

NORTH CAROLINA
Department of Transportation

Public Transportation Division



Statewide Regionalization Study

As requested in Session Law 2011-145, Section 28.21

Final Report

May 1, 2012

**In conjunction with
KFH Group, Incorporated**

Table of Contents

	<u>Page</u>
Executive Summary	ES-1
Chapter 1: Introduction.....	1-1
Background	1-1
Overview of Transit Programs in North Carolina	1-2
Original Definitions of Regionalization.....	1-4
The 2002 Study	1-5
Current Status of Regionalization	1-6
Current State Statutes Affecting Regionalization.....	1-12
Other Regionalization Tools.....	1-14
Current Administrative Regionalization Incentives.....	1-14
Conclusions.....	1-14
Chapter 2: Lessons Learned on Regional Efforts.....	2-1
Lessons Learned from Other States.....	2-1
Advisory Committee Input	2-3
Stakeholder Input.....	2-7
Chapter 3: Feasibility and Appropriateness of Regional Transit.....	3-1
Redefining “Regional Transit Systems”	3-1
Feasibility and Appropriateness.....	3-2
Potential to Meet Legislative Goals	3-3
Feasibility – Challenges and Transition.....	3-14
Analysis of Integration Based on Regional Travel Patterns and for Single- County Systems	3-17
Consolidation Approach.....	3-23
Chapter 4: Statewide Transit Initiative to Support Regional Actions	4-1
Framework for Regional Action	4-1
Regional Action Plans	4-6
NCDOT/PTD Technical Assistance Program	4-7
NCDOT/PTD Program Changes	4-7
Attachment A: Funding Glossary	
Attachment B: Advisory Committee Members	
Appendix A: Summary of the 2002 Study	
Appendix B: Lessons Learned from Other States	
Appendix C: Stakeholder Input	

Executive Summary—Statewide Regionalization Study

Background

This report was prepared in response to Session Law 2011-145, House Bill 28.21, which required the North Carolina Department of Transportation (NCDOT), Public Transportation Division (PTD), to study the feasibility and appropriateness of developing regional transit systems examining both consolidation on the basis of regional travel patterns, and the consolidation of single-county transit systems. The complete Final Report documents the process and results.

Feasibility and Appropriateness of Regional Transit

The study examined previous literature, experiences in other states, a series of stakeholder interviews, a survey of transit systems in NC, and input from the Advisory Committee. The study found that regional transit systems could demonstrate significant benefits in terms of addressing regional travel needs, improved regional planning, maximizing funding, and creating administrative and operating efficiencies. However, it is evident that successful efforts at regionalization do not necessarily require total consolidation of all transit functions under a single entity. The appropriate approach varies with local conditions, taking a blended approach that integrates primary transit system functions, taking different elements from a menu. The feasibility of this approach is demonstrated by the variety of successful regional transit activities across the state, many of which have not required total consolidation.

Statewide Transit Initiative to Support Regional Actions

NCDOT, through PTD, will develop and implement a statewide initiative to support local development and implementation of appropriate regional actions. This initiative includes four recommended actions:

- PTD will develop a framework for Regional Action that identifies a continuum of integration activities ranging from communication, coordination, collaboration, to consolidation. These will be applied to all transit functions to create a menu of possible actions,
- Local systems will use the framework to develop Regional Action Plans (RAP). All transit systems are expected to provide a RAP to NCDOT within three years.
- PTD will provide technical assistance to support development of the RAP, their adoption and implementation through a pro-active process including the development of the framework, outreach to local systems and governments, and support through the entire process,
- PTD will evaluate its internal practices and policies to eliminate barriers to regional transit actions, and to increase the incentives for regional actions. Regions implementing such actions will benefit from the incentives.

Chapter 1

Introduction

BACKGROUND

This report was prepared in response to Session Law 2011-145, House Bill 28.21, which required:

“The Department of Transportation, Public Transportation Division, is directed to study the feasibility and appropriateness of developing regional transit systems with the goals of:

- (i) providing increased mobility between existing transit systems within one county and between counties,
- (ii) improving planning and coordination to better meet public demand,
- (iii) maximizing funding, and
- (iv) developing centralized professional staff that will create operational and administrative efficiencies.

This study shall examine both:

- (i) the consolidation of transit service planning and delivery based on regional travel patterns, and
- (ii) the consolidation of single-county transit systems, where applicable.

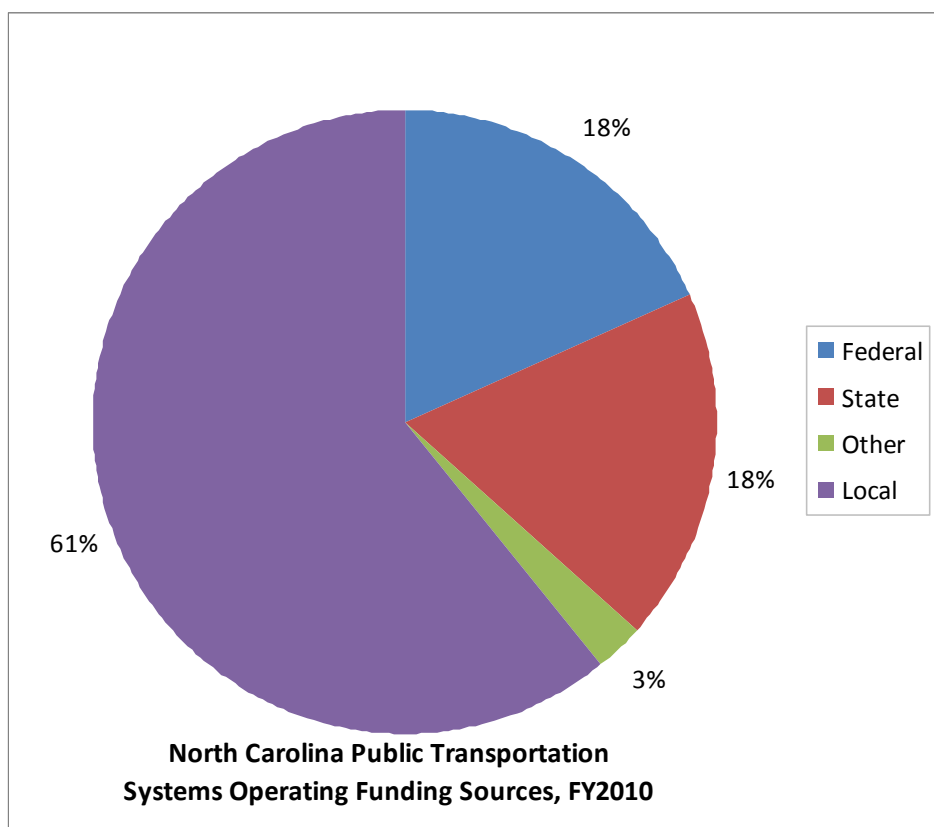
The Department of Transportation, Public Transportation Division, shall report the results of its study to the Joint Legislative Transportation Oversight Committee no later than March 1, 2012.”

An Interim Status Report was submitted to the Joint Legislative Transportation Oversight Committee (JLTOC) on March 1, 2012 and presented to the Committee on March 9, 2012.

OVERVIEW OF TRANSIT PROGRAMS IN NORTH CAROLINA

Public transportation is funded by a combination of federal, state, and local funding and it is generally operated by local or regional providers. The federal funding is provided by the Federal Transit Administration (FTA) through a variety of programs, each with its own purpose, eligibility criteria, compliance requirements, and funding requirements. Virtually all of the FTA funding programs require non-federal matching funds, which can be state government funds, local government funds, and funds from providing service under contract to human service agencies for client transportation.

North Carolina provides state funding for transit as well, some directed to provide specific matching percentages for federal funds, some provided to all counties based on an allocation formula (and can be used by the counties as local match), and some directed to urban systems for operations and capital. In general, the state and federal funding programs have been developed to complement each other, so that recipients of federal funds also receive state funding (and also must contribute local funding). Attachment A (Funding Glossary) provides a description of these funding programs. The graphic below presents the relative proportion of federal, state, and local dollars used in the State to support public transit operating costs.



Some FTA program funds, specifically funds under Sections 5311, 5310, 5316, 5317, 5303, and 5305 programs, are provided to the State and administered by the Public Transportation Division (PTD) of the North Carolina Department of Transportation (NCDOT), which must manage these programs in full compliance with federal fiscal and program requirements, including oversight of all the grant sub-recipients. In addition, there are other federal transit programs, such as the Section 5307 and Section 5309 programs, under which the FTA provides funding directly to transit systems operating in Urbanized Areas with over 50,000 in population. Some of these transit systems also receive federal and state funds administered by NCDOT. There is considerable complexity in the funding structure created, in part, by the number of distinct federal funding programs each with their own guidelines and requirements.

The complexity is compounded by the number of grantees. There are 99 transit systems in the State, most of which receive funding under multiple grants. NCDOT has classified the transit systems in order to facilitate the grant-making and reporting procedures. The classifications are as follows:

Non-Regional Systems:

- **Community** - Community transportation systems are single-county systems that provide transportation to the general public, as well as to eligible human service agency and elderly clients. Some are organized as authorities, while others are private non-profits or county departments. There are currently 66 single-county community transportation systems in the State.
- **Urban Single-City** - The urban single-city category includes transit programs that are operated in single cities located in metropolitan areas (with 50,000 population and above). There are 15 such systems in the State.
- **Fixed-Route in Small Cities** - This category is used to describe small city systems that operate fixed-route transit, but are not located in cities large enough to be eligible for Section 5307 funding (i.e., under 50,000 in population). The Wilson Transit System and Salisbury Transit are the only systems that are currently included in this category.
- **Human Service** - Human service transportation systems provide service primarily to eligible human service agency and elderly clients. No public transportation is offered in these counties, which include Tyrell and McDowell.

- **Consolidated Small City-County** - This category is used to describe a single county system that has a significant level of service offered in one of the Towns, a result of the presence of a state university. Only AppalCART, serving Watauga County, Boone, and Appalachian State University is listed in this category.

Regional:

- **Regional Community** - This category is used to describe multi-county transit programs that operate primarily in rural areas. There are seven of these systems in the state, including a mix of authorities, programs that operate as services of multi-service agencies, and private-non-profits.
- **Consolidated Urban-Community** - A consolidated urban-community system is one that includes an urbanized area and a single county. There are five such systems in the state.
- **Regional Urban** - The regional urban category is used to describe regional public transportation authorities that serve primarily urbanized areas. There are currently two such systems in the State, the Piedmont Authority for Regional Transportation (PART) and the Triangle Transit Authority (TTA). Each of these systems is organized according to specific enabling legislation.

ORIGINAL DEFINITIONS OF REGIONALIZATION

Regionalization of transit service is not new in North Carolina and, based on experiences to date, the following working definition of regionalization was used initially in this study to discuss the concept:

- a. The full integration of the administration and operations of a minimum of two contiguous single county community public transportation systems, and/or
- b. Consolidation of an urban fixed-route system with at least one community transportation system into a single fully integrated system.

These definitions grow out of a study conducted in 2002, which is discussed in more detail below and in Appendix A. They are more specific than the language included in Session Law 2011-145, Section 28.21, which would seem to allow for the development of regional transit systems that address the four identified goals. Addressing these goals could require the full integration of the administration and



operations of transit systems in different counties, but it is possible that alternative levels of consolidation might allow for these goals to be addressed short of the full integration of all functions. The Session Law does specifically call for the examination of the consolidation of single-county transit systems, and consolidation based on regional travel patterns.

As can be seen in PTD's own definitions of regional transit provider types, there is an additional type of regional provider that has been developed and encouraged – the regional system that provides transit services to meet regional travel needs between (or on top of) local areas that have their own transit systems. PTD refers to these as “Regional Urban” systems, and they have been created under specific state authorizing legislation. Consolidation of these regional systems with some or all of the local systems they connect has been the focus of much study and discussion, particularly in the Triangle.

THE 2002 STUDY

Regionalization and consolidation of transit systems is not a new topic in the transit community in North Carolina. As noted above, there have been regional systems in the State since the inception of publicly-funded transit programs in the mid-1970's. However, much of the discussion followed a study completed in 2002, after the NCDOT Research and Analysis Planning Committee engaged the Institute for Transportation Research and Education at North Carolina State University (ITRE) to assess the feasibility of regionalizing public transit in the state. This comprehensive study researched and provided recommendations related to integrating single county rural transit systems into multi-county regions and integrating urban fixed-route systems and their county rural demand-response transportation (DRT) into one consolidated transit system. ITRE's research for the study included case studies of 35 transit systems from 13 states as well as studies of 15 urban systems and 20 rural systems in North Carolina.

The study found a number of potential benefits of regionalizing transit:

- More efficient and effective service at affordable fares.
- More effective regional planning for public transit from comprehensive plans addressing transit operations and investment needs.
- An increased ability to address transportation problems that are regional in nature, such as traffic congestion or air quality.

- The ability to create regional transportation agencies that have their own dedicated local funding sources, ensuring that there will be adequate matching funds for state and federal funding sources.
- Operational and administrative efficiencies from coordination of duplicative transit services and administrative functions.
- Improved efficiency and effectiveness in grants administration for both the NCDOT and the grantees.

Key research findings from the study are presented in Appendix A. There was substantial discussion within the transit community across North Carolina about the recommended changes. A resolution was prepared for the North Carolina Board of Transportation (BoT) to require that each of the existing Community Transportation (CT) systems be included within a regional structure within five years. However, the BoT decided to allow systems to consolidate of their own will.

In 2006, presentations were made at a number of regional outreach meetings across the State, gathering feedback from local officials, transit consumers, and transit operators. Common themes of the feedback received followed the concern for the need to avoid penalizing areas that do not consolidate, issues about the boundaries for regional systems (use of Regional Planning Organization (RPO) and Council of Governments (COG)) boundaries to facilitate planning was suggested), consolidation would have costs, and NCDOT should bear those if it is a state initiative, and NCDOT should provide funding incentives.

CURRENT STATUS OF REGIONALIZATION

Several efforts to consolidate or regionalize services at different levels are complete or underway. Consolidation of local systems into the existing TTA was studied at length in the Research Triangle area, and some consolidation is underway as Durham's urban transit system is now operated under contract by TTA. A subsequent project, the Triangle Seamless Public Transportation Project, has led to a number of additional joint operational changes to make the multiple transit systems function as a combined network. Three studies in the Western Piedmont COG area eventually led to the creation of the Western Piedmont Regional Transit Authority (WPRTA) combining four county systems and the urban system in Hickory. Randolph and Montgomery County have combined their rural transit systems under the name Regional Coordinated Area Transportation System (RCATS). Transit in Wilmington and surrounding Hanover County has been combined under the name Wave Transit. Transit in Goldsboro and Wayne County has been combined under the name G.A.T.E.W.A.Y. Transit. Tar River Transit was formed to consolidate the Nash and



Edgecombe County systems with the City of Rocky Mount. In the Triad area the regional system, PART was formed to link services in a large region including Greensboro, High Point, and Winston-Salem. In 2008 the Piedmont Triad Seamless Mobility Plan was completed, resulting in a concept plan to move toward a more regional system. A subsequent Triad Regional Transit Development Plan also focused on the transit needs of the entire region. In the Charlotte region, the Charlotte Area Transit System is governed by the Charlotte City Council and the Metropolitan Transit Commission, which includes representatives of Mecklenburg County, seven municipalities in the County, and a representative of the NCDOT. The system serves the City and the County. In the same region, planning for the Red Line Regional Rail Project is calling for the development of a Joint Powers Authority (JPA) as a regional transit entity to build and operate the project.

Several other consolidation/regionalization efforts currently are being considered. These include:

- Chapel Hill Transit and Orange County Public Transportation.
- Wilson County/City of Wilson.
- Gaston County/City of Gastonia.
- Durham County/City of Durham.

So there has been a significant amount of willing consolidation, assisted by PTD policies encouraging regional/consolidated systems, PTD planning funding assistance, and local interest.

It should also be noted that these examples do not include all of the additional regional collaboration efforts, informal and formal, under which individual transit systems across the state work together on the various functions required to provide transit. These can range from joint provision of long-distance medical trips to joint procurements of fuel or maintenance, or joint support of particular functions such as a call center to provide information.

The existing regional systems are further described in Table 1-1. Figure 1-1 provides a map of North Carolina, depicting the areas served by these regional agencies.



Table 1-1: Select Characteristics of Regional Transit Systems in North Carolina

Type of System	How Organized?	Area Served	Urban/ Rural	Dedicated Funding?	When Organized
<i>Regional Community Systems:</i>					
Albemarle Regional Health Services- Intercounty Public Transportation Authority	Authority (Chapter 160A, Article 25)	Camden, Chowan, Currituck, Pasquotank, and Perquimans Counties	Rural	No	1974
Choanoke Public Transportation Authority	Authority (Chapter 160A, Article 25)	Bertie, Halifax, Hertford, and Northampton Counties	Rural	No	1977
Craven Area Rural Transit System	A department within Craven County government	Craven, Jones, and Pamlico Counties	Rural	No	
Eastern Band of Cherokee Indians Public Transit Services	Tribe	Qualla Indian Boundary - Swain and Jackson Counties	Rural		1995
Kerr Area Transportation Authority	Authority (Chapter 160A, Article 25)	Franklin, Granville, Vance and Warren Counties	Rural	No	
Randolph County Senior Adults Association, Inc.	A program of the Senior Adults Association	Randolph and Montgomery Counties	Rural and urban - part of the Piedmont Triad	No (1)	

(1) There is a vehicle registration fee in Randolph County that goes to PART.

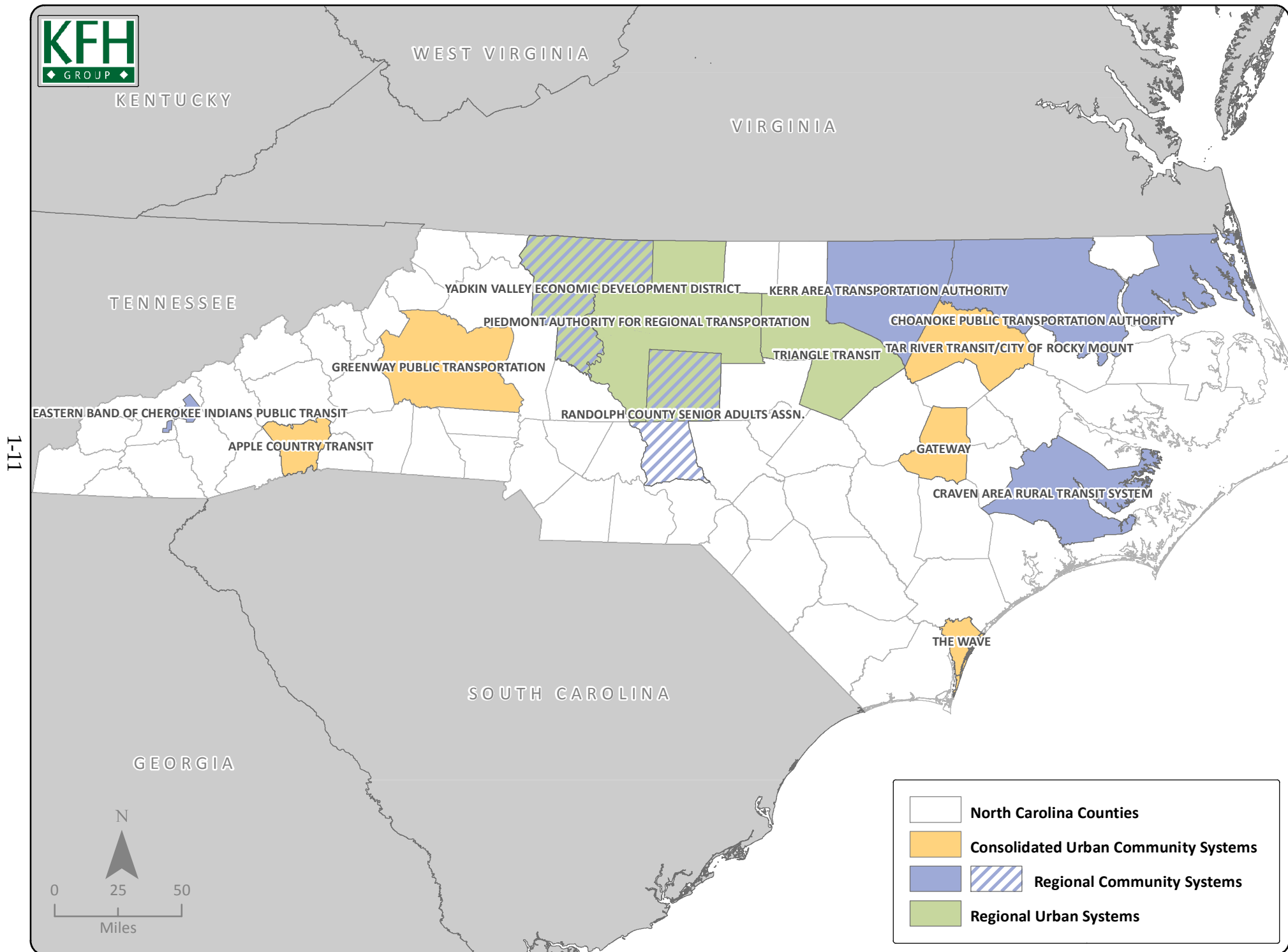
Table 1-1: Select Characteristics of Regional Transit Systems in North Carolina

Type of System	How Organized?	Area Served	Urban/ Rural	Dedicated Funding?	When Organized
Yadkin Valley Economic Development District, Inc.	A department of a private non-profit multi-service agency	Davie, Stokes, Surry, and Yadkin Counties	Rural	No	
<i>Consolidated Urban Community Systems:</i>					
Cape Fear Public Transportation Authority (The Wave)	Authority (Chapter 160A, Article 25)	New Hanover County, City of Wilmington	Urban	No	2004
Goldsboro-Wayne Transportation Authority (Gateway)	Authority (Chapter 160A, Article 25)	Wayne County and the City of Goldsboro	Urban & Rural		
Western Carolina Community Action, Inc. (Apple Country Transit)	rice of a private, non-	Henderson County and the City of Hendersonville	Urban & Rural	No	
Tar River Transit/City of Rocky Mount	Regional Transit Agency. Interlocal Cooperation Act (Chapter 160A, Article 20)	Nash and Edgecombe Counties	Urban	No	
Western Piedmont Regional Transit Authority (Greenway Public Transportation)	Authority (Chapter 160A, Article 25)	Alexander, Burke, Caldwell and Catawba Counties	Urban & Rural	No	2007

Table 1-1: Select Characteristics of Regional Transit Systems in North Carolina

Type of System	How Organized?	Area Served	Urban/ Rural	Dedicated Funding?	When Organized
<i>Regional Urban:</i>					
Piedmont Authority for Regional Transportation (PART)	Authority (Chapter 160A, Article 27)	Alamance, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties	Urban & Rural	Yes. 5% tax on automobile and motorcycle leasing in Davidson, Davie, Forsyth, Guilford, Stokes and Surry Counties. Vehicle Registration fee of \$1 in Randolph County	1997
Triangle Transit	Authority (Chapter 160A, Article 26)	Durham, Orange, and Wake Counties	Urban	Yes. 5% tax on automobile and motorcycle leasing and a vehicle registration fee of \$5.	1989

Figure 1-1: North Carolina Regional Transit Systems



CURRENT STATE STATUTES AFFECTING REGIONALIZATION

There are three North Carolina Statutes that specifically allow the creation of regional transportation authorities, two of which were created for specific areas of the State.¹ These statutes are described below:

- **Public Transportation Authorities Act (Chapter 160A, Article 25; 1977).** This act is the oldest of three and allows for the creation of a “public transportation authority” by resolution of one or more “municipalities,” the definition of which includes cities, towns, and counties. Member municipalities are allowed to levy property taxes or issue bonds for the authority if approved by the voters. As with non-authority transit programs in North Carolina, a vehicle registration fee of up to \$8.00 per vehicle can be levied by member counties to provide funds for the authority. A ¼ cent sales tax is also permitted, with voter approval from each member jurisdiction.
- **Regional Public Transportation Authority Act (Chapter 160A, Article 26; 1989).** This act was created *specifically for TTA* and specifies an authority comprised of three counties, created by resolution of the County Boards of the three counties. The 13 board members were specified in the Act. This type of authority is authorized to impose two taxes – a vehicle registration fee not to exceed \$8.00² and a tax on vehicle rentals not to exceed 5%. These taxes must be approved by a “Special Tax Board,” comprised of two commissioners from each of the Boards of the three counties, and by each of the County Boards. Authorities organized under this act also have the power of eminent domain, but may not take over any existing transit system without the consent of the owner.
- **Regional Transportation Authority Act (Chapter 160A, Article 27, 1997).** This act was created *specifically for PART*. This type of authority is very specifically defined to be the area of any Metropolitan Planning Organization (MPO) that consists of all or part of five contiguous counties (two of which must be over 250,000 in population, and the other three must be 100,000 or more). This area may be expanded to include contiguous areas with the consent of the affected county board, but may not exceed part or all of 12 counties. PART currently operates in ten counties. This type of authority is also authorized to levy two taxes – a vehicle registration fee not to exceed

¹ ITRE Regionalization Study, 2002.

² House Bill 148 adjusted the vehicle registration charge for inflation. As of July 1, 2010, the tax may not exceed \$8.00 a year.



\$8.00³ and a vehicle rental fee not to exceed 5%, though the affected County Boards must consent to those levies. Authorities organized under this act also have the power of eminent domain, but may not take over any existing transit system without the consent of the owner.

Other Legislation Supporting Regional Systems

- **Interlocal Cooperation Act (Chapter 160A, Article 20)** can also be used to create a regional transit agency. This act is more general, allowing local governments to enter into agreements with one another (or with other states) to achieve an “undertaking,” which is defined as “the exercise of any power, function, public enterprise, right, privilege or immunity of local government.”⁴ No revenue-generating powers are specifically included in this act. The regional transportation agencies in Charlotte and Rocky Mount are organized under this act.
- **House Bill 148** allows counties to enact a local sales tax to support transit. The statutes give authority to the county legislative body to place the question of whether or not to collect such a sales tax on the ballot, and then the population at large can vote on it in a referendum. The statute allows for a ½ cent sales tax in selected urban counties,⁵ and for a ¼ cent sales tax in all other counties. The language is specific in requiring that the revenue from these sales taxes cannot supplant existing levels of funding with the counties required to maintain their 2009 level of funding for transit in addition to funding raised by the sales tax. Thus the sales taxes are essentially to support expanded services. One county, Durham, placed the question on the ballot in November 2011, and the ½ cent sales tax was passed.
- **House Bill 229** enacted in the 2011 Legislative Session, this Act allows regional systems created under Chapter 160A, Article 25 or 26, to apply for and receive the state Rural Operating Assistance Program (ROAP) funds on behalf of the counties that the authorities serve (with consent of the counties). This bill is not helpful to all regional systems in North Carolina, as not all of the regional systems that receive federal and state funds for rural transit (Section 5311 and ROAP) under the Community Transportation Program are organized under Article 25. Additionally, TTA is organized under Article 26 and it does not get any rural funds. However, it does provide a model for the types of policy and program changes that could be developed to

³ Ibid., House Bill 148.

⁴ ITRE Regionalization Study, 2002.

⁵ Selected counties include Durham, Forsyth, Guilford, Mecklenburg, Orange and Wake.



encourage the development of regional, as opposed to single-county, transit systems.

OTHER REGIONALIZATION TOOLS

Another organizational structure that has been used to create regional transportation systems is the use of a private non-profit organization, typically created under Section 501(c) 3 of the Internal Revenue code. In such cases the organization may receive federal, state or local funds through local governments who contract with (or have other agreements) with the private non-profit. Also, under FTA regulations private non-profits are eligible sub-recipients under Sections 5311, 5310, 5316, and 5317. In North Carolina there are 12 single-county private non-profit transit systems receiving federal and state funds, and two regional private non-profit transit systems.

CURRENT ADMINISTRATIVE REGIONALIZATION INCENTIVES

PTD has been promoting the concept of regionalization for several years and provides incentives for the development of regional systems. Current incentives include the following:

- Full funding of regional planning and implementation studies to develop regional systems.
- The provision of Section 5311 operating funds for rural deviated fixed-route services operated by regional systems, consolidated urban-rural systems, and small city fixed-route services.
- An advantageous position with regard to advanced technology funding. These funds are available to help purchase routing and scheduling software and hardware, but systems are only eligible if they provide an average of 300 daily passenger trips on their demand-responsive services.

CONCLUSIONS

Despite the previous statewide and local studies, the legislative developments regarding funding, the available incentives and policies, NCDOT/PTD still administers programs that must deal with 99 separate transit systems, many of which are quite small. Federal requirements designed for major metropolitan transit systems apply to all these systems, which find compliance a significant administrative issue. In 2011, a



total of over \$17 million was spent (federal, state, and local funds) on administrative expenses for the Community Transit Systems, which was almost 20% of their total combined operating and administrative cost.⁶ Given the previously identified benefits, it would seem that if regionalizing was easy and beneficial there would have been much more progress in the development of regional or consolidated systems, particularly as pressures on both federal and state revenues increase. The next chapter will address the lessons learned about regionalizing, including inputs regarding the benefits and the issues involved in obtaining them.

⁶ Source: NCDOT/PTD, Operating Statistics (OPSTAT).



Chapter 2

Lessons Learned on Regional Efforts

In an effort to document the benefits of developing regional transit systems, and to identify the issues that have prevented or complicated these developments, NCDOT reached out to collect information in several ways. First, knowing that other states also must be facing many of the same issues as North Carolina, efforts were made to identify states with policies favoring regionalization of transit services, contact them to learn what they have done and how it is working. Information about state efforts to develop policies favoring regionalization was requested from all state transit programs through the Multi-State Technical Assistance Project (MTAP).¹

Second, input was solicited from transit systems and other stakeholders within North Carolina. An Advisory Committee was created to assist NCDOT with the study; it met three times from February to April 2012 and provided significant input regarding regionalization benefits, experiences, and what is required for success. In addition, the study team interviewed a number of regional transit providers in North Carolina that are not also on the Advisory Committee in order to make sure that their experiences are also represented. The North Carolina Public Transit Association (NCPTA) and the North Carolina Association of Rural Planning Organizations (NCRPO) distributed a copy of the presentation made to the Advisory Committee to its members, requesting their input on the topic, and a number have responded. This chapter documents the results of those research efforts.

LESSONS LEARNED FROM OTHER STATES

The consulting team researched regionalization of transit systems in a number of other states to assess how the systems were regionalized and the results of that regionalization. The research included a review of relevant materials on the states'

¹The Multi-State Technical Assistance Project is a technical assistance and communication link between the transit programs of the states, provided under the auspices of the Standing Committee on Public Transportation (SCOPT) of the American Association of State Highway and Transportation Officials (AASHTO). NCDOT is a member of AASHTO and SCOPT. Information from other states was requested by issuing an MTAP alert, which was sent to all member departments.



DOT websites and telephone interviews with staff of the transit programs in these states, as well as a review of replies to NCDOT's MTAP alert asking other states for information on their experience organizing transit service provision on a regional basis. It is noted that many states have authorizing legislation permitting the creation of regional transit entities (often under different names such as authorities, districts, or commissions), but this effort was directed toward learning more about state proactive efforts or policies that encourage, require, or incentivize the creation of regional transit entities.

The experiences of five other states with the regionalization of transit services, summarized in Appendix B, suggest the following:

- Regionalization can be mandated through state legislation, but it can also be accomplished with incentives, particularly funding incentives.
- As regionalization is implemented, there is no “one size fits all” for each region; regions will vary based on local needs and resources, and individual jurisdictions within a region may still provide their own individual transit service.
- Efforts to regionalize transit systems benefit from a local champion, either an individual or an agency that advocates for the new structure and helps marshal its implementation.
- The ability to generate local funds can be an incentive for regionalizing; voter approval for new taxes on a regional basis (not county-by-county) may help a ballot measure pass.
- The process of regionalizing requires technical assistance from the state and there may be ongoing technical assistance needs from the state.
- With transit systems consolidated within a region, state program management and administrative efforts will be reduced with fewer grantees, but there are often new technical assistance requirements to help implement the new regional entities and support ongoing efforts as they transition to their new structures.
- The relationships between the state and its regions will be significantly influenced by the structure, policies, and procedures of the funding programs that support transit in the regions.



ADVISORY COMMITTEE INPUT

Recognizing the need for input from the communities that have been involved in efforts to regionalize transit, and key user groups that could be affected by changes in the organization or funding of public transportation, NCDOT created and engaged an Advisory Committee for the study. There were 15 members that participated in three meetings in Raleigh at the NCDOT offices (February 8, March 19, and April 16). The list of Advisory Committee members is included as Attachment B.

Benefits, Issues, and Challenges

Committee members stated that the approach of NCDOT to regionalizing is critical. Regionalism cannot be mandated as part of a top-down approach (as before) which encountered such resistance. Regionalization needs to be broadly defined, including operations, services, and administration—not just administration. It may be that it is a critical piece of an overall goal of cost-effective, quality services that meet user needs. The implication is that it may be possible to achieve many of the benefits through implementation of different aspects that are regional—such as creating seamless regional services and information systems, but not necessarily having total consolidation.

The example provided by the Committee members focused on the Triangle region, which appeared to some to need consolidation because of the large number of operators. However, Committee members from the region explained that total consolidation in the Triangle did not succeed, but that the consolidation effort resulted in a decision to focus on providing seamless service between and among the multiple operators, and this has largely been achieved through regional information systems, transfer policies, connecting services, etc.

Benefits identified by the Committee included the following, in addition to those items already identified:

- Larger organizations would allow staff and other resources to be able to provide regional services.
- There is a need to focus on the (regional) service needs.
- Demographic changes, such as aging populations, increased medical needs, and need to travel for medical services will create pressures to provide regional services.

- Administrative cost savings—the study should look at the administrative cost/overhead ratio, and the relationship to overall unit costs.
- Regional systems broaden the support base of transit so that there are multiple champions. Transit needs local champions to succeed, and there needs to be champions for creating regional or consolidated systems.
- Regionalizing would benefit those small systems (that lack funding) that do not have adequate staffing (in terms of numbers or skills) to apply for and manage available funding.

Issues and challenges identified or commented on by the Advisory Committee members began with the notion that if consolidation were easy or desirable, it would have happened already. There is a need to understand (for NCDOT and the legislature) why it has not happened:

- Fear of unknown, fear of change—transit managers, local government officials, other agencies. This is a common barrier to any type of innovation or change.
- The experience of systems in North Carolina that have regionalized over the past ten years, and the perception that they have faced many problems:
 - Anticipated additional funding has not been provided.
 - Cash flow problems resulting from the change to an independent organization (from being part of a governmental unit) that cannot borrow money, and whose expenses are all paid as reimbursements.
 - A perception that costs increase as pay rates rise to the level of the highest paid participating systems, and the regional system takes on all the administrative staff of the individual systems (at least initially).

Discussion concerning the cost and staffing impacts of joining individual systems to create regional transit systems focused on the question of whether or not there are actual savings, given the tendency to hire everybody from the pre-existing systems. A distinction was made regarding the short-term cost impacts in which a regional system might have higher costs in its early years as it takes on the legacy staff and then lower costs in later years when the final staffing structure can be achieved. One member from a well-established rural regional system noted that an exercise looking at the costs of separating the regional system into individual county systems estimated significant cost increases would result.

The study team also presented experience in other states, noting that other states are dealing with many of the same issues, and are also looking at consolidation or regionalization. However, there is no one solution that North Carolina could adopt as a model. Iowa's model (described in Appendix B) dividing the state into regions creates fewer entities for the state to deal with, but within each region there may be many providers requiring oversight and competing for resources, so it does not necessarily result in all of the desired benefits of a regional approach.

Basis for Defining Boundaries of Regional Systems

Discussion of the logical boundaries for regional systems in North Carolina focused on the need to consider the travel patterns of the 90% of riders of rural systems that are transit dependent, many of them human service agency clients. These sub-groups are not work-trip commuters, and so the use of commuter sheds may not be appropriate in many cases—the trip pattern is to locations of medical services, human services, training, shopping, etc. Regional trips are most often to medical services or facilities. Other comments included the fact that the boundaries of regional governmental organizations such as MPOs or RPOs, or COGs, may have little, if any, relationship to these trip patterns.

Incentives or Policy Changes Required

Issues and concerns with regard to potential policy changes were identified by the Advisory Committee. It was noted that since the 2002 study there have been some additional policy changes at the state level that can support development of regional transit systems. This includes the H.B. 229 which allows the state ROAP grant to be provided directly to some regional transit agencies, and the H.B. 148 provisions allowing counties to have a referendum on the collection of sales taxes for transit. It was suggested that the H.B. 229 (regarding the ability of regional transit entities to receive ROAP funding directly) language needs to be broadened to include other types of regional transit entities beyond the two types of transit authorities specifically mentioned in the legislation. While it might seem a minor funding technicality, this legislation is particularly useful in allowing a regional system to reduce reporting requirements that would otherwise involve reporting back through individual county recipients. It also allows a regional system to fully utilize the funding to meet needs in the region, while previously funds allocated to one county might go unspent while trips elsewhere in the region cannot be provided due to lack of funds. Also, since the state ROAP funding can be used as match for a number of federal funds, this flexibility can assist a regional system to draw down additional federal funding to meet regional needs. The consensus of the group was that more such flexibility is needed, both in allowing ROAP to fund more regional services, and providing funding directly to regional systems (where counties have designated the system as



their provider) rather than providing it directly to counties who then regard it as county funding.

It was also noted that H.B. 148 provides the authorization for counties to decide whether to put the sales tax for transit on the ballot, but has no provision for doing this on a regional basis. If the sales tax is needed to support regional services or create a regional transit entity, and individual counties within that region do not vote, or have the vote go against the sales tax, it can make creation of regional systems problematic.

Another aspect of H.B. 148 that was identified as a potential barrier to the creation of regional systems is the requirement that revenues from the sales tax authorized by the legislation cannot supplant existing funding. This reduces incentive for local governments to place the sales tax on the ballot unless there is a desire to expand transit service significantly. Also, county decision-makers may not want to be constrained to provide the same level of existing funding for transit in the event of declines in local tax revenues. It was pointed out that many county governments may be reluctant to seek the sales tax from voters for new services, while they are being forced to cut existing service due to budget cuts. Committee members cited the need for a transit funding mechanism that encourages use of local dedicated tax (sales tax), and an added incentive would be the ability to use it for both existing and expanded services. In that case, it was felt, more places would support it, that would provide regions with a dedicated source of transit funding.

Another barrier mentioned was the need for additional research concerning the fuel tax exemption that is available to private non-profit providers. There was some discussion of a regional consolidation effort that ended when it was determined that the increased costs of fuel (for the regional public system as compared to individual county private non-profits) would offset other potential savings. More research on the specifics is needed, but the general concern is that the state needs to make sure that such barriers to regionalization are addressed.

A point made by several Committee members is that regionalization cannot be a top-down, mandated requirement. The seed of regionalizing may need to be planted and given time to grow. Education is the seeding process, and a key need is education for local officials about the benefits of being part of a regional transit entity, including regional travel needs. This includes the location of key regional destinations and providing regional services can benefit residents. The officials needing this education include local officials and board members of private non-profits, not just transit system managers and transit boards. Regionalization is political, and it requires support from all these parties if it is to take place. Often it takes a champion to get regionalization enacted, as it must be enacted by many policy-makers (but can be blocked by a much smaller number).



Statewide standardization of transit policies and procedures was identified as a means of potentially eliminating barriers to regional transit actions, as all systems would have staff that has been trained in the same way, common operating policies, and the same procedures. Standardization of services and performance measurements were mentioned as potentially supporting regionalization, as individual systems would need to incur comparable costs to provide equal services. A user should be able to get the same thing everywhere under the same program. If there were common standards, it would be easier to develop common organizations to provide these services.

Other incentives to regionalize included additional funding for regional services, as individual counties can be reluctant to use either local funds or state funds allocated to that county to fund service taking residents outside that jurisdiction. Regional trip needs that are currently unmet would require additional funding if a regional system sought to address them, as this is seen as a major potential benefit of regional systems. Also, a major incentive would be a means of providing working capital to independent regional authorities to avoid cash flow problems that arise while waiting for reimbursement of operating expenses. Approaches discussed included a loan of working capital from the state, or advances that would be repaid when grants and other income become available. The level of reserves or working capital discussed varied from three to six months of operating expenses. Currently a RTA without a local government or parent agency to act as a bank has no reserves or working capital unless it has enacted a dedicated tax funding source, and that is very unlikely in the many areas of the state where transit is dedicated to meeting the needs of the most transit dependent, who are not likely to have the political strength to have county-wide general sales taxes enacted.

STAKEHOLDER INPUT

This section presents a summary of the input from additional key stakeholders in the State. It synthesizes the results of the one-on-one interview with selected stakeholders, including selected regional transportation providers in the State as well as e-mails and other comments received from NCPTA and NCRPO.

Benefits

Stakeholders identified a wide range of benefits that have resulted from the current regionalization efforts or might be realized if transit were provided on a regional level in other areas of the State. These included improved cost efficiencies, potential for service and operational improvements that are only possible through a

regional approach and, finally, the possibility of a more engaged and enthusiastic governing board.

Issues and Challenges

On the other hand, the stakeholders also identified many issues and challenges that have and will be faced in the creation of regional organizations and services, including cash flow issues, cost sharing complications, struggles with cost savings in some situations, issues operating regional services within a county-based political reality, and turfism issues.

Overall

Overall, stakeholder comments mirrored many of those expressed by the Advisory Committee, including:

1. Mandatory consolidation is not effective and “one size does not fit all,” For example, “Regional” cooperation without consolidation works in some areas where independent transit entities work together without a formal consolidation.
2. These efforts take time, especially to build trust among the parties.
3. Boundaries should be set based on trip patterns, typology, and geography, and systems should have some say regarding which region they should belong to.
4. The incentives or policies that would make regionalization easier or more beneficial include start up funding and working capital needs to be provided.
5. Education is critical. A dedicated PTD staff person or start-up team is needed to help guide regions through all the steps. This includes training for PTD staff in the process of developing regional actions, and PTD support for its staff to facilitate the process.

Chapter 3

Feasibility and Appropriateness of Regional Transit

The legislature asked NCDOT/PTD to study the feasibility and appropriateness of developing regional transit systems. Further, the study examined both 1) the potential to consolidate of transit service planning and delivery based on regional travel patterns, and 2) the potential to consolidate single-county transit systems, where appropriate. This analysis of the potential for additional integration into regional transit systems is presented at the end of this chapter.

The report concludes that *total* consolidation of transit services may be feasible and appropriate in some, but not all, regions of the State. But, when defined more broadly, developing regional approaches to providing transit services is both feasible and appropriate.

REDEFINING “REGIONAL TRANSIT SYSTEMS “

All of the research – from the stakeholder input, the Advisory Committee, past experiences in North Carolina and lessons learned from other states – indicates that a mandate to fully consolidate all the transit functions in a particular region under a single entity, while technically feasible, is not appropriate. Total consolidation under one entity may not always improve efficiency or effectiveness, but there are many functions provided by transit systems that can be addressed on a regional level to improve service to the user or reduce costs. In some cases, total consolidation may be the best way to achieve the maximum benefits, but restricting the definition of regional transit to encompass only fully-consolidated systems will greatly limit the potential for transit improvements that can be achieved through a broader definition.

Thus, the report recommends a more flexible and multi-dimensional definition and framework for “regional transit” as well as a locally-drive, state-supported process



for tailoring it to each region in the State. Within this definition, regional approaches to providing transit services are both feasible and appropriate.

FEASIBILITY AND APPROPRIATENESS

Appropriateness

Using this new definition, it is appropriate to develop regional approaches to transit services throughout the State. The key question is, “what is appropriate (and beneficial) within a particular region”? In order to increase efficiencies or improve services, the joint actions that are appropriate need to be tailored to the local situation. There is no one single model to apply as the only way to obtain the benefits of regional actions. The appropriate alternative approach is to provide a framework that allows regions to define themselves, assess existing regional actions, and then choose the appropriate regional actions from a broad menu of possibilities within a common framework to address local and state goals. This will allow each region to tailor their regional plan to their situation, allowing for them to achieve the benefits of regional action.

Feasibility

Clearly regionalization is feasible because there are many successful examples of transit systems acting jointly on a regional level to improve efficiency or the effectiveness of their services to the community. Additional elements of feasibility include consideration that:

- Feasibility depends in large part on local acceptance and support for the concept of a regional approach. This support and commitment can be achieved partially through incentives but PTD will need to provide leadership, technical assistance, financial support.
- Technical and political support is needed from NCDOT as transit operators reach out and engage local officials and decision makers.
- To be successful, regions need a clear vision and careful planning. Planning assistance, centered on a business planning model, is needed at the regional level.
- Financial and programmatic incentives can help advance the regional process. NCDOT can provide financial incentives and improve its program to remove barriers to increase participation on the local level.



POTENTIAL TO MEET LEGISLATIVE GOALS

This section includes results of the analysis on whether a regional approach might meet the goals outlined in the legislative mandate. This discussion is not exhaustive of all the issues that need to be considered, but rather highlights the major concerns that need to be addressed as NCDOT implements its Statewide Initiative to Support Regional Transit Actions, as outlined in Chapter 4.

The findings are organized around the four goals identified for regionalization as contained in the Session Law:

- increasing mobility
- improving planning and coordination
- maximizing funding, and
- developing centralized professional staff to create operational and administrative efficiencies.

A final section examines the potential opportunities for additional consolidation under the two regionalization strategies to be examined, namely the consolidation of single-county operations into multi-county regional systems and the consolidation of systems within single counties.

It is cautioned that only limited data is available with which to assess the overall financial impacts of regionalizing. Analysis of data from the regional systems that have been created in recent years is complicated because data collected on the individual systems prior to consolidation may not have included all the costs and funding; the now-regional systems are providing different services (often longer-distance, higher-cost regional services) that reflect the change in organization; and the cost structures are likely to continue to change as these regional entities mature. In some cases the regional systems are providing many services that simply did not exist prior to creation of the regional entity. Determining whether regionalization is beneficial from a cost sense would require detailed case studies to untangle the factors that complicate the analysis, if the data could be obtained and compared. Because of that, whether regionalization is beneficial from a cost sense has not yet been fully explored. Thus, we are defining appropriateness in terms of meeting the other four goals in the legislation.

Goal #1 - Increasing Regional Mobility

Potential for Regionalization to Increase Mobility for Regional Trips

Regionalization can increase mobility for users that need to travel across transit system and county boundaries. Currently many of the single-county systems do

provide long distance trips (often to medical facilities), but others only operate within their county. It is easier for regional providers to provide trips that cross county or city boundaries.

Table 3-1 lists the single-county systems in the CT program and the information from the NCDOT OPSTATS concerning whether they go outside their home county, and what counties they typically go into. This information begins to provide some data on the potential regional travel patterns that would need to be considered in designing consolidated regional systems. Most, but not all, of these systems go outside their home counties.

It should be noted that in many cases single-county systems do strive to coordinate with other transit providers to meet these regional trip needs, and that in more urbanized areas there has been significant progress in meeting regional trip needs for seamless service through the development of regional trip planning systems, use of transfers, and service designs to allow connections between regional and local services, as can be seen in the Triangle area.

Constraints or Limitations on Increasing Mobility through Regionalization

Providing Regional Services (Increasing Mobility) Requires Funding. Simply providing a regional organization will not increase regional mobility without the addition of funding to provide more regional trips. While it might be argued that if these single-county systems were combined into regional systems they could provide regional commuter services, in reality this would require a higher level of funding and change in focus, as services to address work trip needs require daily services, often with multiple frequencies to accommodate work schedules. Many of the CT systems offer only demand-response pre-scheduled services, and the available ROAP funding would not provide enough service to meet daily work trip demand from more than a handful of riders – which is why these systems focus on the most essential trips (such as medical trips) for those with the fewest alternatives.

Further, providing and funding regional trips may require changes to the structure of the funding program. Regional trips tend to be longer, and are often more expensive to provide. In addition, there may be reluctance on the part of local jurisdictions to contribute local funding/match dollars for services that either originate or have a destination in another jurisdiction, and these barriers may exist even within a regional system unless funding has been provided on a regional, rather than county-by-county, basis.

Regional Mobility Can be Addressed without Full Administrative Consolidation. As shown in the annual OPSTATS reports, and as has been pointed out in the interviews and Committee input, many rural and urban area systems have



Table 3-1: Regional Travel Patterns of CT Systems		
Single County Community Systems	Provide Trips Beyond County Service Area?	Other Places Served
Alamance County Transportation Authority	Yes	Caswell, Durham, Forsyth, Granville, Guilford, Orange, Wake
Alleghany County	Yes	Ashe, Buncombe, Burke, Caldwell, Catawba, Durham, Forsyth, Guilford, Iredell, Mecklenburg, Rowan, Surry, Wake, Watauga, Wilkes, Yadkin; VA; TN
Anson County	Yes	Union, Mecklenburg, Gaston, Cabarrus, Stanly, Montgomery, Rowan, Richmond, Moore, Cumberland, Scotland, Robeson, Orange, Durham, Wake, Guilford
Ashe County Transportation Authority, Inc.	Yes	Watauga, Wilkes, Forsyth, Iredell, Surry, Mecklenburg, Guilford, Catawba; Johnson, TN
Avery County Transportation Authority	Yes	Ashe, Buncombe, Burke, Cabarrus, Caldwell, Catawba, Cleveland, Durham, Forsyth, Franklin, Gaston, Guilford, Henderson, Iredell, Lincolnton, McDowell, Mecklenburg, Mitchell, Orange, Rowan, Rutherford, Wake, Watauga, Wilkes, Yancey; TN
Beaufort County Developmental Center Inc.	Yes	Hyde, Martin, Pitt, Washington,
Bladen County	Yes	Pender
Brunswick Transit System, Inc.	Yes	New Hanover
Buncombe County	No	
Cabarrus County	Yes	Mecklenburg, Rowan
Carteret County	Yes	Craven, Durham, Forsyth, Lenior, New Brunswick, Onslow, Orange, Pitt, Wake
Caswell County	Yes	Alamance, Durham, Greensboro, Orange, Person, Rockingham, W-Salem; Danville, VA
Chatham Transit Network	Yes	Alamance, Durham, Lee, Moore, Orange, Randolph, Wake
Cherokee County	Yes	Buncombe, Burke, Clay, Graham, Haywood, Henderson, Jackson, Macon, McDowell, Swain, Transylvania; GA; TN
Clay County	Yes	All SW NC counties to Asheville, all NE GA counties to Atlanta
Columbus County	Yes	Chapel Hill, Durham, Fayetteville, Lumberton, Raleigh, Wilmington
Cumberland County	No	

Table 3-1: Regional Travel Patterns of CT Systems		
Single County Community Systems	Provide Trips Beyond County Service Area?	Other Places Served
Dare County	Yes	Currituck, Greenville, Raleigh; Norfolk, Virginia Beach, Hampton Roads
Davidson County	Yes	Guilford , Forsyth, Rowan
Duplin County	Yes	Durham, Lenoir, Sampson, New Hanover, Pitt, Wake, Wayne
Durham County	Yes	Alamance, Orange, Wake
Gaston County	Yes	Cabarras, Cleveland, Davidson, Durham, Forsyth, Lincoln, Mecklenburg, Rowan, Wake
Gates County	Yes	Ahoskie, Elizabeth City, Edenton, Greenville; Suffolk, Smithfield, Norfolk, Portsmouth, Hampton VA
Graham County	Yes	TN; GA; SC; Buncombe, Cherokee, Clay, Haywood, Henderson, Jackson, Swain
Greene County	Yes	Durham, Orange, Wake
Guilford County	Yes	Alamance, Durham, Forsyth, Orange, Rockingham, Randolph, Rowan
Harnett County	Yes	Cumberland, Durham, Johnston, Lee, Moore, Orange, Sampson, Wake
Hoke County	Yes	Cumberland, Durham, Moore, Orange, Scotland, Robeson, Wake
Hyde County Non-Profit Private Transportation Corp Inc.	Yes	Beaufort, Dare, Martin, Pitt, Tyrrell
Iredell County	Yes	Cabarrus, Catawba, Durham, Forsyth, Mecklenburg, Rowan
Jackson County	Yes	Buncombe, Burke, Durham, Henderson, Iredell, McDowell, Orange, Wake; Region A Counties
Johnston County Council on Aging, Inc.	Yes	Durham, Harnett, Lenoir, Orange, Pitt, Sampson, Wake, Wilson, Wayne
Lee County	Yes	Chapel Hill, Durham
Lenoir County	Yes	Greene, Wayne, Pitt (medical appointments only)
Lincoln County	Yes	Burke, Catawba, Cleveland, Durham, Forsyth, Gaston, Iredell, Mecklenburg, Rowan
Macon County	Yes	Buncombe, Cherokee, Durham, Forsyth, Guilford, Haywood, Henderson, Iredell, Jackson, McDowell, Mecklenburg, Orange, Swain, Wake; GA
Madison County Transportation Authority	Yes	Buncombe, Haywood, Yancey

Table 3-1: Regional Travel Patterns of CT Systems		
Single County Community Systems	Provide Trips Beyond County Service Area?	Other Places Served
Martin County	Yes	Beaufort, Bertie, Chowan, Craven, Dare, Durham, Hertford, Johnston, Nash, Orange, Pasquotank, Perquimans, Pitt, Wake, Washington, Wilson
Mecklenburg County	Yes	Buncombe, Durham, Forsyth, Rowan
Mitchell County Transportation Authority	Yes	Catawba, Haywood, Lincoln, Mecklenburg, Wake; Washington, Carter, TN
Moore County	No	
Mountain Projects Inc.	Yes	Buncombe, Jackson
Onslow United Transit System, Inc.	Yes	New Bern, Greenville, Fayetteville, Pollocksville, Triangle Area, Wilmington
Orange County	Yes	Alamance, Caswell, Durham
Pender Adult Services Inc.	Yes	Cumberland, Duplin, Durham, New Hanover, Onslow, Wake (others as requested/approved)
Person County	Yes	Durham, Chapel Hill, Prospect Hill
Pitt County/Pitt Area Transit System	No	
Polk County Transportation Authority	Yes	Buncombe, Cleveland, Durham, Guilford, Henderson, McDowell, Orange, Rutherford; SC
Richmond Interagency Transportation, Inc.	Yes	Moore
Robeson County	Yes	Cumberland, Durham, Orange, Wake
Rockingham County Council on Aging Inc.	No	
Rowan County	Yes	Cabarrus, Davidson, Forsythe, Iredell, Mecklenburg
Rutherford County	Yes	Buncombe, Burke, Catawba, Cleveland, Durham, Gaston, Guilford, Henderson, Mecklenburg, Polk, Yadkin; Spartanburg, SC
Sampson County	Yes	Cumberland, Durham, Wake, Wayne
Scotland County	Yes	Durham, Moore, Orange
Stanly County	Yes	Cabarrus, Davidson, Durham, Forsyth, Guilford, Iredell, Mecklenburg, Montgomery, Moore, Orange, Rowan, Union
Swain County Focal Point on Aging Inc.	Yes	Buncombe, Durham, Forsyth, Haywood, Jackson, Macon, McDowell, Moore, Orange, Transylvania, Wake

Table 3-1: Regional Travel Patterns of CT Systems		
Single County Community Systems	Provide Trips Beyond County Service Area?	Other Places Served
Transportation Administration of Cleveland County Inc.	No	
Transylvania County	Yes	Buncombe, Henderson
Union County	Yes	Burke, Durham, Davidson, Mecklenburg, Rowan
Wake County	Yes	Durham, Johnston, Orange (serving regional medical centers)
Washington County	Yes	Beaufort, Durham, Edgecombe, Martin, Nash, Pitt, Tyrrell, Wake
Wilkes Transportation Authority	Yes	Alexander, Ashe, Buncombe, Burke, Cabarrus, Caldwell, Catawba, Davie, Durham, Forsyth, Gaston, Guilford, Iredell, Mecklenburg, Orange, Rowan, Surry, Wake, Watauga, Yadkin, Wilkes
Wilson County	Yes	Rocky Mount, Raleigh, Chapel Hill, Durham, Greenville (Medicaid trips)
Yancey County Transportation Authority	Yes	Avery, Buncombe, Madison, Mitchell, Henderson

focused on coordination with other providers to address regional trip needs. Coordinating the transfer of passengers, accepting fare transfers, shared passenger information, and even coordinating trip reservations are all ways to provide the regional trip to those who need it—without administrative consolidation. Independent transit systems may also collaborate to share expensive infrastructure or services, or conduct joint procurements—all to reduce the cost of providing transit through economies of scale.

Goal #2 - Improving Planning and Coordination

Potential for Regionalization to Improve Transit Planning

Improved Transit Planning is Possible with Larger Organizations and Regional Service Area. One of the benefits of establishing regional or consolidated transit systems includes the potential for improving transit planning by creating organizations large enough to fully participate in the regional transportation planning process, and to support current planning programs provided by NCDOT. Many very small transit systems are limited in the number of administrative staff that can be supported and, with only 2-3 persons available to perform all non-operational functions (and many operational ones as well, ranging from maintenance oversight to back-up driving), system planning capabilities will necessarily be quite limited—affecting even the ability to work with consultants to perform the required Community Transportation Service Plans. Larger systems can support the specialized staff that can conduct the planning process, including both the planning for the system itself and full participation in the overall regional and statewide transportation planning process.

Constraints or Limitations for Using Regionalization to Improve Transit Planning

MPO/RPO Boundaries Do not Mesh with Trip Patterns. The MPO/RPO are a potential resource for regional transit planning, but the MPO/RPO areas may not necessarily cover the travel patterns of the transit users, many of whom are not work-trip commuters by persons making medical or human service trips. The recent experience of PTD in working with the MPO/RPO organizations to develop the FTA-required Local Coordinated Human Service Public Transportation Plans (LCPs) suggests that the capability and interest of these organizations for transit-related planning varies considerably, which may leave small rural transit systems at a disadvantage in meeting planning requirements for some federal funding.



Goal #3 - Maximizing Funding

Potential for Regionalization to Maximize Funding

Local Match Flexibility May be Easier to Manage on a Regional Basis. One of the goals of consolidating single-county urban and rural systems, or combining county systems into multi-county systems, is maximizing the ability to use available funding from federal and state sources. In the past North Carolina has lost federal transit funding that lapsed (it must be used within three fiscal years). While there are several reasons for this, one is that local systems did not have the local match funding to be able to draw down the available federal funding in these programs. There may be several ways in which consolidated or regional systems may be better able to utilize the available federal and state funding. One would be the ability to use state ROAP funding on a regional basis, rather than being restricted to use it only within particular counties (as allowed for some types of regional systems in H.B. 229). A regional system could use the available funding to meet needs anywhere in the region, and could be more able to develop competitive grant applications to utilize regional ROAP funds as local match for the FTA grants, potentially bringing in more funding.

Another way to maximize federal funding that could result when combining urban systems with surrounding rural systems is that the rural systems receive human service contract funds, which can be used as the non-federal match for Federal Section 5311 and Section 5307 small urban operating funds. In North Carolina, Section 5311 cannot be used as operating funding (except in the case of “small city” fixed-route systems and/or fixed-route or deviated fixed-route services). If Federal Section 5307 funding is going unspent because of the lack of local cash match, the value of the rural human service contracts could be used to draw down additional federal funds, in a consolidated system.

Similarly, it should be noted that Urbanized Area systems receive their FTA funding allocation based on population that is associated with the entire Urbanized Area, which usually includes substantial areas outside the city limits. If the designated recipient of the funding is a city system, and the city is providing the local match, it may well minimize (or avoid) service to the rest of the Urbanized Area. In a consolidated urban-rural system the opportunity is there to use the Section 5307 funding for the entire Urbanized Area.

The overall point is that in consolidated single county systems or in regional systems there is more flexibility to seek additional funds and utilize available local and state funding to maximize local match and fully utilize the available federal funding.

Federal Transit Grants Require Staff to Manage Grants and Funding Requests. A second potential benefit that could maximize funding is simply having the staff time



and expertise to seek additional funds that may be available. Many rural single-county systems are quite restricted in terms of staffing. Staff time and expertise to develop competitive grant applications may not be available, while in a larger, multi-county system the ability to develop grants to obtain the funding is more likely.

Constraints or Limitations for Using Regionalization to Maximize Funding

Regional Funding Mechanisms Do Not Necessarily Increase Funding Levels.

A potential benefit of regional systems is that they should be able to respond to regional travel needs, not necessarily limiting services to trips within a particular county or jurisdiction. However, unless federal and state funding levels are increased (through the local-share flexibility mentioned above, or by higher funding levels generally) simply combining existing single-county, or city and county systems does not create any new funding to provide these additional services. A regional system could shift under-utilized resources from local services to regional services as a means of addressing these needs, but provision of new additional regional services without cutting local services would likely require more funding for additional vehicles, and to cover increased operational costs because these trips may be longer and require more operational expense.

Further, funding for regional services needs to be provided through mechanisms that are regional in nature. If it is anticipated that funding to a regional system is to be provided through individual jurisdictions, it is likely that the jurisdictions will take ownership of the funds and seek to make sure that “their” funds are used to purchase services for them, leaving the regional needs (or the ability of a regional system to move funds to places of greater need or demand) unaddressed.

Goal #4 - Centralizing Staff to Create Operational and Administrative Efficiencies

Potential for Centralized Staff to Create Operational and Administrative Efficiencies

Regional, Centralized Systems Require Relatively Fewer Staff. A goal of the Session Law is the development of centralized professional staff that will create operational and administrative efficiencies. There is some evidence concerning staff levels and organizational structure from the NCDOT Operating Statistics reports. Table 3-2 presents data taken from the 2011 Operating Statistics Report data tables comparing single-county CT and multi-county Regional Community (RC) systems.



Table 3-2: Single County and Regional System Comparison

	Community Average (65 systems)	Regional Community Average (7 systems, Average Size 3.4 Counties)
Vehicle Service Hours	27,891	56,662
Administrative Employees	3.4	5.6
Administrative Employee Hours	6,510	11,221
Administrative Employee FTE	3.1	5.4
Total Administrative Expenses	\$199,189	\$391,030
Total Administrative Funding	\$193,015	\$353,810
Total Administrative and Operating Expenses	\$1,017,703	\$1,805,759
Non-Contract Trips per Rural Population	0.835	0.601
Total Trips	66,941	131,669
Trips per Hour	2.53	2.40
Total Miles	536,789	1,083,028
Miles per Trip	8.79	8.16
Administrative Expenses/Total Expenses	0.249	0.228
Trips/ Administrative Employee FTE	24,028	25,063

For FY 2011, the average CT single-county system had 3.4 persons performing administrative duties (note that under the North Carolina program telephone reservationists, schedulers and dispatchers are considered as operational staff rather than administrative), while the average number of administrative staff persons for the RC systems was 5.6. The average RC system had 3.4 counties. If the RC systems were staffed at the same level as the single-county systems, it would require 11.56 administrative staff members, as compared to the actual average of 5.6. This comparison is limited because there are only seven RC systems, but it is illustrative of staffing efficiencies that may be possible in regional systems. Essentially the same result is evident if Full-Time Equivalent (FTE) staffing is compared, with the CT systems having 3.1 FTE administrative employees, and the RC systems having 5.4 FTE administrative employees. Again the comparison would suggest that 3.4 CT systems would have 10.54 FTE administrative employees, a little less than twice the 5.4 of the equivalent RC system.

In comparing the organizational structures of single-county CT systems, the typical administrative organization includes a Transportation Director, an Administrative Assistant and a third staff member, often called an Operations Supervisor. Sometimes there is a fourth person (who may be part-time). The operational staff includes additional staff members (typically 2-4, depending on system size) who take reservations, schedule trips, dispatch the trips to the drivers, and then verify the performance of the trips into the required reporting systems. As can be seen, the limited administrative staff is required to cover all functional areas, including



financial management, grants administration, policy development, safety and training, vehicle maintenance, etc. This can be contrasted with the more typical structure of an RC system, which also includes a Transit Director, but also typically a Finance Manager or Officer, a Vehicle Maintenance Manager, and an Operations Supervisor or Manager, and often an Administrative Assistant. Depending on the size of the RC system, it may also include additional specialized staff members, such as a Safety and Training Officer or Manager, Accounting Clerks, etc. The larger regional system, as compared to multiple CT systems, will be able to have an administrative staff that has more specialized training and knowledge, and have fewer administrative staff overall.

It should be noted that centralizing staff may also reduce the percentage spent on administrative expenses, as the average CT system in Table 3-2 has administrative expenses that are 24.9% of the total combined operating and administrative expense, while the RC systems (with fewer administrative staff) have 22.8% of the total combined operating and administrative expense devoted to administrative expense.

The more specialized staffing of the regional system may also be beneficial in addressing the need to meet increased levels of federal and state oversight of compliance. Federal transit funds come with many requirements, and NCDOT passes those requirements through to the individual subrecipients who must meet 24 separate areas of federal compliance. In some of these areas NCDOT has added compliance requirements, such as its System Safety Program Plan. In the most recent federal program compliance review of 68 CT systems receiving federal funds, the regional systems generally had fewer compliance issues and were able to resolve them more quickly, a reflection of the ability of the staff to anticipate the requirements and then ensure compliance.

Combining the more specialized expertise of staff in the consolidated or regional system with the ability to utilize more advanced scheduling and dispatch software and hardware (NCDOT will provide the higher level technology to systems with 300 trips per day or more) can bring additional improvements in operational efficiencies to the larger system.

Overall, it generally appears that the goal of having a centralized staff that can create operational and administrative efficiencies can be addressed through the development of regional systems, and that the more specialized staff found in such systems can assist in meeting the increasing federal and state compliance requirements.

Constraints or Limitations for Centralized Staff to Create Operational and Administrative Efficiencies

Staff Cost Reductions are Not Proportional. Although administrative staff costs are lower for the RC systems (as a percentage of the total operating costs), the difference



is not as great as might be expected given the difference in staff size. It is likely that the more highly specialized staff of the regional systems have higher pay levels, reducing the overall cost savings.

In addition, the experience has been that during a transition to a regional system changes in staffing may take time to fully implement. During that time staffing levels and costs may be even greater than the sum of the previous single systems.

FEASIBILITY - CHALLENGES AND TRANSITION

There are a number of major issues and challenges that must be addressed as the regional initiative moves forward.

Unique Local Conditions Must be Recognized

It is clear that efforts to regionalize transit services must recognize that local conditions vary greatly across the State. Input from the stakeholders, the Advisory Committee, and outreach efforts confirm that services needs vary considerably in terms of the types of markets served (human service clients, transit dependent persons, commuters, choice riders), the organizational capabilities, the political and economic environment. Even the mix of funding sources used by the providers, and the differing requirements among them make for significant differences across the State.

User Travel Patterns Differ for Work and Non-Work Trips Perhaps by Rural and Urban Areas

Input on the potential boundaries of potential regional service entities has focused on the need to examine travels patterns of the transit users. Many of the single-county rural systems that do out-of-county services provide service to regional medical services, and these trip patterns may not correspond to the typical work-trip commuter sheds.

The Transit Program has Historically Funded Administrative Expenses

One contributing factor to the large number of grantees is the programmatic structure of the state transit program. It is important to understand that the creation of many county-based transit programs is based in the history of the program. Historically, North Carolina's transit program led the nation in addressing coordination of public transit and human service coordination, in part by using transit funding to provide the vehicles and the local coordinator (later transit director) needed to develop coordinated service. Human service agency contracts were to be the source of operating funds—later aided by state transit funding (Elderly and Disabled



Transportation Assistance Program) for elderly and disabled person trips not eligible as client trips, and then by operating assistance for non-client trips by rural residents (Rural General Public or RGP).

As a result, under the North Carolina transit programs, FTA Section 5311 funds, are not available to provide operating assistance (except for non-urbanized fixed-route services and route-deviation/fixed-route services provided by regional systems). One result of providing administrative funding, but not operating assistance (until ROAP was provided out of state funds) is that for a long time every system has had the ability to fund administrative expenses with federal and state dollars, reducing any local incentive to combine with other systems as a means of reducing administrative costs to permit more use of funds for operations. Another result of the bias toward funding administrative expenses is a possible skewing of the data on expenses. In order to maximize transit dollars, the systems in the state classify as many of their expenses as possible under administration (e.g., insurance costs).

One of the positive consequences of this approach, that cannot be lost, is the State's ability to maximize the federal share (since the Federal Section 5311 program funds 80% of the cost of administrative expenses and only 50% of the net operating deficit for operating expenses). Another is that the local human service agencies have been at the table ready to coordinate client transportation with public transit, often making both services sustainable. The more recent addition of state RGP funding has allowed the CT systems to provide general public service in addition to human service contract transportation.

Creating Clear Programmatic Guidance will Make Regionalization Easier

NCDOT's PTD guidance has not always helped to make regionalization of transit services feasible, in some cases interpreting program guidance so as to make it more difficult or create disincentives. For example, a system seeking to combine a Section 5307 funded small urban system (which has direct FTA funding) with Section 5311 funding (provided through NCDOT) will have to allocate its costs between the rural services and the urbanized area services. NCDOT assists the urbanized area fixed-route services with SMAP, but provides varying guidance on whether such a regional system can count all the expenses of demand-response services as rural, which would allow comparable use of state ROAP funding. As a result, in a regional system of this type, there may be no state assistance available for urbanized area demand-response services—potentially leaving such services with less funding as a result of regionalizing.



The Need for Working Capital/Financial Reserves Must be Addressed

Some of the major barriers to feasibility involve the need for independent regional systems to have a source of working capital with which to fund operations until state and federal sources provide reimbursement under the various grant agreements. All of the current federal and state programs provide funding, but only to reimburse expenses. If a system is part of a county government, or a city government, or a larger multi-purpose agency, this may not be an issue as expenses are paid out of the general treasury until the funding becomes available.

However, any type of independent organization is going to need reserves for working capital to pay operating and administrative expenses until they are reimbursed. Current authorizing legislation in North Carolina does not permit regional transit authorities to borrow funds, so regional systems must either begin life with contributions by members to create an adequate cash reserve, or depend on a governmental entity that will advance funds and act as banker, or have an independent source of dedicated local funding (and even then cash flow may be an issue). For many potential regional systems all of these options are problematic, and this acts as a major disincentive for those who might otherwise seek to obtain the benefits of regional or consolidated services. Cash flow has been a significant issue for many recently formed regional consolidations and this deters other systems. Potential policies include use of state funds for advances or for capitalizing reserve funds for regional systems. State funds could be lent to the system to be used for working capital, much like a credit line is for a private business—except in this case the state would be sure of repayment as the state would be making the grant payments.

There is a Need for an Education Process and Training/Technical Assistance to Regional Systems

Input from a number of sources emphasized that consolidation or development of regional services or administration is a political process, and that it will take educational efforts to bring the concept and its potential benefits to County and City decision-makers, to the City and County Managers, and to the staffs and board members of human service agencies that contract for much of the service—as well as to transit system managers and policy boards.

In addition, the 2002 ITRE report recommended development of specialized staff positions in PTD to assist in the educational process and provide technical assistance to systems contemplating or in the process of regional consolidation. Under the current PTD process the state funds consultant assistance with a feasibility study, but after the adoption of the results of the study there is limited assistance with the many details of consolidating.



Potential Loss of the Local Touch is a Concern

It has been expressed that a barrier to the creation of multi-county regional systems, or consolidation of city and county systems, is the perception that there will be a significant loss of the local knowledge and community support that has been developed in single-county (particularly rural) systems. Many of the staff members of these small systems have personal knowledge of their riders and their particular needs, and there can be a high level of trust on the part of the user. Moving to regional call centers and the use of scheduling and trip management software (instead of notes) may create such fears regarding the perceived loss of personal service. However these systems allow for better information about client needs to be accessible when trips are scheduled and drivers directed to provide service (as well as improved payment processes). Many large, multi-county rural systems find that maintaining local operations centers is one way to keep the local touch, minimize vehicle deadhead expense, and yet have the benefits of centralized administrative functions.

ANALYSIS OF INTEGRATION BASED ON REGIONAL TRAVEL PATTERNS AND FOR SINGLE-COUNTY SYSTEMS

Session Law 2011-145, Section 28.21, calls for this study to examine the 1) consolidation of transit service planning and delivery based on regional travel patterns and 2) the consolidation of single-county systems.

Although Chapter 1 presented information on the degree to which North Carolina already has regional systems, there is still considerable opportunity for consolidation as explored below.

Regional Transit Systems Based on Regional Travel Patterns

Table 3-1 listed the single-county systems in the CT program, and the information from the NCDOT OPSTATS concerning their county service area, whether they go outside their home county, and what counties they typically go into. This information begins to provide some data on regional travel patterns for these systems, but it is clear that additional information would be needed to determine how they might combine to best serve their users.

Input from the Advisory Committee and the stakeholders is that the regional travel patterns to be considered with regards to any potential consolidation should be based on the travel patterns of the likely users of the system. In many cases the single-county rural systems primarily serve medical and human service transportation needs rather than commuter work trips, and so they would have a different type of regional

travel pattern from systems that are largely general public serving work trip needs. Figure 3-1 presents a map of commuter shed areas developed by the Department of Agriculture from Census journey-to-work data, which would be more instructive regarding the commuter trips.

It is clear that additional study and local input will be needed to define the potential for consolidation based on travel patterns. The rural systems whose regional travel is primarily for medical purposes will likely all have the same major medical destinations, and the issue in defining the potential for consolidation will be the ways in which these counties could find economies in scheduling joint trips to those common destinations.

The number of systems on the list suggests that there is the opportunity for creating a number of multi-county regional systems where it makes sense in terms of regional travel patterns and opportunities to create more cost-effective services. It should be noted that for the most part, these systems receive funding from NCDOT under the same state-administered programs, which could make it easier to consolidate.

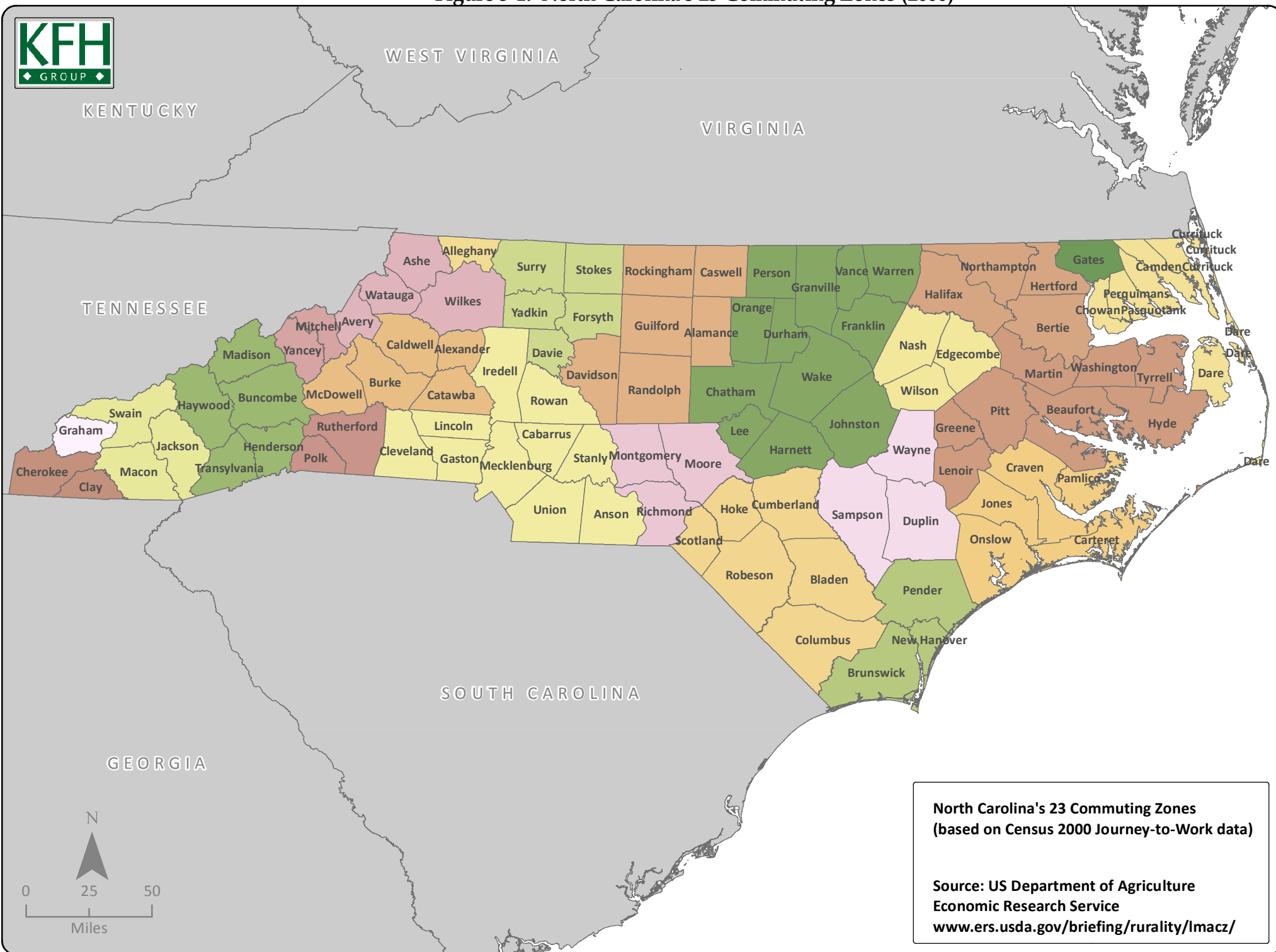
Potential benefits of integrating services based on regional travel patterns include:

- Regional travel needs
 - Commute (see in map)
 - Medical/Human Service

Particularly key in looking at overlay type systems

- Regional Planning:
 - Key for infrastructure – rail, commuter bus, park and ride
 - Can combine with regional systems – PART, or regional planning entities can host transit planning
 - Regional system itself can justify staff to do planning, may not be feasible on a single-county basis
- Maximizing funding:
 - Can utilize state funds normally allocated to counties to provide where needed in the region
 - Can utilize avail state and local funds to maximize match,
 - Have administrative capabilities to apply for discretionary programs, administer funding from multiple sources

Figure 3-1: North Carolina's 23 Commuting Zones (2000)



North Carolina's 23 Commuting Zones
(based on Census 2000 Journey-to-Work data)

Source: US Department of Agriculture
Economic Research Service
www.ers.usda.gov/briefing/rurality/lmacz/

- Administrative Efficiencies:
 - Larger scale makes use of technologies cost effective, scheduling software, electronic fare boxes, real-time information
 - Larger scale may result in lower unit costs—in service contracting, maintenance contract, fuel, tires, insurance
 - Administrative structure allows for specialized staff, requires fewer persons per unit of output
 - Specialized staff able to address compliance needs, provide better service

As can be seen these are generally the benefits of regional integration—the primary consideration is determining the appropriate region given the different types of transit markets served by the state’s systems.

Integration of Services within Single Counties

Table 3-3 lists the counties in North Carolina with more than one public transportation program. As can be seen, there is also considerable scope for consolidation of these systems in terms of the numbers, with 30 systems (not including regional systems TTA and PART) which could be consolidated into 14 systems if there was one in each county. It is likely that there is already significant travel by the county systems into the city systems, or on the regional systems linking the county areas with these or other cities.

However, in many of these cases consolidation of urban and rural systems could be somewhat more complicated in that many the urban systems (except Wilson Transit and Salisbury Transit) receive most of their federal funding directly from FTA, not through NCDOT or its programs (though they do receive state funding under the State Maintenance of Assistance Program (SMAP) program). The complication of combining urban and rural funding in one system is not insoluble, but it does mean that there is an additional complication in allocating costs and funding appropriately between urban and rural areas. Also, it should be noted that many of the county systems surrounding the larger cities provide the majority of their trips (and receive the majority of their funding) under Non-Emergency Medicaid transportation programs, a program which has its own requirements to be considered. Finally, one of the barriers that can make these consolidations difficult is that there are more likely to be significant differences between the labor forces of an urban transit system and a county system, with an urban system having more highly defined work rules, potentially being unionized, and likely having a higher wage structure. Consolidation might then result in higher costs if all workers receive the higher wages and benefits, with a potential loss of contract income if agencies cannot afford the higher costs.



Table 3-3: NC Counties with More than One Public Transportation Program

County	County System	City System/ Regional System
Buncombe	Mountain Mobility	Asheville Transit
Cabarrus	Cabarrus County Transportation	Concord Kannapolis Area Transit (Rider)
Cumberland	Cumberland County Transportation	Fayetteville Area System of Transit (FAST)
Durham	Durham County ACCESS	Durham Area Transit Authority (DATA) TTA- Regional
Forsyth	Winston-Salem Transit Authority (WSTA - TransAid)	Winston-Salem Transit Authority (WSTA) PART- Regional
Gaston	Gaston County ACCESS	Gastonia Transit
Guilford	Guilford County Transportation and Mobility Services	Greensboro Transit Authority HiTran- High Point PART - Regional
Mecklenburg	Mecklenburg Transportation System	Charlotte Area Transit System (CATS)
Onslow	Onslow United Transit System, Inc.	Jacksonville Transit
Orange	Orange County Public Transportation	Chapel Hill Transit TTA - Regional
Pitt	Pitt Area Transit	Greenville Area Transit
Rowan	Rowan Transit	Salisbury Transit
Wake	Wake Coordinated	C-Tran (Cary) Capital Area Transit (CAT)-Raleigh TTA- Regional
Wilson	Wilson County Transportation Services	Wilson Transit

There are particular benefits to the consolidation of systems within a county, including:

- Increased ability to meet regional travel needs:
 - Most needs are for services to the urban center in a given county, or from the center city to suburban employment and shopping
 - There is a potential for reduction of duplicate or overlapping services
 - A single entity can provide single-seat seamless service.
- Regional Planning-- Combined planning for transit in a central city and the surrounding area can result in more efficient service provision and seamless services.
- Maximizing funding:
 - Combining such systems allows use of contract income from rural systems as match for federal urbanized area funding, which can increase the total funding available.
 - Allows use of urbanized area funding to provide services outside municipal boundaries that are within the urbanized area.
 - A combined entity likely has increased capabilities to apply for discretionary programs, including ability to provide local match and administer multiple programs.
- Administrative Efficiencies:
 - A single administrative structure can have fewer, more specialized staff,
 - Aids in meeting federal compliance requirements,
 - A larger system justifies use of technologies
 - Larger scale may result in lower unit costs—in service contracting, maintenance contracts, fuel, tires, insurance, etc.

It should be noted that NCDOT has funded consolidation studies in a number of counties, and that there have been successful consolidations as a result. Currently there is an effort underway in Orange County, addressing the feasibility of consolidating Orange County Public Transportation and Chapel Hill Transit. Previous studies and implementation efforts resulted in the consolidation of services to create the Western Piedmont Regional Transit Authority combining the Hickory urban system with rural systems in four counties; the consolidation of services in New Hanover County to create the Cape Fear Public Transportation Authority combining the county service with the urban system in Wilmington; the creation of the Goldsboro-Wayne Transportation Authority; and the creation of Tar River Transit combining the City of Rocky Mount with the Nash and Edgecombe County systems.



Clearly there are precedents, though there is no single organizational model or procedure. Each of these consolidations has faced its own unique issues, and not all studies have resulted in consolidations. Further analysis is needed to determine where the greatest opportunities for improved services or cost-effectiveness exist.

CONSOLIDATION APPROACH

One final finding at this point in the study is that many in the transit community are concerned that state efforts to increase regional consolidation of transit systems will be a top-down process, one that does not recognize the unique conditions of the different transit systems across the state. While many transit system managers recognize potential benefits to regional consolidation, there was a strong preference for a locally-driven process, one that provides assistance through the transition with technical assistance and funding and helps develop the needed local political support. There was interest in a “menu” approach, one that could provide a framework varying levels of consolidation for different functions, depending on local needs and abilities. Previous state efforts to create more consolidation through mandates have not been accepted and so there is a need to recognize that there is no one definition of regionalization as the study progresses.

Chapter 4

Statewide Transit Initiative to Support Regional Actions

Based on the findings that regional transit solutions are both a feasible and appropriate way to achieve increased transit efficiency and effectiveness, NCDOT, through PTD, will develop and implement a statewide initiative to support local development of appropriate regional actions to maximize the benefits of public transportation. This initiative includes four recommended actions:

- PTD will develop a framework for transit systems to communicate, coordinate, collaborate, and consolidate transit functions,
- Local systems will use the framework to develop Regional Action Plans (RAP),
- PTD will provide technical assistance to support development of the RAP, their adoption and implementation,
- PTD will evaluate its internal practices and policies to increase the incentives for regional actions and eliminate barriers.

FRAMEWORK FOR REGIONAL ACTION

PTD will provide local areas with the tools needed to assess the potential improvements to transit efficiency and effectiveness that could result from acting regionally. The same framework will be used to:

- Determine the Regional Service Area (RSA)
- Inventory how transit providers within the region currently work together

- Identify actions that can be taken to improve and enhance beneficial outcomes to users, the community, the system and the State through regional integration

Regional Service Areas

The RSAs are defined geographic areas having common transportation need characteristics. Factors to be considered in determining the RSAs include travel patterns (including travel needs for work trips, medical and human services, shopping and social/recreational needs), economic characteristics, geographic factors, jurisdictional and planning organization boundaries, census designations (and the related transit funding categories), and historical ties. NCDOT will facilitate regional meetings where data on the defining characteristics will be provided to transit system and local governmental representatives, who will identify the most appropriate potential RSA's to serve as the basis for the implementation of the regional action framework. It is anticipated that RSA boundaries may change, and that systems may determine through the process that travel needs would best be served by joining another region.

Continuum of Regional Actions

After an initial review of how services are currently managed and operating across the State, it is evident that successful efforts at regionalization do not necessarily translate into total consolidation under a single entity. In fact, in some cases, regional integration through total consolidation under a single entity may prove less efficient and effective than taking a blended approach that integrates primary transit system functions across a continuum.

A blended approach to regional integration follows a continuum of actions that range from:

- **Communication** – *Sharing Information* - acting independently, but establishing a regular forum for communication as opportunities arise.
- **Coordination** – *Acting Jointly (on Informal basis)* - working together on selected functions by non-binding action.
- **Collaboration** – *Acting Jointly (on Formal basis)* - working together on selected functions by binding action (Interlocal Agreement, MOUs, etc.).



- **Consolidation** – *Total Integration* - total consolidation of selected (or all) functions by mutual consent and legal transfer of authority to a single legal entity.

Primary Transit System Functions

Determining the most efficient and effective manner to achieving regional integration must address all primary transit system functions both individually and collectively.

The regional integration continuum is used to frame the methodology by which all transit providers within a designated RSA work to address how primary transit functions can be provided regionally, including:

- Funding
- Administration
- Operations
- Maintenance
- Customer Service
- Planning
- Capital/Construction
- Safety & Security.

Regional Process

Using this framework, PTD will work with the transit providers in each region as they inventory existing regional activities. An example of a tool that can be used to capture the inventory is presented in Exhibit 4-1. This inventory and review of existing conditions will provide the region with the validation of their respective RSA boundaries, establish a baseline determination of how they are working jointly to provide services to the community, and provide an assessment of efficiency and effectiveness of their actions.

Framework for Regional Action
Assessment of Current Conditions

	Communicating <i>Sharing Information</i> - acting jointly is not cost effective but entities continue to communicate as opportunities arise	Coordinating <i>Acting Jointly (Informal)</i> - acting jointly on selected functions but on an informal basis	Collaborating <i>Acting Jointly (Formal)</i> - Still independent but acting jointly on selected functions under formal agreements (MOUs, etc)	Consolidating <i>Consolidation under a Single Entity</i> - total consolidation of selected or all functions
Funding	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Administration				
Transit Policy/Governance				
Grant Management				
Financial Management	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Data and Reporting				
Marketing/Co-Branding				
Operations				
Fixed Routes - Bus Routes and Schedules	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Paratransit and Demand Response Services				
Fares, Fare Policies, Media, Transfers				
Maintenance				
Vehicles				
Technology	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Operating Facilities				
Facility Management				
Passenger Amenities (Bus Stops/Shelters/Park and Ride Lots)				
Customer Services				
Regional Call Center				
Information	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Trip Requests				
Information Technology				
Planning	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Capital/Construction				
Facilities				
Vehicles	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>
Technology				
Park and Ride/Passenger Facilities				
Safety and Security	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>	<i>description of existing situation</i>

Exhibit 4-1



As another tool/reference, PTD will use the same framework, with examples of actions other regions have taken (or might) to work regionally (as shown in Exhibit 4-2).

Framework for Regional Action
Possible Joint Actions

	Communicating <i>Sharing Information</i> - acting jointly is not cost effective but entities continue to communicate as opportunities arise	Coordinating <i>Acting Jointly (Informal)</i> - acting jointly on selected functions but on an informal basis	Collaborating <i>Acting Jointly (Formal)</i> - Still independent but acting jointly on selected functions under formal agreements (MOUs, etc)	Consolidating <i>Consolidation under a Single Entity</i> - total consolidation of selected or all functions
Funding	Examples	Examples of Joint Actions	Examples of Joint Actions	Examples of Consolidations
Administration				
Transit Policy/Governance				
Grant Management				
Financial Management				
Data and Reporting				
Marketing/Co-Branding				
Operations				
Fixed Routes - Bus Routes and Schedules				
Paratransit and Demand Response Services				
Fares, Fare Policies, Media, Transfers				
Maintenance				
Vehicles				
Technology				
Operating Facilities				
Facilities Management				
Passenger Amenities (Bus Stops/Shelters/Park and Ride Lots)				
Customer Services				
Regional Call Center				
Information				
Trip Requests				
Information Technology				
Planning	Examples	Examples of Joint Actions	Examples of Joint Actions	Examples of Consolidations
Capital/Construction				
Facilities				
Vehicles				
Technology				
Park and Ride/Passenger Facilities				
Safety and Security	Examples	Examples of Joint Actions	Examples of Joint Actions	Examples of Consolidations

Exhibit 4-2

Building on the type of process used previously in North Carolina to assess regional integration opportunities and develop the most appropriate approaches, within each RSA a Steering Committee will work (with PTD facilitation—may also be done jointly with regional planning organizations as host/facilitator) through regular meetings to:

- 1) Develop and complete the inventory of existing conditions within the PTD framework.



- 2) Review the opportunities for further work in the areas already a focus of regional integration.
- 3) Review the opportunities for regional integration in areas not currently addressed.
- 4) Assess technical and institutional feasibility, costs, user benefits, improvements in efficiency and effectiveness, and funding opportunities for regional integration actions.
- 5) Agree on preferred regional approach, define activities to be conducted, schedule and responsibility (includes local adoption process).
- 6) Document in a Regional Action Plan (RAP).
- 7) Provide a RAP to NCDOT, identify and request needed technical assistance.
- 8) Initiate implementation.

As the RAP is implemented, it is anticipated that further opportunities or needs to work on a regional basis may be identified.

REGIONAL ACTION PLANS

The RAPs document the results of the regional process for a given RSA. All transit systems are expected to become part of the regional process and have a RAP provided to NCDOT within three years of the initiation of the Statewide Transit Initiative to Support Regional Action.

The RAP process will use the framework and facilitation support provided by PTD. It will include the results of the inventory, the assessment of opportunities, the preferred regional approach, the implementation activities identified, and information on costs and funding sources. It will include an analysis of potential cost savings, both short-term and long-term. Cash flow needs will be identified, along with the agreed upon local solutions for meeting these needs. The assessment of opportunities will include true cost accounting of current and proposed activities, including services. It is expected that the RAP effort will seek to reduce duplicative functions and services, while maintaining parity of pay and conditions for employees.

PTD will review the submitted RAPs to ensure that the local process include a serious and realistic assessment of the opportunities for regional integration, and to

identify local needs for technical and transition assistance. PTD will acknowledge acceptance of the RAP as a precondition for local participation in implementation assistance and incentives.

NCDOT/PTD TECHNICAL ASSISTANCE PROGRAM

As noted above PTD will be providing technical assistance to facilitate the definition of RSAs and the process to develop RAPs. PTD will include this Statewide Initiative as part of the mission for all staff as it restructures and is fully staffed, and it may also utilize outside specialized resources as appropriate. The technical assistance elements for the Statewide Transit Initiative to Support Regional Action include:

- 1) Development of the standardized framework and process for the development of RAPs.
- 2) Revisions to the current PTD planning process to include tasks providing regional service inventory and preliminary assessment of regional opportunities.
- 3) Pro-actively reaching out to City and County Managers, County Commissions, City Councils and other local decision-makers regarding the potential for regional action to improve transit services, and the Statewide Initiative Process.
- 4) Funding and facilitating the development of the RAPs, capitalizing on the best practices identified across the state and elsewhere to avoid “re-inventing the wheel” in many areas across the state.

NCDOT/PTD PROGRAM CHANGES

As part of the Statewide Initiative, PTD will conduct an internal review of its funding programs, policies and practices to eliminate barriers to the implementation of regional transit actions and to develop incentives to support the implementation of activities in the RAPs. Through the course of this study a number of suggestions have been made regarding the need to eliminate barriers, assist in transitions, and support regional systems. Some of these concern funding match requirements, others the definitions used in determining the eligibility for funding programs, and others the kinds of projects that are eligible for particular kinds of funding. Others have focused on the need to develop more standardized transit program policies and procedures

across the state, so that individual systems can more easily work together knowing that they already have the same policies and practices, including training requirements.

Program requirements that make it more difficult to administer programs on a regional basis have been cited, including reporting requirements and urban/rural program allocation definitions. The need for greater flexibility in the use of state funds for match and for allowing regional systems to utilize and report on state program funding on a regional basis have also been discussed. All of these suggestions and recommendations need to be considered in terms of the applicable federal funding requirements, the language and requirements of the legislation providing the funds, and the ability of NCDOT to make administrative changes. This effort by PTD will need to take place as the Statewide Initiative begins, but the development of the framework and process for local development of RAPs can take place at the same time. PTD program review and change will be a continuous process, but the goal is to eliminate barriers for all, and have incentives in place, as the RSA's initiate their RAPs.

Attachment A

Funding Glossary

Attachment A: Funding Glossary

STATE OF NORTH CAROLINA PUBLIC TRANSPORTATION FUNDING PROGRAMS

Apprentice and Intern Programs - Funds the work experience for selected recent graduates and graduate students in public transportation. Funds up to 90% of eligible costs.

Community Transportation Program (CTP) Funds - Used to support the administrative, operating, and capital expenses incurred by local transit agencies in North Carolina. It is funded with Federal Section 5311 funds and state matching fees.

Rural Operating Assistance Program (ROAP) - A state-funded public transportation grant program administered by the North Carolina Department of Transportation, Public Transportation Division. ROAP funds are allocated to each county by a formula. County governments and transit systems created under Chapter 160A Articles 25 or 26 are the only eligible applicants for ROAP funds. ROAP includes the following Programs:

- **Elderly and Disabled Transportation Assistance Program (EDTAP)** - Provides operating assistance funds for the transportation of the state's elderly and disabled citizens. EDTAP funds are for operating expenses and are not to be used for capital or administrative expenses.
- **Employment Transportation Assistance Program (EMPL)** - Intended to assist Department of Social Services (DSS) clients that are transitioning from Work First or Temporary Assistance to Needy Families (TANF), Work First participants, and/or the general public, to travel to work, employment training, and/or other employment-related destinations. EMPL funds are for operational activities, not for capital or administrative expenses.
- **Rural General Public Program (RGP)** - Provides funds that are intended to provide transportation services for individuals who do not have a human service agency or organization that will pay for the transportation service. Either the origin or destination of a trip funded with RGP funds must be in a non-urbanized area.

Rural Planning Program - Funds the updating of local community transportation plans, regional transportation feasibility studies, and special studies. Funds up to 100% of regional feasibility studies and 90% of local planning studies.

State Maintenance of Assistance Program (SMAP) - State program used to help provide operating assistance for transit programs in primarily urbanized areas of the state. Funding is provided only for fixed-route services.

Transportation Demand Management (TDM) Program - Funds local programs that encourage ridesharing arrangements such as carpools, vanpools, use of public transportation, and other alternative transportation in an effort to reduce congestion and vehicle emissions. The TDM program funds up to 50% of the administrative expenses incurred by local TDM programs.

Urban/Regional Technology Program - Funds the advanced technology needs of public transportation systems. Provides up to 90% state funds or one-half of local match for areas using Federal S.5307 funds.

FEDERAL TRANSIT ADMINISTRATION (FTA) FUNDING PROGRAMS

Federal Section 5303 - Funds transportation planning activities in urbanized areas of over 50,000 population, including long-range plans, transportation improvement programs, and technical studies. Matching ratios are up to 80% federal, 10% state, and 10% local.

Federal Section 5307 - Urbanized Area Formula Program - Provides funding assistance for urbanized areas of over 50,000 people. Funds capital, planning, and operating assistance (for those systems in urbanized areas of fewer than 200,000 people). Federal matching ratios are generally 80% for capital and 50% for operating.

Federal Section 5309 - Funds capital projects, including buses, bus-related equipment, paratransit vehicles, and construction of bus-related equipment. Includes up to 83% federal for vehicles and up to 80% federal for facilities. State funds typically provide up to one-half the local match requirement, up to 10%.

Federal Section 5311-Non-Urbanized Area Formula Program - Funds capital, operating, and administrative expenses for transit programs operating in non-urbanized areas. Maximum federal participation is 80% for administrative and capital costs. Small urban fixed routes and regional community transportation systems are eligible to apply for up to 50% of the net operating costs associated with general public routes. This federal program is administered by the state.

Federal Section 5311(f)-Regional and Intercity Bus Program - Funds intercity bus services in underserved areas of North Carolina that connect to the national intercity bus network. Also provides state funds for Travelers' Aid programs that assist homeless, stranded, or indigent travelers with their intercity transportation needs through the purchase of bus tickets. Provides up to 50% of the net operating expenses.

Federal Section 5310 - Provides funding assistance for the provision of transportation services for elderly people and people with disabilities. In North Carolina, projects can include capital and/or operating. This program is administered at the state level. Matching ratios are 80% federal, 10% state, 10% local for capital, for purchase of service, and for voucher programs. The matching ratio for operating assistance is 50% federal 50% local. Funds are awarded through a competitive grant application process and projects must address a need identified in a region's Locally Developed Coordinated Plan.

Federal Section 5316 (Job Access and Reverse Commute (JARC)) - Provides funding assistance for the provision of transportation so that low-income individuals can access jobs and job-training. For rural areas and small urban areas, this program is administered at the state level. Matching ratios for capital items are 80% federal, 10% state, and 10% local; matching ratios for operating assistance are 50% federal, 50% local. Funds are awarded through a competitive grant application process and projects must address a need identified in a region's Locally Developed Coordinated Plan.

Federal Section 5317 (New Freedom) - This program is intended to provide transportation for people with disabilities "above and beyond" what is required by the Americans with Disabilities Act (ADA). For rural areas and small urban areas, this program is administered at the state level. Matching ratios for capital items are 80% federal, 10% state, and 10% local; matching ratios for operating assistance are 50% federal, 50% local. Funds are awarded through a competitive grant application process and projects must address a need identified in a region's Locally Developed Coordinated Plan.

SELECTED OTHER FUNDING PROGRAMS

Home and Community Care Block Grant (HCCBG) - Comprised of funding for in-home and community based services available through the Division of Aging as well as a portion of funding targeted for in-home and community based services previously administered by the North Carolina Division of Social Services. Federal Older Americans Act funds constitute approximately 45% of Home and Community Care Block Grant funding, and are intended to develop and enhance comprehensive and coordinated community-based systems of services, opportunities, and protections for older adults. Transportation is an allowable service under this program.

Medicaid - A health insurance program for low income people who cannot afford health care costs. This federal program is administered at the state level by the North Carolina Department of Health and Human Services. Non-emergency transportation to medical services covered under the program is funded by the program.

Sources:

Federal Transit Administration website.

North Carolina Department of Health and Human Services website.

North Carolina Division of Aging and Adult Services website.

North Carolina Department of Transportation Website: "Programs and Funding" and "Rural Operating Assistance Program State Management Plan."

Attachment B

Advisory Committee Members

Attachment B

Study Advisory Committee Feasibility and Appropriateness of Developing Regional Transit Systems

Ms. Susan Anderson, Director
Haywood Public Transit
2251 Old Balsam Road
Waynesville, NC 28786-7759

Ms. Phyllis Bridgeman, Home and
Community-Based Services Consultant
NC Dept. of Health and Human
Services
Division of Aging and Adult Services.
2101 Mail Service Center
Raleigh NC 27699-2101

Ms. Debbie Collins
Institute for Transportation, Research,
and Education - ITRE
Centennial Campus Box 8601
Raleigh, NC 27695-8601

Mr. David Eatman, Transit
Administrator
City of Raleigh
PO Box 590,
222 West Hargett Street, Suite 400
Raleigh, NC 27602-0590

Ms. Gwen Hinson, Transportation
Director
Stanly County Transportation
1000 North First Street S 15
Albemarle, NC 28001-2833

Mr. Roger King, Director
Regional Coordinated Area
Transportation System
133 West Wainman Avenue
Asheboro, NC 27204-1852

Ms. Suzanne LaFollette-Black, Associate
State Director-Community Outreach
AARP-North Carolina
1511 Sunday Drive, Suite 312
Raleigh, NC 27607

Ms. Sheila B. Platts, Assistant Director,
Recipient and Provider Services
Division of Medical Assistance
2501 Mail Service Center
Raleigh, NC 27699-2501

Mr. Keith McCoy, Support Services
Administrator
Transylvania County Transportation
System
21 East Main St.
Brevard, NC 28712

Mr. Herb Mullen, Transportation
Director
Inter-County Public Transportation
Authority
P.O. Box 189; 110 Kitty Hawk Lane
27909
Elizabeth City, NC 27907-0189

Mr. Scott Rhine, Programs Manager
Piedmont Authority for Regional
Transportation- PART
7800 Airport Center Drive, Suite 102
Greensboro, NC 27409

Ms. Linda Wallace, Executive Director
North Carolina Public Transit
Association (NCPTA)
PO Box 72048
Durham, NC 27722

Mr. Stephen Spade, Chapel Hill Transit
Representing NCPTA

Ms. Phyllis Toler, Director
Craven Area Rural Transit System -
CARTS
P O Box 13605 2822 Neuse Blvd
New Bern NC 28561

Mr. Peter Varney, Assistant City
Manager
City of Rocky Mount
P.O. Drawer 1180, 331 So. Franklin
Street
Rocky Mount, N.C. 27802-1180

Mr. Don Willis, Transportation Manager
Wake County Human Services
220 Swinburne Street
PO Box 46833
Raleigh NC 27620

NCDOT Staff

Mr. Joseph Qubain, Special Assistant to
the Deputy Secretary for Transit
NC Department of Transportation
1 S. Wilmington Street
Raleigh, NC 27604

Ms. Teresa Hart
Director
NC Department of Transportation
Public Transit Division
1 S. Wilmington Street
Raleigh, NC 27604

Ms. Cheryl Leonard, PTD Assistant
Director
NC Department of Transportation
Public Transit Division
1 S. Wilmington Street
Raleigh, NC 27604

Appendix A
Summary of the 2002 Study

Appendix A

Summary of the 2002 Study

Regionalization and consolidation of transit systems is not a new topic in the transit community in North Carolina. One of the pivotal recent studies was completed in 2002 after the NCDOT Research and Analysis Planning Committee engaged the Institute for Transportation Research and Education at North Carolina State University (ITRE) to assess the feasibility of regionalizing public transit in the state. This comprehensive study researched and provided recommendations related to integrating single county rural transit systems into multi-county regions and integrating urban fixed-route systems and their county rural demand-response transportation (DRT) into one consolidated transit system.

As outlined in Chapter 1, the study found a number of potential benefits of regionalizing transit:

- More efficient and effective service at affordable fares.
- More effective regional planning for public transit from comprehensive plans addressing transit operations and investment needs.
- An increased ability to address transportation problems that are regional in nature, such as traffic congestion or air quality.
- The ability to create regional transportation agencies that have their own dedicated local funding sources, ensuring that there will be adequate matching funds for state and federal funding sources.
- Operational and administrative efficiencies from coordination of duplicative transit services and administrative functions.
- Improved efficiency and effectiveness in grants administration for both the NCDOT and the grantees.

Key research findings regarding the creation of **rural multi-county regional** organizations included the following:

- Institutional
 - State legislation may mandate or permit regional transit entities, though mandatory regionalization results in more regional systems and greater consolidation of public and human service transportation.
 - Multi-county entities can be established through contractual relationships between counties or through membership, with the latter preferred as it provides better long-term stability.
 - A regional entity must address fears of loss of local control.
 - The majority of the case study regional systems began as part of a regional human service agency, but the board of a human service agency is generally not able to oversee transit as effectively as a board whose sole purpose is transit. A separate transit-only organization is also better able to pursue innovation and service effectiveness/efficiency.
- Funding
 - Funding incentives to form regional organizations can be highly effective. In particular, dedicated funding is important since providing guaranteed revenues can reduce the chance that regional members do not work together because of a lack of local funding.
 - State legislation establishing regional systems may allow member jurisdictions to levy a local transit tax, but this happens infrequently because the measures are not approved.
 - When funding is provided to a region, rather than county-by-county, transit funds can be targeted to serve communities and areas with the greatest need.
 - Flexibility to intermingle program funds is important, and the ability to intermingle funds for different functions (e.g., administration, operations, capital) is desired.
- Administration
 - All case study sites stated that regional entities can offer administrative efficiencies compared to single county systems. State DOTs believe that regional systems reduce their administrative work.
 - Regional entities should implement standard procedures for call-taking, billing, and reporting throughout the region (or state) to streamline administration.

- Operations
 - A regional entity will have a larger staff than a single-county system, allowing specialization of staff, in such areas as accounting/finance, maintenance, and operations.
 - Particularly in the maintenance function, a regional transit entity may achieve cost-saving, with operation of fewer maintenance facilities and/or less maintenance staff compared to individual maintenance facilities for each county system.

There were additional, more specific research findings for **urban city-county regional** structures, including:

- Institutional
 - Three types of combined city-county regional structures are described from the study's research. Governing board issues are addressed as well as different methods for establishing city-county regions, including interlocal agreements, generic enabling legislation, and specific legislation for a particular regional body.
- Funding
 - Funding equity must be addressed, i.e., do the jurisdictions receive benefits commiserate with the funds they contribute?
 - Funding program structure may constrain regional services, e.g., the separation of funds into categorical programs such as urban vs. rural.
 - Dedicated funding enables long-range planning and facilitates securement of multi-year capital grants (ensuring local match funds over time).
- Administration
 - Similarly for rural multi-county regions, a combined city-county system eliminates duplication of efforts and provides efficiencies.

The ITRE study provides programmatic and legislative recommendations. The **programmatic recommendations** are organized into three groupings and include:

Institutional

- Add a regional coordinator position to serve as a resource to the Assistant Directors for Community and Metropolitan Transportation.
- Establish uniform human service agency procedures for reporting and client trip reservations.
- Coordinate and consolidate the community planning process (at that time called the CTIP, now the Community Transportation Service Plan or CTSP) among counties that appear good candidates for a multi-county system or

combined city-county system, conducting them simultaneously for the entire area.

Funding

- Provide transitional funding to implement regional systems, including funds for planning, administration, operations, and potentially for capital. Significantly, the study recommends that administrative funding for staff positions be maintained, at a minimum, not reduced.
- The PTD should offer incentive funding. One example is to provide some or all match funding for a limited time to entice single counties to join a multi-county region.
- Regional systems will require guidance and training to accommodate their needs and to ensure effective use of available transit funding.

Operations

- Training will be required for staff at new regional transit organizations.

Legislative recommendations are provided in the following categories:

Changes to Federal and State Legislation and Policies

- Suggestions are provided to address the federal labor protection clause.
- Coordination with human service transportation programs is addressed. (More recent federal requirements strengthen opportunities for human service coordination.)

Institutional

- Regional transit organizations should be created with approval of governing boards of included jurisdictions, with three “tiers” of organizations: 1st tier- three largest regions in the State (Charlotte, the Triad, and the Triangle); 2nd tier – regions with an urban public transit system; 3rd tier – smaller regions, non-Metropolitan Statistical Area (MSA) urban areas with less than 50,000 population or more rural areas.
- Regional transit organizations should be created as public “authorities” and organized geographically by county boundaries.
- Options are provided to address the potential that a single county may want to create a Regional Transit Authority (RTA).
- Specific recommendations are given for establishing a governing body.
- A region-wide vs. county-by-county referendum to create a RTA is preferred.

Funding

- RTAs should have the power to levy local taxes to provide dedicated funding, with additional recommendations provided for determining the level of taxing authority.
- Some or all of the categories of state funding should be consolidated to give the regions more flexibly to meet their needs.

Administration and Operations

- Consider providing regional authorities with the power of eminent domain (e.g., to acquire land for future rail lines) and to provide a special security force to supplement local police.
- Give RTAs the ability to operate, contract, broker, or subsidize all modes of public transportation and to travel beyond their defined boundaries to meet defined trip needs.

Potential Regional Organization

- Geographic boundaries of regional authorities should look to geographic areas that share common economic, employment, political and social characteristics, such as Rural Planning Organizations (RPO), Metropolitan Planning Organizations (MPO), Councils of Government (COG), and NCDOT Highway Divisions, among others.

Appendix B

Lessons Learned From Other States

Appendix B

Lessons Learned From Other States

As outlined in Chapter 2, the consulting team researched regionalization of transit systems in a number of other states to assess how the systems were regionalized and the results of that regionalization. It is noted that many states have authorizing legislation permitting the creation of regional transit entities (often under different names such as authorities, districts, or commissions), but this effort was directed toward learning more about state proactive efforts or policies that encourage, require, or incentivize the creation of regional transit entities.

The experiences of five states are summarized in this section, which concludes with “lessons learned” gleaned from this experience that may be useful for North Carolina.

New Mexico

Background

New Mexico passed legislation in 2003 authorizing the formation of Regional Transit Districts (RTDs) with an objective of better coordinating transit services with consolidation, providing public transit for a larger service area under a single umbrella organization.

In 2004, the state passed legislation allowing RTD member cities and counties of an RTD to seek an increase in the Gross Receipts Tax (GRT) in those governmental units for regional transit district purposes. Three years later, in 2007, the state repealed this GRT legislation and passed the “County Regional Transit Gross Receipts” bill, revising the process for implementing an increase in the GRT. “If a majority of the voters in the RTD approves a GRT ordinance, the ordinance becomes effective in accordance with the provisions of the County Local Option Gross Receipts Tax Act.”¹

In a predominately rural state, New Mexico’s support of RTDs recognizes that consolidation also brings financial benefits for rural areas, with the consolidated jurisdictions able to collectively pool financial resources from the member communities

¹ New Mexico Statewide Public Transportation Plan, NMDOT Transit and Rail Division, November 2010, pg. 39.

in order to provide match funding for federal transit programs. Since New Mexico has no dedicated state funds for transit, this ability to raise funds for transit is significant.

Results. New Mexico has four RTDs to-date. Two have taken advantage of state legislation allowing an increase in the gross receipts tax to generate local funds for transit. There has been some consolidation of transit services in the districts, however individual transit systems remain in the regions for various reasons, including the desire of a locality within an RTD to maintain control over its local service.

Efforts to form RTDs have benefited from a local champion, either an agency or individual. The state provides technical assistance for RTD start-up, and this has been important for their formation. Once an RTD is formed, the state then provides seed money for development of a “service plan.” When the service plan is completed and adopted by the RTD Board (composed of at least one person from each governmental unit that is a member of the RTD), the RTD is eligible to receive federal transit funds.

The state has found that technical assistance is also needed during the early transition period after an RTD is formed, helping the new organization get off the ground and ensure it has the requisite functions.

Summary

- New Mexico has legislation allowing the formation of RTDs as well as legislation allowing the RTDs to increase the local gross receipts tax upon voter approval to fund transit services.
- The legislation enabling regionalization in New Mexico, with the fifth largest land area in the country and less than two million population, provides a mechanism to provide more service in the predominately rural state as well as the opportunity for a region to generate funds for transit. With no dedicated state funds for transit, this is significant and increases the ability to generate local match funds for federal transit funds.
- There is no “one size fits all” for regional transit organizations. Each of the four RTDs has differing characteristics, and, while there has been some consolidation of transit service in the regions, there remain some individual systems within the RTDs.
- State technical assistance has been very helpful in the implementation of RTDs and, once formed, this assistance continues to be necessary in some cases through the RTD’s transition period as a new transit organization.

Massachusetts

Background

The Commonwealth of Massachusetts has a long history of regional transit organizations. The commonwealth passed legislation in 1974 that authorizes the formation of RTAs. This was companion legislation to that creating the transit authority in the state's major metropolitan area of Boston, the Massachusetts Bay Transportation Authority (MBTA).

There are currently 15 RTAs outside the Boston region. These 15 RTAs provide transit services to 262 cities and towns, serving approximately 30 million passenger trips annually. RTAs are required to provide transit service through competitive procurement of private contractors.

RTA funding comes from several sources:

- Federal operating funds.
- State funds, known as state contract assistance, are a significant funding source. These funds are provided in arrears, an issue for RTA budgeting as it requires the RTAs to borrow funds for cash-flow purposes on a short-term basis, creating an additional interest expense. These state funds to the RTAs are limited to a minimum of 50% and a maximum of 75% of the "net cost of service," which is the excess of operating expenses over operating revenues (including federal operating assistance).
- Local funds, generated primarily through the tax revenues of the local communities in the RTA, also include fare revenues, advertising sales, etc. Reliance on local funds is problematic as local assessments are capped by the state's Proposition 2 ½ to growth of no more than 2.5%.

All but three of the RTAs serve areas designated as urbanized and they receive FTA funds dedicated for capital purposes. The three rural RTAs use their federal funds primarily for operating costs, so that their capital needs are funded by the state.

Results. Most of the state's RTAs have been established for some time. However, just three years ago, a small group of cities and towns within the MBTA region decided to form a new RTA and started new transit services, with the effort led by a determined individual. Among other issues, this action led to the other RTAs receiving less state money, as the same total amount was then divided among 15 RTAs as opposed to the former 14.

The RTAs operate very independently, with little control by the state. This has been an issue in some cases, particularly regarding funding issues. There is no set formula, performance standards, or rational process for providing state funds to the RTAs and apparently this has created some challenges in the state-RTA relationships.

Additionally, given the independence of RTAs, there is wide diversity in transit services across the state. Massachusetts currently has a study underway to identify opportunities to improve the planning, organization, and delivery of public transportation service statewide. Among possible options for organization is the use of MPO boundaries to provide public transit services.

Summary

- Massachusetts's legislation regarding transit service regionalization is permissive, rather than mandatory. Fifteen RTAs have been established throughout the state beyond the Boston metropolitan regional authority (MBTA), beginning in 1974, with the most recent one established in 2009 *within* the Boston region and operating transit service in addition to that provided by the MBTA.
- The RTAs operate very independently and with little control by the state. One of the results is a wide diversity across the state in terms of service levels, use of technology, and degree of innovation.
- The RTAs have an indirect and sometimes misaligned relationship with the state. Through a current study, the state is seeking, among other objectives, to improve its relationships and communication with the RTAs.
- There are issues with the current funding structure for the RTAs, with opportunities for a more transparent and predictable process.

Iowa

Background

Iowa has a long history of regionalizing its transit services, beginning in 1976 when the state issued a statewide plan advocating the establishment of regional transit systems. At the same time, the state passed legislation requiring all public funds spent on transit to be expended in conformance with the state transit plan.

One year later, in 1977, Iowa's updated statewide plan further defined the concept of regional transit systems as being multi-county regions based on the governor's sub-state planning regions.

In 1981, the Iowa DOT established a performance-based formula for the distribution of the federal rural transit assistance funds, among Iowa's rural transit systems for use as operating assistance. This provided much greater predictability than a discretionary program, which helped in planning for future services. It also rewarded those agencies that were actually providing services, whereas a population-based distribution formula provides the same amount of money no matter how much service is being provided.

Transit use in Iowa is overwhelming within the large urban systems, accounting for 80% of total statewide ridership in 2008.²

Results. Transit service in the state is now structured with 35 transit systems that are divided into regional and urban systems. The rural parts of all 99 counties in the state are divided into one of 16 rural regions. There are also 19 urban systems: seven small systems (in communities less than 50,000 population) and 12 large urban systems (50,000+ population). Each of the urban systems and one designated transit system or agency within each rural region serve as *the transit system* to receive state and federal funds and to administer or provide transit service.

For the rural regions, the level of service within each county of a region and how that service is funded in the county are set by the County Board of Supervisors. This means that the levels of service within one region could vary by each county in that region, depending on the support for transit by individual Board of Supervisors.

The state DOT provides state and federal funds only to public transit systems that have been duly designated as the single *transit system* in the region or urban area. An individual county cannot be funded directly. A city must have a population of 20,000 or more or be part of an urbanized area before it can be designated a transit system and be funded directly.

At least one public transit system serves every area of the state. Agencies other than a designated public transit system may receive state or federal transit assistance only through pass-through agreements with a designated transit system.

The state's transit systems that receive state or federal funds are required to serve the general public. Human service transportation, such as that provided with FTA Section 5310 funds, may also be provided if the service is open to the general public. The transit systems are expected to coordinate services to meet the needs for human service transportation in their area.

² Iowa Passenger Transportation Funding Study, Iowa Department of Transportation, December 2009.

The state allows a county to withdraw from participating in a region's public transit program and designate another region as its single administrative agency if certain conditions are met, including that the new region's area adjoins the county.

Iowa legislation also allows jurisdictions to levy a property tax of \$0.95 per \$1,000 valuation to fund local transit. It is predominately the urban systems that have such taxes.

According to the 2002 ITRE report on Regionalizing Public Transportation Services, a clause in the state legislation that allows small urban systems to have transit service separate from the regional system works to weaken rather than promote regional service consolidation.³ However, according to recent information from the state, the designated transit systems in the region are proactive in coordinating and consolidating services: if an entity expresses interest in its own transit service, the designated transit system in that region would likely offer to provide that service itself.

The regional structure is cost-effective for the state. It has to manage and conduct grants administration for 35 transit systems, instead of some much larger number if the regional structure did not exist. If an agency in one of the rural regions or in the catchment area of one of the urban systems wants to apply for FTA Job Access and Reverse Commute (JARC) funds, for example, the state points that agency to the designated transit system in its geographic area.

Summary

- Regionalization is mandatory in Iowa, with the state's 99 counties divided into 16 rural regions, with a single designated agency defined as the *transit system*. There are also seven small urban systems (less than 50,000 population) and 12 large urban systems (50,000+ population), each a designated transit system for the urban areas.
- Federal and state funding is provided only to the designated transit systems. If a jurisdiction within a region wants its own service, it can obtain funds only as a pass-through from the designated transit system in its region.
- Each county within a region decides its level of transit service and its funding for transit, so there are varying levels of service within a region.

³ Regionalizing Public Transportation Services, North Carolina Department of Transportation Research Project 2002-11, prepared by the Public Transportation Group, Institute for Transportation Research and Education, North Carolina State University, Raleigh, NC, October 2002, pg.33.

- The state recognizes that it benefits from the regionalization structure, with 35 transit systems to deal with (16 rural regions, 19 small and large urban systems), which means less administrative effort.

Pennsylvania

Background

In the wake of major state legislation addressing transit funding in the state (Act 44), there has been increased interest by the Pennsylvania Department of Transportation (PennDOT) in consolidating many of the small urban and “share-ride” (rural demand-response) systems, primarily as a means of saving costs. The current Deputy Secretary of Transportation is an advocate of regionalizing transit, and there are several recent efforts at regional transit consolidation.

The August 2011 report of the state’s Transportation Funding Advisory Commission identified the consolidation of small transit systems into regional systems where appropriate, including both the fixed-route and shared-ride (in Pennsylvania these provide human service transportation, particularly senior services) systems, as a key strategy for cost savings.

Consolidations would be done based on the outcome of a study conducted jointly by PennDOT and the transit providers. The study would determine if consolidation would reduce expenses, and if so, the providers and local governments would have the option of implementing the study recommendations or providing increased local funding equal to the projected annual savings. In other words, the “stick” supporting consolidation would be the knowledge that if savings could be identified, and localities/providers chose to ignore the study results, they would have to pay the difference in increased local share. This PennDOT study identified \$18 to \$25 million in savings per year, starting with \$5 million in the third year of policy implementation, increasing to \$10 million the next year, and \$20 million in the fifth year. The state is funding consultant regional planning studies that address regionalization. As noted above, the state pays the cost of the studies.

Results. One such study covered the five systems that operate in the Wilkes-Barre and Scranton areas—two shared-ride systems, two county systems, and one small urban system. The study is regarded as successful in that five systems will be combined into two systems, one each in Luzerne and Lackawanna Counties. The goals of the study (which began in mid-2010) included “[A] determine if consolidation of the three transit agencies can be structured to yield substantial benefits over potential costs, and [B] to assess the magnitude of potential impacts in the short-term and a horizon year (5

years following consolidation).”⁴ Impacts to be considered included financial; service delivery; efficiency and effectiveness; customer service and responsiveness; management, administration and reporting; and ease of implementation. Analysis of travel patterns did not identify need for additional services between the counties, and so in its absence there did not seem to be a need for combining into a single system. Implementation is proceeding.

Another initiative covered a six-county region north of the Maryland line in central Pennsylvania, including the Harrisburg area. An initial study identified regional commute/other trip needs, finding a number of corridors between existing local systems that could be served if the organizational structure to support regional services could be developed. This study is apparently complete. A second study in the same region is apparently addressing consolidation of existing providers as one way to provide for the regional services and achieve other benefits of scale. It was estimated that consolidating administrative functions including call-taking, scheduling, reporting, and financial management would result in “average” savings of 9%.

A third effort is underway at creating a RTA in western Pennsylvania, similar to the Southeastern Pennsylvania Public Transportation Authority (SEPTA) but around Pittsburgh. As proposed, it would incorporate the Pittsburgh system and several smaller local/commuter systems in surrounding areas. Opposition has arisen over the higher wage rates and benefits of the Pittsburgh system, and associated liabilities. Several of the other systems are operated under contract by private management firms, and it is not clear how that structure would fit with unionized Pittsburgh.

All of this is in a context of Act 44, the major transit/transportation funding bill passed two years ago, which also called for more coordination of transit as well.

Summary

- Like North Carolina, Pennsylvania has a large number of subrecipients with multiple transit providers in the same counties or service areas, and so the DOT is currently supporting the consolidation of small urban and “Shared-Ride” (like CT) systems.
- A major goal is cost-savings from reduced administrative costs, but the ability to meet regional trip needs is also a consideration.

⁴ Pennsylvania Department of Transportation, Public Transportation and Multimodal Open End II, Work Order #34, Feasibility of Management Consolidation of Hazelton Public Transit (HPT), County of Lackawanna Transit (COLTS) and Luzerne County Transportation Authority (LCTA), A) Department Request—Brief Summary of Services Desired.

- The major state incentive to this point is state funding for consolidation studies, which require no local match.
- The Transit Funding Advisory Commission has advocated a change in state policy to require that any local systems that do not consolidate following a study that identifies cost savings would have to pay an increased local share equal to the estimated cost savings. This policy has not been enacted or implemented.
- The study process makes a distinction between the near-term (first two years) following consolidation, and the long-term (at five years) when considering changes in costs and impacts on services.

Texas

Background

Texas has a state statute regarding regional planning and coordination (found in Transportation Code, Chapter 461). The legislation notes that public transportation services are provided in the state by many different entities, both public and private, and that this has generated inefficiencies, overlaps in service, and confusion for consumers. The legislation is intended to eliminate waste in the provision of public transportation services, generate efficiencies that will permit increased levels of service; and further the state's efforts to reduce air pollution.

This legislation does not require transit services to be provided on a regional basis, but does require that the transit systems “come to the table” and participate in coordinated planning. It also gives the state the authority to increase or reduce the amount of funding provided to a public transportation provider based on whether the public transportation provider is participating fully in the planning effort. TxDOT has provided planning funds for these coordinated planning efforts as well as planning funds for communities that want to consolidate transit operators to create regional systems.

There are eight large urban, 30 small urban, and 39 rural transportation systems in the state. Additionally, there are more than 135 operators in Texas providing transportation services to the elderly and to individuals with disabilities.

Regionalization Trends

Texas DOT has both rural and urban transit districts – the entire state is designated as either a RTD or an Urban Transit District. Recently there has been a trend toward entities combining and becoming a new hybrid - a single transit district serving

both the urban area and the surrounding rural communities. These efforts were not initiated at the state level and TxDOT doesn't offer any particular incentives to regionalization beyond providing planning funds and technical assistance to communities that want to create regional systems.

One advantage noted is that these hybrid systems have only one Board of Directors – allowing them to focus on regional issues without answering to two Boards (one for the rural areas and one for the urban).

Appendix C

Stakeholder Input

Appendix C

Stakeholder Input

This appendix presents a more detailed review of the input received from key stakeholders in the State. It synthesizes the results of:

- One-on-one interview with selected stakeholders, including selected regional transportation providers in the State.
- E-mails and other comments received from North Carolina Public Transportation Association members (NCPTA) and North Carolina Association of Rural Planning Organizations (NCRPO).

Both the NCPTA and the NCRPO sent out a notice to its members requesting their input and asking for responses to the following questions on regionalism:

1. What are the benefits, issues, and challenges of regionalizing or consolidating?
2. What should be the basis for defining the boundaries of regional systems?
3. What incentives or policies are needed to make regionalizing easier or more beneficial?

A total of 17 responses were received via e-mail and four systems were interviewed in depth to explore their experiences with regionalization (Western Piedmont Regional Transit Authority (WPRTA), Cape Fear Public Transit Authority/WAVE, Onslow United Transit System, and Charlotte Area Transit System (CATS)).

Benefits

Stakeholders identified a wide range of benefits that have resulted from the current regionalization efforts or might be realized if transit were provided on a regional level in other areas of the State.

Cost Efficiencies

1. There could be economies of scale when purchasing or staffing.
2. Regionalization could help systems eliminate duplicative services, saving dollars.
3. Local match can and has been reduced by better leveraging grant opportunities and funds.
4. Regionalization can provide an opportunity to move surplus dollars among counties and make sure all available dollars are used if the federal and state funding programs are structured to make this happen.

Service Improvements

5. Regional systems are better positioned to fill the need for regional trips – trips that cross county borders. Most noted were long distance medical trips and work trips.
6. Regional systems can do a better job of marketing and planning services. A single point of contact for service information helps riders.
7. With larger organizations, staff expertise can be improved. A combined staff can allow for some “specialization” and improve management capabilities.

Operational Improvements

8. Larger, regional systems can lead to improved fleet maintenance and more timely vehicle replacement.
9. Driver training can improve under a regional system.
10. There may be some opportunity to regionalize one mode (such as the Americans with Disabilities Act (ADA) paratransit), but keep others separate (fixed routes).

Institutional/Organizational

11. If a new Board is created, there could be a higher degree of accountability and excitement/interest in transit.

Issues and Challenges

On the other hand, the stakeholders also identified many issues and challenges that have and will be faced in the creation of regional organizations and services, including:

Cost and Financial Implications

1. Cash flow is a major issue for new regional systems that no longer have cities or counties backing them.
2. Some recent consolidation efforts have not resulted in cost savings and the costs may have increased somewhat – or it was hard to sort out the cost implications since the prior operations did not keep accurate financial records. The inability to decrease costs may, in part, be due to:
 - Before, the parent organizations (counties, cities, agencies) may have been providing services to the transit system that were not reflected in its budget, but have to be included in the new agency's budgets (facilities/utilities, legal, accounting, human resources).
 - Parent organizations were providing up-front as well as year-end bailouts if expenses exceeded revenues.
 - The theme of not having anyone hurt in the consolidation meant that wages and benefits were brought up to the highest levels, increasing costs.
3. Negotiating how costs are shared among the jurisdictions is a challenge – as is the allocation of farebox revenues.
4. New authorities do not have a dedicated source of local revenue and must go before the governing bodies of each jurisdiction each year to request local share to match federal and state dollars. Efforts to get even the vehicle registration fee and initiating the sales tax have been put on hold because of the economy. County-wide sales taxes for transit may never be politically feasible in areas where transit serves a small percentage of the population that is transit dependent.
5. Enabling legislation restricts transit authorities from borrowing money – this contributes to cash flow problems, but would lead to its own complications if relied upon to address this issue.

6. Regionalization efforts have to manage expectations regarding cost savings—individual counties think there is going to be immediate cost savings and it takes time. It is likely that costs will increase during the transition period, with any savings resulting from “right-sizing” the organization following in subsequent years.
7. Often human service agency rates do not accurately reflect true costs (they are based on what the agency can afford to pay or the marginal/incremental cost of providing the service). New stand-alone agencies have to recover their true costs; agencies end up paying more and are unhappy.
8. A new, larger operation may require a new facility which needs to be funded.

Operational Issues

9. Regional trips often are longer and can include lower density areas where productivity is low. A reduction in the trips/hour or an increase in the cost per trip is hard to explain to officials.
10. Local officials may expect that a new regional entity will provide new regional services, but not realize that service expansion requires additional operating funding (including local match).
11. Merging two operations that serve different trip types (e.g. if one system served only medical trips while its neighbor served all trips) would be challenging. It may result in one area receiving less service (e.g., only medical trips) or the need to fund expanded services in the area that is more restrictive (e.g. to serve all trips).

Institutional/Organizational

12. Reductions in staff levels may result in some people losing their jobs, their benefits (or at least their seniority in the system).
13. Creation of a new board, and transfer of control, requires time and a great deal of trust. Cities or Counties may be reluctant to hand over control of a multi-million dollar program to a new board, especially if it is volunteer or has not previously had legal standing or authority.
14. “Turfism” among the board members has been a problem for some regional systems, at least initially.

15. Counties/cities/agencies will have to decide what entity owns the combined assets. It may be difficult for individual counties or systems to give assets that have previously been titled to their own system to a new entity without remuneration.
16. There may be a perception that being part of a regional system gives them less control over services, that they would lose opportunities to use transit to stimulate economic growth, and that they would have less control over expenses should they increase.

Overall

17. Mandatory consolidation is not effective and will not work.
18. These efforts take time, especially to build trust among the parties.
19. Education is critical – educating all involved to understand the process, possible gains, sacrifices, and results. The education process needs to include local decision-makers, city and county managers, regional planning agencies, etc., in addition to the transit community.

Boundaries

1. Boundaries should be set based on trip patterns. These may be different for work trips versus medical and the need for trips to regional medical facilities. Stakeholders provided examples where boundaries would be drawn differently for different types of trips.
2. The traditional “regional” borders are based on history, not trip needs.
3. There were a number of comments – for and against – the grouping of counties into regions as presented in the 2002 report.
4. Topography and geography should be taken into account when establishing regions – as well as the presence or absence of highway links.
5. There is a feeling that systems should have some say regarding which region they belong to – within some parameters such as “no one-county systems”.
6. Boundaries should not necessarily be set by MPO/RPO boundaries because they do not function as partners with public transit systems.

7. If the primary goal of creating regional transit organizations is to minimize the number of systems that NCDOT must deal with, COG's may be a possible pass-through organization. There was a comment that COGS are "well-established, highly reputable organizations with the capacity to objectively ...serve as regional funding agents for state and federal programs."

Incentives or Policies Needed

The incentives or policies that would make regionalization easier or more beneficial mentioned include:

1. Start up funding and working capital needs to be provided. Since the transit programs are reimbursement, a new regional entity would need at least six months of working capital. PTD has some financial incentives for regional systems, but they are not enough to make it work.
2. A dedicated PTD staff person or start-up team is needed to help guide regions through all the steps – provide training and facilitate the process within PTD.
3. There are a number of reporting and accounting issues with rural/urban blended systems that need to be worked out.
4. The rule that allows one ROAP grant to regional systems (H.B. 229) needs to be extended to those regional entities not now covered.
5. There is a need for additional funding for regional trips that local counties do not see as their responsibility.

Overall

The stakeholders interviewed as part of the study also had additional input that is more general regarding the regionalization process:

1. "One size does not fit all" but if the legislature imposes a regionalization requirement then it should make equal demands of all jurisdictions.
2. Others recognized that regionalization takes time and it could be reviewed as in incremental process, perhaps starting with a core set of jurisdictions with other joining as the effort is proven successful.
3. "Human service transportation coordination" should be considered separately from regionalization.

4. Some comments were that service coordination among operators needs to happen before the state proceeds with regionalization (which they appear to view as total consolidation).
5. "Regional" cooperation without consolidation works in some areas (for example Onslow County and Jacksonville) where separate transit entities work together without a formal consolidation.
6. Systems feel there has been inconsistent guidance from PTD regarding the combination of rural and urban funding programs. At times it appeared that the funding structure favored individual systems rather than regional ones.