Regional Organizational Models for Public Transportation

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Final Report

Submitted By:

Booz | Allen | Hamilton

in association with

Paul N. Bay,
Transportation Consultant

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Yonel Grant
Cyndy Pollan
Tagan Blake

Booz | Allen | Hamilton
San Francisco, California

in association with

Paul N. Bay
Transportation Consultant

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The work was guided by a technical working group with representatives from transit agencies, metropolitan planning organizations, a state department of transportation, private consulting organizations, and the American Public Transportation Association.

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Section 1 Executive Summary

Over the last five decades, population growth and travel demand patterns have fueled the need for transit services in suburban and rural areas and across jurisdictional boundaries. In many cases, and for a variety of reasons, these trips had not previously been served by public transit agencies. In some cases, transit agencies lacked the fiscal resources to meet these needs. In other cases, there was simply no compelling need for local governments to provide transit services.

Despite continuing challenges to meet mobility needs, transit agencies and governments are responding to travel demand, service coordination needs and funding shortfalls. In the process, new governance models have been created to better address regional transit planning and operating needs. This study examines the processes of governance transformation that have been employed to respond to the opportunities for and challenges to providing regional public transportation.

The research and the experience of the consulting team identified five governance models that are in place among U.S. transit agencies, agencies that are examples of each model, and the processes that transit agencies use to effect change in their governance structures. These transformations generally follow three steps: 1) recognizing the need to change, 2) analyzing available mechanisms for change, and 3) effecting governance changes.

Case studies of eight regions of various sizes and providing geographic diversity across the U.S. provide further insights into the impetus for governance transformation, the direction of the changes being implemented, and the mechanism(s) for change, as well as accomplishments, lessons learned and ongoing challenges. The regions included in the governance case studies are centered on the following cities: Syracuse NY, Charlotte NC, Tallahassee FL, St. Louis MO, Davenport IA, Austin TX, Santa Fe, NM, and San Diego CA. Five categories of organizational models were documented by the case studies, based on the combination of the specific reasons or needs for governance change (e.g., service expansion or coordination) and the locally preferred mechanism for implementing change (e.g., by statute or by local agreement)

A primary objective of the study was to identify effective regional organizational models that could be used elsewhere in the country. However, in the course of the study, it became apparent that models are not directly or easily transferrable, and that governance choices must be tailored to a region's specific needs and characteristics. The case studies also suggest seven strategies for successful organizational transformation for public transportation:

1. Every region is unique and precise governance choices for public transportation must fit the region.
2. It is important to recognize and capitalize on windows of opportunity for governance change.
3. Governance and financing for public transportation are so closely inter-related, they must be addressed together.
4. Governance change takes time and is never static.
5. Leadership and champions are critical to change in public transportation governance.

6. Advocacy groups and individuals can be extremely helpful.
7. Good working relationships with other public agencies are critical to successful organizational transformation in public transportation.

Section 2 Introduction

2.1 Project Scope and Purpose

Most public transit agencies in the United States were created as a result of a public assumption of transit operations from privately owned transit companies that were no longer able to make a profit from the services provided. Some public takeovers occurred early in the 20th century, particularly in large northeastern cities, and in Chicago and in San Francisco, as a way to ensure services and influence city development. However, the vast majority of publicly owned transit agencies now existing in the urban areas of the South, Midwest and West were created during the 1960s and 1970s, as private transit companies were failing and abandoning service, and as demands for transit service increased in new urban and suburban markets not previously served by transit.

Over the course of the last four decades, population growth in suburban and exurban areas of the United States has continued to fuel transit demand in locations not being served by public transit agencies. During this period, the expansion of metropolitan areas has induced increasing numbers of people to travel every day across city and county boundaries to get to work, go to school, seek services, and shop. While the United States has experienced increasing economic integration within those metropolitan regions, public transit agencies have not always kept pace with the challenges and opportunities presented by the growth in regional travel. In some areas, this occurred because transit agencies lacked the fiscal resources and/or local government leaders saw no compelling need to provide transit services beyond existing service boundaries, or in some cases, to provide them at all. In many cases, funding was not readily available to support new or expanded transit services. In some metropolitan regions, more than one transit agency developed, often because municipal transit agencies provided service only within their own city boundaries, creating a pressing need to coordinate the services of multiple transit providers in those regions. The needs for transit funding and governance changes have continued to challenge transit agencies and elected officials alike, and have often limited their ability to meet regional travel needs.

The goal of this study was to examine processes of governance transformation in public transportation in responding to these opportunities and challenges. Across the country and in many regions around the world, governments at various levels have responded to travel demand, need for service coordination, and funding shortfalls by making provisions to expand public transit service to new areas through a variety of approaches. Some have also created regional governance models to better address public transportation planning and operations at the regional level.

Imagine for a moment that there are six common steps to achieve a successful change of governance for a transit system and one is procuring a "how to" guide for this purpose. One of the objectives of this work was to develop a conceptual roadmap for a transit agency to learn from others and take the steps to achieve governance change.

Key tasks in the project included:

- *A brief and targeted literature review*
- *Identification of core governance models among U.S. transit systems*
- *Case studies of eight transit systems of different sizes, in different parts of the country*
- *Identification of potentially effective governance models and strategies for transformation.*

A working group comprised of representatives from TRB, FTA and a half dozen volunteers representing both transit agencies and metropolitan planning organizations oversaw the effort.

2.2 Literature Review Summary

While the academic and professional literature covers existing models of regional public transportation governance in good detail, it devotes little attention to transformation models to achieve more regional functions.

The project team reviewed the statutes regulating the creation and operation of transit authorities in six of the most populated states, and found considerable variation in the legal government authorities. The laws vary with respect to the role of the state in control and supervision, flexibility in establishing structures and organizations for transit authorities, specificity of requirements for transit agency governance, availability of funding, and many other factors.

Several studies compared U.S. governance models from the perspectives of centralized versus decentralized approaches, general purpose versus special purpose governance structures, and regional versus local government models. The project team also reviewed European and other international studies. Although the literature review revealed only partial examinations of transit governance change processes, it does provide illustrative examples of both complete and incomplete governance transformations that have taken place in transit:

- One case study involved a state (Vermont) considering the creation of a new state level transit agency

- One source noted that creating and extending special jurisdictions appear to be less controversial than extending a general purpose governance structure. Such strategies have become popular in the past three decades and are not as politically problematic as creation of metropolitan governments through consolidation or annexation.

- Special purpose regional transit authorities, such as those in San Diego and Detroit, have been the subject of focused legislation in states around the country.

A bibliography of the 30 sources reviewed as part of the study is presented in Section 6 of the report.

2.3 Core Public Transportation Governance Models

A review of the relevant literature coupled with the consultants' experience with transit governance nationally suggests that there are five main governance models currently in place in the United States:

- *State transit agencies*
- *General purpose transit authorities*
- *Special purpose regional transit authorities*
- *Municipal transit agencies*
- *Joint exercise of powers or joint powers authorities.*

This classification of transit authorities elaborates on the model presented in *TCRP Report 129: Local and Regional Funding Mechanisms for Public Transportation* (2009), which names three main governance models: independent authorities, municipal transit systems, and state authorities. The five models described here are distinguished by their specific authorities for creation. For instance, the municipal transit agency governance model is enabled through existing local government powers, whereas a special purpose regional transit authority is created by a special act of a state legislature.

Figure 1 summarizes the five governance models identified, including the authorities for creation, and provides several agency examples of each. This information has been garnered from the literature review and from the consultant team's research and experience.

Figure 1: Transit Governance Models

Governance Model	Authority for Creation	Examples
State Transit Agency	State powers	▸ Maryland ▸ Massachusetts ▸ New Jersey ▸ Rhode Island
General Purpose Transit Authority or District	General state law or enabling statutes, coupled with local initiative	▸ 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)	▸ 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	▸ Honolulu Transit (City of Honolulu) ▸ CATS (Charlotte, NC) ▸ City of Phoenix Public Transit Department

Governance Model	Authority for Creation	Examples
		‣ SFMuni – City and County of San Francisco ‣ King County (WA) Metro
Joint Exercise of Powers or Joint Powers Authority	Local arrangements	‣ JPB/Caltrain (Santa Clara, San Mateo, San Francisco Counties) ‣ Trinity Railway Express (DART and Fort Worth Transit) ‣ Virginia Railway Express (Northern Virginia and Potomac and Rappahannock Transportation Commissions

In summary:

1. State transit agency – A transit agency created by a state government, with transit operations owned, funded and managed by the state. Examples include New Jersey Transit (NJT), Massachusetts Bay Transportation Authority (MBTA), Rhode Island Public Transit Authority (RIPTA), and the Maryland Transit Administration (MTA).

2. General purpose transit authority or district – A transit authority, usually with an accompanying funding mechanism, created through the joint approval of leaders and voters in multiple local jurisdictions under state law. In this case, the state law allows the establishment of a “general purpose” authority, separate from local government, by local action. Examples include the Public Transit Benefit Areas of Washington State; the Ohio transit authorities in Cleveland, Akron, Toledo, Columbus and Cincinnati; the individual county transit districts in Florida; and the recently-created New Mexico general purpose regional transit authorities (which have enabled Regional Transit Districts in the North Central New Mexico, Albuquerque, and Las Cruces regions).

3. Special purpose regional transit authority or district – Created by a special act of the state legislature, and applying only to a specific, single region of the state. Examples include the Washington Metropolitan Area Transportation Authority (WMATA, which required actions by two state legislatures, Congress and the District of Columbia), the Bay Area Rapid Transit District (BART), the Regional Transit District (RTD) in Denver, the Regional Transportation Authority (RTA) for the Chicago region, including the “service boards” for the Chicago Transit Authority (CTA), Metra and Pace, and TransLink in Vancouver, British Columbia. This is the most common transit governance model for larger urban areas.

4. Municipal transit agency – Assumption of transit services by an existing local government, without special state legislation, as one part of its municipal functions. Examples include Honolulu, Santa Fe, Charlotte, and the many municipal operators in the Los Angeles and Phoenix regions. This is the most common governance model, particularly among small transit agencies and in small and mid-sized urban areas.

5. Joint exercise of powers or joint powers authority – Agreements between two or more existing local governments to create a new transit agency by jointly exercising the powers they each have to build or operate transit. Examples include Caltrain, the commuter rail operator created by Santa Clara, San Mateo and San Francisco Counties; the construction and operation of Trinity Railway Express (TRE) by two Texas transit authorities, Dallas Area

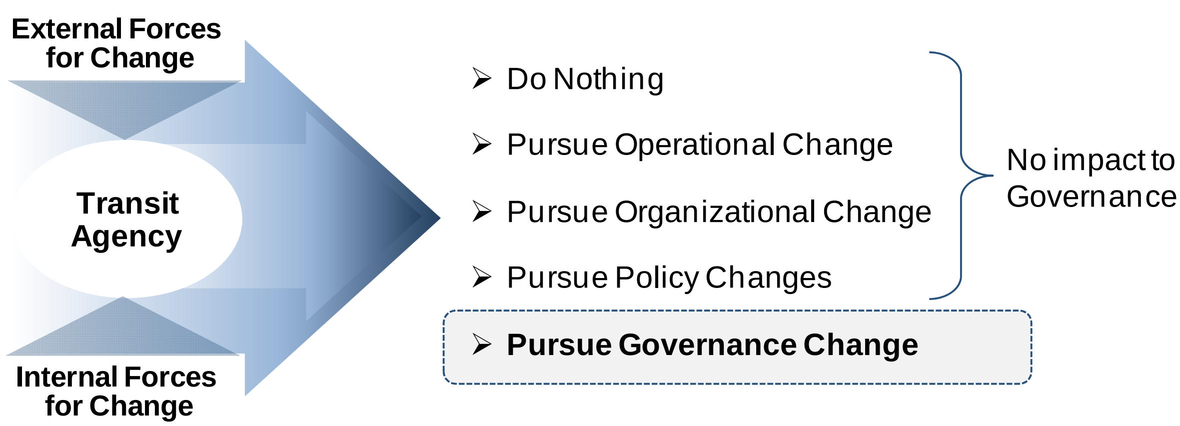
Rapid Transit (DART) and Fort Worth Transit; and the operation of Virginia Railway Express (VRE) commuter rail, a joint project of the Northern Virginia Transportation Commission and the Potomac and Rappahannock Transportation Commission.

Section 3 Transit Agency Transformation

3.1 Processes for Transit Agency Transformation

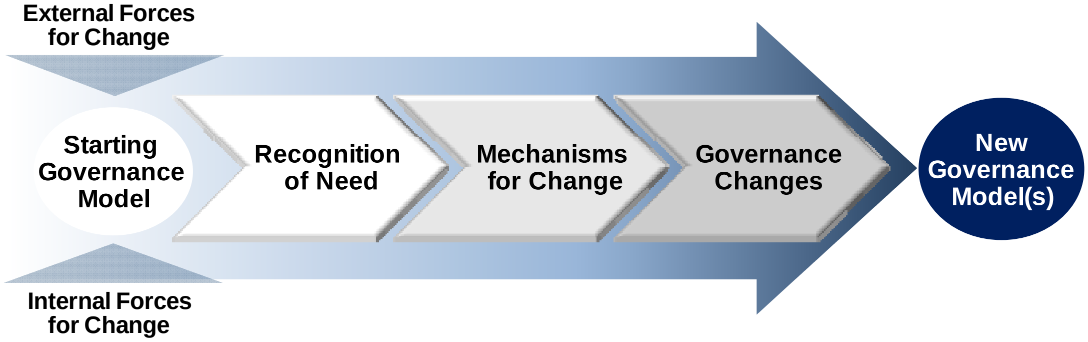
Transit agencies are affected by forces for change, both internally (such as operations and organizational policies) and externally (such as funding constraints, physical boundaries, and customers' service needs). Transit agencies more typically react (when they react) by making changes to their operations, organizations, or policies (Figure 2). Because governance changes often require legislative changes, pursuing a change in the governance model for public transportation is uncommon, but it is the type of change that this study addresses.

Figure 2: Transit Agencies' Options for Implementing Change



The conceptual steps that govern the transformation of a particular governance model are illustrated in the framework for governance change in Figure 3. By using an existing governance model as a starting point, it is possible to define three logical stages of progression: first, recognizing the need (to change), second, analyzing the available mechanisms to change governance, and third, effecting the governance change.

Figure 3: Initial Framework for Governance Change



1. Recognizing the Need to Change

   Recognizing the need for a governance change and taking the initiative to start the process constitute the first step in the framework. Can the desired changes be reached without a governance change? If so, alternate approaches are likelier paths of least resistance. Key stakeholders may realize that the answer is "no" and thus pursuing governance change is the only option.

   The reasons behind the need to change, which may include a combination of travel demand, service coordination, and funding challenges, help explain the vision of the outcome, including the specific governance model sought by the stakeholders, the government levels at which action is pursued, and the type and scope of the action. All of these factors are important in the selection of a new governance model and explain the variation in paths to transformation that have been chosen by different regions in the United States.

   A governance structure put in place decades earlier may be unable to adapt to needs created by changes in demographics, land use patterns, commute work patterns, or elected leadership and attitudes towards transit. Three examples illustrate key reasons for governance change: service area expansion, coordination of transit services across multiple operators, and adaptation to changing travel demand.

2. Analyzing Available Mechanisms for Change

   The second step in the framework is knowing what options exist. How many mechanisms for change are there?

   There may be federal, state, or a variety of local governments participating in the transformation process. Federal involvement is usually the most removed, but enters the picture when governance crosses state lines, as in the St. Louis and Washington DC regions. Federal impacts on transit governance may also come in the form of funding incentives or rules tied to funding.

   State laws affect the formation of subunits of government, such as transit agencies, as well as their powers and the rules and regulations governing them. As a result, state legislatures may have substantial influence on transit agencies and a considerable ability to transform their governance models. At the same time, however, these same legislative bodies may not see the provision of transit service as a state responsibility.

Transit agencies commonly have annual legislative agendas and positions on bills pending in their legislatures, and from year to year may take specific issues to the legislature for resolution. However, major legislative initiatives impacting transit governance are rare. Local agencies typically act within the scope of their powers under general enabling acts or their own special statutes.

Transformation processes can also vary in scope. In some cases, transit agencies are attempting to merge their entire organizations while in others, they are cooperating only in a specific geography, mode, or function. The scope of these changes is likely to impact governance transformation. Finally, it is important to understand whether the transformation is driven by local initiative or by external factors.

3. Effecting Governance Changes

The last step in the framework is implementation of the governance change. It is assumed that the end result will be either a completely new governance model or a modification of the existing governance model.

The earlier discussion identified five main governance models in the U.S. It is expected that under a major governance change, a transit agency might move from one to another of the five governance models (e.g., from a municipal transit agency to a special purpose regional transit authority). A transit agency may also in effect reach a hybrid result, retaining the same basic governance model (e.g., a municipal transit authority) but overlaying a new governance structure.

One critical aspect of this last step is assessing the degree to which governance change is actually implemented. The length of time it takes to effect governance change, turnover in key stakeholders participating in the political process, and the challenging nature of funding allocation are three reasons why governance change may be started, but not go the full distance.

A series of case studies investigated this framework for governance change, and identified governance models and strategies for success in eight regions.

3.2 Regions for Case Studies

Using Census data[1] on metropolitan areas in the United States, a three-tier structure of regions was developed for analysis:

- Tier 1: Regions of 2 million population or more (26 regions).
  Large regions most commonly pursue change in governance to improve coordination of multiple transit providers

- Tier 2: Regions between 2 million and 500,000 population (75 regions).
  Medium-size regions most commonly pursue change in governance associated with

[1] This analysis was completed before 2010 Census data were available. It relied on the Census Bureau's 2005 population estimates, updated from 2000 Census data.

expansion of transit service to rapidly growing suburbs, but some also address coordination among multiple transit agencies.

- Tier 3: Regions between 500,000 and 100,000 population (241 regions). Small regions typically have a single transit agency, usually associated with a central city, and are facing challenges to get transit service to the rest of the growing region. Main issues include the expansion of existing service coverage and the creation of a new agency.

The project working group agreed to this three-tier structure of regions, but recommended a focus on the upper end of Tier 3 (e.g., 200,000 to 500,000 population) where more governance change issues are likely to occur. The following criteria were established for selection of candidate transit agencies as case studies:

- Previous successful governance change (in the last 15 years). Examples included regions that have successfully transformed from one or more municipal bus services to a single region-wide transit authority. Examples also included regions that have successfully combined transit agencies, often with overlapping jurisdictions, either 1) into a single regional transit entity or 2) by using an institutional or governance strategy to effectively coordinate the services of two or more transit agencies.

- Agencies or regions that are seeking transformation, but to date, have not been successful.

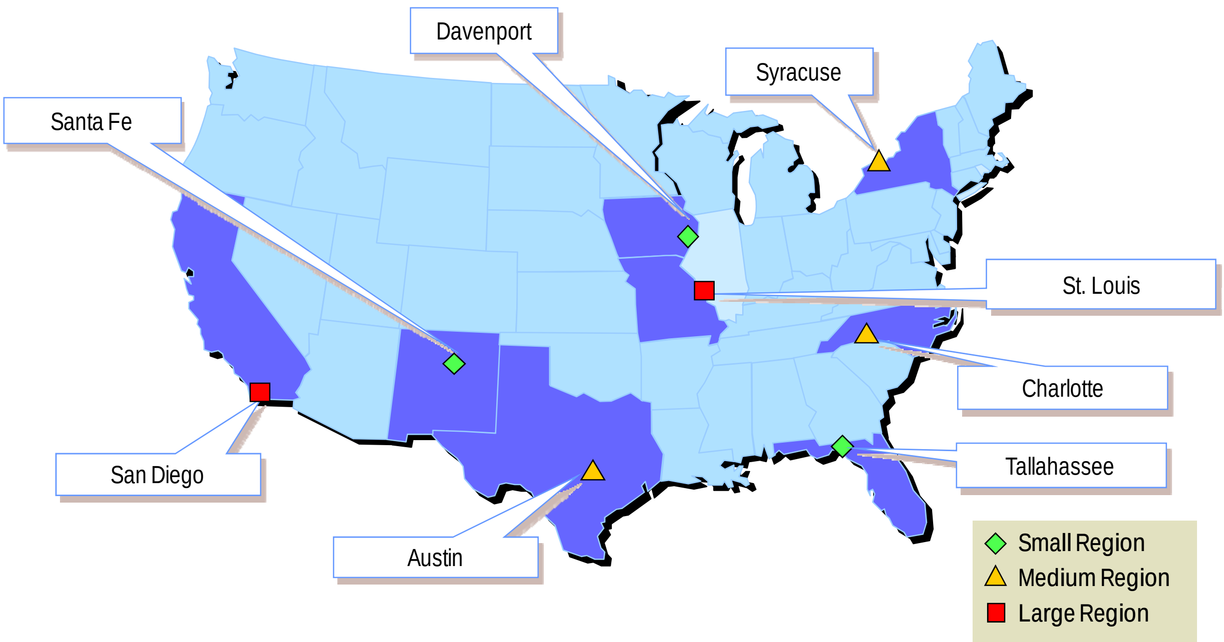
Eight case studies were selected. In each case only the largest city and state are listed. In reality, the true extent of the "region" for the case studies almost always included a broader area than the city limits. For instance for Santa Fe, the region of interest extended to North Central New Mexico. Depending on the situation, the region included other towns and cities, a greater proportion of the county and other counties (either in the same state or across state lines). Regions selected for the case studies included:

Large Regions: San Diego CA and St. Louis MO. San Diego provides an example of success in regional governance (regional planning, fare policy, marketing, coordination of operations of multiple operators); St. Louis is a successful regional transit authority serving several counties in two states. The choice of one region on the Pacific coast and one in the Midwest provides geographic balance.

Medium Regions: Charlotte, NC, Syracuse NY, and Austin TX. Syracuse is an example of successful governance change (illustrating the merger of transit operations in two municipalities); and Charlotte is an example of step-wise governance change from a municipal transit agency toward a region-wide transit agency. Austin is a region still seeking solutions to serve suburban growth patterns.

Small Regions: Santa Fe NM, Davenport IA, and Tallahassee FL. Santa Fe has made a successful governance change resulting in centralized services in a growing region. Davenport has achieved some coordination among multiple transit agencies, and explored consolidation of agencies, but is challenged by the need for agreement between two states and several local governments. Tallahassee is an example of a Florida single-county transit agency that has not yet experienced growth beyond its boundaries, but is likely to face that in the near future because it is the capital of a large and growing state. All three regions are in the upper range of the population size for small regions and provide geographic diversity (West, Midwest, and South).

Figure 4: Case Studies for Governance



3.3 Impetus for Public Transportation Governance Change and Direction of Change

The impetuses for change identified during the early part of the study were, for the most part, confirmed in the case study interviews. Findings for the direction of change are revealing particularly when it comes to pursuing special agreements and some agencies' efforts to create governance overlays for service. Summary findings from the case studies are presented in Figure 5.

Figure 5: Change Impetus and Direction, by Region Size

Region Size	Small	Medium	Large
Impetus for Change	‣ Insufficient coordination of service (Davenport) ‣ Expansion of service (Santa Fe, Tallahassee)	‣ Expansion of service area (Austin, Charlotte) ‣ Service consolidation (Syracuse)	‣ Insufficient coordination of municipal entities (San Diego) ‣ Expansion of service area (St Louis)

Region Size	Small	Medium	Large
Direction of Change	▸ Steps toward coordination (Davenport) ▸ Added overlay / establish General Purpose RTA (Santa Fe) ▸ Steps toward special purpose RTA (Tallahassee)	▸ Possible overlay? (Austin) ▸ Possible special purpose RTA (Charlotte) ▸ Addition of one county to RTA (Syracuse)	▸ Special agreements for service delivery (San Diego) ▸ Additional funding (St. Louis)

Summary interview results are provided in Appendix A. For each region, individuals influential in regional efforts to effect governance change were interviewed at length. They usually included executive leadership at the MPO and at the transit agency(ies), and in some cases elected officials and other advocates of change. In all cases, these persons were promised confidentiality in exchange for candidly sharing their views.

Documenting any one of these case studies in full would be lengthy. Given the purpose of this summary, each case study was deliberately kept to less than one page and focused to address the key questions below:

- *Impetus for change* – What was the “spark” or reason for desiring a governance change in public transportation?
- *Direction of governance change* – What governance models is the region is moving from and towards?
- *Mechanism for change* – Was legislative change required? Were other processes involved?
- *Accomplishments* – What are the key accomplishments to date?
- *Lessons learned* – What important lessons have been learned?
- *Ongoing challenges* – What are the ongoing challenges, particularly if the governance change has not been successful or has not been fully implemented?

Section 4 Findings

4.1 Effective Regional Public Transportation Organization Models

One of the primary purposes envisioned by APTA in this TCRP project was to identify effective regional organizational models that could be used by regions throughout the country. Increasingly, there has been a need to expand transit services beyond the boundaries of an existing agency, or to coordinate services among multiple transit providers. Leaders in those regions have a desire to know what models of organizational and governance change could provide guidance to them. This project flowed from that desire.

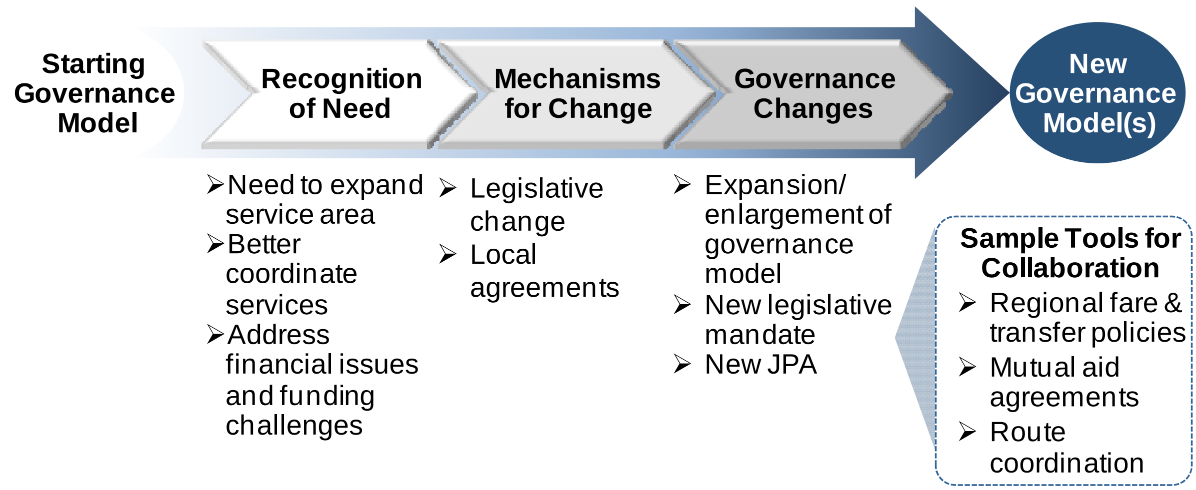
However, in the course of the research and interviews, it has become increasingly clear to the research team that models are not directly or easily transferable. Every region is unique, and governance choices must fit in the unique political, legal, cultural and historical context of that region.

So, while this section provides some examples of effective regional organizations, and some examples of governance changes that have worked, it is important to stress that they can only be considered models in the most general sense. *Governance solutions must always be tailored to the specific needs and characteristics of a specific region.* Thus, the next section of this report (4.2 Strategies for Successful Organization Transformation), which discusses lessons learned about strategies for successful organization transformation, is perhaps even more important than the examples of Effective Regional Public Transportation Organization Models provided in this section.

Model Categories

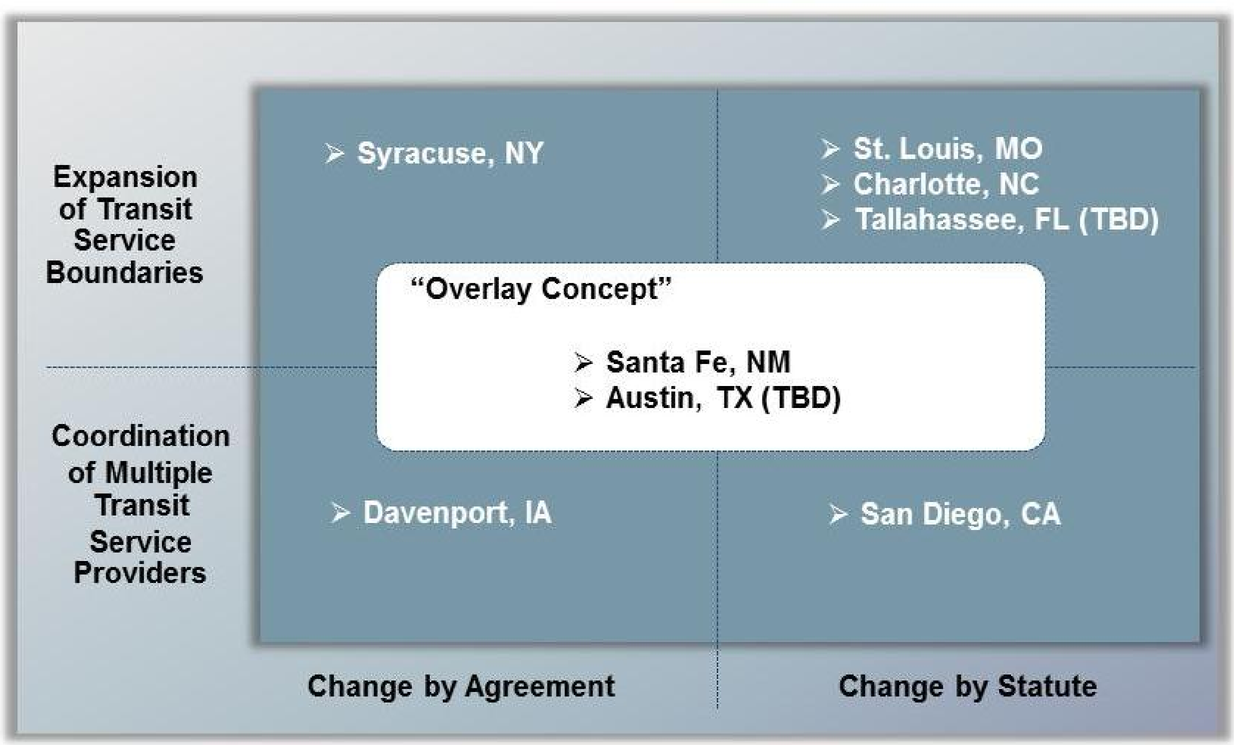
The needs for or causes of governance change and the change mechanism best suited for a particular region tend to determine the organizational model that should apply, as shown in Figure 6.

Figure 6: Framework for Governance Change



The case studies documented four basic organization models, based on the combination of specific *need for governance change* and the locally preferred *mechanism for change.* A fifth model was also identified as a result of the case studies. This model is multi-dimensional in that it combines aspects of both of the reasons for governance change and both of the mechanisms for change. This model is a hybrid of the four model categories and we have designated it an "overlay concept," because it "overlays" aspects of each of the other four models. The four main categories and the overlay concept are illustrated in Figure 7 below, along with the case studies that apply to each.

Figure 7: Matrix of Models



At the time the case studies were conducted, in October 2010, Tallahassee, FL and Austin, TX were actively pursuing governance change. It appeared that change in Tallahassee would be accomplished by statutory change to allow expansion of service boundaries, and that Austin would employ an overlay approach, incorporating elements of all four models. Because the situations in those two regions were still evolving, they are shown as TBD (to be determined) in Exhibit 7.

Each model, and examples from the case studies showing how that model was applied in those regions, is briefly described below.

1. Expansion of transit service boundaries by statutory change. Under this model, the expansion of transit services beyond the boundaries of an existing transit agency is accomplished by legislation to create a larger transit district or authority. For example, a region might have an existing Municipal Transit Agency operating as an arm of city government in a large central city. However, as the region grows, the areas outside of the central city may have an increasing need for transit services, especially to provide transit from the suburbs to jobs in the central city, but also to provide local transit services within those growing suburbs and access to jobs in the suburbs.

   In St. Louis, the creation of the Bi-State Development Commission in 1947 provided the capability to expand transit service to counties outside of St. Louis City and Saint Louis County, in both Illinois and Missouri, and to date there has been no need for statutes to make additional boundary changes. (However, the ability to expand service to the outer counties is dependent on voters in each county to approving additional funding. Some have approved such funding; others have not.)

   A similar approach is now being considered in the Charlotte region. 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. CATS has provided some express services to outlying counties by agreement. However, that is not meeting all of the transit service needs in those outlying counties, so a state senator has introduced legislation (not yet enacted) to replace CATS with a regional transit authority, dependent upon approval of funding by each of the outer counties.

   In Austin, a General Purpose Transit Authority, Capital Metro, provides transit services to the City of Austin, Travis County and parts of Williamson County, but does not serve other fast-growing suburban areas. As in St. Louis, the original general purpose Texas statute permits Capital Metro to expand if those outer jurisdictions approve the one-cent sales tax that Capital Metro receives from jurisdictions within its boundaries. However, a subsequent state law unrelated to the original General Purpose Transit statute limits the total new sales tax that can be enacted by any jurisdiction, and effectively prohibits those outer jurisdictions from adopting the needed transit sales tax. In this case, expansion of Capital Metro is not dependent upon statutory boundary change, but upon state legislation to change the sales tax funding cap. It appears that is not likely to happen, and so other options are being sought.

2. Expansion of transit service boundaries by agreement. Under this model, instead of relying on legislative action to expand the boundaries of an existing transit agency, expansion is achieved by the negotiation of inter-local agreements between the original transit agency and the jurisdictions desiring service. That approach works best if the jurisdictions desiring service can enact a transit tax matching the dedicated transit tax the transit agency has

within its current service boundaries. However, that is very difficult to do without state legislation, so in some regions, inter-local agreements have been approved that provide funding by drawing on general funds from the jurisdiction wishing service, resulting in situations where funding is subject to year-by-year approval of funds for limited, specific routes.

For example, in Charlotte, a funding agreement has enabled CATS to provide express services to five outer counties, but it is restricted to the specific routes listed in the agreements, and to shared 50-50 funding of the costs of those routes with the jurisdiction served. It does not allow for broader local transit services, or for the commitments to funding that would allow extension of CATS light rail lines to those counties.

A more robust model has been achieved in the Syracuse, NY region, where the near bankruptcy of municipal transit operations in the outlying jurisdictions impelled them to reach agreement with the already existing Regional Transit Authority to provide services. Each jurisdiction made a one-time payment of capital dollars, and agreed to a dedicated property tax to subsidize ongoing operations. The result has been the creation of a truly regional transit agency without any change in legislation.

3. <u>Coordination or consolidation of multiple transit providers by statute</u>. Under this model, desired coordination of transit services is achieved by legislative mandate, often using funding authorities to encourage or force agreement on service changes (including service coordination), fares and joint marketing.

   The primary example of this model from the case studies is San Diego, where 2003 legislation enabled the Regional Transit Authority (originally MTDB, now MTS) to acquire the assets of two municipal operators, San Diego Transit and San Diego Trolley, and consolidate those operations in a single entity. It is important to note that the 2003 action put the final legal stamp on what had already been largely achieved through a series of local agreements, as discussed in the description of model number 4.

   Not included in the case studies, and somewhat less successful than the San Diego experience, are several other examples of statutory coordination of multiple transit providers. These examples include the San Francisco Bay Area, where the Metropolitan Transportation Commission (MTC) has statutory authority to allocate certain federal, state and bridge toll funds to the 28 separate transit agencies in the nine counties. After years of efforts at coordination, some joint marketing and fare/transfer policies have been achieved, MTC is engaged in efforts at more complete coordination. The independence of separate and long-existing transit boards such as BART, AC Transit, SFMTA, and the GGBHTD makes the MTC task very difficult. In Phoenix, the statutory Regional Public Transportation Authority (Valley Metro) has authority to allocate certain state-authorized transit funds to the 14 separate municipal transit operators in the region, and is making gradual headway at regional coordination. In Chicago, the Regional Transportation Authority has budgeting approval power over three service boards – i.e., the three separate transit operators, CTA, Metra and Pace.

4. <u>Coordination of multiple transit providers by agreement</u>. Under this model, public transit service coordination occurs because the transit agencies formally agree upon coordination actions that they each agree to take voluntarily. Such voluntary regional coordination has long been discussed in the United States, following the examples set by the German “transit federations” (Verkehr Verbuenden) in Hamburg, Munich, Frankfurt, the Rhine-Ruhr region

and other locations. However, while some progress has been made in the United States, few have been able to achieve the level of success of the German cities. San Diego is the notable exception. Regions that have been successful in the United States, like San Diego, remained focused on the goal over the years and took advantage of opportunities as they presented themselves.

In San Diego, beginning in the1980s when the Metropolitan Transit Development Board (MTDB) was about to open the initial light rail line, it became important to find a way to rationalize the bus routes of three municipal bus operators, San Diego Transit, National City Transit and Chula Vista Transit, to effectively serve light rail stations and avoid duplication of service. That occurred through voluntary efforts among the three transit agencies. Similar efforts continued with those and other municipal transit providers, as MTDB completed and opened additional light rail extensions. During the 1990s, those coordination efforts continued, with MTDB taking the lead in creating a unified transit marketing entity that acted to sell tickets and passes, provide customer assistance, provide bus stop and rail station signage, create a single name for all transit, and advertise transit on behalf of all of the individual transit agencies. That entity, known as the Metropolitan Transit System (MTS), later became the successor to MTDB. With authorizing state legislation in 2003, MTS was able to acquire the assets of all but one of the individual municipal transit agencies, and took over the management of all bus and light rail operations as a single consolidated transit agency. What was remarkable was the gradual, step-by-step evolution from separate transit agencies into a unified and fully coordinated system of bus and light rail routes. To the eyes of the transit rider, MTS was a single transit system years before the actual legal consolidation of assets took place in 2003.

In the Davenport, Iowa region, similar efforts have begun. The region consists of four cities, two each in Illinois and Iowa, with the Mississippi River between them. Rock Island and Moline, IL, and the surrounding villages are served by a single transit agency, the Rock Island County IL Metropolitan Mass Transit District (MetroLink), a general purpose regional transit authority established under Illinois statutes. On the Iowa side, there are three separate transit agencies: Davenport CitiBus is a municipal transit agency owned and operated by the City of Davenport; Bettendorf Transit is a municipal transit agency owned and operated by the City of Bettendorf; and River Bend Transit is a paratransit agency which provides paratransit service to Davenport, Bettendorf, smaller towns and rural areas in three counties on the Iowa side of the river. In 1982, MetroLink and Davenport CitiBus agreed to jointly build and operate a single bus maintenance facility on the Illinois side to serve the buses of both agencies, with a separate policy and oversight board made up of some board members from each agency. That joint facility has continued in use to the present. In 2002, the MPO (Bi-State Regional Commission) conducted a study of possible consolidation of the three Iowa transit agencies. While consolidation did not occur, it sparked a strong desire for closer coordination, and that resulted in the creation of a single regional marketing entity, Quad Cities Transit. The MPO, with transit agency assistance, hired an individual to manage that joint marketing effort, which includes a website, telephone information line and advertising program. A combined bus pass accepted by transit agencies on both sides of the river has been developed and is widely used.

In addition to the four model categories just described, there is a fifth category that has been used or proposed in some of the case study regions:

5. <u>Expansion of transit services to a larger region and coordination of agencies, by creation of an “overlay” transit district</u>. Under this model, transit service expansion is accomplished by

creation of an additional transit agency with larger boundaries, rather than by extending the boundaries of the existing transit agency. That also requires agreement between the new transit agency and the existing one about services and funding, thus setting the groundwork for transit coordination. The new overlay transit agency could be created either by statute or by joint powers agreements among cities and counties.

In the region around Santa Fe, expansion and coordination has occurred through enactment of a New Mexico general-purpose statute permitting the creation of multi-county regional transit districts. The City of Santa Fe has long had a municipal transit operation to serve the transit needs of the city. However, the larger region, which includes the cities of Taos and Los Alamos, as well as several pueblos and tribal centers had no transit service. After years of effort, the legislation was enacted, the North Central Regional Transit District (NCRTD) was created and funding and service agreements were worked out between NCRTD and the member cities, counties and tribes. The model was subsequently replicated in two other parts of the State.

An overlay transit district option is also being considered now by some leaders in Austin, who feel that this approach is one possible solution to the funding conundrum hindering needed transit expansion in that region. Such an overlay transit district could be created as a new entity through legislation or through joint powers agreements, but it also may be possible to extend the powers of an existing agency to include provision of transit services.

4.2 Strategies for Successful Organization Transformation for Public Transportation

Each of the five governance models includes examples of regions where they have been implemented or are being considered. The examples illustrate specific conditions and challenges that have shaped the approaches taken in each of the case study regions as they sought to transform their governance structures. They suggest strategies for successful transformation, which are categorized here:

1. Every region is unique and precise governance choices for public transportation must fit the region.
2. It is important to recognize and capitalize on windows of opportunity for governance change.
3. Governance and financing for public transportation are so closely inter-related, they must be addressed together.
4. Governance change takes time and is never static.
5. Leadership and champions are critical to change in public transportation governance.
6. Advocacy groups and individuals can be extremely helpful.
7. Good working relationships with other public agencies are critical to successful organizational transformation in public transportation.

Each of these strategies is illustrated by the experiences of the eight case study regions. The information that people from other regions were willing to share for this study provides guidelines and lessons learned, and a report that is intended to help others contextualize their situations as they start or continue the process of organizational transformation for public transportation. Equally important is the willingness of people who have created or are creating change to talk about it, either one-on-one or in forums like APTA meetings.

1. Every region is unique; precise governance choices for public transportation must fit the region. Not surprisingly, there are no menus and no six-step processes that apply equally across the county and can be used universally to choose and transform governance strategies. No two regions are alike; every region brings its own history, politics, culture and legal contexts to the choice of governance for public transit and the governance change process. The form of governance and the process for achieving it that worked in St. Louis or Santa Fe regions, may not work in Tallahassee or Austin regions – or Phoenix or San Francisco regions – but they can help inform governance choices and change processes.

   For example, the Syracuse region was able to expand transit services by agreement, since the State legislation already in place allowed such expansion beyond the limits of the City of Syracuse. In the Santa Fe region, new legislation was required to provide transit service to communities and tribes beyond the City of Santa Fe limits.

2. There are windows of opportunity for governance change and it is important to recognize and capitalize on them. It is important to be able to recognize opportunities and to convert them for lasting change.

   The people who facilitated change in the San Diego region had the foresight and were sufficiently fast on their feet to recognize opportunities when they were presented – and took advantage of them. Some were the result of state legislation mandating transit service and fare coordination (1979) and consolidating and clarifying the agencies' responsibilities (2003). Others came with the opening of light rail in 1981. All resulted in increased coordination and led, over time, to the consolidated MTS that exists today. Similarly in the Syracuse region, the County Executive recognized and took advantage of an unfortunate situation, when the City of Rome lost its Federal funding, and used the opportunity to leverage existing legislation and integrated the 7-county region under the Central New York RTA.

3. Governance and financing for public transportation are so closely inter-related, they must be addressed together. All of the following examples illustrate the challenges prioritizing transit and funding to balance the needs of outer counties with the central area.

   In St. Louis, the compact that created the Bi-State Development Agency defined a district that encompasses two states and multiple counties in each state. The limited availability of state funding for transit has constrained Metro's ability to expand transit service into the outer counties. While there is a realization that public transit is an integral part of transporting people to jobs, voters in outlying counties have been unwilling to approve the funding that is needed to extend transit into their counties. The need to change attitudes and perceptions of the value of transit investments has been a significant challenge for the region.

   Funding for Austin's Capital Metro is constrained by a cap on the taxes that may be collected in each county, leaving the counties that are currently outside Metro's service area unable to raise the funds needed to extend transit. These fast-growing suburban areas do not have the capacity to collect additional taxes, leaving these areas without transit service. As in St. Louis, the issue is not the geographic boundaries, but the funding constraints.

   The funding agreement that allows CATS to provide express bus services between Charlotte and five outer counties is restricted to the specific routes identified in the agreement. The agreement is very specific, and does not allow CATS to extend local transit service or light rail into these counties. It also works against transit at the ballot box, by creating the perception that the express services are sufficient.

Of the case studies, the Syracuse region has been the most successful in establishing a funding mechanism to support the change in governance for transit. In that region the outlying jurisdictions agreed to a one-time capital assessment and a dedicated property tax to support transit operations, thereby creating a regional transit agency without new legislation to effect change.

4. <u>Governance change takes time and is never static</u> – and its corollary: change leaders must be patient and flexible. State legislation that enabled regional collaboration and transit service expansion in the Santa Fe region was approved in 2003. Over the next seven years, the region has worked to create the regional NCRTD as an overlay organization to the existing municipal services in Santa Fe. Change in public transit in the Tallahassee region is on-going. A regional Coordinator is in place; next steps, which are expected to take 6-8 years, include reaching agreement on the Board composition and voting, funding, and required legislative changes. The Charlotte region has followed a similar process, beginning with voluntary agreements that moved the municipal transit system to a regional one, and now looking toward statutory change. Transit governance in the San Diego region has evolved over the last 30 years. Change began in the early 1980s and culminated after the 2003 state legislation enabled the consolidation of bus and rail operations under MTS.

5. <u>Leadership and champions are critical</u> to change in public transportation governance. Champions are key to any process that creates change and leaders are key to making change happen. One of the challenges for creating change is that leaders change over time, making it difficult to maintain champions throughout the change process. The places that have been successful have worked together effectively and maintained momentum around a common vision. Leaders and champions are characterized as being:

   - Visionary
   - Skilled in getting others to join in their vision
   - Successful in providing flexibility for change
   - Effective in providing transparency and inclusiveness
   - Successful in executing change

   Each of these characteristics is illustrated here with examples from the case studies.

   - *Seeing and providing the long-range vision* – leaders provide the long range vision that guides the change process. As the following examples show, they see beyond immediate needs and frame a vision of the future:

     – The inter-state compact that created the Bi-State Development Agency was established for the economic development of the St. Louis region, but has provided the framework that enabled the agency to acquire the assets of failing transit operators and begin providing transit services, and then to expand bus service and develop a light rail system that serves both Missouri and Illinois.

     – Transit was provided by the City of Charlotte until there was a need to expand beyond the city limits. The MTC was created, with representatives of all of the jurisdictions that provide funding. The City of Charlotte is the major jurisdiction on the MTC Board, but has only one vote – a strategy that was necessary to get approval of the MTC concept.

- Transit leaders in the Tallahassee region have a developed vision of a Regional Transit Authority that will serve a growing region – and the steps required to create that agency. They envision a transit agency that will serve an area that extends beyond Leon County to six more Florida counties, and ultimately to two Georgia counties as well.

- *Establishing partnerships* – in both the Syracuse and San Diego regions, partnerships were central to both the form of governance and the transformation process. In the Syracuse region, 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. In San Diego, the region's leaders have relied on partnerships to bring about change in public transportation. The process began with inter-local transit service coordination and fare policy agreements that built on existing, working relationships among the various transit providers in the region, and culminated in the consolidation of transit services under MTS 30 years later.

- *Providing flexibility and adapting to change* – these case studies demonstrate that adaptability is key to successful change, and even with flexibility, change can take a long time to achieve. Aspects of flexibility include combining creativity with the ability compromise in order to build consensus around governance and funding approaches. San Diego's change leaders noted repeatedly the compromise and accommodation that were needed to work with so many jurisdictions and transit providers over an extended period to achieve the coordination and eventually consolidation of San Diego's transit services. In Austin, the challenges are driven by a region that has outgrown the boundaries that were defined for Capital Metro when it was established. That, combined with the state's cap on the amount of sales tax that can be levied in a county, require innovative thinking to fund transit service expansion. The current challenge is to find a way to adapt to the funding conditions, possibly by using the powers of an existing authority to access a new funding source for public transit services.

- *Providing transparency and inclusiveness* – particularly in the public arena that encompasses transit, openness is important. As noted, the Charlotte region has structured the policy board of the MTC to represent all of the jurisdictions that fund the agency, providing inclusiveness and a measure of transparency to all of its deliberations.

- *Planning the change and executing follow-through* – finally, leaders are able to carry through to ensure that their visions are achieved. The people involved in the process change, especially elected officials, and the challenge is to carry through despite changes in the composition of the group. In several of the regions cited here, including Santa Fe and San Diego, change took many years to achieve, but the leaders, even as they changed over time, adopted and stayed with the region's vision and persevered through the change process.

6. Advocacy groups and individuals can be extremely helpful. They can help to build the case to address particular regional needs and persevere until it is accomplished. In the St. Louis region, for example, Citizens for Modern Transit has been effective in getting public transit funding measures on the ballot and energizing voters around them. In the Austin region, Envision Central Texas has been instrumental in recognizing the need for change in

governance for public transportation and then working tirelessly to bring the various agencies in the region together to craft a solution. Santa Fe is another example of a region where organizational change occurred in public transportation over an extended period and required advocacy and negotiation among parties that included the House Transportation Committee of the State Legislature, the Governor's Office, and the Las Cruces Chamber of Commerce, as well as other groups and advocates.

7. <u>Good working relationships with other public agencies are critical</u> to successful organizational transformation in public transportation. Metropolitan planning organizations, state departments of transportation, other transit providers and local governments have been instrumental in achieving successful governance change in several regions. These other agencies function as stakeholders or partners in the search for the right governance structure – and in many instances become part of the governance solution. In the Austin, Davenport, Santa Fe, Syracuse, and Tallahassee regions, a variety of public agencies have been active in designing and developing new governance solutions for public transportation. In regions like Charlotte and San Diego, where inter-local agreements have been stepping stones to regional public transit consolidation, other agencies, particularly other transit providers and local governments, have also been integral to the transformation process. The participation of these agencies have been key to the long-term success of governance changes for public transportation.

Section 5 Conclusions and Further Research

5.1 Conclusions

All of the research performed in connection with this project – the literature review, the analysis of existing transit organizations in each regional size category, and especially the case studies – clearly demonstrate a widespread interest in finding new models of governance for transit agencies that will result in coordinated region-wide transit systems. Currently, many regions in all size categories are actively searching for ways to extend the reach of transit services beyond the present service boundaries of existing transit agencies, or ways to achieve coordination among multiple transit agencies, or both.

Need for New Models

While the interest in new governance models is evident, the case studies also demonstrate that simply providing a sample statute or a sample interagency agreement does not adequately meet the need for "new models." Even though this report gives examples of five general models of governance drawn from the case studies, those models can be adapted in an almost infinite number of ways. Because each urban region has a unique combination of political institutions, history, current transit agency governance and special transit needs, models that have worked well in one location may need to be adapted significantly if they are to work in another region. The overriding need for models is not just for examples of governance structure, per se, but for examples of *how to bring about change* over time.

Bringing About Change

Section 4.2 Strategies for Successful Organization Transformation for Public Transportation discussed seven strategies. While some or all of the strategies may apply to efforts at organizational change in any region, there is no simple "recipe" to put into place a new governance model for public transit. Vision, patience, good will and innovative approaches will always be necessary, and each region will probably need to not only draw from the above lessons learned, but may need to learn its own lessons, and this will mean working effectively with leaders in the legislature, local government, the business community, transit users, taxpayers, and the public at large.

5.2 Recommendations for Further Research

One area clearly needing further research is how to better provide for the necessary linkage between public transportation governance and funding. In the current distressed economy, with existing revenue sources declining and the demand for transit services increasing, there are critical funding issues that must be faced when looking at new governance structure for public transit. These include, but are not limited to the following:

- **Dedicated revenue sources.** A dedicated transit revenue source – most frequently a defined sales tax – has been a critical backbone for transit agencies over the past 40 years. It has provided some stability in year-to-year funding, allowing transit agencies to plan for service improvements, new capital improvements, and ongoing capital replacement needs. The public has shown its willingness to approve tax initiatives for such dedicated transit funding, with about two-thirds of all such tax referenda being approved over the past ten years, all across the country. However, when expansion of public transit service boundaries is sought, the extension of the dedicated funding source to those newly-served areas is crucial, and has not always been provided for in statutes and agreements. *Opportunities to better understand and improve the linkage between public transit service expansion and dedicated transit revenues are of significant value to transit industry, and must recognize not only capital investments, but also the need to support ongoing operations and maintenance and to maintain state of good repair.*

- **Additional transit services and funding sources.** There is increasing interest in transit agencies acting as "mobility managers," performing functions beyond bus and rail operations, such as providing vanpools and ridesharing; coordinating paratransit, working with users and/or operators of toll facilities and highway agencies to manage congestion and daily road operations, and other functions. Congestion pricing, with associated methods of payment for transit and toll facilities, offers some risks and possibly great opportunities for transit. Some of these 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. *How such new transit business models may relate to changes in public transportation governance structure is an area needing more attention.*

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Appendix A Case Studies

This section provides summaries of each of the eight case studies. For each region, individuals who have had roles in influencing efforts to bring about governance change were interviewed at length. The results of those interviews are summarized here, by region size, beginning with the small regions.

Small Regions

Davenport Region (Iowa)

Impetus for Change: Desire to coordinate separate transit agencies (three in Iowa and one in Illinois).

Direction of Governance Change: So far, the region has taken small, but useful steps. By agreement, the two largest agencies have long shared a bus maintenance facility. More recently, the main action has been the coordination of marketing of transit services among the four transit agencies, including a regional monthly pass. Several years ago, the Bi-State Regional Commission (the MPO) did a study of consolidation of the three municipal transit agencies in Iowa. While no action was taken on consolidation, it provided the impetus for agreements on coordinated marketing and fares.

Mechanism for Change: So far, gradual approach, working through inter-agency agreements.

Accomplishments:

- Improved coordination of transit marketing.

Lessons Learned:

- Strong independent leadership is needed for change.

On-Going Challenges:

- Achieving intergovernmental agreements on funding or creating actual consolidation of transit agencies.

Santa Fe Region (New Mexico)

Impetus for Change: Create regional collaboration and provide service to areas outside Santa Fe, to other counties and tribal entities.

Direction of Governance Change: Took steps to create an overlay agency (a General Purpose Regional Transit Authority called North Central Regional Transit District) to complement the municipal transit Agency in Santa Fe.

Mechanism for Change: Established state legislation in 2003 to enable creation of General Purpose RTDs. Once the General Purpose legislation was passed, it allowed the North Central New Mexico region to create a new transit entity, the North Central Regional Transit District (NCRTD). The NCRTD Board is made up of representatives of Santa Fe, Los Alamos, Rio Arriba, and Taos counties, cities, and five tribes.

Accomplishments:
- Successful in establishment of the general purpose RTD (NCRTD) as an overlay to the existing municipal services in Santa Fe.
- A diverse advocacy group worked very hard with grass roots and political outreach to secure the needed political support and voter buy-in.
- Reached agreement on the allocation of broad level funding (1/8 gross cents sales tax in all counties, but limitations on how much Santa Fe subsidizes the other counties).
- Having tribal representation on the Board is fairly unique for a transit Board.

Lessons Learned:
- 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 Cruses 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.

On-Going Challenges:
- 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 (Florida)

Impetus for Change: Tallahassee is both the state capital and Leon County seat; most populated city within 3-4 hours drive; experiencing steady growth in state government, major hospitals, 3 universities. Impetus for change is desire to serve surrounding counties (Wakulla, Gadsden, Jefferson).

Direction of Governance Change: From Municipal Transit Authority to Regional Transit Authority (General Purpose), to include first four, then six, and ultimately nine counties (with the last two over the state line, in Georgia).

Mechanism for Change: The first step was creating a regional Community Transportation Coordinator role (12-18 months). The second step planned is to reach agreement on Board composition, Board voting rights, and funding. The third step required will be legislative change which may require 3-6 years.

Accomplishments:
- Establishment of MPO transit committee and long range transportation plan, including transit planning.
- StarMetro in process of decentralizing system (completely decentralizing route structure away from hub and spoke). Working on regional plan with 4 neighboring counties which will be first step in creating an RTA, incorporating smart growth principles.
- MPO in process of extending 4-county MPO jurisdiction to rest of county areas.

Lessons Learned:
- 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.

On-Going Challenges:
- 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.

Medium Regions

Austin Region (Texas)

Impetus for Change: Capital Metro service boundaries now include only two thirds of the urbanized area population, and some of the most rapid growth areas are outside those boundaries. There is a desire to include those outer jurisdictions in Capital Metro, but the only way the outer jurisdictions can join and be served by Capital Metro is to approve a 1% transit sales tax, but a state legislative cap on total sales tax prohibits them from doing so.

Direction of Governance Change: While there is recognition of the problem, the direction is not yet clear. Some business leaders in the region are now considering some new approaches. One approach that has been suggested is to create an overlay transit authority using a different source of funds to provide complementary transit services beyond the boundaries of the General Purpose Transit Authority (Capital Metro in Travis County).

Mechanism for Change: Change could happen either through new state legislation, or by use of the broad authority of an existing regional agency. One such agency is the Central Texas Mobility Authority, which now builds toll roads, but has the legal authority to operate transit as well.

Accomplishments:
- Recognition of problems and beginning identification of potential solutions.

Lessons Learned:
- 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,

On-Going Challenges:
- Financing transit in the outer counties.

Charlotte Region (North Carolina)

Impetus for Change: Desire of outlying counties to receive transit service above and beyond the few express routes to Charlotte provided by CATS, the Municipal Transit Agency.

Direction of Governance Change: Steps to move from a Municipal Transit Agency to a Special Purpose RTA. A state senator has proposed and submitted special legislation to create a regional transit authority to encompass at least five and up to seven additional counties.

Mechanism for Change: A bill is now in State Legislature; other governance studies on-going by the Council of Governments and the Chamber of Commerce are nearing completion. The big issue is funding approvals, county by county.

Accomplishments:

- By inter-local agreements and cost sharing, CATS has already established express service to 5 outer counties, including one in South Carolina.
- Outreach efforts have been good.
- Charlotte's City Council voluntarily relinquished sole policy control of the transit agency, allowing creation of a special transit board (Metropolitan Transit Commission) with policy members from the outlying counties receiving express services.

Lessons Learned:

- 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.

On-Going Challenges:
In the absence of a regional transit authority, 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 – Charlotte and Mecklenburg County. Evidence of the tension between the authority of the MTC and the authority of the City Council is seen in the recent vote by the Charlotte City Council to seek federal funds for an urban streetcar project; MTC opposed it, possibly fearing that federal funds for the streetcar project could jeopardize future federal funds for extension of light rail into the outer counties.

Syracuse Region (New York)

Impetus for Change: Near bankruptcy of local municipal transit operators (e.g., re-categorization of City of Rome outside of Federal Urbanized Area resulted in loss of Federal revenue).

Direction of Governance Change: Growing Regional Transit Authority (Urbanized area covering parts of Onondaga, Oswego, and Cayuga counties). Expanded operations to a second urbanized area (Oneida County) in 2005. The 1970 legislation allows up to seven counties.

Mechanism for Change: No governance change per se. County Board of Legislators needed to be convinced to join. Because Utica and Rome were experiencing financial stress, County Executive called Central NY RTA to formally request a study. Opting in required one-time $2.7M capital infusion, and two ongoing operations requirements: levying a mortgage recording tax (1/4 of 1%) and matching a portion of state operating assistance. Transition occurred in 2005.

Accomplishments:

- Objective evaluation of options in 2005 (privatize; join RTA; postpone change by extending individual operations for 1-2 years).
- Adapt to combined operating environment (3 unions, different buses for different markets, bring all heavy repair to central maintenance facility).

Lessons Learned:

- 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.

On-Going Challenges:

- Availability of operations funding is the biggest ongoing challenge.
- Heavily reliant on NY State budget.

Large Regions

St. Louis Region (Missouri and Illinois)

Impetus for Change: Funding for expansion of service into outer counties that have long been part of the Bi-State Development Agency (BSDA), but have not approved the necessary tax support. BSDA currently serves 35% of the region's geography and 60% of its population, but there is recognition of the need for transit to provide access to jobs in the outer counties.

Direction of Governance Change: The regional governance model in the St. Louis region – a Special Purpose RTA, the Bi-State Development Agency – has allowed for growth from its creation in 1949. There are no plans to change it. The metropolitan region encompasses the City of St. Louis and surrounding counties in Missouri and Illinois; BSDA provides transit in the City of St. Louis, St. Louis County, MO, and St. Clair County, IL. BSDA took over failing bus systems, expanded bus service and built a light rail system that extends from St. Louis into Illinois. The continuing need has been to address funding challenges, not governance, in order to extend service into other counties in the region.

Mechanism for Change: Illinois provides funding for service provided in Illinois, but limited funding is available from the State of Missouri. Voters in each county would need to approve funding to extend transit services to additional counties.

Accomplishments:
- City of St. Louis voters approved a 1% sales tax for BSDA in 1997, contingent on passage of a similar proposition in St. Louis County. St. Louis County voters approved that funding in 2010 and collection of both taxes has begun.
- St. Clair County (IL) provides a ¾-cent sales tax to BSDA.
- Built a 46-mile light rail system that serves the Missouri service area and extends into Illinois.

Lessons Learned:
- 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.

On-Going Challenges:
- Support for extending transit.
- Funding for expansion to outer counties.

San Diego Region, MTS (California)

Impetus for Change: Coordination of services among multiple Municipal Transit Agencies.

Direction of Governance Change: Steady consolidation of transit services from multiple jurisdictions (municipal agencies and the county) operating transit service in 1980 to a single agency, the Metropolitan Transit System (MTS), with two operating subsidiaries (bus and rail) in 2003. At the same time, planning, development and construction responsibilities were consolidated at the San Diego Association of Governments (SANDAG, the MPO) and MTS' responsibilities evolved from development and operations, to only operations.

Mechanism for Change: Initially, agreements (MOUs, joint powers agreements) among the various municipal agencies, combined with enabling legislation at the state level. The 2003 consolidation was a result of state legislation.

Accomplishments:

- Focused marketing strategy - public perception of a single transit agency (MTS) established in early 1990s (identical branding on buses, common marketing and regional fare structure)
- Consolidation of these agencies into a single organization, with two operating subsidiaries (bus and rail), under a single Board (2003)
- Throughout the consolidation, the region has expanded both bus and rail transit coverage.

Lessons Learned:

- Persistent and visionary leadership, hard work and collaboration, taking advantage of opportunities, step-by-step actions.

On-Going Challenges:

- 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.