

1. Executive Summary

Based on the initiative of the Mayors of Cary, Chapel Hill, Durham, and Raleigh, the Triangle J Council of Governments (TJCOG) commissioned this transit system consolidation implementation plan. This summary outlines the possible extent of the consolidation, the principal benefits and pitfalls of consolidation, the steps that will initiate the consolidation process, the schedule for consolidation, the options for dedicated transit funding, and the basic governance structure envisioned for the Regional System.

Each of these topics is detailed in the body of this report and supplementary data are presented in the appendices. The report also contains a detailed description of existing services, staffing, facilities and equipment in the region, in sections 3, 4, and 5. These are not detailed in this executive summary.

1.1 Transit System Consolidation

The six transit systems considering consolidation are:

- Capital Area Transit – CAT (City of Raleigh)
- Chapel Hill Transit – CHT (Town of Chapel Hill)
- C-Tran (Town of Cary)
- Durham Area Transit Authority – DATA (City of Durham)
- Triangle Transit Authority – TTA
- *Wolfline* – NCSU (North Carolina State University)

The consolidation is to include at least the fixed route bus systems and the plan calls also for the consolidation of demand responsive service. A goal is to consolidate the bus systems in time to provide an integrated interface with the regional rail service scheduled to begin service in December 2007.

1.2 Consolidation Benefits and Pitfalls

The principal benefit to be realized in consolidating is an improvement in service for the systems' users. This benefit will be realized first and most clearly in the seamless presentation of the services through a unified image, integrated timetables and maps, an integrated route naming and numbering system, all of which will give the users confidence that they are using the same, integrated system no matter where in the Regional System the users' trip begins and ends.

The second and more profound benefit will be in increasingly cost-effective service. The consolidation will facilitate the formulation of routes and schedules that serve transportation patterns without regard to municipal boundaries. Routes may continue to traffic generators that lay beyond the boundary, routes

that connect employment centers in different cities carrying commuters in both directions can replace radial routes oriented to only one employment center, and duplication of service can be reduced through better coordination of turnbacks and trunked routes.

A third benefit will be the unified government relations and public relations program of the Regional System. Transit will speak with one voice in the region, and can be more effective in winning state and federal funds.

A final benefit will be in economies of scale and coordination of operating activities. Information technology can be more effectively applied and radio channels can be more efficiently utilized in a Regional System.

The pitfalls of consolidation that this plan seeks to avoid fall in two major categories. The greatest disadvantage is the potential for increases in labor costs. Whenever groups of employees doing similar work with differing pay scales, benefit packages, and work rules are brought into closer proximity, there is increased pressure for parity in wages, work rules, and benefits. While higher labor costs would benefit employees, it can be an unintended consequence of consolidation. Further, increased wage costs are not unavoidable if consolidation is undertaken with the intention to avoid increases.

Secondly, there is a general perception that regionally consolidated service will be less responsive to local conditions and needs than the smaller, locally operated services. The plan calls for a continuation of local service advisory boards to minimize the loss of responsiveness.

1.3 Pre-Consolidation Steps

The plan will be ready to present to the systems' governing bodies in August or September. The following steps will be required in order to reach a Memorandum of Agreement (MOA) that will form the charter for consolidation:

1. Governing authorities receive consolidation plan and authorize negotiation of MOA
2. Begin negotiations when there are enough participants
3. Draft and develop net cost allocation plan as input to MOA
4. Draft and negotiate MOA
5. Governing authorities approve MOA
6. Each entity assigns consolidation coordinator reporting to CEOs
7. Coordination team finds office space for Regional System staff
8. Development of functional working groups to establish consolidation policies and procedures in human resources, finance, contracts, and information technology.

Although it is important for the effectiveness of the plan that the systems who are interested in consolidation should be able to predict the number of systems that will participate and the extent of their participation, the plan has been prepared to permit each system to make its own decision on successive stages of consolidation.

1.4 Consolidation Stages and Schedule

Figure 1-A shows a timetable for consolidation. A more detailed proposed consolidation implementation plan is presented in a Gantt chart in Figure 1-B at the end of this executive summary.

Figure 1-A
Consolidation Schedule

Consolidation Elements	2003	2004		2005		2006		2007	
	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Plan Receipt & Negotiation of MOA	█								
Consolidation Preparation		█							
Stage I Phase 1 Initial Administrative Consolidation			█						
Stage I Phase 2 Plan & Implement Seamless Service				█					
Stage I Phase 3 Full Administrative and Demand Response Consolidation						█			
Stage II Total Consolidation								█	

1.5 Dedicated Funding

The consolidation implementation plan is prepared so that it can be fully implemented with no new source of transit funding. After Federal and state assistance is used for the regional service, the existing funding agencies (municipal and university) would share the remaining local burden. However, as noted above, one advantage of a regional system will be its ability to speak with one voice for transit regarding funding issues. Based on national norms, the region requires additional transportation funding, and the Regional Transportation Alliance has been advancing proposals for funding dedicated to transportation in the Triangle region. A portion of this funding would be dedicated to transit. The consultant team has estimated the proceeds in 2002 from two alternative tax packages, in Table 1-A:

Table 1-A
Revenue Forecast (in 2003 dollars) of Sample Tax Packages

TAX PACKAGES		Orange	Durham	Wake	TOTAL All Counties
Package 1					
Retail Fuels Tax	5.00%	\$ 6,182,441	\$ 10,151,221	\$ 28,192,078	\$ 44,525,740
Vehicle Registration Tax	\$20.00	\$ 1,731,318	\$ 3,365,329	\$ 12,106,506	\$ 17,203,152
Total		\$ 7,913,758	\$ 13,516,549	\$ 40,298,584	\$ 61,728,892
Package 2					
Retail Sales Tax	0.50%	\$ 4,409,124	\$ 18,981,142	\$ 46,686,780	\$ 70,077,046

Although the Triangle region will resolve how much of such a revenue source would be dedicated to highway uses, and whether the transit portion can be dedicated through a levy directly by the Regional System, Table 1-B illustrates the yield relative to current local expenditures for transit:

Table 1-B
Summary of Regional Funding Needed to Double Local Funding Efforts

	Package 1	Package 2
Total Regional Funds *	\$61.7 million	\$70.1 million
Local Subsidies *		
Operating **	\$19.2 million	\$19.2 million
Capital ***	\$0.9 million	\$0.9 million
Regional Funds Needed to Double Local Effort	33%	29%

* excludes TTA funding and subsidy requirements

** excludes surpluses and deficits

*** based on national averages for similar-sized fleets

These data are based on 2002 service levels, and service in Chapel Hill has increased materially in the interim due to the response to fare-free service. However, the data show that the illustrative funding packages can both provide substantial expansion in transit service, including to unserved areas, and can assist the municipalities in stabilizing their expenditures for transit.

1.6 Governance Structure of the Regional System

The Research Triangle Regional Public Transportation Authority (RTRPTA) legislation (GS Sec 160) has been reviewed and found adequate for the operation and governance of the Regional System. While it would be possible to develop new legislation tailored to the new Regional System, or to modify the existing legislation, both of these options would present significant challenges. Protections are built into the legislative process so that it cannot be accomplished hastily, and so that the results will be well considered from all perspectives. The resulting process could significantly delay consolidation.

As discussed in the body of this report, it has been concluded that the Consolidation /Implementation Plan should proceed based on the RTRPTA board composition, with changes to be considered at a later stage. Modifications to the board composition or new legislation would introduce unnecessary delay into the plan with no clear advantage, and they are not recommended. It is further recommended that the existing municipal transit boards should continue their service advisory function at least until dedicated funding is enacted, to provide for responsiveness to local needs and concerns and to provide accountability for service decisions at a local level.

1.7 Guidance Regarding Vision, Mission and Goals

While the process of establishing vision, mission and goals for the Regional System is one that will be primarily conducted by the Board and Management team as the Regional System is initiated, this report provides guidance on the essential attributes of organizational mission related to the Regional System. At a minimum, the strategic planning process for the Regional System needs to reflect the statutory charter of the RTRPTA legislation, as well as the key elements of the existing transit system missions. In addition, the strategic plan should address the issues of seamless service and local responsiveness, which were raised throughout the consolidation planning process.

The effort to develop seamless service is a critical goal of the Regional System. While some of the external elements of marketing and service delivery may proceed relatively quickly, the Regional System needs to be dedicated to identifying opportunities to streamline service and develop a unified culture that delivers service in a regionally-consistent manner. Differences in cultures, practices and policies will take some time to change, and the organization will need to be committed to this goal.

In addition, the Regional System will need to be dedicated to being responsive to the local communities that it serves. Its strategic plan will need to provide the mechanism to continue proactively soliciting such feedback.

1.8 Analysis of NCSU Participation in Consolidation

As a participant in the consolidation planning process, NCSU's unique transit situation is analyzed separately in this plan. NCSU could pursue a number of relationships with transit in the region, ranging from a continuation of the status quo of university-focused service to full consolidation with the Regional System. All options other than the status quo would involve NCSU service being more broadly available to the general public, with the result that state and federal funds could be made available to defray the cost of service or expand service. NCSU could also contract with the Regional System to provide its service. The pros and cons, as well as a more detailed discussion, are detailed in section 10 of this plan.

Figure 1-B
 Consolidation Implementation Plan Gantt Chart

