Grants management could also be organized under the financial/budget functions. The Authorities real estate responsibilities would also be managed as part of capital programs.

Operations

Transit Operations will deliver public transportation services. This function is identical in function to the current Transit Services Division that operates Ride On, but could include expansion to include rapid transit operations and feeder service to support RTS, Metrorail, and MARC. This organization should include the following:

- Operations Planning - the personnel responsible for designing service, locating stops and stations, and improving the day-to-day operations of service
- Scheduling - the personnel responsible for developing schedules for each line
- Field Supervision - the personnel responsible for ensuring reliable transit service
- Title VI (Civil Rights) Coordination - the personnel responsible for ensuring compliance with federal laws related to equity in public transit service
- Transit Operations - the personnel responsible for operating the service

Depending on the initial focus of the Authority, transit operations could remain a function of the County initially. The existing operations functions are almost entirely housed within Ride On and could be transitioned over to the Authority early on if that was deemed a priority.



Maintenance

Maintenance are the personnel responsible for upkeep and general repair of the revenue and non-revenue fleet, transit facilities (administrative buildings, garages, stops, and other transit properties), and the right-of-way associated with any transit facilities. The maintenance function performs repairs and preventative maintenance to keep the fleet running smoothly.

The goal of the fleet maintenance function should be to keep transit vehicles operating without issues that would impact service delivery. This directly relates to reliability and the public perception of the service. The maintenance function will also likely handle repairs and upkeep of any building assets. This can include minor fixes, like removing graffiti, to major repairs like repairing a passenger waiting area. In many cases these functions may overlap with the capital facilities function. Other potential maintenance needs could include the right-of-way associated with rapid transit lines. This would include repair of pavement, facilities in the right-of-way, and snow removal activities.

These functions are currently the responsibility of the County's Department of General Services (DGS) and Department of Transportation. Fleet maintenance is a critical function of transit operations as it directly affects the quality and reliability of transit services. Given the importance of this function it is necessary for transition of this function to be smooth. It may be advantageous to transfer it to the Authority, from the start, under specific arrangement with the County for the use of maintenance facilities. Alternatively, very specific, performance-based arrangements need to be in place to ensure fleet availability and reliability. The current setup of the maintenance functions for transit within DGS are fairly isolated in relation to staff needs and facility space.

Maintenance and repair of the buildings are currently the responsibility of the County DGS and could remain so under specific arrangement with the Authority until the Authority is capable of taking over these responsibilities. Maintenance of the bus shelters and bus stop pads are handled by the Transit Division through contract, which would need to be transferred to the Authority. Responsibility for maintenance of the future dedicated Transit ROW will be determined by the Authority and could remain a function of the MCDOT Division of Highway Services through contract with the Authority.



9: Nicholson Court Bus Maintenance Facility

Authority Structure

4.1 Governance Model

The governance model adopted by the Authority will be largely shaped through the enabling legislation passed at the state level. This model will create a Public Corporation as an instrument of Montgomery County. This instrument will be governed by a board composed of at least three members (more likely five to nine), who are appointed by the County Executive and confirmed by the County Council. It is anticipated that the terms of directors will be staggered to allow a continuous flow of new ideas into the Board. Board members are expected to be eligible for reappointment. It is anticipated that the chair of the Board will be selected upon appointment. The Board will have fiduciary responsibility for the Authority and will need to respond to the availability of funding provided by the County. The Board will also oversee the management of the Authority. The Board will be responsible for approving the Operating Budget and the Capital Improvements Program (CIP), and will be responsible to the public and transit customers. It is expected that a citizens advisory board will review and comment on items presented for Board consideration. The Board will be subject to all open meeting and other public involvement requirements applicable to County government.

4.2 Authority Management

The Governing Board will hire its General Manager, and other senior staff, and will establish other positions, classifications, compensation schedules, and other personnel policies, subject to existing labor and minority hiring laws.



4.3 Labor Model

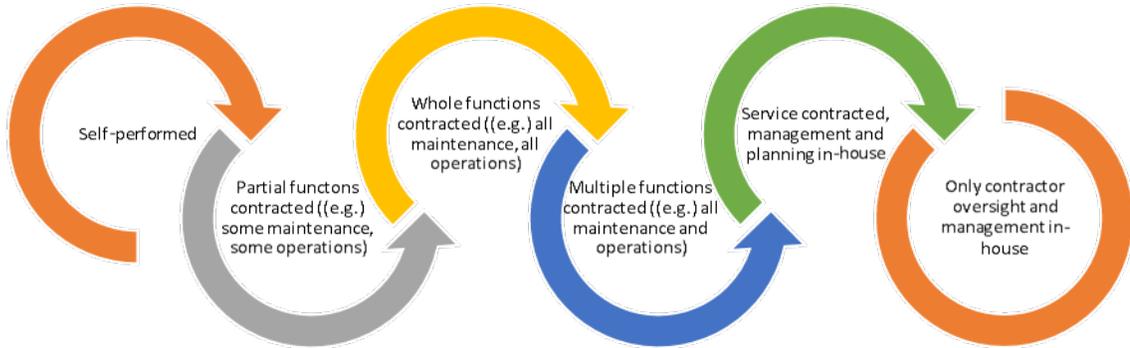
There are a number of labor models that Montgomery County could adopt for the future transit authority, ranging from performing all services using in-house employees to contracting some service (maintenance or operations), to contracting all service. The authority could also enter into contracts/memoranda of understanding (MOU) with the County government to purchase services (e.g. common administrative functions or vehicle maintenance). Figure 3 shows the types of labor models commonly employed by transit authorities.

Most authorities fall somewhere in the middle of this spectrum, with some services or functions provided by outside contractors. There are also many providers that fall at the ends of this spectrum. For example, Ride On has moved from partially contracted out (25 percent) to all in-house operations since its inception. The type of arrangements selected often are a factor of organizational capacity at the time and the availability of suitable contractors. Philosophical views about the role of contracting in government and the balance of public and private sector roles can also have a major influence on these decisions.

As examples, The Long Island NICE bus was established recently by Nassau County. The County did not operate the bus service and had no organizational capacity to do so. For them, using a fully contracted model allowed them to continue to meet transit needs without a long period of setting up structures to do so. At the other end of the spectrum, the San Francisco MTA was formed by combination of Muni, one of the oldest transit agencies in the country, with other City/County functions. In this model, the capacities to perform the basic transit functions existed already, so contracting was unnecessary.

Currently, Montgomery County self-performs its transit functions. As a result, the transit authority should be able to obtain the capacity necessary to meet its operational mission by transferring county capabilities and facilities, or through agreement with the county for services. In contrast, several other regional jurisdictions (Arlington County, Prince George's County, and Howard County) rely heavily on contracted models.

Figure 1: Transit Labor Models for In-house Operations



When considering transfers of current transit employees or other County employees associated with transit, it is important to consider current arrangements with these employees. If the Authority is constituted by a large number of transferred employees, as currently envisioned, existing benefits will need to be carried over to the new authority. This includes retirement programs, health care, paid time off, and seniority. In this case, collective bargaining representation and provisions would also transfer.

Transit properties that have transitioned from one entity to another include: SFMTA, NICE Bus, and the MTA Bus Company. These three agencies have approached labor issues in a variety of ways, including absorbing existing benefits and labor rules (SFMTA and MTA Bus Company), to eliminating previous benefits and labor contracts (NICE Bus). It is important to note that in the case of the NICE Bus, the employees were transferring from an outside entity (the New York Metropolitan Transportation Authority or MTA) to the Nassau County transit department's private contractor.

4.4 Capital Equipment and Facilities

A new Authority would need to take possession or negotiate agreements for the use of existing Ride On facilities and vehicles, including its fleet of over 343 revenue service vehicles, non-revenue equipment, depots and layover facilities in Kensington, Silver Spring and Gaithersburg.

To transfer these assets, the new Authority could either:

- Enter into a lease agreement with the County

Under this situation, the County retains fee-simple ownership to all land and retains ownership of vehicles. The Authority would pay the County either a nominal fee (e.g. \$1), or



pay a market fee associated with the value of the assets acquired/the remaining debt service associated with the asset.

- Purchase these assets out-right from the County

Under this situation, the Authority would purchase the assets from the county for either fair market value or for the remaining debt service associated with the assets. The Authority may need to issue new or refunded debt to cover this payment, or restructure the terms of the County's obligations.

The new Authority will need to understand the debt service obligations associated with capital assets acquired. The County will need the Authority to satisfy these obligations or the debt will need to be restructured so that the Authority can take over the obligations. Federal grant regulations and life-cycle requirements may impact the schedule and requirements for the transfer of certain assets from the County to the Authority. Finally, if the Authority takes over vehicle storage and maintenance facilities, due diligence should be conducted and arrangements made to address potential contaminated materials or other long-lived liabilities associated with such sites.

The new Authority would need to develop a working relationship with Montgomery County's traffic management center, which monitors traffic and transit operations across the entire county. Once the new Authority takes over the operations of Ride On, they will be in charge of maintaining and dispatching bus service. This function could be conducted at the traffic management center, using Authority employees, who interface with Montgomery County employees.

4.5 Financial Model

Subject to specific constraints and the contractual arrangements discussed previously, the operations of a new transit authority would be independent of the County government. To ensure an appropriate level of oversight and accountability, the County government would approve the Authority's Capital Improvements Plan and would retain authority over setting new Transit Tax rate(s) and the imposition of any tax. Increasing the County's role in funding both operating and capital transit projects is viewed as a way to improve both the cost and timeline associated with delivering future transit projects.

Once the Transit Authority takes over Ride On's operations, it arrangements related to federal and state monies currently received for operating and capital purposes will need to be made. Federal funding, which is allocated to MTA and then passed-through to the County, could be potentially re-directed to the new Authority, bypassing MTA. Alternatively, the Authority could be the recipient of state and federal funds through MTA rather than the County itself. The Transit Authority would also



have the power to set and collect fares, collect revenue from advertising and other ancillary programs.

The Authority's Board of Directors would be responsible for adopting budgets consistent with its Capital Improvements Program, approved by the County Council, and the revenues derived from taxes imposed by the Council for transit purposes. This process should continue to contain opportunities for the public to weigh in on its proposed plans.

Ride On's current Capital Improvement Program is included as part of Montgomery County's CIP. This CIP is developed once every two years. A new independent transit authority would develop its own CIP, which would then be reviewed and approved by the Montgomery County Council. The new Authority would have the authority to apply for state and federal grants to cover the cost of capital projects, including project development grants.

The Authority would be given the ability to issue debt/bonds to cover capital expansion programs, including construction of the rapid transit system, expansion of mass transit facilities, and other expansion projects yet to be identified. Initially the bonds would likely be issued against the revenue generated through the transit tax and other authority revenues. By using a property tax (which the County is empowered to collect) as opposed to a sales tax (which the county is not empowered to collect, but is a very common form of transit authority funding), gives the Authority a more stable revenue source in the eyes of the rating agencies. As the Authority acquires assets, it can use the assets to leverage debt service as well.

4.6 Identified Challenges

Establishing the new Authority will bring challenges, some anticipated, and some surprises. Challenges that are anticipated include the passing of enabling legislation, forming a new relationship with MCDOT and FTA, and managing reorganization of existing County functions. The Authority will need to create a relationship with the State, while the County will need to redefine its relationship. The independence created through the proposed revenue arrangements will change the funding relationship with the State and likely result in a shifting of control to the local level. The Authority will also have to establish a



10: CCT Right-of-way at the Crown Development in Gaithersburg



relationship with County Council that recognizes its independent governance, along with its financial accountability to the Council and Executive. Financially, advancement of the transit capital improvement program will require a robust state aid commitment over a long time horizon. Bond rating agencies must also understand the relationships and independence of transit authority obligations. Operationally, there may still be disagreements between the highway agencies and the Authority on appropriate design and traffic management solutions. A forum for resolving these disputes will need to be established. Finally, labor organizations will need to understand how their members are affected/held harmless by this proposal.

Financial Capacity Analysis

This chapter provides an analysis of the financial operations of the County's existing transit services and parking lot districts (PLD). The PLDs have been added to determine the viability of using them to generate an additional operating revenue source and as a potential asset for servicing debt. The analysis also includes an assessment of the costs associated with advancing transit improvements, such as the rapid transit, and the capacity of an independent Transit Authority to advance future capital and transit system improvements through various funding and financial options.

5.1 Transit Services

5.1.1 Scope of Operations

The Division of Transit Services within MCDOT is responsible for the development, operation and coordination of transit services within the County. These activities are primarily carried out by the County's Ride On fixed route bus service. According to the County's Fiscal 2015 budget, Ride On operates primarily in neighborhoods and provides a collector and distributor service to the major transfer points and transit centers in the County. It also supplements and coordinates the County's mass transit services with Metrobus and Metrorail service which is provided by the Washington Metropolitan Area Transit Authority (WMATA). Ride On's day-to-day activities include operating and managing more than 78 routes; implementing a strategic plan for replacement of the bus fleet; training new bus operators and providing continuing safety, remedial and refresher instruction for existing operators; and coordinating activities with a state of the art Central Communications Center; which also operates Ride On's computer-aided dispatch/automatic vehicle location system. Ride On serves approximately 27 million annual riders.

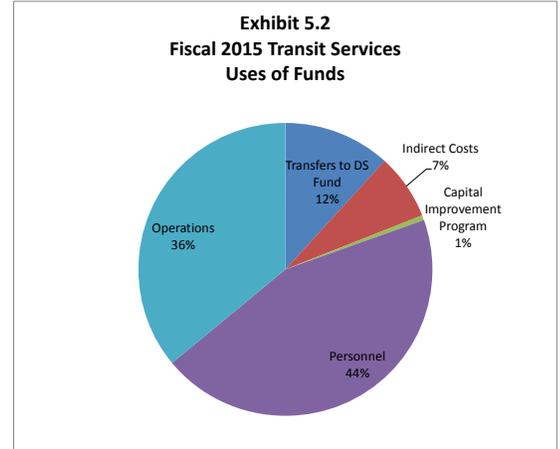
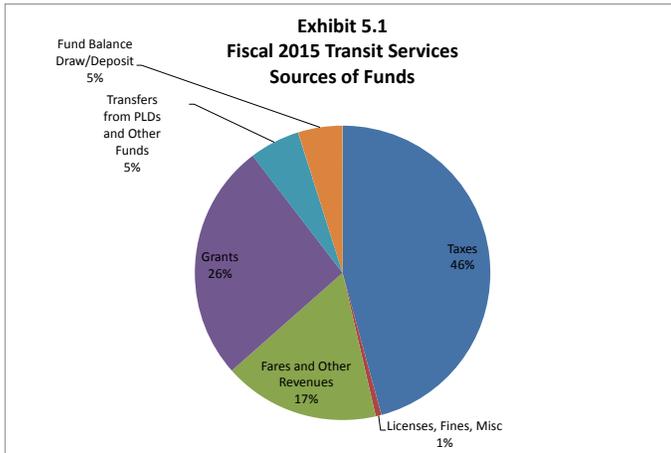
In addition to Ride On, the Division of Transit Services carries out the following programs:



1. Managing Ride On's customer service program including the distribution of paper timetables, maintaining Ride On's web site, providing real time information through phone, web, mobile apps and signs and system information displays on buses and bus shelters.
2. Funding the operation and maintenance of park & ride lots and transit centers.
3. Supervising construction and maintenance of bus shelters and collection of the County's share of revenue generated from advertising sales. Activities also include purchase and maintenance of bus benches, trash receptacles, transit display units and bus stop signage.
4. Developing and executing the Transit Operations Planning program which includes developing Ride On schedules, routes and coordinating services with WMATA.
5. Promoting alternatives to single occupant vehicle usage through the Commuter Services Section. Activities are centered around providing commuting information and assistance to businesses, employees and residents on available options including, transit, car/vanpooling, biking, walking and telecommuting.
6. Providing funding for Ride On fixed costs including utilities and insurance.
7. Administrating the transit program including financial management tasks, contracts administration, grants management, personnel management and funding support to the Washington Suburban Transit Commission.
8. Issuing, enforcing, renewing and managing passenger vehicle licenses and taxicab driver IDs.
9. Managing Medicaid and Senior Transportation programs which provide trips to Medicaid recipients and the County's low-income senior and disabled persons.

5.1.2 Financial Structure

The Division of Transit Services receives revenues from a number of sources to support its operations. Total sources and uses of funds for Fiscal 2015 equal \$150.6 million. Nearly half of funding (46%) is derived from real and personal property taxes levied on a County-wide basis. For fiscal 2015 the real property tax is set at \$0.04/\$100 of assessed value, while the personal property tax is set at \$0.10/\$100 of assessed value. MDOT grants provide 26% of funding while Ride On fare revenues, advertising, parking fees and other operating revenues equal 17% (See Exhibit 5.1). The remaining 11% in funding comes from transfers from the Parking Lot Districts (PLD's), draw downs on available fund balances and licenses, fines and miscellaneous sources.



Uses of funds are primarily for personnel expenses (44%) and operations (36%) (See Exhibit 5.2). The Division of Transit Services also funds its share of County debt service for bonds issued to support transit capital needs (12% of total uses) and fund allocated indirect costs (7%) assigned by the County to the Division. Capital expenses, primarily for fleet replacement and expansion vary from year to year based on the fleet replacement cycle for buses coming to the end of their useful life and to meet additional capacity needs. For Fiscal 2015, capital expenses represent 1% of total uses.

The County structures the Transit Services budget on a break even basis. The real and personal property tax rates are set at a level sufficient with all other projected revenues to meet project needs. Any surpluses generated in one year are applied in successive years. The current six year plan covering Fiscal Year's 2015-2020 projects a 5.2% annual increase in Transit Service expenses, reflecting a combination of increased operating and personnel expenses and capital needs.

Exhibit 5.3
Division of Transit Services Six Year Plan Summary (\$000's)

Sources of Funds

	2015	2016	2017	2018	2019	2020
Taxes	68,921	113,659	113,791	122,078	130,830	134,002
Licenses, Fines, Misc	938	962	990	1,020	1,049	1,078
Fares and Other Revenues	25,698	26,269	26,931	27,639	28,311	28,956
Grants	39,364	22,778	22,778	22,778	22,778	22,778
Transfers from PLDs and Other Funds	8,331	7,920	7,946	7,975	8,008	8,040
Fund Balance Draw/Deposit	7,337	(688)	(862)	377	998	(964)
Total Sources of Funds	150,589	170,899	171,573	181,867	191,973	193,889

Uses of Funds

	2015	2016	2017	2018	2019	2020
Transfers to DS Fund	17,723	21,912	23,345	21,074	22,269	23,080
Indirect Costs	10,874	10,738	10,738	10,738	10,738	10,738
Capital Improvement Program	820	12,339	7,029	14,723	18,837	15,170
Personnel	66,950	69,776	72,929	76,306	79,686	83,097
Operations	54,222	56,135	57,531	59,026	60,443	61,805
Total Uses of Funds	150,589	170,899	171,573	181,867	191,973	193,889

Source: Montgomery County 2015 to 2020 Six Year Plan



5.2 Parking Lot Districts

5.2.1 Scope of Operations

Parking District Services is responsible for supporting public parking in commercial areas throughout the County; promoting the economic growth and stability of the Silver Spring, Bethesda, Wheaton and Montgomery Hills central business districts by supplying and maintaining a sufficient number of parking spaces to accommodate demand which cannot be served by developers or other forms of transportation. Parking District Services promotes a total transportation system by carefully managing rates and parking supply. Activities, which are carried out through a PLD for each of the four central business districts, other public parking, and residential parking permit areas outside of the PLDs, include the following:

1. Managing parking operations, on-street, surface parking lots, and garages. Activities include the collection and processing of all parking revenue derived from meters, pay stations, cashiered facilities, parking permits and parking fines. Parking District Services also processes fare revenues for Ride On. Parking operations manages the parking citation database and the appeal process for all parking tickets issued by the County and its embedded municipalities. It also maintains provides for regularly scheduled parking enforcement patrols in all PLDs, at parking facilities within the Transportation Management Districts, and in residential permit areas outside of the PLDs. Finally parking operations is responsible for contract security guard services for PLD facilities and manages parking facilities outside of the PLDs, funded by the General Fund.
2. Maintaining parking lots and garages encompassing snow and ice removal; housekeeping services; equipment maintenance for elevators, electrical systems, and Heating, Ventilation, and Air- Conditioning systems (HVAC); facility repairs for maintenance of damaged glass, asphalt, concrete, plumbing, painting, space stripes, graffiti, doorframes, brick and block, meter posts, and woodwork due to vandalism, use and age; and grounds-keeping services.
3. Designing and constructing of new parking facilities, including mixed-use projects; renovating and improving existing parking facilities; and evaluating energy usage and recommending/ implementing improvements that reduce the amount of energy used by off-street facilities
4. Recording and reconciling PLD parking revenues and administering the ad valorem property tax within each PLD.
5. Managing information technology, budget, human resources, planning and other administrative functions supporting the PLDs.



5.2.2 Financial Structure

Each PLD is supported by property tax levies within the district, parking fees, fines and other sources of revenues. In addition to supporting operations, maintenance, debt service and capital needs, each district provides funding to the general fund primarily to cover assigned indirect costs required in approved budget transfers to the mass transit fund, transportation management districts and urban districts. Parking tax rates are set in combination with the General Fund tax rates under the charter limit at levels sufficient to meet annual needs and maintain necessary reserves. As such, the PLDs typically do not carry large fund balances. Over the course of the Fiscal 2015-2020 six year plan period, the County projects that tax and base parking rates will remain unchanged at each of the PLDs. As such, the capacity for the PLDs to assist in funding additional transit operations does not appear to be viable at this time.

5.3 RTS Funding Needs and Options

It is envisioned under the Transit Authority structure, the existing County mass transit property tax would be set to zero and a new Transit Authority special tax would be levied in an equivalent amount over the same tax base as the existing tax to support baseline transit services. At this point in the analysis, it has not been determined whether the PLDs would be assumed under a Transit Authority structure.

Since current transit services and the PLDs are financially structured to operate on a break-even basis, there is no excess capacity within their existing funding envelope to accommodate new and expanded transit services. As a result, additional resources would need to be raised to provide for any new capital and operating needs advanced by the Authority.

The County has undertaken planning to define the initial scope and costs of its proposed RTS corridors. At the same time, the MTA has been initially advancing the Corridor Cities Transitway (CCT). Costs per mile range from a low of \$17.7 million to a high of \$65 million². These estimates are preliminary and do not reflect detailed plans or designs for the corridors. Cost per mile differences are attributable to the construction, facility and equipment needs within the planned corridors, including requirements for dedicated guideways, structures, stations, traffic mitigation. As these projects advance into the detailed planning and design phase, it is expected that more detailed cost estimates developed as part of these design studies will vary from the planning level projections. Projects will advance based on available funding and priority.

Given current funding sources are completely dedicated to support the existing needs of the transit network, new funding sources would be required to support the development and operation of the



² Costs include costs developed by MTA and VHB. Costs are in 2014 dollars.



RTS corridors. Several options exist under a Transit Authority framework, with the preferred option to be determined through the local legislative process. The first option would be a county-wide property tax levied to support the corridors' development and operation and help spread the burden among all of the County's taxpayers. Alternatively, the County could impose a series of corridor-specific special taxing districts where properties along an RTS corridor, and benefitting from the project, would pay an ad valorem property tax to fund a project. A combination of these approaches could also be used, reflecting the specific, localized benefits and countywide benefits of the program.

With the implementation of a robust RTS system, the benefits of the project would be realized County-wide through reduced congestion, improved air quality and other environmental benefits, and enhanced economic development opportunities. Assuming the imposition of a county-wide property tax, each \$0.01/\$100 is estimated to raise about \$16 million. This would yield a debt capacity to finance project construction needs of approximately of \$135 million to \$170 million at current valuations.

The degree to which the County would levy a property tax to support future transit projects will depend upon several factors including the prioritization based upon the County's most pressing transportation needs, further refinement of project costs, affordability of the tax burden on residents and businesses, and availability of other funding sources. To reduce the property tax rate, the County may seek to enter into partnerships with the State and potentially the Federal Government to provide a portion of the projects' costs. In addition, the County may seek to utilize other sources of its own funds such as increased PLD parking fees (if supported by the local parking market) that would supplement the property tax. The magnitude and mix of funding sources are expected to be defined as part of the further development and prioritization of the RTS corridors.

Transition Planning

Once the creation of a Transit Authority has been enabled through legislative actions, comes the task of making it a reality. This requires a couple of major tasks: creating the Authority itself; taking the existing transit service functions from within the County's Department of Transportation and placing them within a new independent Authority; and creating the capacity to advance a rapid transit system. These tasks do not necessarily need to occur at the same time. This new Authority will likely need time to become organized and get its "feet" underneath itself prior to tackling the task of absorbing Ride On services or advancing a rapid transit program.

6.1 Establish the Board and Bylaws

The first step in establishing the Authority will be to appoint the Transit Authority Board. The exact number of members, terms, term limits, requirements, and compensation will be determined through the local legislation enacted by the County Council. Once the Board is established they will identify staff who will support the board initially in progressing the Authority through various tasks. It may make sense at this point to also identify any County property (land, facility, and vehicle) that may ultimately be transitioned to the Authority. This will allow the Authority to plan for other acquisitions and needs as they advance both the rapid transit system and the existing Ride On services.

6.2 Hire Executive Management

Once the Authority has its Board in place and the agency's direction defined through its bylaws, executive management for the agency should be identified and hired. The GM/CEO will be tasked with providing day-to-day oversight of the agency and ensuring the Authority's mission, as laid out by the Board, is met. This will require setting up management protocols and identifying additional staffing needs.

6.3 Establish Core Functions

The Board and executive management can determine the specific path to be taken by the Authority. Some alternative paths were discussed, each with a different primary focus and functions to support that focus. Two distinct paths focus on either advancing transit improvements or establishing existing County transit operations first. A third option could be to take on both tasks at the same time.

6.4 Current County Employees

The transfer of County transit functions to an independent Transit Authority represents one of the many decision points presented by this proposal. The enabling law, as currently envisioned would “hold harmless” the affected employees, authorizing the Transit Authority to accept the now-former County employees. The law, as currently conceived, states that if the County transfers to the Transit Authority a County transit function performed by a County employee, the County must offer the employee the choice of (1) transferring to the Transit Authority, where the employee will retain his or her pay, accrued leave, health, and retirement benefits, or (2) treat the transfer as a reduction-in-force. Moreover, the proposed State enabling law provides that a transferred County employee who is a member of a collective bargaining unit will continue to enjoy the benefits of the collective bargaining agreement (CBA).

As an alternate, not proposed, as the County cedes control of transit functions it could abolish the County positions associated with those transit functions. Employees in those abolished positions would be entitled to exercise their “RIF rights” (reduction in force) under the personnel regulations or applicable collective bargaining agreement.



11: Traville Transit Center

Alternatives Considered

Two alternatives to the creation of an independent transit authority were developed and evaluated as part of this effort:

- Alternative 1: Creation of a Transit and combined Parking Authority,
- Alternative 2: Increasing the Transit Emphasis within and the existing County government structure

Montgomery County Department of Transportation is currently organized into five divisions: the Division of Transit, Division of Transportation Engineering, Division of Traffic Engineering and Operations, Division of Parking Management, Division of Highway Services as well as an Office of the Director (administration).

Four of the five divisions in MCDOT relate directly to the needs of the highway and street system. The Transit Services Division is tasked with the operation of bus services, but is not directly responsible and not staffed to advance transit infrastructure projects. The division operates and maintains the Ride On system. The skills to manage a capital program exists in the current MCDOT structure under the Division of Transportation Engineering, but this departments lack sufficient man-power and technical experience to design and implement major transit projects. Any alternative developed includes these functions in various configurations, with the main mission of the alternative being advancing rapid transit and operating Ride On. Following this is an evaluation of the alternatives compared to the Transit Authority option.

7.1 **Alternative 1: Transit and Parking Authority**

One possible alternative discussed was the joining of the county parking lot districts (PLD) and the Transit Authority. Montgomery County created parking districts in the more urban areas of the county as a means of sharing parking resources among various property owners and assessing taxes on those properties. The intent was that taxes would be assessed on those properties that did not



provide the required level of parking per the zoning. These fees go toward to maintenance and operation of County parking facilities. Low debt service on the existing parking facilities suggests that they could be leveraged if given to the new Transit Authority as assets. Additionally, the ability to raise parking rates would provide another opportunity for revenue generation for the Transit Authority.

County staff have reviewed the current parking demand and revenue generation capacity in the various PLD's. Based on this review, it appears that the existing capacity observed in the County's decks as well as a comparison to the monthly parking rates for neighboring privately-owned parking facilities do not currently support the possibility of increasing the existing hourly rates. There has been discussion of expansion of hours and other mechanisms that could change the market dynamics associated with revenue generation of parking in the County which could benefit the Transit Authority, but these options would need to be studied further before moving forward given the market forces affecting parking pricing in each PLD.

Under this scenario, the management, support staff, and functions associated with parking would need to be covered by the Authority. This would include operating and maintaining the facilities, if they were completely transferred, revenue collection, and parking enforcement. The existing revenue collection and enforcement functions are handled through a contract, requiring a change in the contract for those services. Additionally, within the existing parking operation at the County are other functions related to residential parking programs and other aspects outside the PLDs that would either need to be transferred or separated and retained by the County. If on-street parking assets were transferred, questions about the ownership of the right-of-way would be raised, making on-street parking more suitable for retention by MCDOT. The parking division is also responsible for subdivision review as it relates to parking impacts, an activity that is better suited to remain with MCDOT.

Overall, the benefit realized through the creation of a Transit and Parking Authority would be the debt that could be financed against the transfer of the assets. A decision to transfer or lease PLD property to a Transit Authority should be considered within the broader policy goals of County Government. For example, PLD property has been transferred to the private sector for redevelopment as affordable housing. These transfers could potentially be complicated if the assets are used to back new bonds.

The ability to increase revenue from parking areas also needs careful consideration under this scenario. This benefit comes with the need to parse parking functions between the Authority and MCDOT and establishment of capacity within the Authority to manage those parking functions that fall within its responsibilities.



7.2 Alternative 2: Increasing the Emphasis of Transit

Increasing transit emphasis within the existing government structure of Montgomery County was explored as a way to elevate the transit focus and mission while also growing the capabilities to advance projects. This could be done through a restructuring of MCDOT or the creation of a separate Department of Public Transportation. Neither alternative would solve the financial constraints and bonding capacity limitations. Without these structural financial changes, the ability to deliver projects in a timely fashion would be adversely affected.

7.3 Alternatives Analysis

These alternatives were evaluated based on multiple evaluation criteria that focus on the ability of a new Transit Authority to implement rapid transit, the actions required to create such an authority, and the institutional complexity of the new Authority.

Each alternative is evaluated based on its ability to meet each criteria with the following scores:

- Alternative fully meets the criteria
- Alternative partially meets the criteria
- Alternative does not meet the criteria

The evaluation criteria considered include:

Clarity of Mission: This criteria evaluates the mission (statement) of the alternative and whether or not it is clear, non-conflicting, and advances transit.

Ability to raise funds/access to dedicated operating funds: This criteria evaluates the alternative's ability to raise dedicated funds for both operations and the payment of debt service.

Ability to raise capital: This criteria evaluates the alternative's ability to raise capital funding through the issuance of bonds.

Ability to deliver rapid transit in five years: This criteria evaluates the alternatives ability to implement rapid transit in five years, a critical need to address mobility issues and to provide economic development in Montgomery County.



Ease of implementation: This criteria evaluates how easy it would be to implement the alternative, including the number of legislative actions/approvals from various entities.

Disruption to existing systems and administrative complexity: This criteria evaluates how complicated the overall institutional structure would be, and the change to existing county departments and structures.

The evaluation of alternatives is presented in Table 1. The alternative of creating a new Transit Authority is also presented, as a baseline option. Table 2 displays how the staffing for the various transit functions could be handled under each alternative. Table 1: Evaluation of Alternatives to the Creation of a Transit Authority



		Baseline: Creation of Transit Authority	Alternative 1: Creation of Transit and Parking Authority	Alternative 2: Increasing the Emphasis of Transit
Clarity of mission	Score	●	◐	◐
	Description	A separate Authority dedicated to transit would have a single, clear mission.	A separate Authority would have a clear mission however, diluting this with parking may result in conflicting objectives.	Mission for Transit would likely be elevated, but could still be overshadowed by other County initiatives.
Ability to raise funds/access to dedicated funding	Score	●	●	○
	Description	A separate Authority would have dedicated revenue and support debt obligations.	A separate Authority would have dedicated revenue and support debt obligations	As an agent of the County, Transit would still be subject to the County's existing Charter limit.
Ability to raise capital funds	Score	●	●	○
	Description	A separate Authority would be able to issue bonds outside of the county's capacity.	A separate Authority would be able to issue bonds outside of county's capacity.	As an agent of the County, Transit would be subject to the existing debt limitations of the County.
Ability to deliver rapid system in 5 years	Score	●	●	○
	Description	A separate Authority, with the mission of advancing transit would be able to advance rapid faster than the current structure.	A separate Authority, with the mission of advancing transit would be able to advance rapid faster than the current structure.	Enhancing transit within the County would enable advancing rapid transit faster, but it would continue to be constrained by the resource limitations of the County.



		Baseline: Creation of Transit Authority	Alternative 1: Creation of Transit and Parking Authority	Alternative 2: Increasing the Emphasis of Transit
Ease of implementation	Score	○	○	●
	Description	A separate Authority would require state enabling legislation, which would require action by parties outside of the County.	A separate Authority would require state enabling legislation, which would require action by parties outside of the County.	Restructuring Ride On would be easy to implement, using existing County structures.
Disruption to existing systems and administrative complexity	Score	○	○	◐
	Description	A separate Authority reporting to different leadership would have overlapping roles with County functions (road maintenance etc.)	A separate Authority reporting to different leadership would have overlapping roles with County functions (road maintenance etc.)	All functions would remain in the County adding a transit emphasis would slightly increase administrative complexity.



Table 2: Transit Function Staffing by Alternative

Function	Baseline: Creation of Transit Authority	Alternative 1: Creation of Transit and Parking Authority	Alternative 2: Increase Transit Emphasis within existing County government
Administration and Finance	Performed by new authority or through contract/ memorandum of agreement with MCDOT (new personnel required)	Performed by new authority or through contract/ memorandum of agreement with MCDOT (new personnel required)	Increased personnel required to manage expanded emphasis on transit
Intergovernmental Relations			No Change
Public Information Office			No Change
Capital Programs	New personnel required to perform this function for Authority	New personnel required to perform this function for Authority	New personnel required to perform this function as part of existing MCDOT operations
Operations	Combination of new personnel and existing, function would be performed by existing Ride On personnel working for Authority for Ride On services. Additional personnel would be required as service added	Combination of new personnel and existing, function would be performed by existing Ride On personnel working for Authority for Ride On services. Additional personnel would be required as service added	No Change
Maintenance			No Change



The County is proposing an Authority to advance rapid transit through the development of a more efficient, transit focused organizational structure. In order to advance rapid transit, a future organization should have the ability:

- 1) To raise funds for the construction, operation, and maintenance of rapid transit.
- 2) To plan and manage the design and construction of the rapid transit system.
- 3) To focus on a single mission, advancing transit.

Keeping transit within the County but elevating its status and focus would meet the criteria listed above relating to elevating the mission and advancing rapid transit, but would be flawed by not opening up access to new revenue and bonding sources. As discussed above, the current County Charter limit and debt ceiling are major roadblocks to raising the revenues necessary to advance major transit projects in Montgomery County. Increasing the overall emphasis of transit within the County would have similar flaws. The creation of a parking and transit authority does not appear to readily provide access to additional revenue, but could provide access to bonding sources over a transit-only authority, however an organization with two complex missions may not be fully dedicated to the advancement of transit.

In addition to the criteria presented above, an assessment of how the staffing might occur under each alternative was done. The assessment, not surprisingly, shows that under the alternative where Transit stays within the County government that it has the fewest impacts. Any option where the agency becomes more independent will likely require additional staffing needs. While some of these needs may be handled through MOUs with the County, ultimately the agency may want to gain independence from the County by adding its own staff.

Based on this evaluation, the baseline scenario of the transit authority appears to be the most likely for advancing rapid transit with new revenue sources and an increased focus on transit, separate from Montgomery County, with the ability to raise revenues and bonds outside of the County's taxing and bonding limits.

Profile of the Existing Division of Transit

The current organizational structure for Montgomery County Transit is as a division within the County's Department of Transportation. The Transit Services Division is comprised of seven sections: Operations Section, Safety, Training & Security Section, Operations Planning Section, Management Services Section, Customer and Operations Support Section, Commuter Services Section, and Medicaid & Senior Transportation. The first four sections are focused on the delivery of Ride On.

The Transit Division handles the day-to-day provision of fixed route bus, commuter services, regulation of taxis, and oversight of Medicaid and senior transportation. The actual provision of paratransit services is provided by the Washington Metropolitan Area Transportation Authority's MetroAccess program. They handle the calls for service and the provision of the paratransit ride. The Montgomery County Commuter Services unit oversees the County's travel demand management (TDM) programs.

The focus of the Transit Division is on the provision of the Ride On service. This includes the drivers as well as the administrative and management staff. The Transit Division employs 836 people. There are 688 staff responsible for driving buses as either full-time or part-time drivers. There are over 30 staff involved in service supervision, including 10 communications specialists in dispatch. Other major staffing positions include 12 safety and training instructors. There are other support and administrative employees, but much smaller staff sizes.

Other support functions such as human resources, risk management, legal services, public information, budget development, finance, police, fire and emergency medical services, and maintenance of vehicles and facilities are handled by other departments within the County. The Transit Division plays a role in many of these functions, such as conducting interviews, participating in budget development, or answering questions about specific transit services. These support functions will bill the mass transit fund for the costs associated with these services. These relationships will need to be considered when transitioning Ride On to a Transit Authority. The



following breakdown identifies the departments and staff associated with the various transit functions presented in Chapter 3.

Administration and Support Functions:

Administration and finance functions are spread across a number of departments within the existing County government. General administration associated with the transit division is handled internally. The division director has an assistant who handles day-to-day administrative activities for transit.

Legal matters are handled by the County Attorney and Risk Management offices. Risk management is responsible for oversight of both employee injuries as well as incidents involving customers. Investigations are handled through a combination of Ride On road supervisors, and County police. Ride On is insured through the County's self-insurance policy. Claims against Ride On are handled by the County Attorney. Ride On compliance staff and Risk Management are responsible for reviewing incidents as part of a review committee. This committee identifies remedial actions as well as address changes in training if trends are identified.

Security on Ride On vehicles is handled primarily through a relationship with local law enforcement. The police department has some officers who are focused on security with Ride On. If a bus operator has issues with a customer warranting assistance they will reach out to law enforcement for assistance through their dispatch. Response needs related to fire or emergency medical services are handled by the County's Fire and Rescue Services.

Regulatory compliance as it relates to transit regulations are handled internally through the Division's compliance officer. Compliance issues related to Ride On that are not focused on the provision of transit services will be handled by Risk Management.

The finance functions for Ride On span a couple different departments. The development of the Ride On budget is a joint effort between the Management Services Section within Transit and the Office of Management and Budget. Each division develops their own budget which is approved by the MCDOT Director. Included in the budget discussions are recommendations for fare policy changes, which are kept level with WMATA's fare. The County Executive, the Office of Management and



12: Federal Research Complex in White Oak



Budget, Finance, and the County Council determine rate adjustments of the mass transit tax based on the identified needs.

Procurement is closely coordinated between different departments depending on the service or item. Vehicle purchases are handled through the Division of General Services while many other procurements are handled by MCDOT.

The Office of Human Resources (OHR) and Occupational Medical Services are involved with staff hiring and drug testing. The Transit division has two dedicated people within the OHR who are tasked with handling benefits, retirement, payroll, and labor relations. OHR also provides general staff training and oversight of the drug and alcohol testing program which is administered by Occupational Medical Services Team. Human resources activities in support of transit are managed by the County OHR. OHR estimates that approximately ten (10) FTE's are occupied by the needs of Transit Operations within the County. These are associated with benefits administration, medical, drug and alcohol testing, general administration and labor relations.

Information technology services are handled through the County's Technology Service's department (DTS) and internally by the Division. Issues with the CAD/AVL system are handled by Ride On IT staff. The Department of Technology Services manages the County's servers as well as any large IT requests. MCDOT provides support for the real-time passenger apps as well as Trapeze, the scheduling software.

There are a handful of current staff who fill the roles of intergovernmental relations for the Division of Transit. The Division Chief of Transit is the primary face of the agency and represents the agency for most operational or regional concerns. The Chief is a member of the Regional Operators Group, which is focused on emergency planning and other regional transit concerns. The Special Assistant to the Director for WMATA Affairs is responsible for representing the County's and Ride On's interests to WMATA and the Council of Governments.

Coordination with the state (MTA and MDOT) is handled by both the Chief of Transit as well as the Rapid Transit System Development Manager. The Director represents the agency for operations while the RTS Development Manager represents the County and Ride On in relation to capital and program expansion.

The County has an Office of Public Information. This office handles all media inquiries, County publications and graphics, the County's cable programming, and customer service functions. The Transit Division has a Transit Marketing Specialist on staff who handles transit-specific marketing related to schedules and published materials. This function is supported by the County's department.

The customer service function is operated by the Public Information Office through Montgomery County 311. Dialing 311 connects residents to non-emergency government information and services. Customers can dial 311 for questions about Ride On. The general customer service representatives will attempt to answer questions, but will also forward questions and complaints onto the Transit



Division if they can't be resolved. Depending on the nature of the call, the question/comment will be pass to the appropriate person at Transit. Often the Transit Supervisors will respond to calls passed to Transit.

Capital Programs

Capital programs for the Division of Transit are primarily focused on fleet replacement at this time. Transit has a few transit centers that are managed by MCDOT through various contracts for support and facilities services. DGS is responsible for handling vehicle replacement with input from Transit. Purchases are made by DGS and ownership ultimately lies with DGS. DGS also owns or leases the current maintenance facilities where Ride On vehicles are stored and maintained. If future facilities are needed, DGS would handle the planning, with input from Transit, design, and oversight of the construction.

Operations

The operations function is one of the functions handled almost completely in-house by Transit. All planning related to existing and future service planning is done by the Operations Planning Chief with other internal support. The Division also reviews master planning activities done by the Montgomery County Planning Department (M-NCPPC). Planning for facilities is handled by DGS and planning involving projects in the right-of-way involves MCDOT's Transportation Engineering Division.

Scheduling is done in-house using an automated system called Trapeze. These activities are closely linked to the service planning functions.

Supervision of the road operations for Transit are handled by the Division's Transit Supervisors and Coordinators. There are 30 Supervisors on staff who are scheduled to provide oversight of the day-to-day operations on the street. This will involve responding to incidents, handling service impacts,



13: Ride On Nicholson Court Maintenance Facility

and other activities that occur on the street. Included in the street supervision is the dispatching activities that are based in the Public Safety Command Center (PSCC). The dispatchers are in constant communication with the drivers and provide the bridge between Ride On drivers and the County's emergency services (Police, Fire, and Rescue).

Bus operations are handled by Division of Transit drivers. Ride On only provides fixed route services, paratransit is provided by WMATA. All drivers and Coordinators are part of the United Food and Commercial



Works (UFCL) Municipal and County Government Employees Organization (MCGEO) Local 1994. Included in bus operations is fare collection and revenue handling. The Transit Division employees a motor pool attendant who is responsible for probing the farebox and dumping the box into the vault each night. An armored transport service is contracted for transporting and securing the revenue, which is counted by the Parking Division. Maintenance of the fareboxes are handled through a combination of a small internal staff and support from WMATA.

Other functions handled by the Division of Transit includes commuter services, senior transportation program, and taxi regulation. The commuter services section is responsible for administering the County's TDM programs. Taxi regulation is handled by Transit and includes driver checks, administering cab licenses, and other functions in support of the taxi program. These two functions are easily identified within Transit and do not overlap with other functions.

Maintenance

One of the largest support functions for Transit is maintenance. These functions are currently the responsibility of the Department of General Services. Maintenance staff are responsible for the day-to-day maintenance of the fleet, scheduled maintenance (at specific intervals), and major overhauls of the fleet. This county department is responsible for the maintenance of vehicles and buildings, the administration of any contracts associated with building services, and the capital planning and construction program.

Transit is one of the largest fleets maintained by DGS, utilizing 60 percent of the maintenance staff. This arrangement was created to separate the mission of vehicle maintenance from MCDOT. DGS operates three facilities for transit maintenance: Brookville Maintenance Facility Transit Shop, Nicholson Court Small Transit Shop, and the Equipment Maintenance and Transit Operations Center (EMTOC). The Nicholson Court location is dedicated to short wheelbase transit vehicles, while the EMTOC is the County's main transit support facility. EMTOC currently has spare capacity, but this may need to be utilized by projected growth in Ride On services. EMTOC is the County's only compressed natural gas (CNG) fueling facility and is designed to accommodate the maintenance of articulated buses. The EMTOC facility is shared with the Highway Services Division. Operational facilities in addition to Highway Services fleet maintenance are performed at EMTOC.



Background Research

9.1 Case Studies

9.1.1 Introduction

This case study analysis looks at the governance, management, structure, operations, and funding of a set of transit properties across the country. This analysis was conducted to identify comparable organization structures that Montgomery County can use in developing a new transit authority to operate Ride On and develop the rapid transit system.

VHB conducted preliminary research on transit properties across the country, and identified a sub-set (listed in Table 1 and described further below) that fulfilled the following criteria that was deemed to be relevant to Montgomery County:

- Whether or not the agency was a former municipal operation
- The overall structure of the board of directors
- The agency's ability to raise operating and capital funds

Table 3: Transit Property Case Studies

Agency	Website	Number of Transit Routes	Annual Ridership	Annual Operating Budget
Metro (Harris County)	http://www.ridemetro.org	107 (Bus Only)	68,700,000	\$487M
SFMTA	http://www.sfmta.com/	66 (Bus Only)	89,900,000	\$861M
RTA	http://www.marylandtransit.org	15	1,059,709	\$10M
PRTC	http://www.prtctransit.org	18 (Bus Only)	2,800,000	\$100M
GRTC	http://www.ridegrtc.com	71	13,600,000	\$44M
Raleigh (CAT)	http://www.raleighnc.gov/transit/	30	4,600,000	
MTA Bus Company	http://www.mta.info	78	33,600,000	\$678M
NICE	http://www.nicebus.com	52		\$120M



Metro (Harris County) – This property took over a municipally run transit operation. They do not have the power to raise their own revenues, but do have their own bonding powers. They are in the process of advancing a major capital expansion project (MetroRail).

San Francisco Municipal Transportation Agency (SFMTA) – SFMTA is a recently created entity that took over operations for Muni, the municipally run transit operation, San Francisco’s parking department, and transportation department. They have the power to raise revenues through parking fees and the power to issue bonds.



Regional Transportation Agency of Central Maryland (RTA) – The RTA was created by Howard, Anne Arundel, Prince George’s Counties, and the City of Laurel to combine the management and administration of each jurisdiction’s transit services to reduce costs and improve service. They accomplish this through the contracting of management services to oversee transit operations. The RTA desires to become an authority, and provides a Maryland-example of an agency seeking authority status.

Potomac and Rappahannock Transportation Commission (PRTC) – PRTC is a multi-jurisdictional agency providing commuter bus for the I-95 and I-66 corridors, local bus in Prince William County and the Cities of Manassas and Manassas Park, along with ride matching services. PRTC also operates the Virginia Railway Express (VRE) through a partnership with the Northern Virginia Transportation Commission (NVTC). PRTC was established through a Virginia law that allows for the creation of transportation districts to provide transportation solutions. The agency does not have the ability to raise funds, but member jurisdictions are allowed to collect a 2.1 percent motor fuels tax to be used for transportation improvements.



GRTC Transit System (GRTC) – This property is an independent transit corporation jointly owned by the City of Richmond and Chesterfield County. GRTC does not have the power to raise their own revenues outside of fare collection, nor can they issue bonds.



Raleigh (CAT) – This property is a municipally run transit property, which assumed the operations of a privately run service. This agency does not have the ability to raise funds, but are funded through direct transfers from the city’s municipal budget.



Nassau Inter County Express (NICE)/Nassau County - NICE is a former private bus operation in suburban Nassau County that was taken over by the County in the 1960’s and is currently operating using contract service. NICE bus was formerly operated through contracts by the Metropolitan Transportation Authority of New York (MTA-NY)

9.1.2 Case Studies

VHB conducted additional research on these agencies to get a better understanding of their organization. Where possible, we conducted interviews with key personnel to identify organizational issues that Montgomery County should consider when planning their new structure. Organizational issues were divided into the following categories:

- Enabling Legislation/Chartering
- Purpose or Mission Statement of Agencies
- Governance Structures
- Management Structures
- Funding Models
- Service Delivery Models

9.1.3 Enabling Legislation and Chartering

The enabling legislation and chartering authority establishes the legal basis and abilities for the agency/authority, and creates functional requirements

Metro (Harris County) – The Metropolitan Transit Authority of Harris County (Metro) was established through a voter referendum in 1979 that:

- 1) Created a Public Authority to take over the operations of the city-run bus service.
- 2) Passed a one cent sales tax, which would be dedicated to the Authority



The voter referendum provided Metro with the following responsibilities and powers:

- (1) acquire, construct, develop, own, operate, and maintain a transit authority system in the territory of the authority, including the territory of a political subdivision;
- (2) contract with a municipality, county, or other political subdivision for the authority to provide public transportation services outside the authority; and
- (3) lease all or a part of the transit authority system to, or contract for the operation of all or a part of the transit authority system by, an operator.

SFMTA – The SFMTA was established through a municipal proposition that asked the following: “Shall the City create a Municipal Transportation Agency with expanded powers and duties to run the Municipal Railway (MUNI) and the Department of Parking and Traffic?” This ballot question replaced the Public Transportation Commission with a new Transportation Agency, which would take over the operation of the Municipal Railway (then a department of the city of San Francisco).

The SFMTA is a semi-independent agency combining responsibilities for MUNI’s transit network and responsibility for city streets under the San Francisco Department of Parking and Traffic

RTA – Since the Regional Transit Agency of Central Maryland is not an authority the current organization is setup through memorandums of understanding (MOU) between the partner jurisdictions. The original desire was to have one MOU that everyone signed, but minor individual differences warranted individual MOUs being drafted. The MOUs setup the agreement to create the RTA by allowing Howard County to enter into contract with a third party to manage and operate transit until the commission is setup and votes for another contract manager. The MOUs also arrange for the funding of the RTA, how the commission will be appointed, handling of assets, and other general provisions. There is a desire to transition the RTA to an authority, but this will require state enabling legislation to give the jurisdiction the power to do so.

PRTC – PRTC was established through an amendment in 1986 to the Code of Virginia’s Chapter 33.2 - Chapter 19 Transportation District Act of 1964. The amendment was made after neighboring jurisdictions could not successfully agree to join the existing Northern Virginia Transportation Commission. The amendment allowed for the creation of transportation districts through an agreement between multiple jurisdictions.

The jurisdictions of Prince William, Spotsylvania, and Stafford counties along with the Cities of Fredericksburg, Manassas, and Manassas Park resolved to create the Potomac and Rappahannock Transportation District in 1986. The commission oversees the district and is comprised of thirteen locally elected officials from the member jurisdictions, three members appointed from the General Assembly (one Senator and two Delegates), and a representative from the Virginia Department of Rail and Public Transportation (DRPT). The member jurisdictions are allowed to collect a motor fuels tax which funds transportation improvements. The commission has the authority to:

- construct or acquire transportation facilities specified in a transportation plan;
- enter into agreements with private companies for the operation of its facilities; and



- Enter into contracts or agreements with municipalities within or adjoining the transportation district, or with other commissions to provide transit facilities and service. Such contracts or agreements may be utilized by the transportation district to finance the construction and operation of transportation facilities.

GRTC – GRTC’s history is long, starting as the Richmond Railway Company in the middle of the 19th century. The company changed names over time as well as hands, before being acquired by American Transportation Enterprises (ATE) in the 1960s. In 1973, the Greater Richmond Transit Company was created, and the assets of the Virginia Transit Company were purchased. The Greater Richmond Transit Company (GRTC) was created as an independent public service company owned by the City of Richmond. Chesterfield County purchased half of GRTC in the late 1980s, giving both the City and the County equal representation on the board. Originating as a private provide and transitioning to the current organization did not require any legislative action. As an independent transit corporation, GRTC is not currently structured as an authority.

Raleigh (CAT) – Raleigh CAT was established through City Ordinance No. (1975) 785. This ordinance gave Raleigh CAT the following responsibilities and powers:

- (a) Implementation of the transit development program and updating periodically that program.
- (b) Development and execution of contracts with a private transit management firm for provision of transit service.
- (c) Marketing, promoting, and providing information about transit service in the Raleigh area.
- (d) Monitoring the quantity and quality of transit service provided.
- (e) Performing operational and short range transit planning and coordination with long range transportation planning done by *City*, regional, and state *agencies*.
- (f) To use *officers*, employees, and facilities of the *City* on such a basis as *may* be agreed upon between the *City Manager* and the authority.
- (g) To maintain and operate facilities and equipment necessary or convenient for authority operations, including the provision of public transportation service.
- (h) To enter into and administer contracts or agreements with civil jurisdictions outside the territory of the authority with respect to the provision of public transportation service.
- (i) To equitably and efficiently establish and administer the scheduling, routing, and rates of transit service.
- (j) To develop budgets for its operation for approval by the *City Council* and to exercise authority hereby granted in conformance with such approved budget. No power or duty herein enumerated *shall* be exercised or carried out except consistently with and according to the approved budget.

Long Island Bus/NICE Bus - The Metropolitan Suburban Bus Authority (the legal entity that absorbed private bus operations in Nassau County) was established under New York State’s Public Authorities Law. Public Authorities are corporate instruments created by the State Legislature. Some public authorities are completely self-supporting, and operate entirely outside of the public budget process. Most authorities are authorized to issue bonds (without voter approval) to develop and maintain infrastructure.

9.1.4 Authority Mission & Responsibilities

The purpose or mission statement of an agency forms the foundation of the agency. Agency's adopt mission statements to guide their decision making process and to provide a strong rationale for taking specific actions.

Metro (Harris County) – Metro's mission statement is a fairly simple, transit focused mission:

Mission Statement:

What We Do - Deliver safe, reliable, affordable and convenient public transit and mobility services to the Greater Houston region.

Vision Statement:

Where We Are Going - Towards an economically dynamic, environmentally sustainable regional community whose quality of life is made better every day by METRO's services.

SFMTA – The SFMTA's mission statement states that: "The SFMTA plans, designs, builds, operates, regulates, and maintains one of the most diverse transportation networks in the world. In addition to the four modes of transportation (transit, walking, bicycling and driving, which includes private vehicles, taxis, carsharing, on- and off-street parking and commercial vehicles), the Agency directly oversees five transit modes (bus, trolley bus, light rail, historic streetcar, and cable car), in addition to overseeing paratransit service, which serves individuals unable to use fixed-route transit service."

Unlike the other properties, SFMTA is a multi-modal mission covering autos, pedestrians, bicycles and transit. City and county officials who were growing "increasingly frustrated with the complications inherent in bridging effectively the interests, responsibilities, programs and resources of separate municipal transportation agencies and commissions."³ The SFMTA absorbed the San Francisco Municipal Railway (MUNI), Department of Transportation and Department of Parking. At that time, MUNI had been in operation for over 80 years, and had a well-established transit development and planning function. San Francisco has long been progressive in advancing alternative modes of transportation, adopting a "Transit First" policy in 1973 that prioritized transit over other modes. With a conducive political climate, and a well-established transit authority, consolidating transportation, parking and transit functions allows for increased coordination, however the transit authority needs to be sufficiently mature and established in order for this model to function.

RTA – The RTA was recently formed and is still in the process of identifying the members who will sit on the commission and draft the agency's bylaws. It is assumed that as part of the bylaws creation, an agency mission statement, goals, and objectives will also be developed.

PRTC – Mission Statement: *PRTC's mission is to provide safe, reliable, and affordable transportation services that the community views as an important asset and source of pride.* The commission currently provides



³ <http://www.apta.com/resources/hottopics/mobility/profiles/Pages/SFMTA.aspx>



commuter bus services to the I-95 and 66 corridors, local bus service to Prince William County and the cities of Manassas and Manassas Park. PRTC also provides ridesharing services and partners with the Northern Virginia Transportation Commission to operate VRE.

GRTC – Mission Statement: *GRTC Transit System’s mission is to provide clean, safe, and reliable transportation and to improve mobility and access throughout Central Virginia.*

Vision Statement: *GRTC Transit System seeks to become the leading provider of world class transportation services and mobility solutions.*

Raleigh (CTA) – The Raleigh CTA has not adopted a separate mission statement. The City of Raleigh’s mission statement is:

- We are a 21st Century City of Innovation focusing on environmental, cultural and economic sustainability.
- **We conserve and protect our environmental resources through best practices and cutting edge conservation and stewardship, land use, infrastructure and building technologies.**
- We welcome growth and diversity through policies and programs that will protect, preserve and enhance Raleigh’s existing neighborhoods, natural amenities, rich history, and cultural and human resources for future generations.
- We lead to develop an improved neighborhood quality of life and standard of living for all our citizens.
- We work with our universities, colleges, citizens and regional partners to promote emerging technologies, create new job opportunities and cultivate local businesses and entrepreneurs.
- We recruit and train a 21st Century staff with the knowledge and skill sets to carry out this mission, through transparent civic engagement and providing the very best customer service to our current citizens in the most efficient and cost-effective manner.

On January 30-31, 2014, City Council held a retreat and agreed to be the strategic planning process for the City that will be based on these areas of emphasis:

- A Safe, Vibrant and Healthy Community;
- **Transportation and Transit;**
- Economic Development and Innovation;
- Arts and Cultural Resources;
- Growth and Natural Resources; and,
- Organizational Excellence.

NICE/Nassau County – NICE has adopted a mission statement for transit operations, and the county has adopted a mission statement for the public-private partnership that operates the bus service.



“NICE Bus is an integral link for thousands of residents of Nassau County and nearby communities. It plays an important role in the daily lives of thousands of people - as a primary transportation mode for riders and a workplace for its dedicated employees, it affects the quality of life of many Long Islanders.

The public-private operating partnership being formed by Nassau County and Transdev is designed to meet or exceed the needs and expectations of its customers and its employees. The partnership is dedicated to:

- Creating a bus system and paratransit network that above all is safe, as well as reliable, accessible, and affordable.
- Delivering the highest possible levels of customer service, welcoming the input of its riders through numerous open communications channels, and responding to the needs of current customers and those of new ones.
- Working cooperatively with labor unions representing our employees to create a positive, diverse workplace, fulfilling careers and productive lines of communications; building strong and constructive relationships with the unions; and valuing the contributions of all employees and treating them with dignity and respect.
- Building an organization that maximizes the financial resources that are available to it by creating new operating efficiencies, improving system performance and maximizing best practices in all aspects of its operations.
- Creating a culture where employees are accountable for top performance, and are respected, valued, and appreciated by their supervisors and peers.”

9.1.5 Authority Structure

The Authority Structure includes Governance (who is responsible for leading the authority), Management (who is responsible for day-to-day operations), and labor model (how services are operated).

9.1.6 Governance Structure

The Governance of an agency describes how the leadership of the agency is formed/determined. This includes whether or not there is a board of directors, who is on the board of directors and what role/powers they have.

Metro (Harris County) – The Board of Directors has nine members. Five are nominated by the mayor of Houston and confirmed by Houston City Council. Two are appointed by the mayors of METRO's 14 other member cities. Two are appointed by the Harris County Commissioners Court. METRO's enabling legislation allows for the adjustment in the composition of the board based on the change in population of the constituent localities.



SFMTA – The Agency shall be governed by a board of seven directors appointed by the Mayor and conformed after public hearing by the Board of Supervisors. All initial appointments must be made by the Mayor and submitted to the Board of Supervisors for confirmation no later than February 1, 2000.

The Board of Supervisors shall act on those initial appointments no later than March, 1, 2000 or those appointments shall be deemed confirmed.

At least four of the directors must be regular riders of the Municipal Railway, and must continue to be regular riders during their terms. The directors must possess significant knowledge of, or professional experience in, one or more of the fields of government, finance, or labor relations. At least two of the directors must possess significant knowledge of, or professional experience in, the field of public transportation. During their terms, all directors shall be required to ride the Municipal Railway on the average once a week.

Directors shall serve four-year terms, provided, however, that two of the initial appointees shall serve for terms ending March 1, 2004, two for terms ending March 1, 2003, two for terms ending March 1, 2002, and one for a term ending March 1, 2001. Initial terms shall be designated by the Mayor. No person may serve more than three terms as a director. A director may be removed only for cause pursuant to Article XV. The directors shall annually elect a chair. The chair shall serve as chair at the pleasure of the directors. Directors shall receive reasonable compensation for attending meetings of the Agency which shall not exceed the average of the two highest compensations paid to the members of any board or commission with authority over a transit system in the nine Bay Area counties.

RTA – The RTA will be governed by the RTA Commissioners, comprised of representatives of the member jurisdictions. Each member jurisdictions will have two commissioners on the RTA board, providing equal representation. Commissioners will be appointed by each member jurisdictions, resulting in a board of eight members. Details about requirements, term limits, and specific duties are still being determined. The vision is that the Commission will provide oversight and direction for the RTA, but not concern themselves with day-to-day operations.

PRTC – PRTC is governed by a seventeen member board of commissioners, responsible for management and oversight of the functions, affairs, and property of the agency. Thirteen of the members are elected officials from the member jurisdictions: Prince William County (6), Stafford County (2), Spotsylvania County (2), City of Manassas (1), City of Manassas Park (1), and City of Fredericksburg (1). Three commissioners are appointed from the General Assembly: Senate (1) and House of Delegates (2). The remaining commissioner is a representative from the Virginia Department of Rail and Public Transportation (DRPT). Each member of the commission receives one vote on all matters, requiring a majority vote of members present as well as a majority of the jurisdictions.

GRTC – GRTC is operated under policies that are set by the Board of Directors, made up of six members - three appointed by the Richmond City Council and three by the Chesterfield County Board of Supervisors. The six members appointed by the City of Richmond and Chesterfield County are done so annually with a one



year term. There is no limit on the number of terms a member can be on the board. The board is responsible for setting policy, determining the agency vision and direction, handling contracts, and approving the budget.

Raleigh (CAT) – Established in the City Code to set general policy within funding and budgeting parameters approved by the Raleigh City Council. The Authority is comprised of nine citizens who are appointed by the Raleigh City Council. Authority members serve for two year terms without pay.

NICE/Nassau County – Nassau County operates NICE through contract and does not have a separate governance structure for this operation. Bus Operations are overseen through the standard county operations.

9.1.6.1 Management Model

The management structure identifies how the Agency structures its overall operations, including the agency structure, departments, staffing and overall functions.

Metro (Harris County) – Houston Metro is divided into 10 high level departments, the function of each is described below:

- Planning
- Engineering and Capital Projects
- Rail Construction
- Administration
- Government and Public Affairs
- Police
- Operations
- Safety
- Customer and Ridership Service
- Finance

In addition Metro includes five board level departments:

- Board Office
- Press Office
- Chief of Staff
- Legal
- Audit

SFMTA – SFMTA is divided into 12 high level departments, the function of each is described below:

- Board of Directors
- Director of Transportation
- Capital Program and Construction



- Communications
- Finance & Information Technology
- Government Affairs
- Human Resources
- Sustainable Streets
- System Safety
- Taxi & Accessible Services
- Transit
- Central Subway Project

RTA – The senior management for the RTA are contracted to oversee the Transit Management of Central Maryland staff. There are three positions contracted through the third party provider to provide management oversight.

PRTC – Management of PRTC is handled by PRTC staff, while the bus operations and maintenance functions are provided through a contract. The agency is divided into six high level departments overseen by an executive director. The departments include:

- Finance and Administration
- Information Technology
- Operations and Planning
- Marketing and Communications
- Customer Service and Dispatch
- Grants and Project Management

GRTC – Senior management at GRTC are handled through a contract for transit management with MV Transportation, which includes the Chief Executive Officer, Chief Operating Officer, and the Director of Transit Operations. The Chief Financial Officer is also included as part of the executive leadership, but is a direct employee of GRTC. Under the executive leadership are eight directors covering the following areas of responsibility:

- Risk Management
- Maintenance
- Information Systems
- Human Resources
- Construction Manager & Project Administrator
- Procurement
- Ride Finders
- Planning and Scheduling



Raleigh (CAT) – Raleigh CAT is divided into 5 high level departments:

- Maintenance
- Human Resources
- Finance
- Operations
- Safety

NICE/Nassau County – NICE Bus is a privately operated, full service contract service. Nassau County employees less than five people to manage the contract and oversee compliance with regulatory procedures.

9.1.6.2 Labor Model

The service delivery model for an agency identifies how service is operated, how many people are used to operate service, and why such a model was chosen.

Metro (Harris County) – Metro primarily uses a self-performed model for service delivery, except for paratransit and one of their fixed route maintenance facilities.

SFMTA – SFMTA uses a self-performed model for service delivery and maintenance of vehicles.

RTA – The drivers and maintenance staff are unionized employees of the corporation, which is managed by a third party provider. This arrangement was made to allow the management function to be changed without loss of the operators, maintenance staff, facilities, and rolling stock. These are all retained by the corporation along with the administrative staff functions described above.

PRTC – PRTC uses a contract model to provide bus operations and fleet maintenance under management from the Director of Planning and Operations. The contractor provides a general manager to direct transit maintenance and operations. There are currently 163 contract drivers, 11 road supervisors, and four dispatchers providing bus operations through the contract. Additionally, the contractor provides 27 maintenance staff to oversee upkeep and repair to the fleet. Other functions associated with operations - dispatching, customer service, and scheduling/planning are staffed by PRTC employees.

GRTC – GRTC directors and administrative support staff are all employees of GRTC. The senior management are employees of MV Transportation. The bus operators, maintenance staff, and cleaning staff are employees of GRTC, but are also part of the Amalgamated Transit Union's Local 1220. The only contract staff used by GRTC to provide services are the staff that provide the specialized transportation known as CARE and C-VAN. CARE is the curb-to-curb paratransit service provided for persons with disabilities not able to take advantage of the fixed route services. C-VAN provides transportation assistance for persons who are part of the Virginia Initiative for Employment not Welfare.



Raleigh (CAT) – Raleigh CAT uses a contract model with a fixed management fee for their fixed routes.

NICE/Nassau County – Nassau County/NICE uses a contract model for operations and maintenance with a performance based management fee.

9.1.7 Funding Models

The funding model for an agency identifies:

- 1) What funding sources are used for operating and maintenance costs and capital costs
- 2) How these funds are allocated and distributed
- 3) Who is responsible for oversight of such funding mechanisms

Metro (Harris County) –

Operating and Maintenance (O&M) Funding

Houston Metro receives O&M funding through the following programs:

- Dedicated sales taxes
- Transit Fares
- Park and Ride Fees
- Fares
- Grants
- Interest

Houston Metro is a direct recipient of the federal funds through grant programs (Section 5307 among others) and manages the reporting and compliance requirements for these funds.

Capital Funding

Houston Metro is undertaking an extensive rail expansion project, called “MetroRail.” This project is funded through the following sources:

- City of Houston
- Harris County
- Sales Taxes
- Federal Transit Administration

The initial segment of MetroRail was funded using local funds, and Houston Metro has applied for federal funding for later expansion projects.



SFMTA –

Operating and Maintenance (O&M) Funding

SFMTA receives O&M funding through the following programs:

- Transit Fares
- Operating Grants (Federal and State)
- Parking and Traffic Fees/Fines
- Other
- Revenue transfers from the San Francisco General Fund

SFMTA is a direct recipient for some federal funds through grant programs and manages the reporting and compliance requirements for these funds.

Capital Funding

SFMTA has a 20 year capital plan that documents the needs and programmed improvements to its system. They also have a 5-year Capital Improvement Program (CIP), and a two year Capital Budget. Capital funding comes from the following sources:

- Caltrans
- City and County of San Francisco
- Federal Transit Administration
- Metropolitan Transportation Commission
- San Francisco County Transportation Authority
- Various other Small Programs

Capital funding for SFMTA is funneled through a separate organization, the San Francisco County Transportation Authority (SFCTA). SFCTA oversees the delivery of a ½ cent local transportation sales tax. The board of the SFCTA consists of eleven members of the City's Board of Supervisors (SFMTA Board Members are appointed by the Mayor). Other funds are administered through the Metropolitan Transportation Commission (MTC), a regional body established in 1970 that functions as San Francisco's Metropolitan Planning Organization.

RTA –

Funding for the RTA is still tied to the original arrangements setup to fund service under the old CMRT arrangement. Each jurisdiction pays for the services they receive based on hours of service provided. The agency also received monies from the Maryland Transit Administration for operations. The creation of the RTA has not resulted in any new capital purchases. The fleet are either owned directly by the RTA or leased from the jurisdictions. Determination about how future capital purchases will be handled is still being decided.



PRTC –

Operating Funding

PRTC receives its operating funding through a combination of local contributions, state assistance, passenger fares, and advertising revenue. The local contributions from the member jurisdictions come primarily from a 2.1 percent motor fuels tax each member jurisdiction can levy by being part of the district. The motor fuels tax is a sales tax collected by the Commonwealth of Virginia’s Department of Taxation, and then transferred to PRTC. The revenues are maintained by PRTC separately for each member jurisdiction, so they can be used to pay for administrative costs as well as operating costs associated with the service provided to each member. Typically the revenues collected through the fuels tax cover each jurisdiction’s portion of the operations. Occasionally, a jurisdiction will also need to provide funds through their general fund.

Capital Funding

PRTC funds the majority of its capital projects through grants and local matches. The agency attempts to limit the amount of debt service it takes on.

GRTC –

Operating Funding

GRTC receives operating funding from federal, state, and local sources. Other funding sources include revenues collected from passenger fares, advertising, and contracts for service. GRTC does not have a dedicated local source of revenue. Annually, the jurisdictions receiving service determine their budget for transit and GRTC must adjust the service provided accordingly. Other means of overcoming revenue shortfalls include raising passenger fares, but this requires approval from the Board.

Capital Funding

GRTC funds their capital program through a combination of federal and state grants and local matches from member jurisdictions. These funds typically go towards the purchase of replacement fleet, major facility upgrades, hardware and equipment upgrades, as well as planning and design for major service additions. GRTC is currently in the preliminary design phase for the area’s first BRT corridor. This project is being funded from monies received from both the state and federal government.

Raleigh (CAT) –

Operating and Maintenance (O&M) Funding

Raleigh (CAT) receives operating and maintenance (O&M) funding through the following programs:

- Transit Fares
- Grants
- City of Raleigh General Fund



The City of Raleigh is a direct recipient of federal funds and manages their overall distribution.

Capital Funding

Raleigh (CAT)'s capital obligations are handled through the City of Raleigh's Capital Planning process. The city's capital plan is \$149M, and covers five years.

NICE/Nassau County –

Operating and Maintenance (O&M) Funding

NICE/Nassau County receives O&M funding through the following programs:

- Transit Fares
- Operating Grants (Federal and State)
- Other

Nassau County is a direct recipient of the federal funds through grant programs (Section 5307 among others) and manages the reporting and compliance requirements for these funds.

Capital Funding

Nassau County has a two year capital improvement plan that documents the needs and programmed improvements to its system. The capital plan is funded through the following programs:

9.1.8 Conclusions and Lessons Learned

Based on these interviews, there are some key issues Montgomery County should consider when developing the structure, abilities, and functions of a transit Authority for Montgomery County.

9.1.8.1 Establishment/Legislative Requirements

The enabling legislation for the Authority should be specific enough to give it the powers it needs to perform day-to-day functions and operations. It should also be broad enough to enable it to perform its mission without modifications to legislation. Specific functions that should be included are:

- The ability to enter into contracts (including public-private partnerships)
- The ability to raise revenue through taxes
- The ability to enter into agreements with municipalities for contracted service.

These three functions will enable a new Transit Authority to effectively advance rapid transit and to absorb Ride On operations.



9.1.8.2 Authority Mission & Responsibilities

The authority mission and responsibilities should be firmly grounded in the establishment and legislative requirements of the Authority. The majority of organizations interviewed as part of this project had a single mission focusing on the advancing transit.

9.1.8.3 Authority Structure - Governance

The majority of the organizations studied are governed by a board appointed by elected officials. NICE Bus is the sole exception, with operations being managed through the Department of Transportation under the County governance structure.

SFMTA requires that at least two of the members of the Board of Directors have significant transit experience, and require that each member of the board of directors ride transit at least once a week. These two criteria ensure that SFMTA Board members are knowledgeable about transit, and have a familiarity with the operations of the system.

Harris County Metro's guidelines adjust the board composition based on the relative population of its service area.

9.1.8.4 Authority Structure – Management

Each organization interviewed is organized around functional areas, with individual sub-departments reporting to each. Multiple agencies stated that it is difficult to manage more than seven to ten departments, and that the management structure should be designed to minimize the number of departments reporting directly to the chief executive in order to be effective.

9.1.8.5 Authority Structure – Labor Model

Labor models used by each agency ranged from entirely self-performed to entirely contracted. Some examples of agencies that use in-house employees for operations include SFMTA, PRTC, GRTC, and Houston Metro. Examples of agencies that contract all of their service is Raleigh CAT and NICE Bus. Houston Metro contracts out maintenance at one of its facilities, but performs the rest of the maintenance in-house.

Managing a contract service requires key delineation of roles and responsibilities, and a good working relationship with the contractor. Depending on the type of contract (fixed management fee or performance based), the Authority will have greater responsibilities for management of the contractor.



9.1.8.6 Funding Models

Each agency interviewed used a standard funding model, receiving funds through:

- Transit Fares
- Taxes (real property, personal property, income,, Sales, Fuel)
- Grants
- Interest

Depending on how the specific agency was structured, other revenue streams were also available, including parking fees. These additional revenue streams provided added funds for transit operations, but also increased the overall level of administrative complexity for the agency.

9.2 Existing Research and Best Practice Guidelines

The following includes a scan of recent reports on transit agency organizational models, governance considerations, and funding alternatives. The scan includes reports from a recent report for the Maryland Governor and General Assembly on transit funding, justification for the creation of a regional transit body in Central Maryland, as well as national research on transit organization and funding. The information has been summarized to provide a snapshot of the details and any pertinent findings.

Final Report to the Governor and Maryland General Assembly

Local and Regional Transportation Funding Task Force
December 2013



Pertinent Findings

- Maryland is one of the few states that owns and operates a transit system.
- Nationally, transit is predominately a local or regional responsibility.
- Transportation services represented about five percent of total local government expenditures. Regional Transportation/Transit Authorities (RTAs) have the potential to be a valuable option for local governments to develop and fund regional transportation projects or transit operations.

Potential Funding Sources

- State and federal funds covered 80% of the total statewide transportation spending for fiscal year 2012.
- Local Highway User Revenues (HUR) assisted in funding local transportation services and facilities.
- The General Assembly should consider enabling local-option revenue sources, to be made available for use at each local government's discretion. Potential Local Transportation Funding Options
 - Local-Option Vehicle Registration Fee
 - Local-Option Income Tax Increment
 - Real Estate Transfer Tax Increment
 - Facilitation of Project-Specific Value Capture Techniques
- In Maryland, local jurisdictions must receive authority from the General Assembly to impose any tax or to provide tax exemptions for transportation funding.
- Local-Option sales taxes and gas taxes are not recommended.
- Tax increment Financing Earmarks a portion of the increase in property tax revenues in the district for specific purposes, which may include transportation improvements.
- Nationally at the federal and state level, motor fuel taxes play a primary role in funding transportation, while at the local level key funding sources include property taxes, sales taxes, mass transit fares, and tolls.
- Joint Development is often practiced by transit agencies to attract private developers to adjacent land, properties and stations.

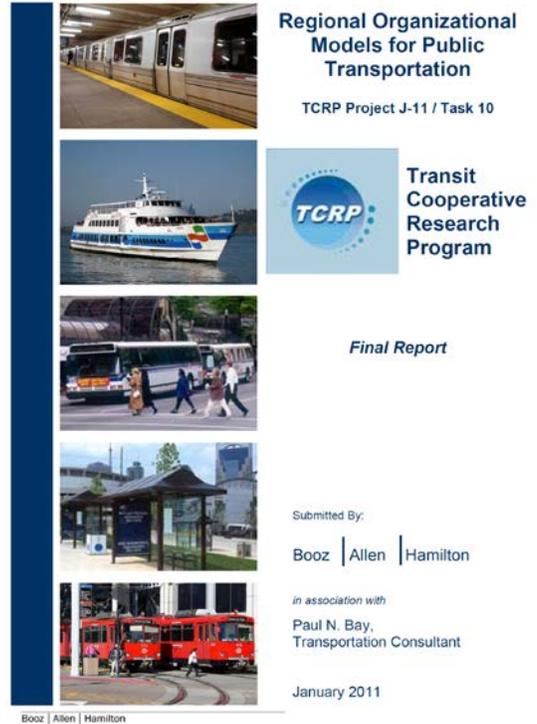
Transit Funding in Other States



- Virginia localities can levy up to the State's vehicle registration rate to support transit and transportation facilities.
- Arlington Transit (ART) – In 2008, County Board adopted a commercial real estate tax rate of \$0.125 per \$100 of assessed value of commercial and industrial real property.
- In Massachusetts, Massachusetts Bay Transportation Authority (MBTA) of greater Boston receives dedicated sales tax from a 1% statewide sales tax, equivalent to 16% of statewide tax receipts based on 6.25% tax rate. MBTA also is provided a minimum dollar amount guarantee of sales tax revenues by the State if receipts decline.
- NJ Transit's fare box and commercial revenues cover over 50% of operating expenses.
- In the greater Cleveland area, 1% Sales and Use Tax, within the boundaries of Cuyahoga County, approved by County voters in 1975 & of unlimited duration.
- New York MTA – Portion of statewide taxes/fees are used for funding (petroleum business privilege tax; gas/diesel tax (\$0.04/\$0.08/gal), motor vehicle registration & driver license fees).
- The Charlotte Area Transit System (CATS) is operated as an enterprise fund of the City.
 - North Carolina General Assembly passed legislation in 1998 to allow citizens of Mecklenburg County to enact a local sales tax dedicated to public transit; sales tax was reaffirmed in 2007.
- Colorado – Allows municipalities and counties to spend the portion of revenues that they receive from the highway users' tax fund on transit projects, designated bicycle or pedestrian lanes. Caps amount can spend on transit-related operational expenses to 15% of all highway users' tax fund money they spend.
- District of Columbia – Increases allocation of parking meter revenue to transit purposes.
- Indiana – Allows a county or city council to provide revenue to public transportation corporation from city's or county's distributive share of county adjusted taxes.
- Minnesota – Authorizes Olmsted County to impose, by resolution, up to a 0.25% general sales tax and/or up to a \$10 per vehicle wheelage tax to pay a portion of transit infrastructure costs related to a Medical Center development plan, excess revenues may be used to fund other transportation and transit projects.
- Washington – In 2012, created public transportation grant program to aid transit authorities with operations (expires 2015).

Regional Organizational Models for Public Transportation
 Transit Cooperative Research Program
 January 2011

- Governance and financing for public transportation are so closely inter-related, they must be addressed together.
- Governance change takes time and is never static.
 - It took the Santa Fe region seven years to create a regional transportation authority.
 - It is expected for Tallahassee, FL to take 6-8 years to create a regional transportation authority.
 - Transit governance change began in San Diego in the early 1980s and finally culminated in 2003.
- Leadership and champions are critical to change in public transportation governance.
 - One of the challenges for creating change is that leaders change over time, making it difficult to maintain champions throughout the change process.



- Good working relationships with other public agencies are critical to successful organizational transformation in public transportation.
- Governance changes often require legislative changes, pursuing a change in the governance model for public transportation is uncommon.
- Common reasons for a governance change may include a combination of travel demand, service coordination, and funding challenges.
- Federal involvement is usually the most removed from the transformation process, but enters the picture when governance crosses state lines, as in the St. Louis and Washington DC regions.
- Successful governance change included regions that have successfully transformed from one or more municipal bus services to a single region-wide transit authority.
- Charlotte Area Transit System (CATS), which was originally owned by the City of Charlotte and Mecklenburg County, is now a Municipal Transit Agency that is part of the City government. Legislation was introduced to replace CATS with a regional transit authority to meet the needs of the outlying area.
- The Syracuse region has been the very successful in establishing a funding mechanism to support the change in governance for transit: a one-time capital assessment and a dedicated property tax to support transit operations.
- Partnerships were successful in the governance and the transformation process in the Syracuse and San Diego regions. Partnering involved working closely with the County Boards to reach agreement on a fair price to transfer assets and to set up mortgage recording tax rates to contribute to operating expenses.
- Adaptability is key to successful change, and even with flexibility, change can take a long time to achieve.
- Advocacy groups and individuals can be extremely helpful as they can help to build the case to address particular regional needs and persevere until the governance change is accomplished.



- Metropolitan planning organizations, state departments of transportation, other transit providers and local governments have been instrumental in achieving successful governance change in several regions.
- There are critical funding issues that must be faced when looking at new governance structure for public transit.
 - A dedicated transit revenue source – most frequently a defined sales tax – has been a critical backbone for transit agencies over the past 40 years.
 - Additional transit services and funding sources, such as providing vanpools and ridesharing; coordinating paratransit; and congestion pricing– new functions may reduce, or increase, transit operating costs; or may provide opportunities for new revenue sources to stabilize the recently hard-hit financial conditions of transit agencies.

Regional Organizational Models for Public Transportation

Transit Cooperative Research Program – Appendix: Case Studies

January 2011

Lessons Learned from Case Studies

- Davenport Region (Iowa)
 - Strong independent leadership is needed for change.
- Santa Fe Region (New Mexico)
 - Advocacy groups can be extremely powerful in helping to effect governance change.
 - Emphasize moving forward in a democratic, transparent way.
 - Performance measures and accountability need to be thoroughly thought through early in system design.
 - It really took 7 years of advocacy, effort, and negotiations among the House Transportation Committee of the State Legislature, the Governor's Office, the Las Cruces Chamber of Commerce, and other advocacy groups until the legislation was passed, the new authority assumed operations, and agreement was reached on allocation of the 1/8-cent funding.
 - Implementation requires continuing education of appointees and other officials on the RTD board.
- Tallahassee Region (FL)
 - Working hand in hand with MPO is critical for better planning (previously operated completely independently).
 - StarMetro helped neighboring Gadsden County win a transit grant, generating enormous good will.
 - Maximize state grants opportunities (e.g., FDOT block grants).
 - Rebranding and image setting (e.g., with FOX news) beneficial to transit agenda.
- Austin Region (Texas)
 - When creating transit authorities, it is vital to look at the long-term potential growth of the region and regional service needs. For example, Round Rock, Georgetown and Cedar Park are now among the most rapidly growing areas in the region, but when Capital Metro was created in the 1980s, they were left outside Capital Metro's service area.
 - Envision Central Texas has been an advocate for governance change, recognizing the challenges facing the region and working to bring agencies in the region together to develop a solution.



- Charlotte Region (North Carolina)
 - Providing express service to neighboring counties by agreement can work against long term funding needs. In the opinion of local leaders in the Charlotte region, voters in outer counties perceive that the express route connections to Charlotte are “sufficient” and are reluctant to approve dedicated funding needed for additional transit services, such as local bus services and extension of light rail into those counties.
 - Charlotte City Council’s willingness to establish a separate transit board (the MTC) was a positive, inclusive development for communication and decision making.
- Syracuse Region (New York)
 - RTA governance model is flexible.
 - Fact that original (1970) legislation enabled integration of 7-county area was a big advantage. In effect no governance model change was needed, only changes to board composition.
 - Opportunities exist in the future to further expand not only into other three counties, but other counties not in any authority’s district for economies of scale. Would require statewide legislation.
- St. Louis Region (Missouri and Illinois)
 - The governance model in St Louis is sound, but funding has been problematic because it must be approved county-by-county. This has proved to be a significant and on-going challenge.
 - Advocacy groups such as Citizens for Modern Transit have been key to the successes that have been achieved at the ballot box.
 - Persistent and visionary leadership, hard work and collaboration, taking advantage of opportunities, step-by-step actions.

On-Going Challenges from Case Studies

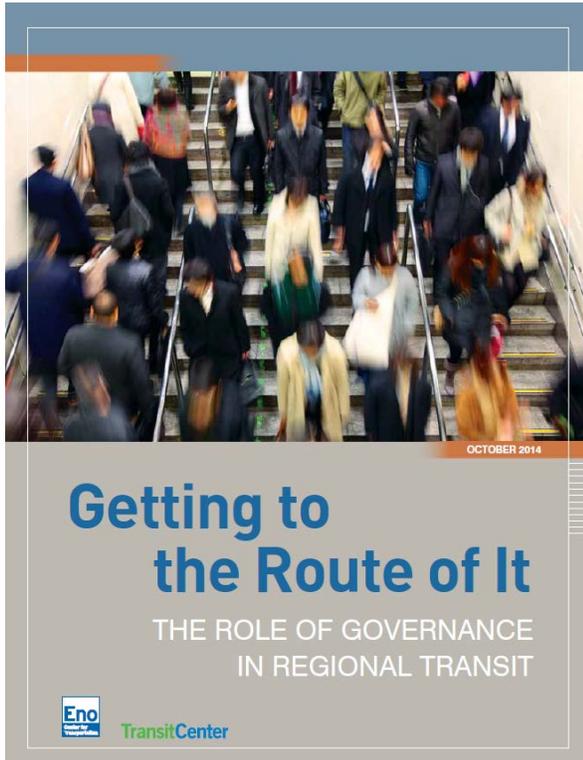
- Davenport Region (Iowa)
 - Achieving intergovernmental agreements on funding or creating actual consolidation of transit agencies.
- Santa Fe Region (New Mexico)
 - Balancing the needs for transit service coverage in the very sparsely settled counties with cost effectiveness, and second level funding.
 - Re-issuance of the taxing authority (currently, the taxing authority sunsets in 15 years).
- Tallahassee Region (FL)
 - Current downturn in economy has hurt already depressed central Florida county budgets.
 - Fiscal/logistical issues for capital and operations funding. StarMetro is looking to add one new operations base but conditions are not right yet.
- Austin Region (Texas)
 - Financing transit in the outer counties.
- Charlotte Region (North Carolina)
 - It is a challenge to prioritize transit services and funding in a way that balances the needs of outer counties with those of the central area.
- Syracuse Region (New York)
 - Availability of operations funding is the biggest ongoing challenge.
 - Heavily reliant on NY State budget.
- St. Louis Region (Missouri and Illinois)
 - Support for extending transit.
 - Funding for expansion to outer counties.



- San Diego Region (California)
 - As a result of the consolidation, MTS has three different pension plans, and different unions, each with their own work rules.
 - Coordination of capital programs between SANDAG, the agency responsible for planning, development and construction, and the two agencies responsible for operating the projects: MTS and NCTD (North County Transit District, which operates in northern San Diego County).
 - Funding for transit expansion and sustainability of transit operations.

- Transit Governance Models:

Governance Model	Authority for Creation	Examples
State Transit Agency	State powers	<ul style="list-style-type: none"> ▶ Maryland ▶ Massachusetts ▶ New Jersey ▶ Rhode Island
General Purpose Transit Authority or District	General state law or enabling statutes, coupled with local initiative	<ul style="list-style-type: none"> ▶ Texas (metropolitan, urban, rural) ▶ Washington State Public Transit Benefit Areas ▶ Ohio Transit Authorities (Cleveland, Akron, Cincinnati, Toledo, Columbus) ▶ Florida County Transit Districts ▶ New Mexico RTAs (e.g., North Central New Mexico Regional Transit District)
Special Purpose Regional Transit Authority or District	Special statutes (i.e., special act of state legislature)	<ul style="list-style-type: none"> ▶ BART (San Francisco Bay Area) ▶ WMATA (Washington DC) ▶ UTA (Utah) ▶ RTD (Denver) ▶ CTA, Pace, Metra (Chicago)
Municipal Transit Agency	Existing local government (City, County) powers	<ul style="list-style-type: none"> ▶ Honolulu Transit (City of Honolulu) ▶ CATS (Charlotte, NC) ▶ City of Phoenix Public Transit Department



Getting to the Route of It: The Role of Governance in Regional Transit

Eno Center for Transportation & Transit Center
October 2014

- Flaws in a Regional Transportation Authority (RTA) governance structure can impede its ability to coordinate regional transit service and related investment decisions, and can contribute to underinvestment in a transit network.
- In the Boston region, Massachusetts controls the region's primary transit operator, the Massachusetts Bay Transportation Authority (MBTA), through the state department of transportation.
 - This consolidation has the benefit of giving the state a vested interest in funding the Boston region's transit system, but it also has the drawback of diminishing the influence of localities.
 - Due to the state's large financial role, localities also do not make a significant financial contribution to the transit system, further undermining their ability to play a meaningful role in regional planning and investment decisions.
- An effective MPO can provide a valuable mechanism for regional transit coordination.
- Access to an independent source of funding can benefit transit planning and operations.
- State involvement, with appropriate accountability for outcomes, can provide benefits for transit.
- Regions need a performance-based capital planning system.
- Board representation, selection and balance is critical.
- Consolidation typically provides policy and service benefits.
- In San Diego, the Federal Transit Administration (FTA) found that transferring long-range planning and capital investment power to the region's MPO could "improve the long-term prospects for transit investment despite a perceived reduction in authority for the transit [operating] entity."
- Inter-agency collaboration is important for successful governance.
- A multi-modal approach that transcends individual modes produces better results.
 - The benefits of including highway and transit planning capabilities in the same organization are well documented, providing broader sources of revenue and improved decision-making.
- Changing political leaders, particularly at the state level, greatly affects transit, resulting in instability.
- It is key to understand who has the authority to distribute funds, select projects, and make decisions.
- It is shortsighted to have no state involvement in transit when transit has such a large impact on the economic success of the state.
 - A complete lack of state involvement can be problematic. – When the state is absent from the transit planning and funding process, and when localities are prevented from raising their own revenues, it becomes difficult to create an authority with a regional focus.
- Consideration should be made to include representatives for riders and localities on the Board. This would provide riders with power to truly influence the system that they use on a daily basis.



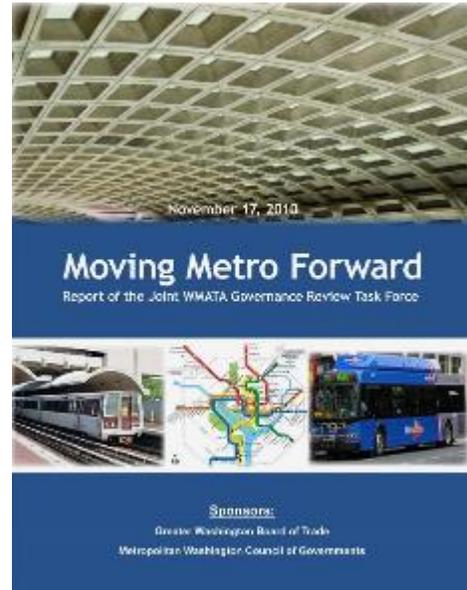
- If localities and riders want a greater influence over the future of their system, it is reasonable for them to expect to pay more, with fares and local funding to cover its operating and capital budgets.
- The state of Texas views transit in the larger metro areas as an entirely local issue.
- Funding for transit in the Dallas/Fort Worth region comes primarily from dedicated sales tax.
- A flawed governance structure with improper measuring sticks can result in a focus on capital over operations.
- Governance structures, however well intentioned, cannot trump human nature. – Their success remains contingent on leadership from individuals who want to collaborate and solve problems together.
- The public authority model of transit governance can be problematic if responsibility is disconnected from accountability.
- Independent sources of income can confer substantial governance benefits.
- The role of the MPO can be severely diminished by larger and more powerful public authorities.

Moving Metro Forward: Report of the Joint WMATA Governance Review Task Force

Metropolitan Washington Council of Governments
November 2010

Transportation Research Board (TRB) Recommendations after a Washington Metropolitan Area Transit Authority (WMATA) governance review.

- A growing number of area leaders and industry experts believe that significant shortcomings in the WMATA governance structure have contributed to a serious decline in Metro’s performance.
 - Declining public confidence in the ability of the Metro system to meet the region’s needs has become a major concern for regional leaders in both the public and private sectors.
- Appointing Authorities – There are four Appointing Authorities defined in the Compact: for Maryland, the Washington Suburban Transit Commission (WSTC); for Virginia, the Northern Virginia Transportation Commission (NVTC); for the District of Columbia, the Council of the District of Columbia; and for the federal government, the General Services Administration (GSA). Each authority independently appoints two primary members and two alternate members to the WMATA Board.
- Some assert a lack of dedicated funding is the sole source of WMATA’s problems.
- In an April 2010 report, the Congressional Research Service (CRS) highlighted concerns that “the Board lacks the subject expertise and political independence” necessary to make the best decisions for WMATA.
- Current WMATA Board Structure:
 - There shall be 16 members, with the four Appointing Authorities each selecting two directors and two alternate members.
 - Alternates shall act only in the absence of “their member”.
 - Members representing the State of Maryland and the Commonwealth of Virginia shall be appointed from among members of the appointing entity (the Washington Suburban Transit Commission and the Northern Virginia Transportation Commission respectively) for a coincident term to their membership of the appointing entity.
 - The Chairman and Vice Chairman shall be elected annually by members of the Board.
 - Decisions at Board meetings shall be made according to a majority vote, but at least one member or eligible alternate member from each signatory must vote affirmatively (commonly referred to as the jurisdictional veto).
 - The Board shall set its own organization and procedures.
 - Members of the Board and alternates shall serve without compensation, but may be reimbursed for necessary expenses.
- According to the American Public Transportation Association (APTA), approximately 90 percent of transit systems have a Board of Directors, which are primarily responsible for policymaking.
- Boards should be balanced, with members from a variety of backgrounds such as politics, business, finance, marketing, and law.
- Term limits for Board members are an effective way to ensure Board vitality and new ideas.

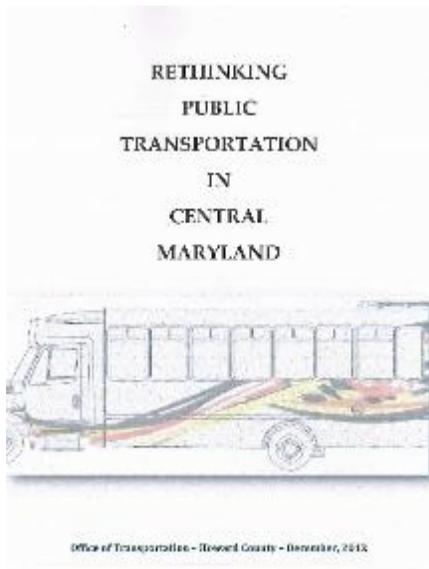




- Fewer than 15 percent of transit Boards compensate members for their time or expenses. Their research indicates that compensation has a very weak influence on the effectiveness of transit Boards.
- The TRB recommends that individual agendas should be eliminated or decreased for the good of the transit system and that Board members should be team players who are willing to support the majority decision.

Task Force Governance Questions:

- Delineation of Responsibilities
 - Is there a clear delineation of responsibilities of the governing entities?
 - What is the Board's focus? Should it be operational, policy-making or strategic?
 - Does the Board micro-manage, and how may such a tendency be limited?
 - Does the General Manager have sufficient authority to run the organization?
 - How can the relationship between the Board and General Manager be enhanced?
 - Do appointing officials provide sufficient oversight? Are they accountable?
- Composition of the Board
 - Does the selection process for Board members yield the ideal composition?
 - Should there be more uniformity to how members are selected?
 - Does the Board possess the appropriate mix of skills?
 - Is there a sufficient incentive to seek long-term solutions to challenges?
 - Is there sufficient motivation to serve the interests of the system as a whole?
 - What should be the role of the alternate members?
 - Are the compensation arrangements for Board members desirable and/or appropriate?
 - Should formal term lengths and/or limits be introduced?
- Role of the Chair
 - Does the practice of annual rotation undermine WMATA's performance?
 - Does the Chair have appropriate authority over members from other jurisdictions?
 - How should the Board Chair be selected to ensure a regional perspective?
 - What is the appropriate term length for the Chair?
- Decision-Making
 - Does the veto help or hinder consensus-building on the Board?
 - Do Board members sometimes prioritize jurisdictional interests over those of the region? Is this desirable, and if not, how may it be prevented?
 - Are the frequent changes to Board procedures detrimental to the organization?
 - Do Board members participate in formal orientation/ongoing training programs?



Rethinking Public Transportation in Central Maryland

Office of Transportation – Howard County, MD

December 2012

- Consolidated transit services will be branded as the Regional Transportation Agency of Central Maryland (RTA).
- Currently there are 36 different organizations/companies/government agencies which are involved in funding or providing public transportation within Anne Arundel County, Howard County and the city of Laurel.
- Currently there are many redundancies in service and lack of coordination.
- Currently Howard County manages four public transportation programs.
- Currently Anne Arundel County manages seven public transportation services.
- The Central Maryland Transit Corporation (CMTC) has a complex funding structure.
- Goal to create single entity by July 1, 2014 that will be involved in operation public transportation services currently provided by CMRT and First Transit and funded by Anne Arundel County, Howard County, the City of Laurel, the MTA and MDOT.
- This single entity should be a regional public transportation authority.
- At a minimum, the RTA would include public transportation services currently being provided through a contract with CMRT.
- The authority should include other transportation services currently being contracted for throughout Central Maryland.
- Financial savings from consolidation of financial services
- Ability to maximize limited funding.
- Establishment of a strong single voice for transportation issues in Central Maryland.
- Hiring a general manager directly is more efficient than contracting for transportation management services.
- Key Requirements for Creating a Single Entity
 - Real-time financing
 - Establishing a commission
 - Creating By-laws
- Cost savings from the creation of a single entity is projected to be significant.
- The inclusion of paratransit service provided through the Anne Arundel County Department of Aging & Disabilities in the consolidation efforts will achieve a projected \$135,433 in cost savings.
- There are a number of considerations that cannot be ignored prior to and during the creation of a single entity:
 - Response from organizations who could/will be impacted by change
 - The requirement to provide real-time funding
 - The requirement to purchase and/or lease buses
 - The requirement to purchase service vehicles/equipment
 - The requirement to provide start-up funding
 - The requirement to provide housing for administrative activities



- Legislative efforts are interested in securing funding to support transportation projects throughout the state.
- Strong support exists from the state agencies and municipalities funding the current construct to create a new entity that is more efficient and effective.
- Implementation schedule:
 - Five contingent employees will be employed by Howard County on July 1, 2013 and become employees of the RTA of Central Maryland on or around February 1, 2014.
 - The hiring of an accountant and personnel manager should be done prior to July 1, 2014.
- The development of a solitary implementation schedule, regardless of whether the single entity is a regional public transportation authority or a private corporation, eliminates the variable as to what type of single entity will be created.

Local and Regional Funding Mechanisms for Public Transportation

Transit Cooperation Research Program Report 129
2009

Pertinent Findings

- The National Transit Database (NTD) provides a broad profile of what types of local and regional sources of funds are being used by systems of different sizes and by different types of agencies for both capital and operation expenditures.
- Local sources account for the largest single share of total transit investment
- Independent authorities (not services operated by a municipal or county government) are more often empowered to tap larger proportions of directly generated revenue.
- Property taxes are more often a source of revenue for municipal and county systems.
- Fares and earned income are predominantly used to support operations.

- Five major categories of local and regional transit funding
 - Traditional tax and fee-based transit funding sources
 - General revenue
 - Sales taxes
 - Property taxes
 - Contract or purchase-of-service revenues (by schools/universities, etc.)
 - Lease revenues
 - Leasing of physical facilities, such as terminal, station, transfer, or parking facilities.
 - Vehicle fees (title registration, tags, inspection)
 - Advertising revenues
 - Concessions revenues
 - Common business, activity, and related funding sources
 - Employer/payroll taxes
 - Are usually administered by the state revenue agency on behalf of the transit agency.
 - Car rental fees
 - Vehicle lease fees
 - Parking fees
 - Realty transfer taxes/Mortgage recording fees
 - A tax levied on the sale of residential, commercial or industrial properties that increases with the size of the property being sold or transferred.
 - Corporate franchise taxes

TCRP
REPORT 129

TRANSIT
COOPERATIVE
RESEARCH
PROGRAM

**Local and Regional
Funding Mechanisms
for Public Transportation**

Sponsored by
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Transit Administration

TRANSPORTATION RESEARCH BOARD
OF THE NATIONAL ACADEMIES

- A tax levied on the profit and taxable assets of a business or firm.
 - Room/occupancy taxes
 - Also known as a hotel-motel tax
 - Business license fees
 - Utility fees/taxes
 - Income taxes
 - Donations
 - Other business taxes
- Revenue streams from projects
 - Transit-oriented development/Joint development
 - WMATA has collected among the largest amounts of revenue and off-set the largest share of costs through joint development activities
 - Value capture/Beneficiary charges
 - Refers to various mechanisms used to capture either the current or future value created by public investments.
 - Community improvement districts/Community Facilities Districts
 - Impact fees
 - Typically are one-time charges on new development to pay for the construction or expansion of off-site capital improvements that are necessitated by and benefit the new development.
 - Tax-increment financing districts
 - Right-of-way leasing
- New “user” or “market-based” funding sources
 - Tolling (fixed, variable, and dynamic)
 - Congestion pricing
 - Emissions fees
 - VMT fees
- Financing mechanisms
 - General obligation (GO) bonds
 - Private activity bonds (PABs)
 - Tax credit bonds
 - Grant anticipation notes (GANs)
 - Grant anticipation revenue vehicles (GARVEEs)
 - Revenue anticipation notes (RANs)
 - Certificates of participation (COPs)
 - State infrastructure bank (SIB) loans
- Tax and funding sources that are not widely used for transit
 - Motor fuel taxes
 - Income taxes (personal and corporate)
 - “Sin” taxes
 - Road utility fees
 - Airport passenger facility charges
 - Battery tax
 - Excise tax on the sale of batteries, which are commonly used to support battery disposal programs.



9.3 Scan of Transit Organizational Models

The following section provides the results of a scan for different transit organizational models. The scan did not review every conceivable model in existence across the Country, but provides a handful of examples.





State	Transit Property	Website	Type of Agency (See Definition Below)	Number of Transit Routes	Average Daily Ridership	Annual Operating Budget	Former Municipal/County Operation?	Separate Boards from Municipality	Ability to Raise Revenue:	Separate Bonding Authority
AZ	Valley Metro	http://www.valleymetro.org	Public Authority	101 (Bus Only)	Not Available	\$297M	No. Valley Metro did not take over any pre-existing transit service.	Yes. Valley Metro Board Members are representatives of elected officials in the bus company's service area.	No. Valley Metro does not have taxation powers. They are funded through dedicated sales taxes.	Yes. Valley Metro has the ability to issue their own bonds.
CA	SFMTA	http://www.sfmta.com/	Public Authority	66 (Bus Only)	707,459	\$861M	Yes. The SFMTA took over the operations of the San Francisco Department of Parking and Traffic and the San Francisco Municipal Railway.	Yes. SFMTA Board Members are appointed by the Mayor of the City of San Francisco.	Yes. SFMTA can raise revenue through parking and taxi fees.	Yes. The SFMTA has the power to issue bonds.
CA	County Connection	http://countyconnection.com/	Public Authority	62	11,627	\$33M	No. County Connection took over service from AC Trans, another Public Authority.	Yes. County Connection Board members are appointed by various political officials throughout the agencies service area.	No. County Connection does not have taxation powers. They are funded through a dedicated sales tax.	No. County Connection does not have the power to issue bonds. Bonds are issued through the state.
FL	LYNX	http://www.golynx.com	Public Authority	73	93,000	\$114M	No. LYNX did not take over any pre-existing transit service.	Yes. LYNX Board Members are representatives of elected officials in the bus company's service area.	No. LYNX does not have taxation powers. They are funded through contributions from their member counties.	No. LYNX does not have the power to issue bonds. Bonds are issued through the State Infrastructure Bank.
IL	Pace	http://www.pacebus.com/	Public Authority	213	Not Available	\$393M	No. Pace began with the consolidation of former private carriers.	Yes. Pace Board Members are representatives of elected officials in the bus company's service area.	No. Pace does not have taxation powers. Operating funds are provided by Pace's umbrella organization, RTA.	No. Pace does not have the power to issue bonds. The RTA (Its parent company) does have the power to issue bonds.
MD	RTA of Central Maryland	http://www.marylandtransit.org/	Public Authority	15	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
MD	Washington Suburban Transit Commission (WSTC)	N/A	Public Authority	****	****	Not Available	No. WSTC was created to oversee and coordinated the provision of transit services in the Washington Suburbs of Maryland (Montgomery County and Prince George's County)	Yes. WSTC Board Members are representatives of elected officials in the bus company's service area, and are the same as the WMATA board members for Maryland.	Yes. WSTC is allowed to collect an ad valorem transit tax on real estate and real property.	No. WSTC does not have separate bonding ability, but its revenues are used to pay for bonds issued by its constituent counties.
MI	RTA of Southeast Michigan	http://www.semco.org/RTA.aspx	Public Authority*	**	**	**	Yes and No. The RTA of Southeast Michigan was created as an umbrella organization to coordinate service between Detroit Department of Transportation and the Suburban Mobility Authority for Regional Transportation (SMART), Ann Arbor Area Transportation Authority (AAATA), and Detroit Transportation Corporation (DTC).	Yes. RTA Board members are appointed by various political officials throughout the RTA service area.	Yes. The RTA can propose new methods of funding for voter approval.	Yes. The RTA has the power to issue bonds, notes, or other evidence of indebtedness.
NC	Raleigh Transit Authority (CAT)	http://www.raleighnc.gov/transit/	Municipal Department	30	14,000	Not Available	No. CAT assumed operations of a private service operated by the Raleigh Power Company.	Yes. CAT Board members are appointed by various political officials throughout the CAT service area.	Yes. The City of Raleigh has the power to raise revenues.	Yes. The City of Raleigh has the power to issue bonds.
NC	CATS (Charlotte)		Municipal Department	69 (Bus Only)	83,100	Not Available	Yes. CATS took over operation of Charlotte Transit, and it remains a municipal operation.	No. CATS does not have a separate board and is operated as a department of the City.	Yes. The City of Charlotte has the power to raise revenues.	Yes. The City of Charlotte has the power to issue bonds.
NC	Triangle Transit	http://www.triangletransit.org/	Public Authority	23	Not Available	\$25.4M	No. Triangle Transit did not take over any pre-existing transit service.	Yes. Triangle Transit Board members are appointed by various political officials throughout the agencies service area.	No. Triangle Transit does not have taxation powers. They are funded through a dedicated car rental and sales tax.	Yes. Triangle Transit has the ability to issue their own bonds.



State	Transit Property	Website	Type of Agency (See Definition Below)	Number of Transit Routes	Average Daily Ridership	Annual Operating Budget	Former Municipal/County Operation?	Separate Boards from Municipality	Ability to Raise Revenue:	Separate Bonding Authority
NY	MTA Bus Company	http://www.mta.info/nyct	Public Authority	78	400,000	\$678M	Yes. MTA Bus Company took over the privately operated NYCDOT franchise routes operating in Queens, Brooklyn, and the Bronx.	Yes. MTA Bus Co Board members are appointed by various political positions throughout the MTA service area. The board members for MTA Bus are the same as the board members of the MTA (its parent organization).	No. MTA Bus Company does not have taxation powers. Operating funds are provided by the City of New York, as well as through dedicated revenues from New York State and the Federal Government.	No. MTA Bus Company does not have the power to issue bonds. The MTA (its parent company) does have the power to issue bonds.
NY	NICE/MTA Long Island Bus (Nassau County)	http://www.nicebus.com/	Municipal Department	52	99,754	\$120M	No. Long Island Bus began when Nassau County purchased the former private operators in the county, and contracted with the MTA to operate service (until 2011 when Nassau County contracted with Veolia to operate the service, which was rebranded "NICE").	No. NICE does not have a separate board and is operated as a contract through the County Department of Transportation.	Yes. Nassau County has the power to raise revenues.	Yes. Nassau County has the power to issue bonds.
OR	Lane Transit District (LTD)	https://www.ltd.org/	Public Authority	35	30,000 - 45,000	\$57M	Yes. LTD took over a privately operated bus system.	Yes. LTD Board of Directors are appointed by the Governor of Oregon.	Yes. LTD is empowered by state statutes to impose an excise tax on every employer equal to but not more than six tenths of one percent of the wages	Yes. LTD has the power to issue bonds.
TX	Metro (Harris County)	http://www.ridemetro.org/	Public Authority	107 (Bus Only)	Not Available	\$487M	Yes. Houston Metro took over Houston operations from the city of Houston.	Yes. Metro Board members are appointed by various political officials throughout the Metro service area.	No. Metro does not have taxation powers. They are funded through dedicated sales taxes.	Yes. Metro has the ability to issue their own bonds.
VA	Potomac Rappahannock Transportation Commission	http://www.prtcstransit.org/index.html	Public Authority	13 (Bus Only)	13,000	\$100M	Yes. PRTC assumed operations of COMMUTERRIDE bus service from Prince William County.	Yes. PRTC Commissioners are representatives of elected officials in the bus company's service area.	No. PRTC does not have taxation powers. They are funded through dedicated state taxes.	No. PRTC does not have the power to issue bonds.
VA	Greater Richmond Transit Company (GRTC)	http://www.ridegrtc.com/	Public Authority***	71	34,502	\$44M	No. GRTC assumed the operations of a private service operated by the Virginia Transit Company.	Yes. GRTC Board members are appointed by various political officials throughout the GRTC service area.	No. GRTC does not have taxation powers.	No. GRTC does not have the power to issue bonds. Bonds are issued through the Virginia Resources Authority.
VA	Fairfax Connector	http://www.fairfaxcounty.gov/connector/	Municipal Department	85(Bus Only)	37,614+	\$86M+	No, Fairfax County began offering this service, and continues to operate the service today. Operations are contracted out, but the County oversees the service.	Yes. The Connector Board members are appointed by Fairfax elected officials.	Yes, Fairfax County has the power to raise revenues.	Yes, Fairfax County has the power to issue bonds.

Public Authority: A "Public Authority" is a public entity separated from the municipal government. This could include a Public Benefit Corporation, a separately chartered Authority or Commission, a transit district or any non-municipal government entity.

Municipal Department: "Municipal Department" is a transit operation managed by a department of the local municipality (such as the department of transportation).

*The Central Maryland RTA has only the powers granted to it by the appointing jurisdictions and is not a municipal corporation. It has no power to tax or raise funds.

** This agency recently began operating and has not begun to operate service.

*** GRTC is a public service company owned by the City of Richmond and neighboring Chesterfield County

**** WSTC does not operate any transit service and is a taxing entity that passes funding on to transit providers

+ FY 2013 numbers from website



9.4 Other Agency Data

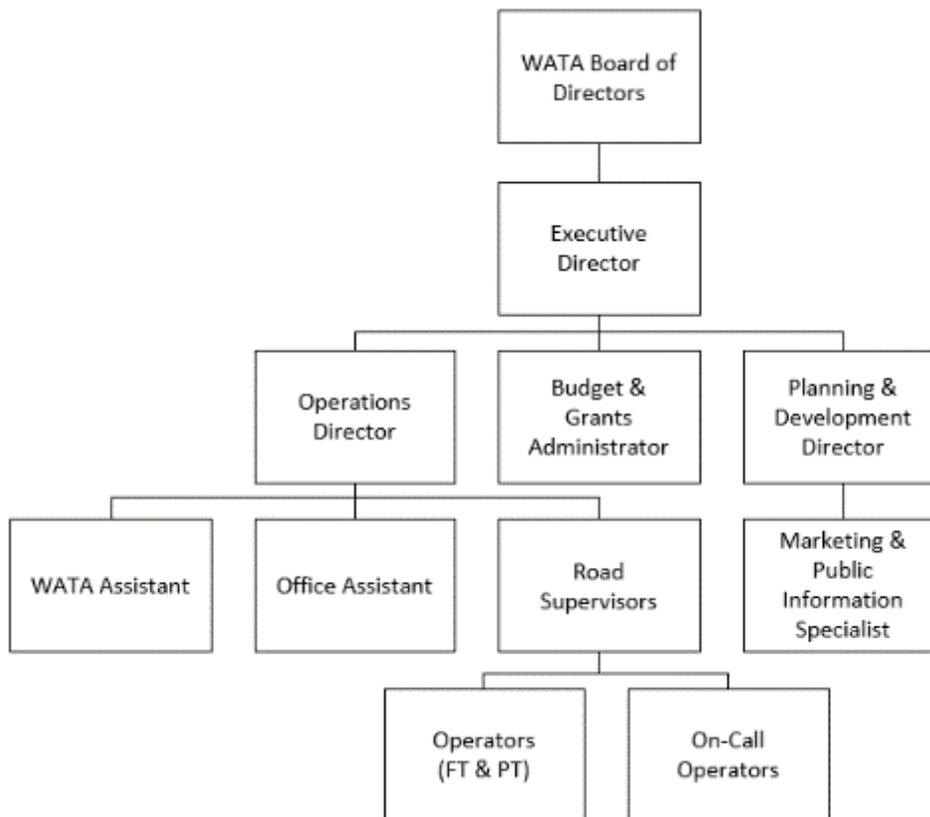
Williamsburg Area Transit Authority

Williamsburg, VA

Operator of *Williamsburg Area Transport (WAT)* fixed route public transportation bus service in the Williamsburg area of Virginia.

Williamsburg Area Transit Authority developed from the James City County Transit Company, which was created in 1980 to provide public transportation to James City County residents. In March 2006, the Virginia state General Assembly granted permission to form a Regional Transit Authority between James City County (JCC), York County, the City of Williamsburg, the College of William and Mary (W&M), and the Colonial Williamsburg Foundation (CWF). Transition from a division of the James City County local government to an independent joint entity providing public transportation services occurred between 2006 and 2008. On August 28, 2008, the Williamsburg Area Transit Authority (WATA) was established.

Organizational Structure:





- Board of Directors has five members. Each Director is nominated by their respective jurisdiction/organization.
 - Two Directors from James City County
 - One Director from York County
 - One Director from the City of Williamsburg
 - One Director from the Colonial Williamsburg Foundation
- The Executive Director is appointed by the Board and has direct supervision of all employees.
- WATA employees are non-unionized.

Funding Sources for Operation and Maintenance (FY 2015):

Local contributions – 27%

Federal assistance (includes FTA Section 5303, 5304, 5307, and 5311, CMAQ, and ARRA funds for preventive maintenance and operations) – 14%

Fare box revenues – 12%

State assistance (includes State Operating Assistance and New transit service starts) – 11%

Other miscellaneous revenue sources (e.g., fuel rebates and advertising) – 36%

Funding Sources for Fleet Replacement and Expansion (FY 2015):

Federal – 80%

State – 10%

Local – 10%

Funding Sources for Facilities, Equipment, and Other Capital Improvements:

Federal – 79.9%

State – 9.9%

Local – 10.2%

- The WATA has a separate financial plan for fleet replacement and expansion, and other capital improvements.
- Capital Improvement includes construction of new Bus O&M Facility, bike rack replacements, and bus top signage replacement.



Capital District Transit Authority (CDTA)

Albany, NY

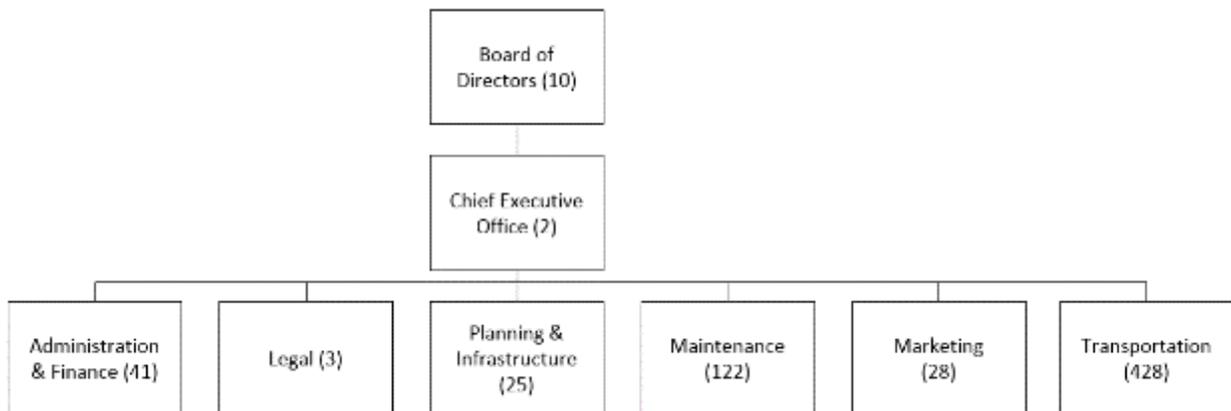
Operator of the *iRide* fixed route public transportation bus service in Albany, New York.

The CDTA deploys local route, commuter, express and bus rapid transit services. They operate a service area over 2,300 square miles with a population of nearly 800,000. More than 50% of the population lives within ¼ mile of bus service. The fleet consists of more than 300 revenue and non-revenue vehicles, operating more than 60 routes and traveling nearly 8 million miles annually.

The Capital District Transportation Authority was formed by the New York State legislature in 1970. The Authority was created after several private transit companies were near bankruptcy in the late 1960s. The Authority purchased the firms' assets or assumed their services, including the United Traction Company, the Schenectady Transit System, the Troy Fifth Avenue Bus Company, the Albany-Brookview-Castleton Bus Company, Mountainview Bus Company, and the L. C. Smith Bus Company.

Organizational Structure:

Board of Directors, Executive Office, Finance & Administration Department, Legal Department, Planning & Infrastructure Department, Maintenance Department, Marketing Department, Transportation Department.



- 650 employees, working in one of the six departments (Each department is split into functional areas with the appropriate management structure).
- CDTA bus operators, dispatchers, and supervisory staff are organized in Local 1321 of the Amalgamated Transit Union (ATU).
- The Authority is governed by a 10-member Board of Directors (1 member is non-voting).
 - 3 Board seats from Albany County
 - 2 seats each from Rensselaer, Saratoga and Schenectady counties.
 - The non-voting member is appointed and confirmed in the same manner as the other members.
- Members are appointed by the governor and confirmed by the New York State Senate.



Funding Sources (FY 2015):

Federal Operating Assistance – 12%
State Operating Assistance – 41%
County Operating Assistance – 3%
Customer Revenue – 23%
Mortgage Recording Tax – 13%
Facilities Revenue – 4%
Transfer from Operating Account – 3%
Other – 1%

- Government Assistance includes federal and state grant funds.
- Mortgage Recording Tax revenues have slowed in recent months keeping budget expectation for FY 2015 at FY 2014 levels.
- Most Significant financial issue is to grow revenue.
- Government sources like State Operating Assistance and Federal Section 5307 funding have not had significant growth since FY 2009.
- which was created under
- The Mortgage Recording Tax (MRT) is a state tax levied on real estate transactions. All of upstate New York's authorities receive this revenue and it serves as a locally dedicated funding source. This tax was created when the state's transit authorities were formed in the late 1960s and early 1970s. The tax rate is .25% of the value of mortgages recorded in the counties which are members of the Authority (with a \$25 tax reduction for single and two family homes).
- The Authority has been successful in negotiating contracts with major employers and educational institutions that provide access to the system at fixed rates, creating an increase in expense recovery from operations and increased ridership throughout the system.
- 25% of ridership comes from the *Universal Access Program*, which allows the business community to purchase fares in bulk.
- Fuel, employee wages and benefits (including postemployment healthcare benefits) are the biggest expenses.



Central New York Regional Transportation Authority (CNYRTA)

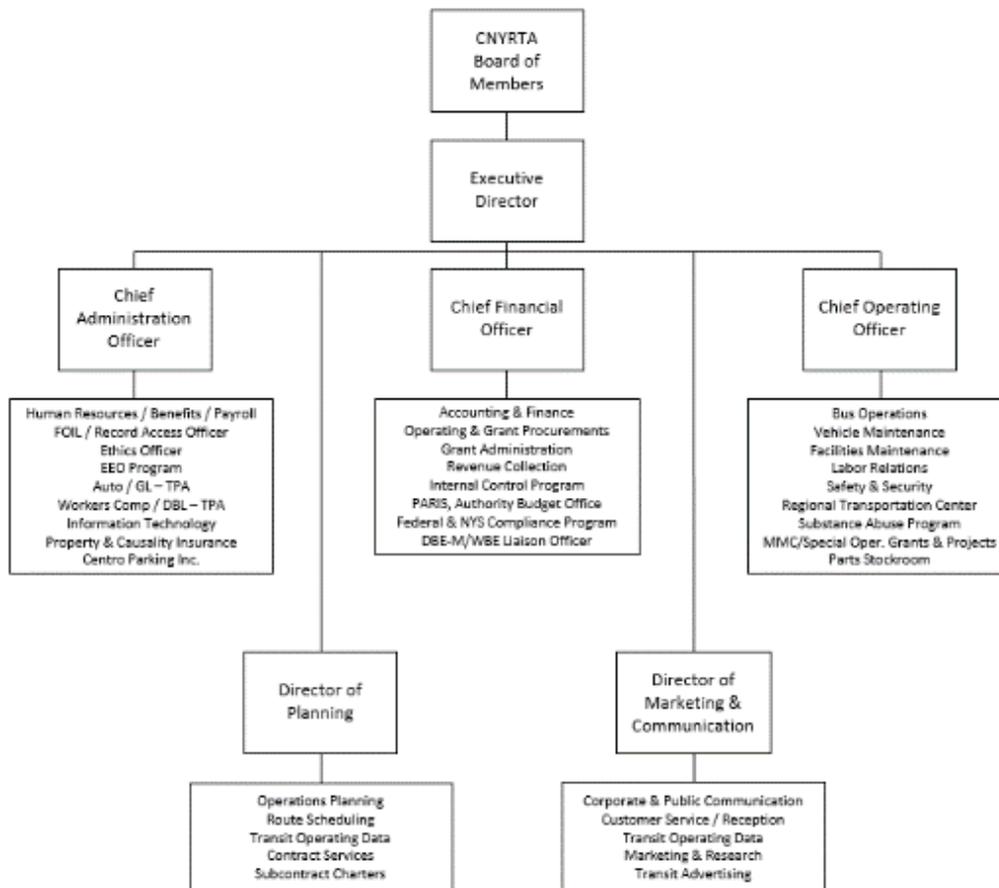
Syracuse, NY and surrounding area

Operator of the *CENTRO* fixed route public transportation bus service in the Syracuse area of central New York State.

The CNYRTA is the public mass transportation provider in the Central New York region. The fleet consists of more than 234 buses. The Authority owns and operates the William F. Walsh Regional Transportation Center in Syracuse and manages three parking garages and various surface lots for SUNY Upstate Medical University, under its subsidiary Centro Parking. The Authority provides over 2,500 bus trips each normal weekday in regular route service.

The Authority was formed in 1970 by the New York State Legislature when private bus companies offering public transportation services in the Greater Syracuse area went bankrupt or shut down in the 1960s. Publicly operated bus service began in the Syracuse area in January 1972. The Authority is considered, by New York law, a governmental entity created for public benefit.

Organizational Structure:



- 619 Employees, 545 Full-time (Projected 2015, including all subsidiaries)



- The Authority is governed by a 12-member Board of Members (13th member is non-voting).
- Members are appointed by the governor and confirmed by the New York State Senate.
- Officers of the board (Chairperson, Vice-chairperson, Secretary, and Treasurer) are elected by the Board of Members.
- Members are not compensated.

Funding Sources (FY 2015):

Government Assistance (Local, State and Federal) – 64%
Operating Revenue (Passenger service, advertising) – 27%
Mortgage Tax Revenue – 9%

- The New York Statewide Transit Operating Assistance (STOA) increased for FY 2015.
- The STOA makes up about 45% of the CNYRTA's operating budget, and is determined on a year-to-year basis. The amount is not known until the state budget is passed and signed into law by the Governor.
- There is no long-term operating plan by New York State that the Authority can use for future revenue planning.
- The Mortgage Recording Tax (MRT) is a state tax levied on real estate transactions. All of upstate New York's authorities receive this revenue and it serves as a locally dedicated funding source. This tax was created when the state's transit authorities were formed in the late 1960s and early 1970s. The tax rate is .25% of the value of mortgages recorded in the counties which are members of the Authority (with a \$25 tax reduction for single and two family homes).
- Mortgage Recording Tax is not fixed and has steadily declined during the latter half of FY 2014.
- The Mortgage Recording Tax is the only transit funding dedicated at the local level.
- A general fund balance has been established to buffer any year's budget against budgetary risks, protecting service and fares from sudden adverse changes in revenue streams and/or expenses.
- Maintenance and employee wages are the biggest expenses.

Capital Project Funding:

Federal grant programs through the Federal Transit Administration (FTA) – 80%
New York State Department of Transportation (NYSDOT) – 10%
CNYRTA (funded from mortgage tax revenues) – 10%

