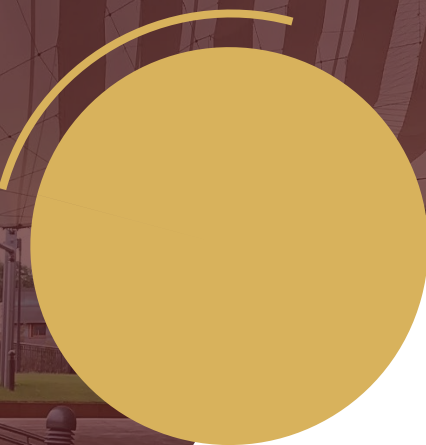




Region 10 Transit Governance Study

Draft Report

November 27, 2023



Quality information

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Executive Summary

Overview

Over the past several years, the Thomas Jefferson Planning District Commission (TJPDC) has worked collaboratively with its member jurisdictions to improve transit service in the region. In the past year, the region undertook a collaborative effort to develop a [Transit Vision Plan](#) to establish a clear, long-term vision for efficient, equitable and effective transit service for the region. Led by the TJPDC and supported by the City of Charlottesville, Albemarle County, and DRPT, the Transit Vision Plan established a unified vision for transit service in Region 10, which is made up of the counties of Albemarle, Fluvanna, Greene, Louisa, Nelson, and the City of Charlottesville.

This governance study is a follow-up study that seeks to identify governance options for regional transit and increase transportation investments in the region. The study focus is on identifying options for a governance body that can steward any additional transit revenues generated; the scope does not include strategies or approaches for consolidating current transit operations.

Study Goals and Approach

This study has two main goals:

1. Identify strategies for dedicated transit funding to augment current jurisdictional costs for transit.
2. Identify a governing structure that can manage and account for the use of the additional transit funds, better capture and allocate the full costs of service, and ensure transparency.

The additional funds will support the implementation of the services in the Transit Vision Plan and increase transit service across the region.

To achieve these goals, the study team adopted a five-phase approach shown in Figure E-1.

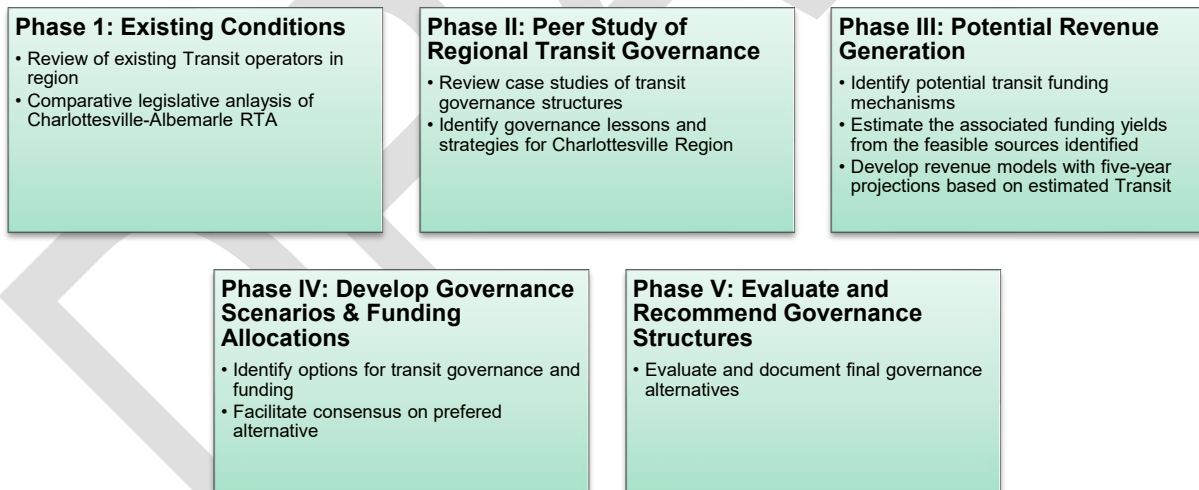


Figure E- 1 Study Approach

A steering committee was formed to guide the study and provide feedback. It comprised representatives from Albemarle, Fluvanna, Louisa, Nelson, and Greene counties, the City of Charlottesville, TJPDC, Virginia Department of Rail and Public Transportation (VDRPT), and University of Virginia (UVA). Additionally, stakeholder engagement was also conducted with the transit providers, Regional Transit Partnership, the TJPDC Commission, boards of supervisors of member counties, Charlottesville City Council, the Metropolitan Planning Organization Policy Board, and the Virginia Department of Transportation (VDOT).

Existing Legislation for a Regional Transit Authority

The legislature provided for the Charlottesville-Albemarle Regional Transit Authority (CARTA) as early as 2009 with subsequent amendments. The authority was established as a service delivery organization, with the contracting, financial (including bonding), and acquisition and operating powers necessary. Its authority is for transit.

Charlottesville and “all or portions of Albemarle County” are the essential boundaries, but additional portions of Albemarle, Fluvanna, Greene, Louisa, and Nelson counties as well as cities, towns, tourist-driven and public transit agencies, and higher education agencies may join as members. There is no provision in the current CARTA legislation for funding, which would need to come from federal, commonwealth, and local sources.

Frameworks for Regional Transit Governance

Other frameworks exist for regional transit governance. A peer review of six agencies with similar demographic, geographic, and operating characteristics to the Charlottesville Region showed various governance structures including transit service provided by a **town department** with funding from a university (Blacksburg Transit); **public transportation corporation** funded through local property and income taxes (Bloomington Transit); a **joint municipal authority** funded by member municipalities (CATA); **501 (c)(3) nonprofit** funded through general fund contributions from a city, county, and university (TCAT, Ithaca); and a **transportation authority** (TheRide, Ann Arbor) and city department (ICT, Iowa City) both funded through local property taxes.

Recommended Governance Structure

After reviewing the CARTA legislation in comparison with other Virginia RTAs¹, reviewing regional peers, and holding discussions with regional stakeholders, the following characteristics are recommended for governing regional transit:

- **Creation:** The authority may be created by issuing new state legislation or modifying existing² legislation to form a transit authority that meets the characteristics described. Existing legislation for the Charlottesville-Albemarle Regional Transit Authority (CARTA) may be amended to include funding and align with other sections described in this section.
- **Purpose:** The authority would serve as a regional decision-making body for transit matters. Its purpose would be to plan for regional transit service and to manage any dedicated transit funding generated in the region.
- **Authority participation:** The authority may be created with the City of Charlottesville and Albemarle County as initial members, and an option for the counties of Fluvanna, Greene, Louisa, and Nelson to join as participating members as well.
- **Other Entities as Participants:** Other entities such as higher education institutions, public transportation agencies, or private nonprofit entities may also join the authority upon agreement, concurrent resolution, or ordinance of the existing members of the authority.
- **Board Composition:** The board composition will be:
 - Two directors representing the County of Albemarle, each of whom shall be a member of the governing body of the county.
 - Two directors representing the City of Charlottesville, each of whom shall be a member of the governing body of the city.
 - One director representing each county that joins the Authority, each of whom shall be a member of the governing body of each respective county.

The Board may also include gubernatorial appointees and representatives from state or regional bodies such as DRPT, the House of Delegates, the Senate, or any other body deemed appropriate by the state legislature. Additional directors may also be added to represent the interests of any agencies or institutions that join the authority.

Most authorities have the option for the board structure to change as needed to reflect changes in the region that occur over time. Rules for change may include transit service-based methods or population-based

¹ Hampton Roads Transportation Accountability Commission (HRATC), Central Virginia Transportation Authority (CVTA), and Northern Virginia Transportation Authority (NVTA).

² Charlottesville-Albemarle Regional Transit Authority <https://law.lis.virginia.gov/vacode/title33.2/chapter28/>

methods. Boards should ideally represent all taxpayers (including non-transit riding taxpayers), therefore, a combination of the two approaches could be considered if modifications are required.

Potential Transit Funding Options

Two transit network alternatives were developed as part of the Transit Vision Study. Operating costs for the two alternatives were estimated at roughly \$35.5 million and \$85 million per year for the constrained network and unconstrained network respectively. The constrained vision network was developed under the premise of a future regional transit authority with the ability to generate additional revenue. Both options provide a drastic improvement to current transit service across the region including increased routes, frequencies, and days of service for the urban areas; and micro transit options and all-day service, seven days a week into the city from the lower density areas. Detailed descriptions of the transit service improvements can be found in the study [report](#).

Public transportation is funded through a combination of federal, state, local, and internally generated sources (e.g., fares, advertising, etc.). Average operating costs per year for current transit service in the region (not including UTS) is approximately \$18 million per year with the local component making up about a third (~\$5 million³ in 2021) of the total amount. A substantial increase in local funding is required to meet the funding gap between current transit funding and the future funding needed for increased transit service across the region.

After extensive research of potential revenue sources and stakeholder engagement, the following options were determined to be most feasible⁴ under the Virginia context:

- **Sales tax:** A tax on the sale of goods or services purchased (not including tax for non-prepared foods). It is the most common source for funding local and regional transit services. Being relatively stable and having moderate public acceptance, an additional 0.7% increase in sales tax across the region could generate an approximate five-year average of \$37 million per year.
- **Transient occupancy tax/lodging tax:** A tax on lodging establishments and does not directly impact residents. It has a minimal revenue yield in some areas. An additional 0.5% could generate an approximate five-year average of \$1 million per year.
- **Personal property tax:** A tax on the value of all motor vehicles, trailers, mobile homes, boats, and aircrafts. It is a relatively stable source but has potential for public resistance if the rate of increase is significant. An additional 0.5% could generate an approximate five-year average of \$13 million per year.
- **Real estate tax:** A tax on the assessed value land and buildings. It is widely used to finance transit and typically considered a default funding source. An additional 0.1% could generate an approximate five-year average of \$52 million per year.

Although funding estimates were developed for the four revenue sources above, representatives from member localities expressed flexibility in pursuing funding sources. As efforts are made toward implementation, member localities are open to adopting one sole source, a combination of sources, or alternative options not identified in this study. Detailed estimates may be found in Section 4: Revenue Generation.

Recommended Next Steps

The following next steps are recommended as a result of feedback from this study.

- Establish an interim entity for regional transit governance and decision making (while legislative action is being pursued) with authority to plan for transit service with the ability to expand its role over time.
- Conduct a transit needs assessment that clearly analyzes rural transit needs.
- Ensure continued rural engagement in development of legislative packet for a regional transit authority. Include protective mechanisms in the use of transit revenue generated to lead to equitable investments across the

³ National Transit Database (2021).

⁴ Analysis was conducted assuming a uniform levy across all Region 10 localities.

region. Continue educational efforts on the potential benefits of a regional authority and its impact on different types of residents.

- Engage UVA leadership at a level where there is decision-making authority in subsequent efforts toward establishing a transit authority.

The scope of this study does not cover identification of transit service improvements, consolidation of existing transit operations, and administration/governance of school bus operations.

Recommendations presented at the conclusion of this study do not require any immediate council action beyond consensus and good faith efforts to participate and support the groundwork needed for implementation.

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1 Introduction

1.1 Background

The Thomas Jefferson Planning District (TJPD) region (Region 10) is reaching critical characteristics of maturity in the general pattern of development of urban areas and their transportation systems. Major urban areas reach a point where the cross-boundary travel needs of the residents exceed the capacity of municipal transit systems to provide efficient public transportation. Well over twice as many workers commute into Charlottesville from the neighboring jurisdictions compared to residences within the city boundaries. In addition, there are growing needs for reverse-commutes to employment locations outside the city boundaries.

The Thomas Jefferson Planning District Commission (TJPDC) was established by the General Assembly in 1972 to manage planning in the TJPD. Over the past several years, Region 10 has worked collaboratively with its member jurisdictions to improve transit service in the region. In the past year, the region undertook a collaborative effort to develop a Transit Vision Plan⁵ to establish a clear, long-term vision for efficient, equitable and effective transit service for the region. Led by the TJPDC and supported by the City of Charlottesville, Albemarle County, and the Virginia Department of Rail and Public Transportation (DRPT), the Transit Vision Plan established a unified vision for transit service in Region 10, which is made up of the counties of Albemarle, Fluvanna, Greene, Louisa, Nelson, and the City of Charlottesville.

One outcome of the Transit Vision Study was the development of two redefined transit networks aligned with the new vision for both urban and rural needs. The two vision networks were developed based on unified shared regional goals, transit provider guidance, and public feedback. There are:

1. Unconstrained vision network: shows a future transit network that fully implements the vision statement and goals, without considering any financial constraints.
2. Constrained vision network: shows a future transit network that implements the vision statement and goals within the constraints of a potential regional transit funding measure.

The benefits of each of the two networks and of regional transit service are discussed in the vision plan report, however, a few benefits of funding improved service are listed below⁶ for various groups:

- Transit users – benefits include those derived from convenience and comfort, financial savings from lower cost of transit use compared to personal vehicles, increased safety, and improved fitness and health
- Drivers/motorists- benefits include reduced traffic and parking congestion, improved traffic safety, and emissions reductions
- Taxpayers – benefits accrued from costs savings related to road and parking facility construction and maintenance, improved safety, and increased public health (and consequent reductions on public healthcare costs)
- Businesses – benefits from reductions in congestion, parking cost savings, improved mobility for employees, and support to regional economic development
- Residents – benefits from parking cost savings, improved mobility for non-divers (and chauffeuring burdens), increased safety, reduced pollution, improved public fitness

This study assumes the “constrained network” as the base network for seeking additional regional transit funding and establishing a governing structure to oversee that funding.

Exploring a unified structure for governing regional transit has been contemplated by area stakeholders at various times. In the late 2000s, an attempt to form a transit authority was unsuccessful at the Virginia General Assembly which declined to pass legislation allowing dedicated regional transit taxation. In subsequent years, the General Assembly passed new legislation to allow the creation of the Charlottesville-Albemarle Regional Transit Authority (CARTA) under Title 33.2, Subtitle IV, Chapter 28 but again, without dedicated funding. In 2017, the Regional Transit Coordination Study recommended forming the Regional Transit Partnership (RTP) as an interim step towards establishing a regional transit authority. Currently, the RTP functions as an advisory board to TJPDC, in partnership with the Virginia Department of Rail and Public Transportation (DRPT).

⁵ Details of the Transit Vision Plan may be found at this [link](#)

⁶ Litman, T. (2014). “Evaluating Public Transportation Local Funding Options.” Victoria Transport Policy Institute.

1.2 Purpose and Approach

The objective of this Regional Transit Governance Study is to (1) identify governance options for regional transit and (2) identify potential funding mechanisms to increase transit investments in Region 10. The guiding principle is to determine how transit service should be structured and coordinated to result in the highest quality and efficiency of service. To achieve these goals, the study team adopted a five-phase approach shown in Figure 1-1.

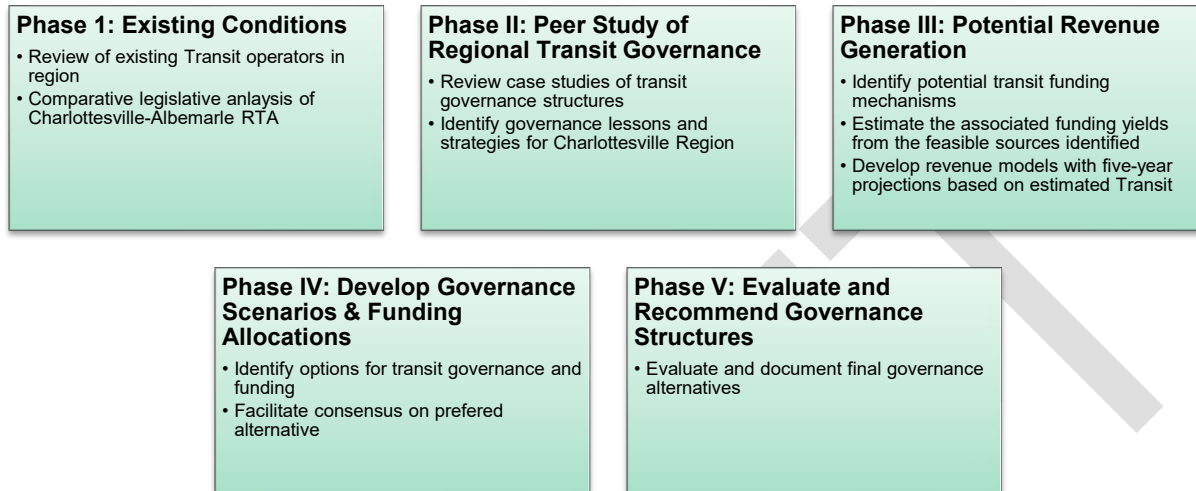


Figure 1-1 Study Approach

The study was designed to maximize stakeholder feedback through a series of in-person and virtual meetings with the localities, transit providers, regional and state entities, and peer transit authorities in Virginia and the rest of the country. A list of stakeholders interviewed may be found in the appendix. A steering committee was formed to guide the study and provide feedback. It comprised representatives from Albemarle, Fluvanna, Louisa, Nelson, and Greene counties, the City of Charlottesville, TJPDC, Virginia Department of Rail and Public Transportation (VDRPT), and University of Virginia (UVA). Additionally, stakeholder engagement was also conducted with the transit providers, Regional Transit Partnership, the TJPDC Commission, boards of supervisors of member counties, Charlottesville City Council, the Metropolitan Planning Organization Policy Board, and the Virginia Department of Transportation (VDOT). Figure 1-2 shows a map of the stakeholder engagement process.

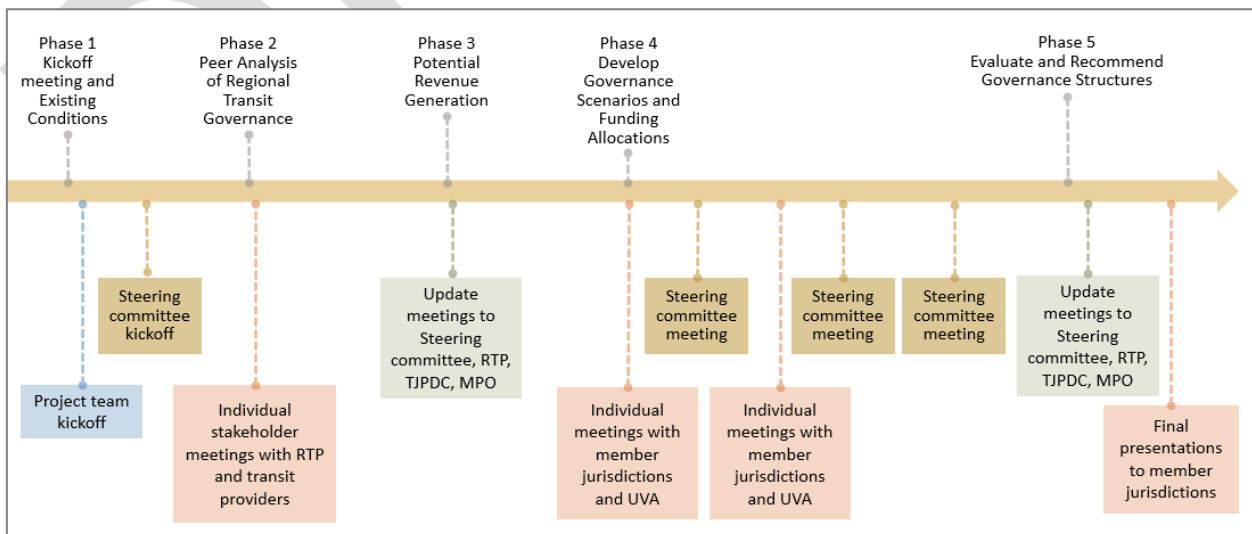


Figure 1-2 Stakeholder Engagement Map

This report is divided into seven sections: Section 1 is the introduction to the study and provides an overview of the background and objectives of the study. Section 2 reviews the existing conditions for transit in the region focusing on service providers and current governance. Section 3 summarizes the results of a peer study and lessons learned from transit authorities with characteristics similar to Region 10. Section 4 explores potential sources of revenue for transit investments. Section 5 discusses potential governance options for regional transit. It outlines a potential structure and details for formation. Section 6 synthesizes feedback and results of the study to provide a list of findings and recommendations. Finally, Section 7 concludes the report with next steps for the study.

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2 Existing Conditions

2.1 Overview of Regional Transit Operators

Region 10 is served by three transit operators: Charlottesville Area Transit (CAT), Jaunt, and the University of Virginia's University Transit Service (UTS). CAT provides fixed-route service in the City of Charlottesville and some urbanized parts of Albemarle County; Jaunt provides ADA paratransit for CAT service as well as commuter route and demand response service to the rural portions of the region; UTS serves the University of Virginia Grounds and neighboring commercial and residential areas.

2.1.1 Charlottesville Area Transit (CAT)

2.1.1.1 Operator Overview

CAT was founded in 1975 as Charlottesville Transit Service (CTS) by the City of Charlottesville after acquiring a then privately-owned transit company. The CTS served the city exclusively until 1978, when Albemarle County entered into its first agreement with the city to provide contracted fixed-route service in parts of the county. In 1985, the city began operation of the school bus transportation system in addition to running CTS. Two decades later, the service expanded by entering into a reciprocal ridership agreement with the University of Virginia's (UVA) UTS in 2008 (Figure 2-1).

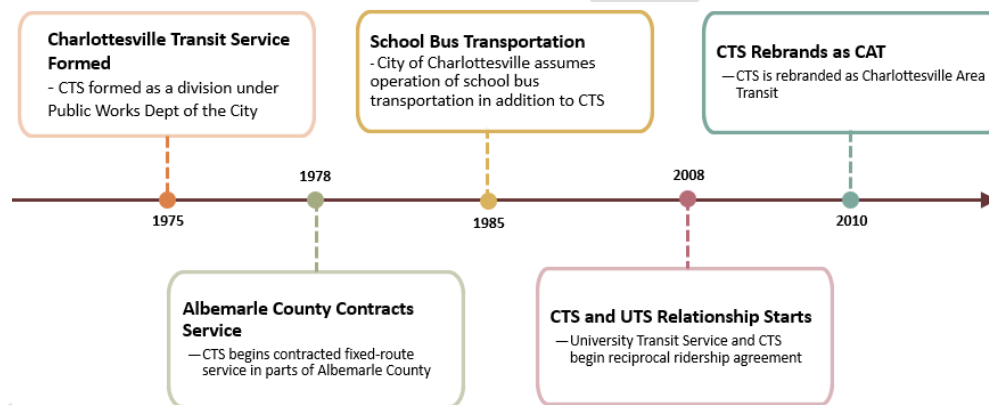


Figure 2-1 CAT Historical Timeline (1975-2010)

CTS now operates as Charlottesville Area Transit (CAT) following a rebranding effort in 2010. The agency currently serves an area of about 38 square miles and a service area population of approximately 85,755⁷, which includes the City of Charlottesville, parts of Albemarle County, and the UVA Grounds. CAT service is Monday through Saturday on varying routes from 6:00am to 10:30pm using 11 fixed routes and a free trolley service.

Table 2-1 CAT Service Characteristics

Measure (2021) ⁸	Description
Service Area	~38 square miles
Service Area Population	~85,755
Annual Passenger Miles Estimate	~2.1 million ⁹
Annual Unlinked Trips	617,010
Annual Vehicle Revenue Miles	730,629
Annual Vehicle Revenue Hours	74,987
Vehicles Operated in Max Service	19
Operating Funds Expended	\$9,211,327
Capital Funds Expended	NA

⁷ National Transit Database 2021 Annual Agency Profile. City of Charlottesville dba Charlottesville Area Transit

⁸ Ridership levels in 2021 were approximately one-third of the ridership in 2019, largely due to the COVID-19 pandemic.

⁹ CAT is not a full reporter to FTA, so self-reported annual passenger miles in 2021 was not available. The estimate shown was calculated using the average CAT trip length in 2018 of 3.44 miles (VTA data) multiplied by the number of unlinked passenger trips in 2021.

2.1.1.2 Organizational Structure

As a division of the City of Charlottesville, all CAT employees are city employees. CAT is headed by a Transit Director who manages approximately 142 employees to provide service (Figure 2). Three Assistant Directors (operations, maintenance and facilities, and finance and grant management) and seven other administrative positions support CAT operations. CAT has 59 full-time and 11 part-time bus operators in addition to 26 relief bus operators with many vacancies yet to be filled. These operators serve both the CAT transit and Charlottesville school bus services.

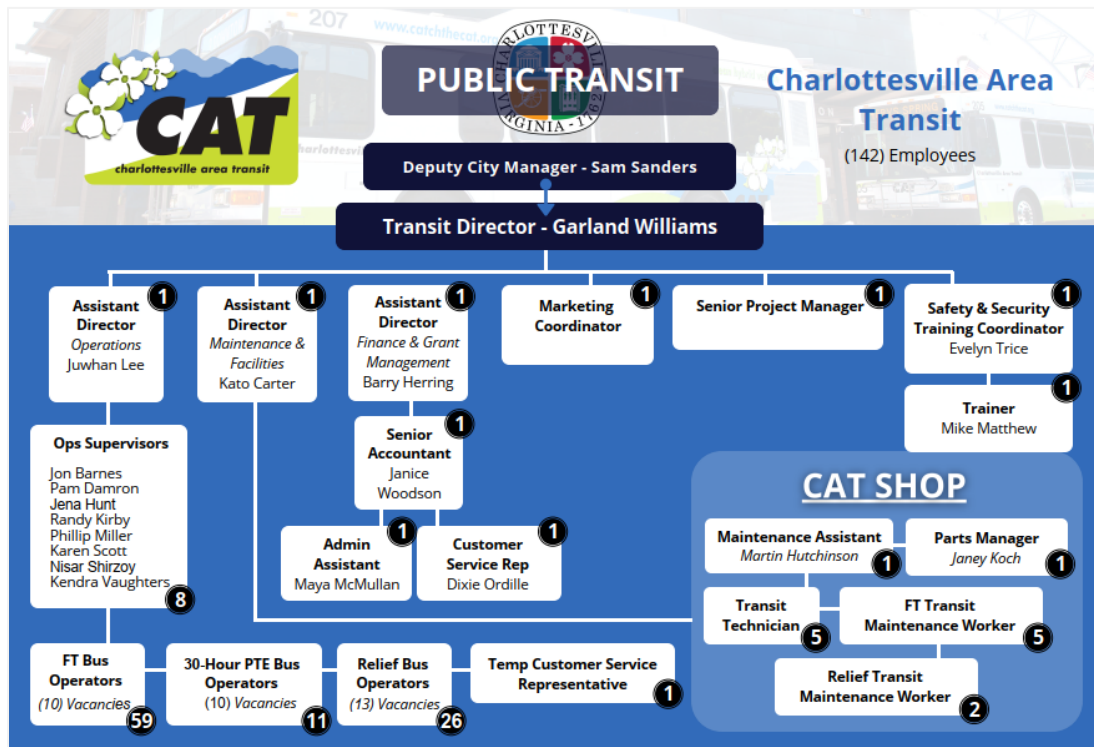


Figure 2-2 Charlottesville Area Transit Organizational Structure

2.1.1.3 Governance Structure

The city operates under a Council-Manager form of government with a City Council serving as the ultimate decision-making body. Residents elect a five-member City Council who serve four-year staggered terms. The City Council, in turn, selects the Mayor and Vice Mayor who serve two-year terms each. The City Council also appoints the City Manager who serves as the chief executive officer of the city and manages all departments including transit. Transit-related decisions are ultimately determined by the City Council; however, daily transit operations are run by the Transit Director who reports to the City Manager.

The CAT Advisory Board was a citizen advisory board set up by the City Council to provide input to CAT service improvements. This includes service changes such as routing, schedules, budget changes, or personnel needs. The CAT Advisory board has been inactive since the 2020 pandemic, but discussions are ongoing about re-establishing the board.

2.1.1.4 Funding Sources

Transit funding can generally be divided into operating sources of assistance and capital sources of assistance. These sources include federal, state, local, and internal agency-generated funds.

Federal Sources

Federal grant programs require a minimum local match of four percent for all eligible projects. The primary source of federal operating assistance for urbanized areas such as Charlottesville comes from the Section 5307 Urbanized Area Formula Grants program, a formula-based program that offers transit capital and operations assistance to service providers in urbanized areas. For urbanized areas greater than 200,000 people, funds are apportioned directly to the service providers;

for urbanized areas under 200,000 people, funds are apportioned to the state for distribution. According to the 2021 National Transit Database statistics, the Charlottesville urbanized area has a population of approximately 92,359¹⁰. In addition to capital costs, eligible uses of the proceeds from the grants include preventative maintenance activities and rebuilding of vehicles, track, signals, and communications equipment.

Another primary source of federal funding made available beginning in 2020 was the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided \$25 billion to transit agencies nationwide.

State Sources

State funding consists of operating and capital assistance provided by the Virginia Department of Rail and Public Transportation (DRPT). Operating assistance follows a performance-based methodology to determine funds allocation for each agency. Operating assistance funds a maximum of 30 percent of agency operating expenses. For capital assistance, DRPT employs a prioritization process to allocate capital funds. Projects are scored under the following three categories:

- State of good repair: Up to 68 percent matching funds for projects focused on replacements or rehabilitation of existing transit assets.
- Minor enhancements: Up to 68 percent matching funds for projects to add capacity, new technology, and customer facilities with costs under \$2 million. This may also include some vehicle expansion projects.
- Major expansion: Up to 50 percent matching funds for expansion or improvements that exceed \$2 million or for purchases of more than five vehicles or five percent of fleet size.

Other state funding for CAT in fiscal year 2023 includes the Transit Ridership Incentive Program (TRIP). This grant program is available for urban areas that exceed a population of 100,000 to improve regional connectivity by supporting low-income and zero-fare programming. Following receipt of these TRIP funds, CAT has stopped collecting fares and does not anticipate using fares as a revenue source for the foreseeable future. In addition to these sources, other competitive grants are available to agencies including Technical Assistance grants, Public Transportation Workforce Development Program, and Demonstration Project Assistance grants.

Local Sources and Directly Generated Funds

Funding from local and directly-generated sources include City of Charlottesville general revenues, contract funds from Albemarle County and UVA, advertising, and other sources.

Figure 2-3 shows sources of operating funds for CAT as reported to the National Transit Database (NTD) for 2021.

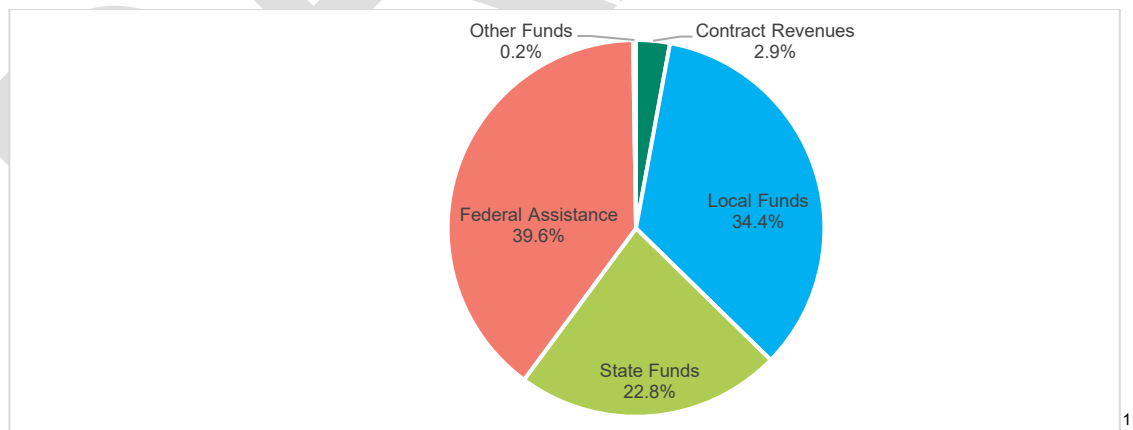


Figure 2-3 2021 CAT Operating Funding Sources (NTD)

Figures 2-4 and 2-5 show the historical trends for CAT's operating and capital funds from 2016 to 2021. Figure 2-6 shows the trend of CAT's operating funds per vehicle revenue hour from 2016 to 2021.

¹⁰ 2021 Annual Agency Profile. City of Charlottesville dba Charlottesville Area Transit.

¹¹ Revenues related to the UVA Trolley Service and UVA Fixed Route Service

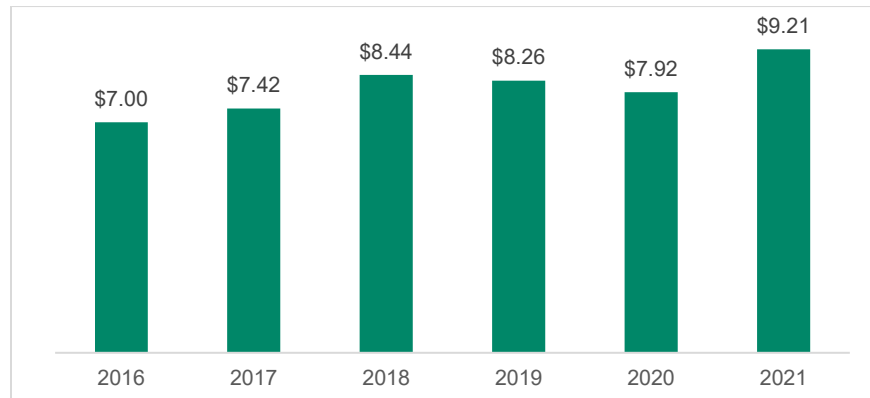


Figure 2-4 CAT Operating Funds in Millions of Dollars (NTD 2016 to 2021)

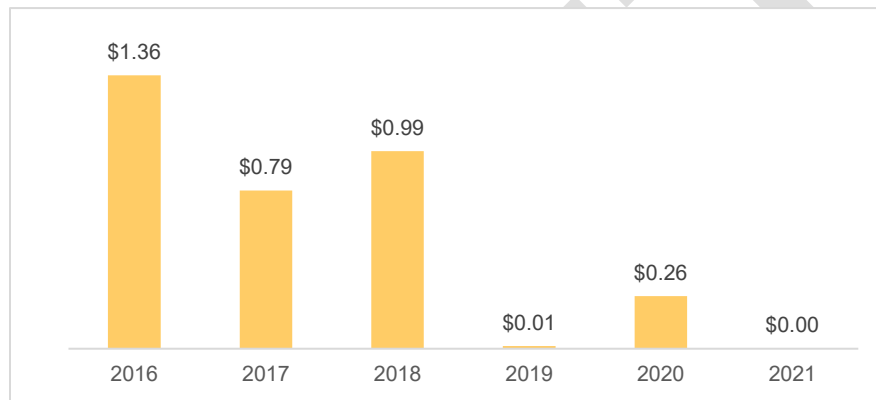


Figure 2-5 CAT Capital Funds in Millions of Dollars (NTD 2016 to 2021)¹²



Figure 2-6 CAT Operating Funds Per Vehicle Revenue Hour (NTD 2016 to 2021)¹³

2.1.2 Jaunt Inc.

2.1.2.1 Agency Overview

Originally known as Jefferson Area United Transportation (JAUNT), Jaunt was formed in 1975 to provide transit for human service agencies (senior agencies, family assistance agencies, etc.). In 1983, the agency became incorporated as Jaunt, Inc. with ownership transferred to local governments.

Today, Jaunt provides regional transit service to customers in the counties of Albemarle, Buckingham, Fluvanna, Greene, Louisa, and Nelson, and the City of Charlottesville. It was formed to provide for the maintenance, development, improvement

¹² 2021 NTD reports \$0 in capital funding for CAT.

¹³ 2021 NTD reports \$0 in capital funding for CAT.

and use of public transit in the rural and urbanized areas of the localities served. Service is provided through Jaunt, CONNECT, and Greene County Transit.

- Jaunt – This provides demand response service to Buckingham, Fluvanna, Louisa, Nelson, and rural parts of Albemarle county. Jaunt also provides complementary paratransit service for CAT to fulfil American with Disabilities Act (ADA) requirements. Under this arrangement, eligible riders can travel within a three-quarter mile radius of CAT's fixed route service.
- CONNECT is a fixed route commuter service that operates from park-and-ride lots in parts of Albemarle, Buckingham, and Nelson counties to destinations at UVA and downtown Charlottesville.
- Greene County Transit is a demand response service for residents of Greene County. Residents of the county can travel anywhere within the county and to Charlottesville with advanced reservations.

Table 2-2 Jaunt Service Characteristics

Measure (2021)	Description
Service area	~2,719 square miles
Service area population	~273, 354
Annual Pax miles	1,463,189
Annual Unlinked Trips	147,968
Annual Vehicle Revenue Miles	1,101,240
Annual Vehicle Revenue Hours	66,668
Vehicles Operated in Max Service	55
Operating Budget	\$9,410,333
Capital Budget	\$955,762

2.1.2.2 Organizational Structure

Jaunt is headed by a Chief Executive Officer (CEO) and reports to a Board of Directors. The CEO is supported by a Chief Operations Officer (COO) and Chief Financial Officer (CFO) and together manage about 125 employees to provide its service. Key staff roles include Road Supervisors, Director of Procurement, Chief Mechanic, Safety Manager, Call Center Supervisor, Marketing and Communications Coordinator, and about 86 operators. The full organizational structure is shown in Figure 2-7.

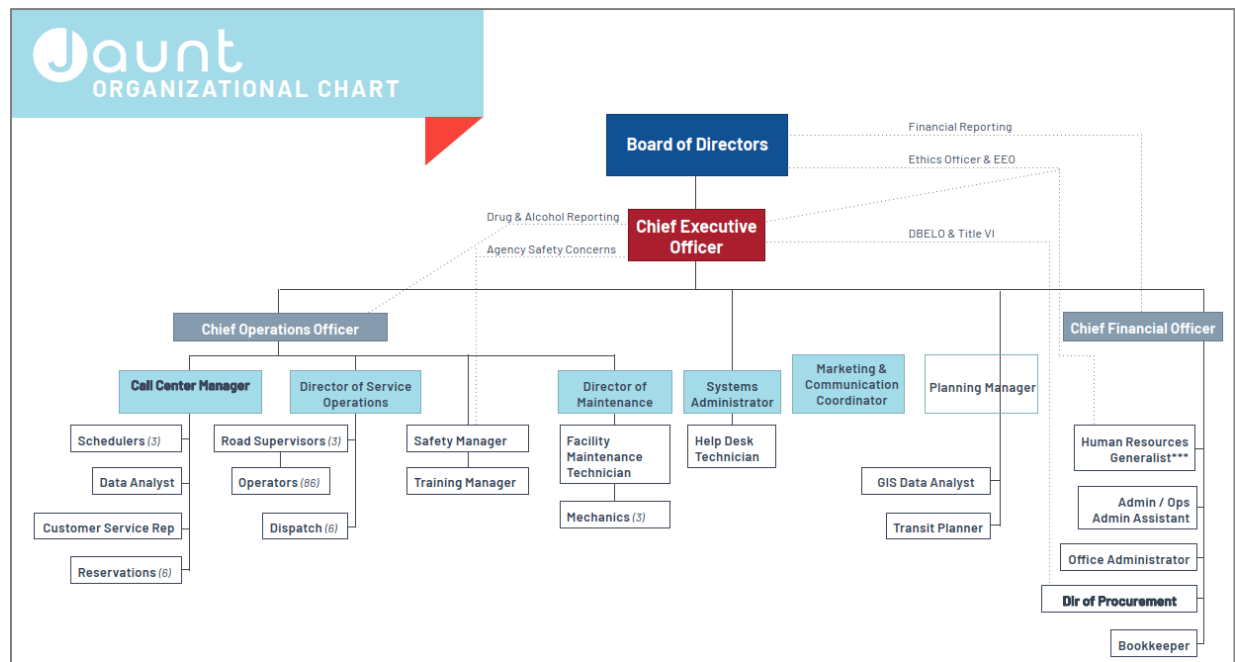


Figure 2-7 Jaunt Organizational Structure

2.1.2.3 Governance Structure

Jaunt was incorporated in 1983 as a public service corporation by the City of Charlottesville and the Counties of Albemarle and Nelson. However, ownership of Jaunt also includes Fluvanna and Louisa Counties, making a total of five stock owners. Stockholder shares are divided as follows:

- City of Charlottesville 5 shares
- Albemarle County 5 shares
- Nelson County 2 shares
- Fluvanna County 2 shares
- Louisa County 2 shares

Board Characteristics

Jaunt is governed by a Board of Directors elected by the five Stockholders. Directors elected by Stockholders can in turn appoint Directors at large to serve on the Board in a non-voting capacity (ex-officio). Stockholders are entitled to nominate two (2) Directors for every two shares held. In cases where an odd number of shares are held, the number of Directors nominated will be rounded down. The breakdown of Director nominations is as follows:

- City of Charlottesville 4 Directors
- Albemarle County 4 Directors
- Nelson County 2 Directors
- Fluvanna County 2 Directors
- Louisa County 2 Directors

The Board is currently composed of 14 voting members who serve three-year terms. The City of Charlottesville and Albemarle County have four members each, while Louisa, Fluvanna, and Nelson Counties have two members each. Non-voting members appointed by the Board are Buckingham County, TJPDC, and DRPT. According to the agency bylaws, the

Board may have no more than 20 and no less than 12 voting members at any time. Directors serve a three-year term each which may be extended, decreased, or modified by the Stockholders.

Each Board member is entitled to one vote with no allowance for proxy votes.

Officers and Committees

The Board elects Officers to serve as President, Vice President, Treasurer, and Secretary at their annual meeting. Select Board members also serve on three committees (Executive, Finance, and Jaunt Friends) and represent Jaunt at the Regional Transit Partnership.

- *Executive Committee:* This committee includes the President, Vice-President, Secretary, Treasurer, Immediate Past President, and Executive Director (CEO). According to the Bylaws, the committee may also include chairs of various subcommittees, other Board directors, or Jaunt employees appointed by the President. The Immediate Past President, Executive Director and employees appointed to the committee serve as non-voting members.
- The committee may exercise all the routine and ordinary powers of the Board to discuss issues related to urgent business matters, organizational and operating procedures of the Board, legal issues, compliance with requirements, and supporting the Executive Director. Business transacted by the committee must be reported to the Board for ratification.
- *Finance Committee:* This committee includes the Treasurer and at least two other Directors chosen by the Board for the purpose of providing financial oversight and management of Jaunt.
- *Jaunt Friends,* a 501(c)3 organization, awards scholarships to the financially disadvantaged, so they remain active in society and as independent as possible. Its mission is supporting Jaunt transportation services and providing fare scholarships to the passengers who need them.

2.1.2.4 Funding Sources

Similar to CAT, Jaunt's funding comes from a combination of federal, state, local, and directly-generated funds (farebox).

Federal Sources

As CAT's provider of ADA paratransit services, Jaunt receives a portion of CAT's annual Section 5307 operating funds allocation. Jaunt has been eligible for other federal grants in the past, including the Rural Area Formula Program Grant (Section 5311), Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program (Section 5310), Bus and Bus Facilities (Section 5337), and New Freedom Program¹⁴ (Section 5317).

Oftentimes, federal sources of assistance also have minimum requirements for matching funds, which varies for capital grants and operating grants. Generally, the Section 5311 program may provide up to 50% of the net deficit for rural needs, with the remaining balance split evenly between state and local assistance (25% each). Capital costs on the other hand, are typically funded at an 80%, federal; 16% state, and 4% local match.

State Sources

As an agency operating in the commonwealth, Jaunt receives state assistance through the general transportation fund. The agency is also eligible to apply for applicable state grants previously described in *Section 2.1.1.4*.

Local Sources and Directly-Generated Funds

Local funding for Jaunt comes from the jurisdictions within its service area based on an agreed-upon formula. Directly-generated funds include revenue from contracted service, advertising, and other sources.

Figures 2-8 and 2-9 show the sources of operating and capital funds for Jaunt in 2021 as reported to the NTD.

¹⁴ Grants for both capital and operating aimed reducing transportation barriers faced by individuals with disabilities to expand mobility through transportation, beyond the requirements of the ADA Act of 1990.

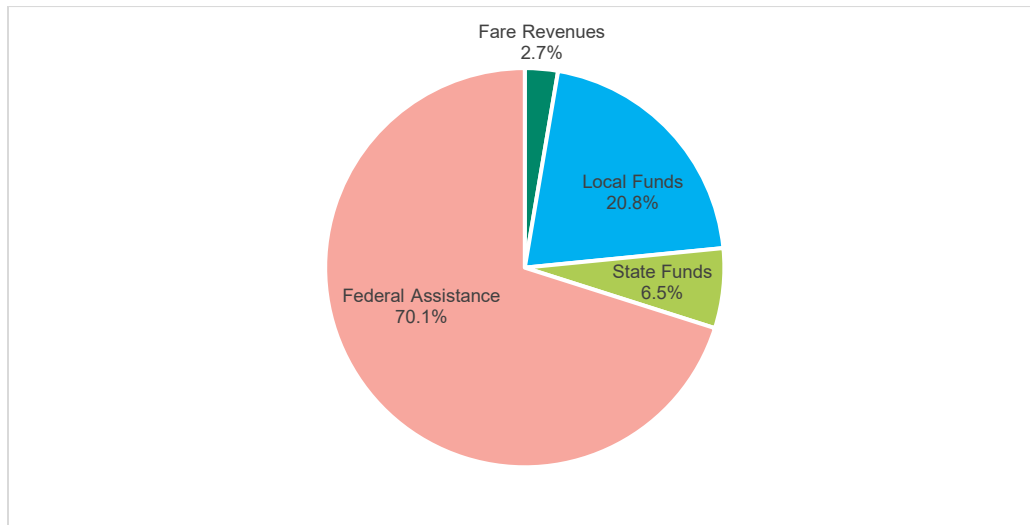


Figure 2-8 2021 Jaunt Operating Funding Sources (NTD)

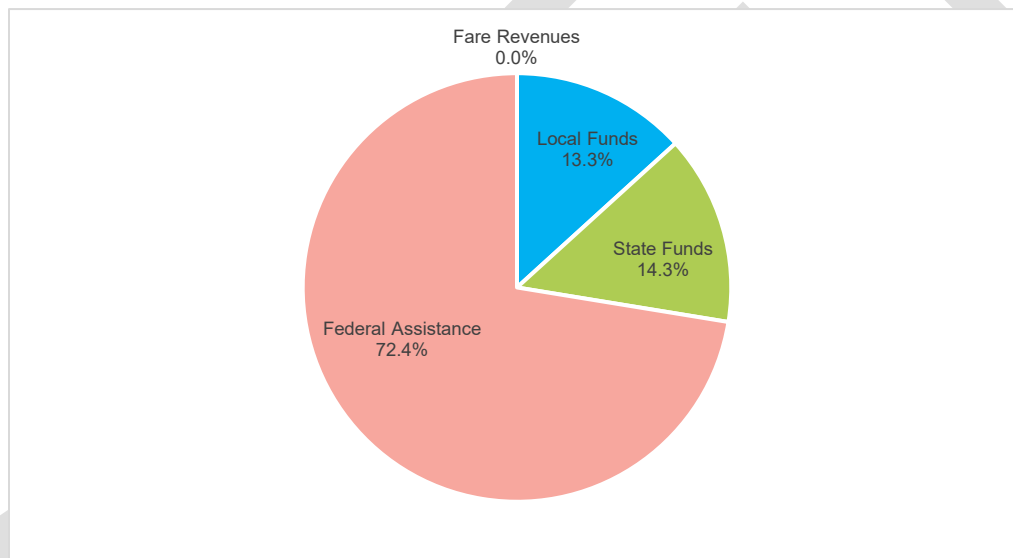


Figure 2-9 2021 Jaunt Capital Funding Sources (NTD)

Figures 2-10 and 2-11 show the historical trend of operating and capital funding for Jaunt from 2016 to 2021. Figure 2-12 shows the trend of Jaunt's operating funds per vehicle revenue hour from 2016 to 2021.

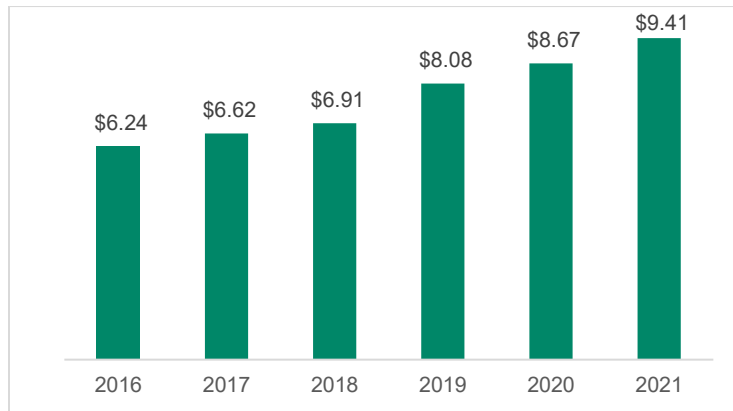


Figure 2-10 Jaunt Operating Funds in Millions of Dollars (NTD 2016 to 2021)

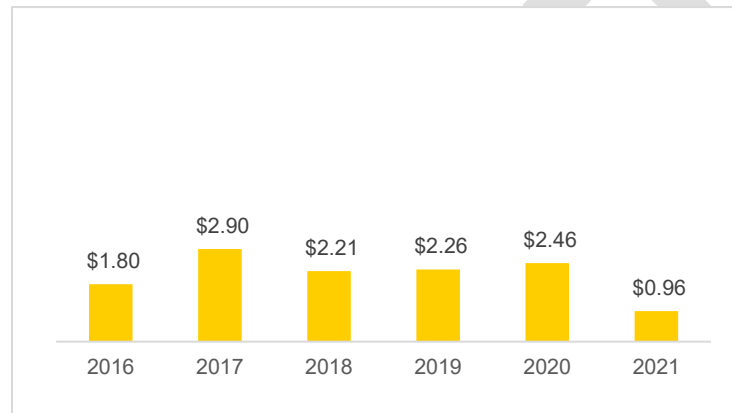


Figure 2-11 Jaunt Capital Funds in Millions of Dollars (NTD 2016 to 2021)

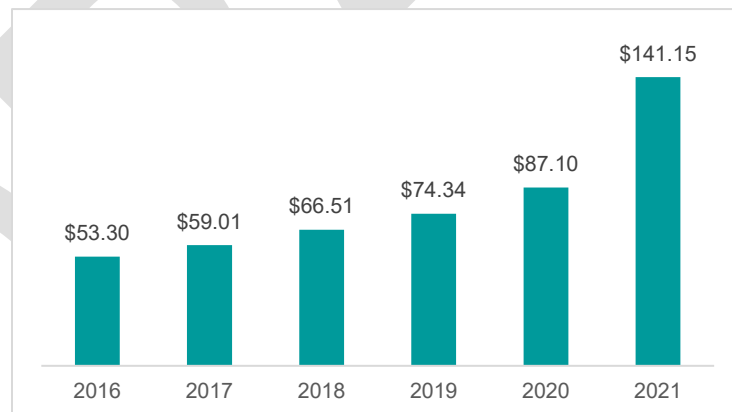


Figure 2-12 Jaunt Operating Funds Per Vehicle Revenue Hour (NTD 2016 to 2021)

2.1.3 University of Virginia University Transit Service (UTS)

2.1.3.1 Operator Overview

The University Transit Service, UTS, provides transportation services to UVA students, faculty, and staff on and around UVA Grounds and UVA's hospital. The service started in the 1970s as a way to influence parking demand on UVA Grounds. As a major employer and trip generator in the region, the service started by providing circulator and parking lot shuttle services. As demand grew, UTS added more services and currently serves about 1.5 square miles.

Service levels vary throughout the year, depending on the university's academic calendar, holidays, and events. Service is divided between the parking lot shuttles and transit routes on the Grounds. The service area is bounded by Arlington Boulevard, Alderman Road, Jefferson Park Avenue, 14th Street, Grady Avenue, and Rugby Road. It also goes off-Grounds along the JPA Corridor.

2.1.3.2 Organizational and Governance Structure

UTS is an operational unit at UVA housed under the Department of Parking and Transportation. Other units in the department include parking and administration; however, UTS relies on other University resources for various services, including professional planners, architects, facilities management, human resource management, and procurement. UTS has an alternative transportation team, a safety training team, and operations teams.

UTS is headed by the Director of Parking and Transportation who reports to the Associate Vice-President for Operations who is ultimately accountable to the University Board of Regents. The service is very staff-driven and approvals to the Board of Regents is only needed for the comprehensive student fee.

2.1.3.3 Funding Sources

The Department for Parking and Transportation has a budget of about \$20 million per year, with between \$8 million to \$9 million allocated to transit. Service is funded through student fees and parking fees from the health system. The system also generates some funds through event contracts such as football games and graduations. Beginning in 2008, UTS entered into a reciprocal agreement with CAT to allow the public to ride fare-free for a modest fee. This and a similar arrangement with Jaunt changed with the onset of the pandemic. The three agencies are currently working to resume this collaborative arrangement.

Although the UTS service is open to the public, it differs from CAT and Jaunt by not being a publicly funded agency. It therefore does not receive any federal, state or local funds. It also does not report to the Federal Transit Administration.

UTS, CAT and Jaunt continue to collaborate by sharing bus transfer stops and hosting coordination meetings with directors to discuss challenges and possible solutions in addition to the ongoing coordination undertaken through the RTP.

2.1.4 Summary

The three operators in the region differ widely in their core services, governance, and accountability characteristics. Together, they each support a critical part of the transit landscape in the region; however, more transit investments and coordination are needed to support each jurisdiction's needs.

3 Peer Study of Transit Authorities

Following the review of existing conditions in Region 10, a peer analysis of transit authorities was conducted to review successful cases of regionalized transit and identify lessons to apply to Region 10. Figure 3-1 summarizes the three-step process adopted for this phase of the governance study.



Figure 3-1 Peer Study Process

3.1 Peer Selection Criteria

To create a list of potential peer operators and regions to the Charlottesville Region, data was queried from the Federal Transit Administration's (FTA) National Transit Database (NTD). This data was used to find similarities between the Charlottesville Region and its operators (CAT, Jaunt, and UTS). Filters were applied to each NTD data category to ensure the chosen candidates were similar to the Charlottesville region. The following data categories were queried from the NTD (with the data filters applied shown next to each category):

- Area Population (50,000 – 200,000)
- Operator revenue miles (500,000 – 3,000,000)
- Operator number of annual unlinked passenger trips (500,000 – 2,000,000)
- Operator operating budget (\$4,000,000 - \$20,000,000)

The NTD data was also used to calculate the Operator's operating budget per capita.

In addition to quantitative data obtained from the NTD, the peer regions were checked for:

- the presence of a major university;
- the presence of a separate university bus system; and
- if the region had transit service to multiple jurisdictions, both urban and rural.

Applying these quantitative and qualitative filters and holding discussions with the Thomas Jefferson Planning District Commission project team the list of peer regions was narrowed down to six regions, shown in Figure 3-2 below.

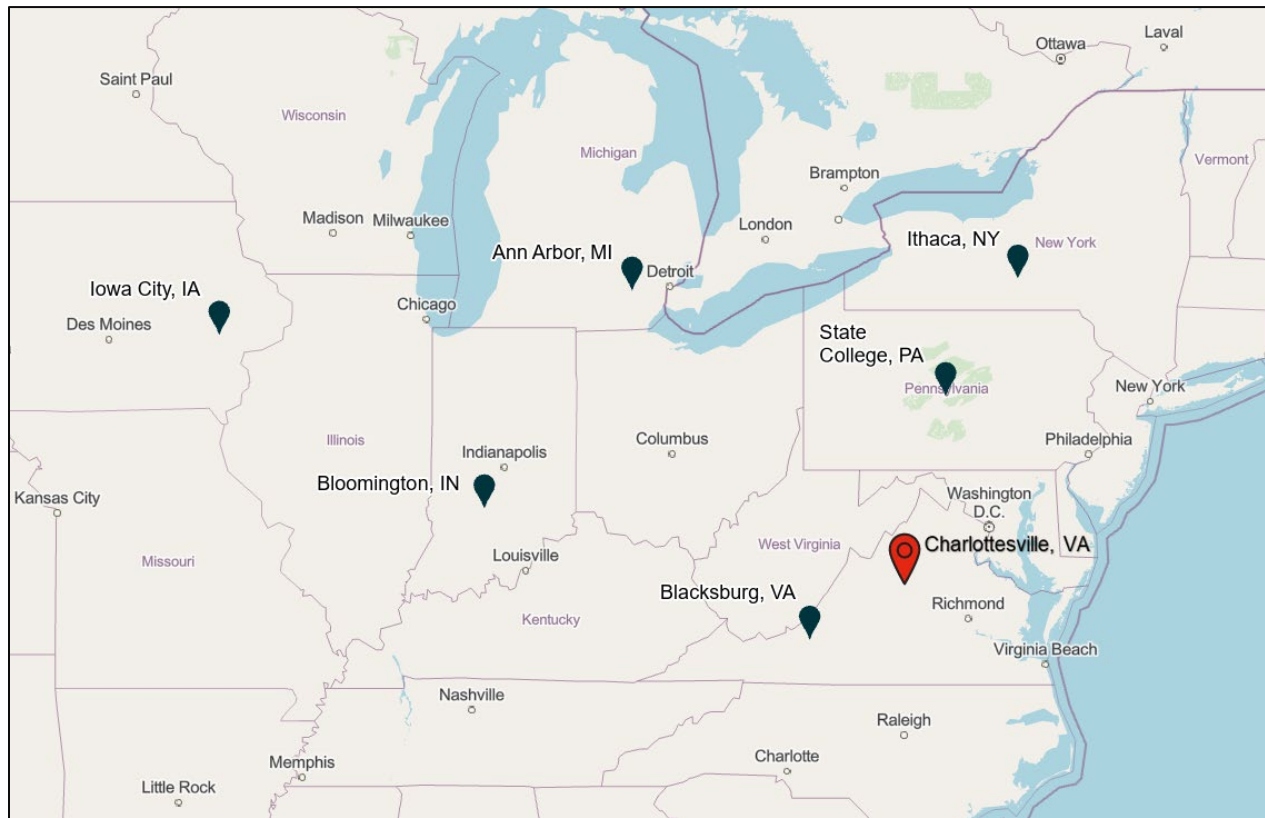


Figure 3-2 Map of Peer Operators

3.2 Desktop Analysis and Operator Interviews

A desktop analysis was performed before interviewing executives at each of the peer operators. This desktop analysis investigated each operator's governance type and board, the operator's funding methods, and the presence of/relationship with other operators in the region.

Research on governance type was to determine if each operator was a city department, an independent authority, or something else. The presence of a board, the board's size, and qualifications for board members were noted where appropriate. For operators that served multiple jurisdictions, the number of board members representing each jurisdiction was investigated as well.

Funding methods for each operator were divided into Federal, State and Local sources. Typically, these were obtained from each agency's budget for 2021. Any unique sources of funding were called out for further investigation in the operator interviews, as well as the presence of a separate funding organization.

Other operators in the region were investigated to look for overlap in service or funding, as well as to understand the relationship and collaboration between the focus operator and additional operators in the region.

Once the desktop analysis for each peer was complete, interviews were scheduled with a knowledgeable staff member at each peer operator, which are listed in Table 3-1 below. The interviews were held between January 27, 2023, and March 3, 2023.

Table 3-1 Staff Interviewed at Each Agency

Operator	Region	Name	Role/Title
Blacksburg Transit	Blacksburg, VA	Brian Booth	Director
Bloomington Transit	Bloomington, IN	John Connell	General Manager

Operator	Region	Name	Role/Title
Centre Area Transportation Authority (CATA)	State College, PA	Louwana Oliva	Executive Director
Tompkins Consolidated Area Transit (TCAT)	Ithaca, NY	Scot Vanderpool	General Manager
TheRide	Ann Arbor, MI	Matt Carpenter	CEO
Iowa City Transit	Iowa City, IA	Darian Nagle-Gamm	Transportation Director

3.3 Peer Analysis Framework

Following the desktop study and interviews with each peer agency, the information was assessed using the framework described below in Figure 3-3. Understanding the service provided by the operator is important for comparison with Charlottesville's current and future service states. The governance structure and relations with funding entities (local or otherwise) were also scrutinized.

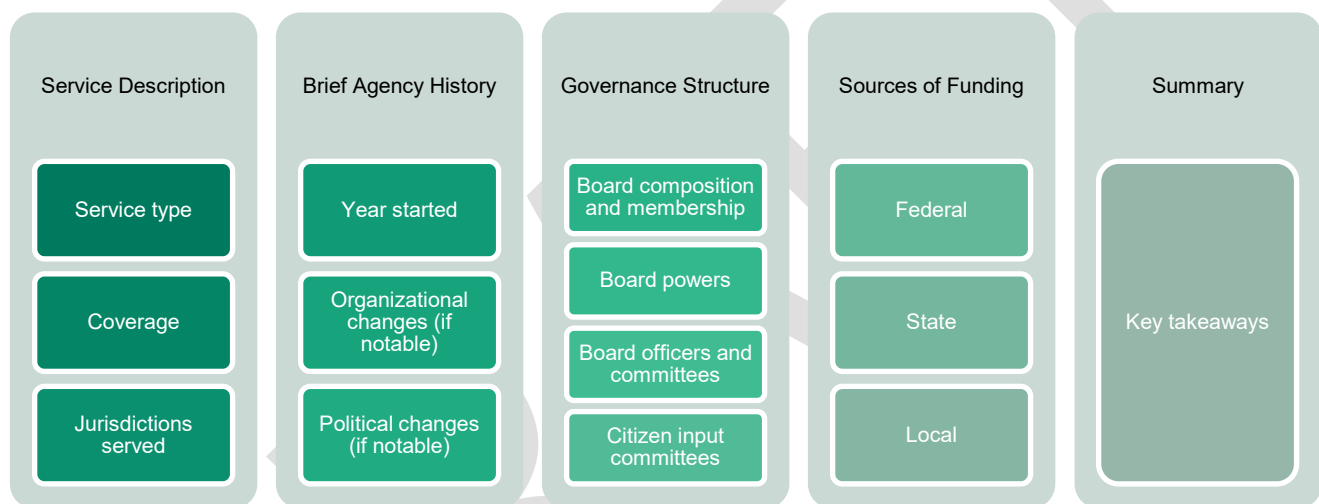


Figure 3-3 Peer Study Framework

3.4 Review of Peers

Section 3 provides summaries of each Peer that was included in this study, formatted to include an operator history, a key characteristics graphic, and the operator's governance and funding.

3.4.1 Blacksburg, VA

Blacksburg Transit (BT) is a department of the Town of Blacksburg. The need for an area transit system was raised by Virginia Tech in the early 1980s, and the process for creating the system was driven by the university and its students. In 1980, the Town of Blacksburg ran a ballot measure to local residents to start a town bus system. This measure failed, and in response, Virginia Tech ran a survey to its students about levying a student transportation fee to start its own transit system. This survey showed that 80% of students supported the transportation fee for a bus service around campus and Blacksburg. The bus service started in 1983 following this measure. Since the university was involved as a funding partner from the start, the service is particularly focused around campus and supporting the movement of students, faculty and staff.

Around 2010, service was expanded to the neighboring town of Christiansburg, whose contract payments make up the remaining portion of local funding. Figure 3-4 below summarizes the key characteristics of Blacksburg Transit.

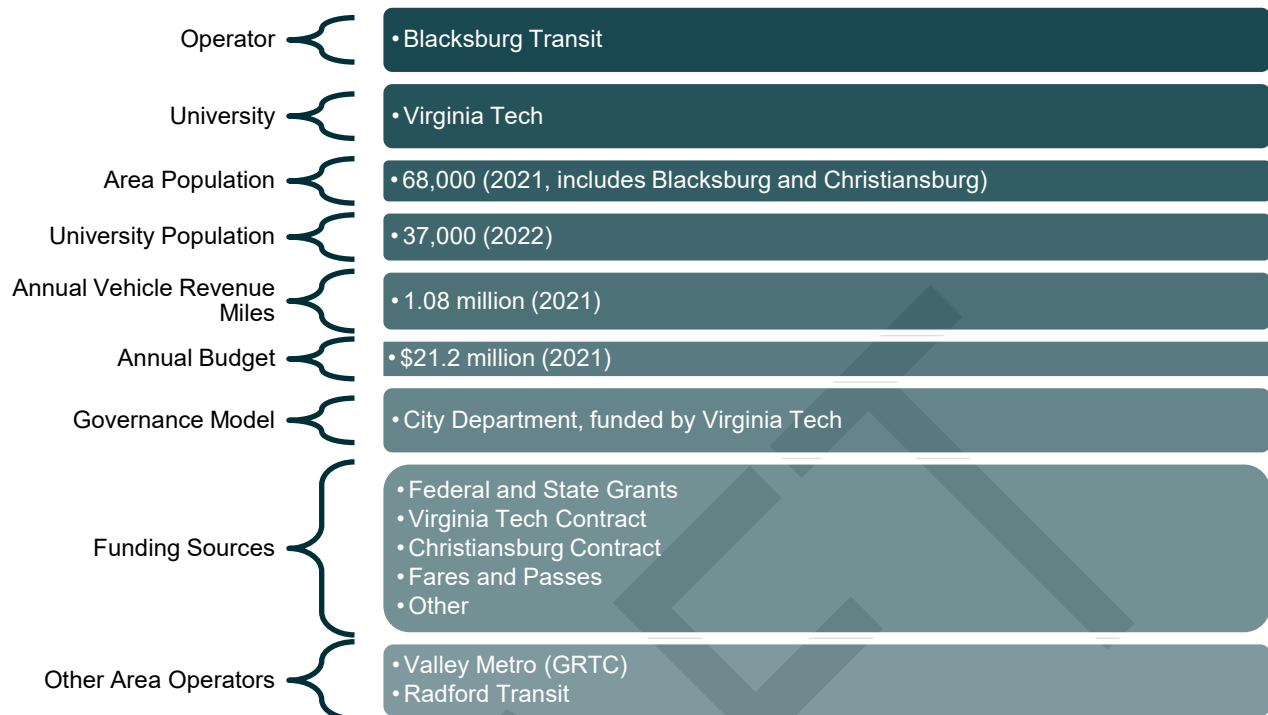


Figure 3-4 Blacksburg Transit Key Characteristics¹⁵

3.4.1.1 Governance Structure

BT operates as a department of the Blacksburg Town government headed by a Town Manager. The transit department reports directly to the Deputy Town Manager for Operations who is one of two deputies. The Town Manager in turn reports to a seven member elected Town Council. As the elected body directly accountable to the residents of Blacksburg, the Town Council is the ultimate approval body for decisions. The Town Council approves the agency's final budget. However, based on trust built over time between the town and BT, the agency has been allowed much autonomy to coordinate service and financial decisions with its two main stakeholders, Virginia Tech and Christiansburg.



Virginia Tech is a primary stakeholder in BT's service and participates in decision-making through the university's Transportation Services Department. BT's staff works collaboratively with the university to incorporate identified priorities into the agency's plans. The two collaborate closely during the annual budgeting process as well as the 5-year capital planning process. Operational recommendations such as those related to service, funding, and technology are provided by BT staff. With about 90% of the agency's ridership being students, BT and the university have a close symbiotic relationship to serve their customers. The Town of Christiansburg is a secondary stakeholder as it receives contracted service from BT through a route deviation service.

With regard to interagency coordination, BT coordinates to a lesser extent with four other agencies (Radford Transit, Pulaski Area Transit, in the region for the Transportation Improvement Program (TIP). Other initiatives include shared bus stops with Radford Transit.

BT also participates casually on some town committees that advise on issues such as traffic, pedestrian safety and cyclist safety.

3.4.1.2 Sources of Funding

Funding for BT is divided in typical proportions between Federal, State, and Local funding. Virginia Tech provides the required local match funding to any funds received by State and Federal governments, in addition to capital funding to support university goals (fleet electrification, in particular). These contributions are funded in part by a student transportation fee. In 2010, the Town of Christiansburg entered into a contract agreement for two route-deviated services within Christiansburg, in addition to one route between Blacksburg and Christiansburg. Christiansburg contributes approximately

¹⁵ Sources: FTA National Transit Database for [Blacksburg Transit](#), [Valley Metro](#), [Radford Transit](#), US Census Bureau, [Virginia Tech](#)

\$30,000 per year for capital items dedicated to Christiansburg including buses and shelters. Blacksburg Transit is currently fare-free, following the receipt of a federal grant for fare-free transit. Blacksburg Transit's 2021 sources of funding are shown in Table 2 below.

Table 3-2 Blacksburg Transit Funding Sources, 2021¹⁶

Source	Amount
Federal/State Grants	\$7.4 million
Virginia Tech Contract	\$7.0 million
Christiansburg Reimbursement	\$6.0 million
Fares and passes	\$0.2 million
Other	\$0.2 million
Total	\$21.2 million

3.4.2 Bloomington, IN

In 1982, the Bloomington Public Transportation Corporation (BPTC) was created by the City of Bloomington by passing an ordinance. The ordinance allowed the new municipal corporation to operate transit service in the city. Subsequently, Bloomington Transit (BT) operations started two years later. BT operates fixed-route, paratransit and microtransit within the City of Bloomington. BT and the Indiana University (IU) campus bus system have a close relationship and collaborate extensively. With about 70% of BT's riders being IU students, collaboration between the two systems led to them sharing a combined maintenance and administration facility. The shared facility with IU is unique in that the university owns the land beneath the shared facility, while BT owns the building that sits on the university land.

Through the years, BT has continued to increase services tailored to IU students and currently operates three routes specifically for the university population. The university makes annual payments to BT to allow students, faculty and staff to ride BT buses at no cost.

Approximately 10 years ago, IU campus bus operations were nearly absorbed into BT's operation, but was derailed due to lobbying of state legislature by other transit operators in the state. Indiana's state funding formula at the time allocated funds based on transit operator performance statistics. Following unification with IU, BT's performance statistics would skyrocket, entitling them to more funds and reducing funding availability to other transit operators in the state. Since then, the state funding formula has changed, and the unification of BT and the IU campus bus system is again a possibility.

Figure 3-5 below summarizes the key characteristics of Bloomington Transit.

¹⁶ City of Blacksburg 2021 Budget

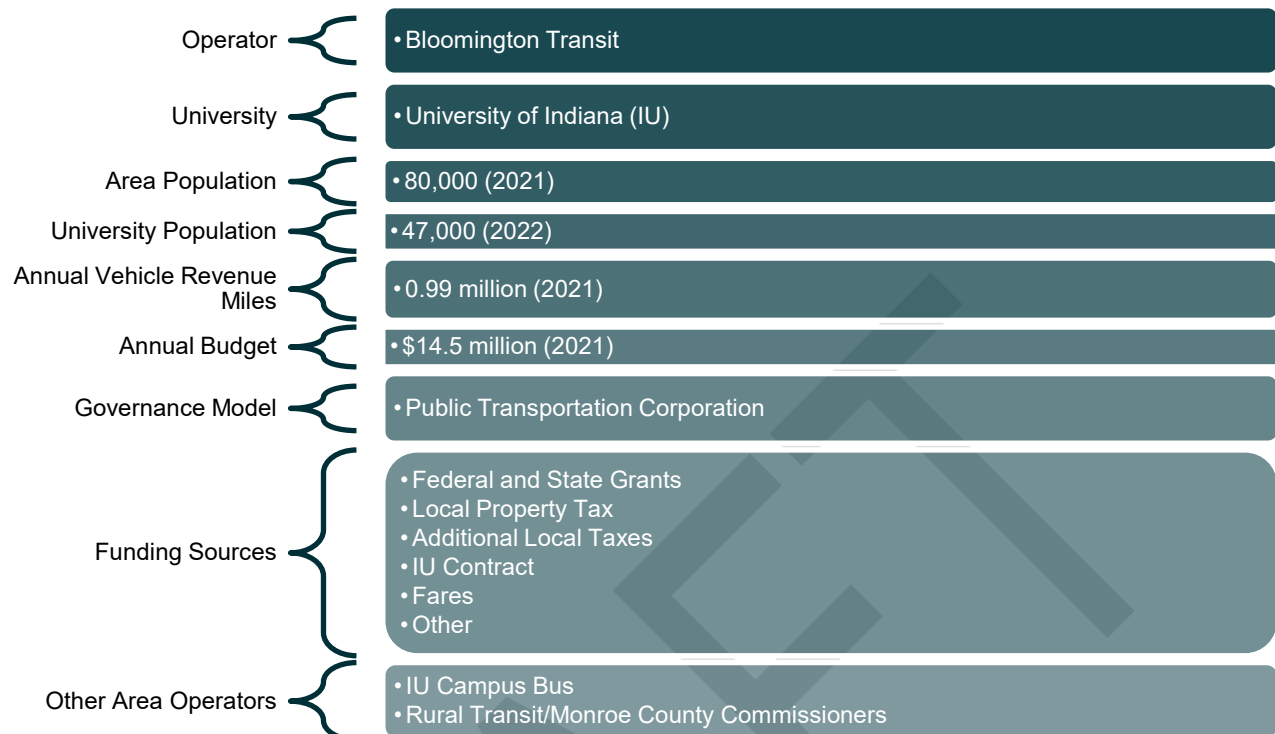


Figure 3-5 Bloomington Transit Key Characteristics¹⁷

3.4.2.1 Governance Structure

Bloomington Public Transportation Corporation is set up as a municipal corporation. This occurred in 1982 after the City of Bloomington decided it was in the public interest to create such an entity. An ordinance was passed to dissolve the City's Department of Public Transit and create the municipal corporation (under I.C.36-9-4). Two years later, Bloomington Transit was launched to provide fixed route service.

Among the authority and powers granted as a municipal corporation are the ability to:

- Purchase property from a system
- Operate a system, contract and lease for the system
- Expand services outside of operational boundaries
- Acquire, hold, and dispose property
- Eminent domain
- Issue bonds, borrow money, accept grants or contributions, levy tax, recommend election to use revenue from local income tax



The agency is governed by a five-member board. Two members are appointed by the mayor of Bloomington, with the remaining three appointed by city council. The Board elects one chair and one secretary from within their ranks to serve as officers of the board.

A majority of the board constitutes a quorum for a meeting. Voting decisions are made by a simple majority of those present at the meeting at which the action is taken.

The board has a healthy level of involvement with both city council and BT staff. The current city council is supportive of transit evidenced by a recent ballot measure to raise the local income tax, in large part to support improvements to transit service.

¹⁷ Sources: FTA National Transit Database for [Bloomington Transit](#), [Rural Transit](#), US Census Bureau, [Indiana University](#) and [Indiana University Campus Bus](#)

3.4.2.2 Sources of Funding

Funding for BT for FY22 came mostly from federal grants, with state funding providing about a 30% match to the federal funds. Local funding totaled less than \$1 million in FY22, although this is expected to increase for FY23 and beyond following a citywide vote to increase local income tax in 2022. The increase will provide an additional \$4 million per year to support BT capital and operating expenses. This additional funding will be used to increase frequencies, provide service on Sundays, and fund a feasibility study into bus signal prioritization and bus lanes along a main corridor (incorporating elements of bus rapid transit). IU's annual payment to allow free rides for students, staff and faculty is also a significant source of funding at \$1.2 million. BT's funding sources are shown in Table 3-3 below.

Table 3-3 Bloomington Transit Funding Sources, FY2022¹⁸

Source	Amount (Millions)
Federal Grants	\$8.5
State Grants	\$2.6
Local Property Tax	\$1.5
Local Income Tax ¹⁹	\$0.5
IU Contract	\$1.2
Fares	\$0.5
Other	\$0.3
Total	\$15.1

3.4.3 State College, PA

The Centre Area Transportation Authority (CATA) is nearly 50 years old. First incorporated in 1974, the agency was reorganized in 1982 into its current structure comprising five local municipalities (Borough of State College, and four townships: Patton, Ferguson, Harris, and College). CATA also provides contract service to three other jurisdictions (Borough of Bellefonte, Spring Township and Benner Township). CATA serves these areas with fixed-route service, ADA paratransit service, shared-ride services, a vanpool program, and microtransit. It also contracts with Penn State to provide three routes specifically to serve the campus. Figure 3-6 below summarizes the key characteristics of CATA.

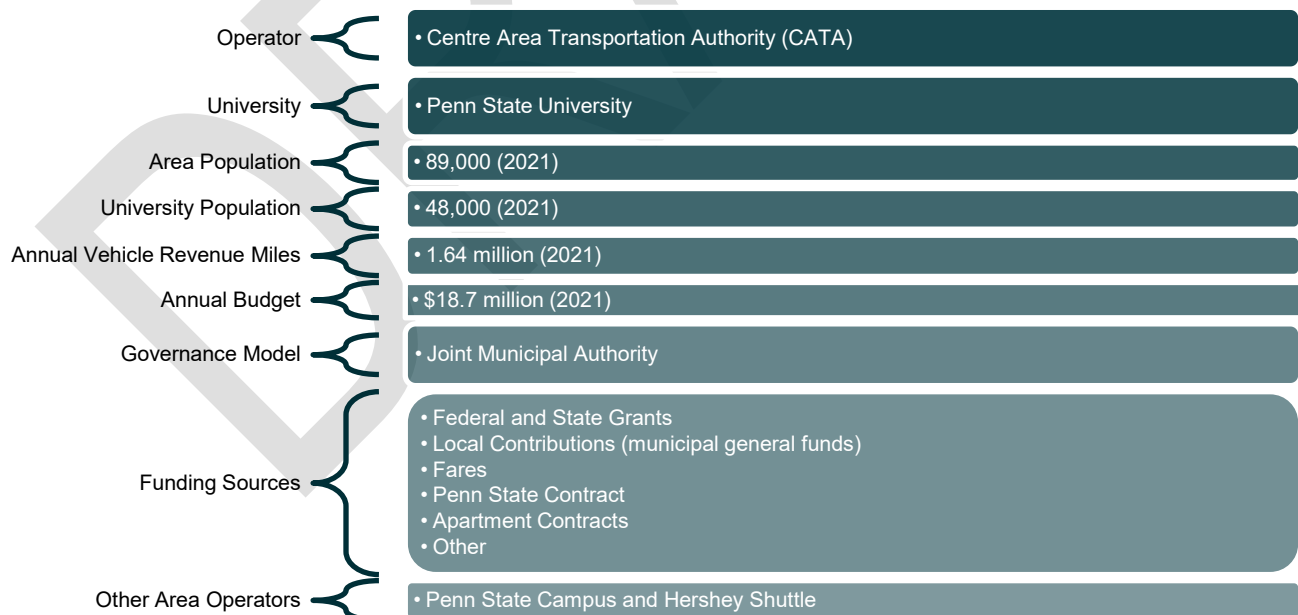


Figure 3-6 CATA Key Characteristics²⁰

¹⁸ Bloomington Transit 2023 Budget

¹⁹ The newly increased Local Income Tax was not in effect for FY2022 yet.

²⁰ Sources: FTA National Transit Database for [CATA](#), US Census Bureau, and [Penn State University](#)

3.4.3.1 Governance Structure

CATA is organized as a joint municipal authority under the Municipal Authorities Act of 1945 and authorized to provide transportation service within the boundaries of the member municipalities. CATA may also extend services outside the municipalities on a contract basis and the contract must provide for full cost recovery of both capital and operating expenses less any applicable user revenue, state and federal assistance.

CATA's board is comprised of five members, with each member being appointed by one of CATA's five member municipalities (Borough of State College, Patton Township, Ferguson Township, Harris Township, and College Township). PennDOT requires that all potential transportation authority board members receive some training before being appointed to a board. Although there are no term limits of board members, terms of office are staggered and overlapping. Until recently, the board was mostly comprised of transportation professionals or professors. A culture exists on the board to look out for CATA, rather than the jurisdictions they represent. Their relationship with their respective communities is focused on bringing feedback from their community to CATA.

The board elects officers at the first regular meeting in January every year to serve for one year. Officers of the board are the Chairman, Vice-Chairman, Secretary and Treasurer. The Chairman and Vice-Chairman are elected from existing members of the board while the Secretary and Treasurer may be appointed from the managerial staff of CATA. The latter serve as non-voting members.

At all board meetings, a simple majority in attendance constitutes a quorum. Voting is also determined by a simple majority. All meetings are governed by Robert's Rules of Order.

3.4.3.2 Funding Structure

CATA is supported by a robust state funding mechanism, although one that is less predictable than more local sources might be. Local contributions to CATA are determined as a percentage of the state funds allocated. Currently, the local member municipalities are funding CATA below their required state match of 15% and are therefore in a "catch up" group to slowly increase their contributions up to the 15% required state match.



In addition to contributions from member municipalities, CATA receives funding from contracts with Penn State and private student apartment complexes. The Penn State services are contracted below the cost of operation, as this service is open-door, and in theory anyone from the community could be riding these services. Penn State subsidizes rides taken by faculty, staff and graduate students on a per-ride basis. Besides the contracted open-door campus routes, Penn State does not subsidize CATA rides taken by undergraduates, as the University is averse to charging students a transportation fee. Additionally, parking passes on Penn State's campus are often cheaper than monthly transit passes, which discourages students from using CATA routes outside of the contracted campus routes.

The apartment contracts are fulfilled on a per-ride basis, meaning that CATA invoices each apartment complex for rides their residents take on the route that serves that apartment complex. This revenue has fluctuated rapidly (particularly during the pandemic when students were not required to be on campus), so CATA is exploring a switch from per-ride fees to a fee per bed in each apartment complex.

Like other transit authorities in the state, CATA has no taxing authority as such levies must be approved at the state level. There's an indication that some major transit systems in Pennsylvania such as the Southeastern Pennsylvania Transportation Authority (SEPTA) and Pittsburgh Regional Transit (PRT) are currently working on approval from the state legislature for the ability to tax their service areas. CATA supports this movement and is interested in doing studies to identify taxing options they could present for a referendum.

CATA's funding sources are shown in Table 3-4 below.

Table 3-4 CATA Funding Sources, FY2021²¹

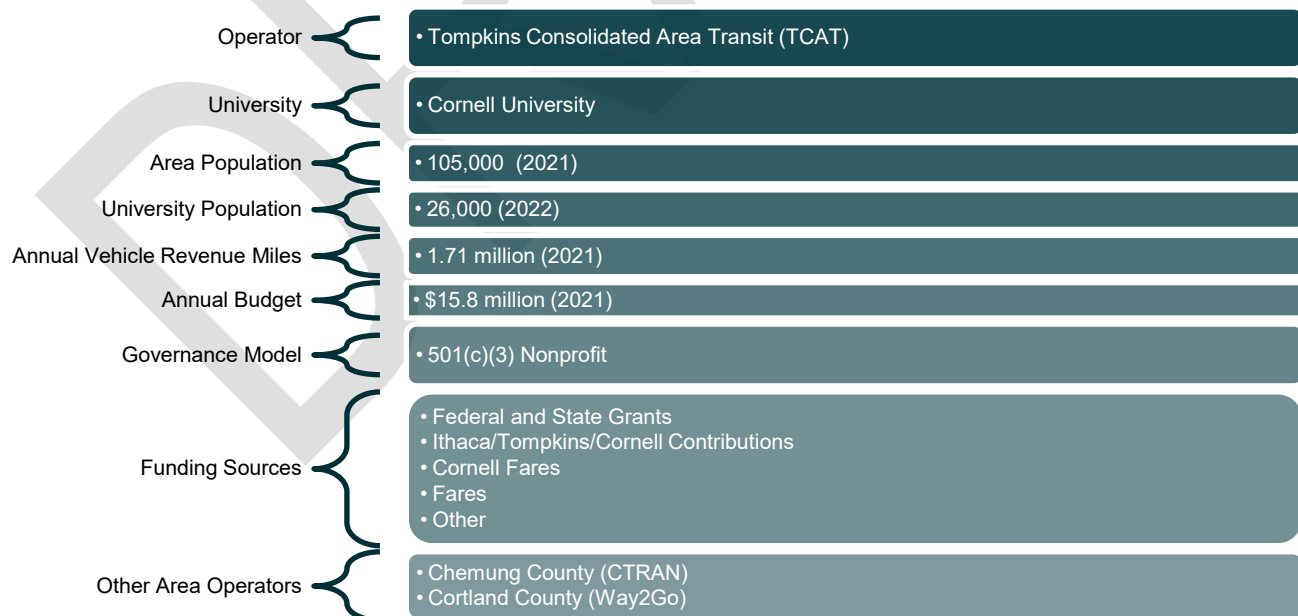
Source	Amount (Millions)
Federal Grants	\$6.7
State Grants	\$5.0
Local Contributions	\$0.6
Fares and Contracts	\$5.9
• Apartments:	\$1.8
• Penn State	\$2.7
• Other (fares, advertising, tax credits)	\$1.4
Other	\$0.4
Total	\$18.6

3.4.4 Ithaca, NY

Tompkins Consolidated Area Transit (TCAT) was created in the early 1990s by consolidating three existing transit operators that served the City of Ithaca (Ithaca Transit, started in 1962), Cornell University's campus (CU Transit, started in 1966), and Tompkins County (TOMTRAN, started in 1981 as a rural system). The three entities sought to address financial and operational inefficiencies of having three entities serve the same county. An Operating Committee was therefore set up in 1991 to work on the consolidation process with personnel, operations, bargaining units, and fares.

Full consolidation still took some years to be realized. After moving into a single transit facility in 1992, the three agencies still operated separately but shared administrative staff, cost of utilities and maintenance. By 1996, the state legislature had adopted a law authorizing the creation of TCAT, the name and logo were then adopted. In 1998, the city, County and Cornell entered into a joint venture agreement. What followed were unified routes and fare structure. Finally in 2005, TCAT was incorporated as a private, not-for-profit corporation with three entities as underwriters.

TCAT provides fixed-route service within Tompkins County, and contracts ADA paratransit and microtransit through another provider. Figure 3-7 below summarizes the key characteristics of TCAT.

**Figure 3-7 TCAT Key Characteristics²²**

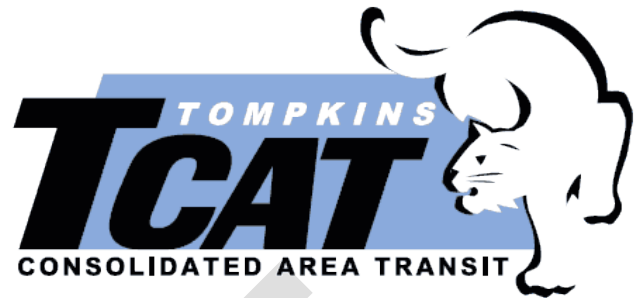
²¹ CATA FY22-23 Budget

²² Sources: FTA National Transit Database for [TCAT](#), [CTran](#), [Way2Go](#), US Census Bureau, [Cornell University](#)

3.4.4.1 Governance Structure

TCAT is governed by a nine-member Board, comprised of three members each from Cornell, the City of Ithaca, and Tompkins County. Board members serve TCAT solely and have a fiduciary duty to act in the best interest of the agency, independent of their respective recommending bodies.

The board meets monthly to approve spending, service plans, and budgets. Board member terms are three years with no term limits, and no qualifications are required of board members.



3.4.4.2 Funding Structure

State Operating Assistance (STOA) forms TCAT's largest source of revenue. Local funding is required to match a percentage of the of state funding. Each of the three underwriters is required to provide equal amount of funds (out of general funds and not reliant on one specific taxing source) to TCAT each year, and so negotiation typically takes place between the three underwriters to agree on increases in their contributions. All three must agree on the same amount for increases to be implemented.

In addition to the three underwriters, TCAT has access to a mortgage recording tax, as well as Cornell's additional payments to cover the rides taken by their staff, faculty and students. The Cornell community makes up approximately 70% of rides on TCAT. The breakdown of funding sources for TCAT is shown in Table 3-5 below.

Table 3-5 TCAT Funding Sources, FY2022²³

Source	Amount (Millions)
Federal Grants	\$5.0
State Grants	\$5.9
Mortgage Recording Tax	\$0.9
City/Cornell/Tompkins Contributions	\$2.8
Cornell Fare Payments	\$3.3
Passenger Revenues	\$0.9
Other	\$0.2
Total	\$19.1

3.4.5 Ann Arbor, MI

Established in 1963, the Ann Arbor Area Transportation Authority (TheRide) operates service within Ann Arbor, the City of Ypsilanti, and Ypsilanti Township. The University of Michigan has two campuses within the city which are split by a river and a rail line. Partially due to this dispersed geography, the university operates its own free, open-door bus system, which reports to FTA and predates TheRide. TheRide operates diverse service types, including fixed-route service, Ann Arbor commuter vanpools, a nonstop Detroit Metro airport shuttle, and a microtransit service in areas where fixed-route service is not offered.

Figure 3-8 summarizes the key characteristics of TheRide.

²³ TCAT 2023 Budget

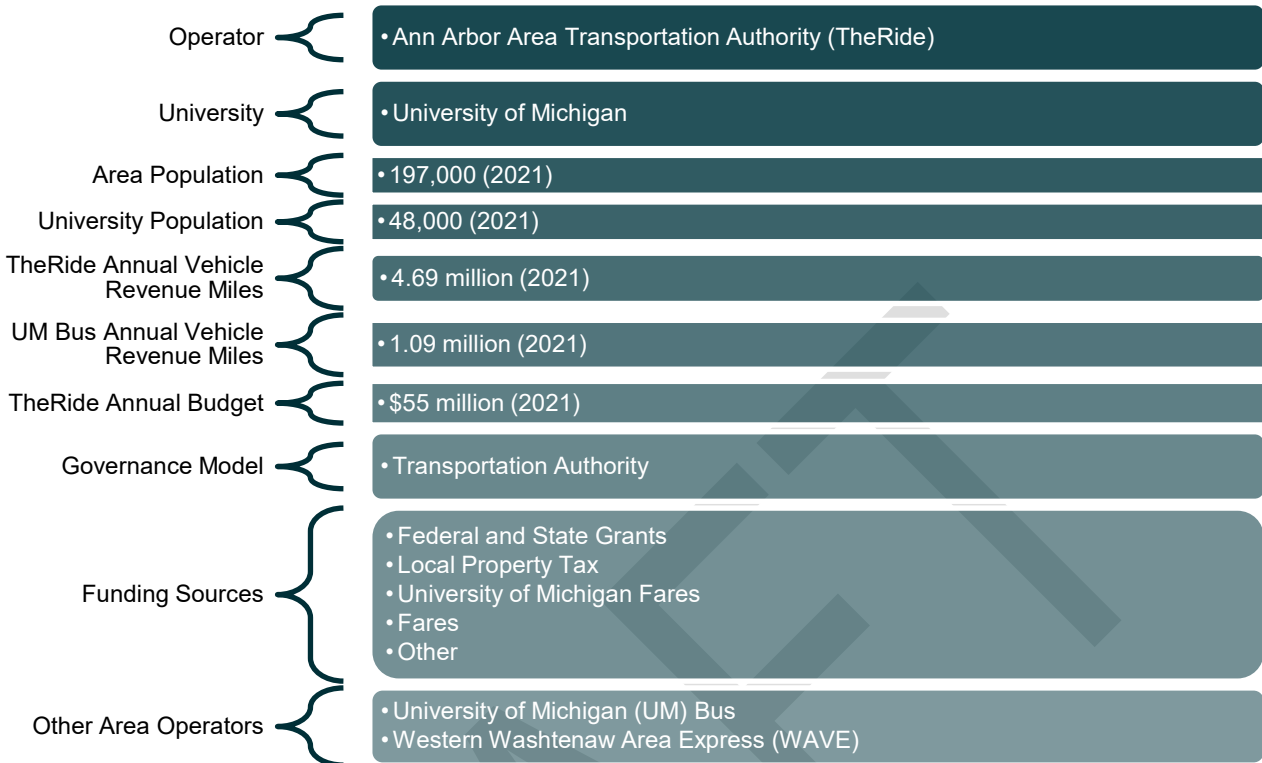


Figure 3-8 TheRide Key Characteristics²⁴

3.4.5.1 Governance Structure

TheRide is incorporated as an authority under Act 55 of the Public Acts of Michigan of 1963. The legislation provides for authorities to acquire, own, and operate or cause to be operated mass transit. Under this act, the authority may levy a property tax millage within its jurisdiction up to 5 mills (\$0.005) of the state-equalized valuation on each dollar of assessed property valuation. Such a tax requires a referendum. Additional powers granted by the statute include: to sue and be sued in the State of Michigan; to employ, by contract, a management firm to operate transit under supervision of the authority; to acquire property and condemn real property; to issue bonds, and to charge fares.



TheRide is governed by a 10-member board:

- Eight appointed by the Mayor of the City of Ann Arbor (with concurrence of the Ann Arbor City Council)
- One appointed by the Mayor of the City of Ypsilanti (with concurrence of the Ypsilanti City Council)
- One appointed by the supervisor of the Charter Township of Ypsilanti (with concurrence of the Township Board)

Most of the population within TheRide's service area lives in Ann Arbor, and this is represented in its Board. Board members serve a term of five years with no limit to the number of consecutive terms to be served. Additionally, no specific qualifications are required to be appointed to the board.

A simple majority of board members is required to form a quorum to conduct meetings. Actions of the board also require a majority vote of members present. Board actions to adopt or amend the annual budget, hire or terminate the CEO, or adopt a labor contract requires at least 60% affirmative votes to pass.

The board selects officers from within its ranks to serve one-year terms as Chair, Secretary (also serves as Vice Chair), and Treasurer. Furthermore, the board may establish committees it deems necessary to carry out its duties in addition to the

²⁴ Sources: FTA National Transit Database for [TheRide](#), [UM Bus](#), and [WAVE](#), US Census Bureau, [University of Michigan](#).

Governance Committee outlined in the agency bylaws. The Governance Committee consists of the Board Chair, Treasurer, Secretary, and any other chairs of other committees selected by the board Chair. This committee coordinates the work of the board and any other established committee.

TheRide and the University of Michigan Bus run largely separate operations, with little overall coordination, but they do coordinate on bus stop locations and share curb space at the city's transit centers.

3.4.5.2 Funding Structure

TheRide has property taxing authority, and successfully increased the local property millage from 0.7 mills to 2.38 mills (1 mill = \$0.001) by referendum in 2022. This millage must be renewed by referendum every five years and applies to TheRide's entire service area. Additionally, the City of Ann Arbor dedicates a 2.5 mill property millage to TheRide, which runs in perpetuity. This means that Ann Arbor pays more per capita for service than the rest of TheRide's service area, and Ann Arbor receives more service because of it. University students, staff and faculty have their rides paid for by the university; TheRide invoices the university each month for rides taken by the university population. In addition to local funding, TheRide receives typical federal and state grants. The specific funding breakdown is shown below in Table 3-6.

Table 3-6 TheRide Funding Sources, FY2022²⁵

Source	Amount (millions)
Federal Grants	\$25.5
State Grants	\$16.9
Local Property Tax	\$19.2
Purchase-of-service Agreements	\$1.7
Passenger Revenues	\$4.1
Other	\$0.4
Total	\$67.9

3.4.6 Iowa City, IA

Iowa City Transit (ICT) provides service within Iowa City limits, with contracted service to University Heights (a separate city enclave inside of Iowa City). ICT operates routes in areas that overlap with two other transit providers, University of Iowa's CAMBUS, and the neighboring city of Coralville's bus system, Coralville Transit. ICT's service is entirely fixed route, with paratransit being contracted out via Johnson County.

ICT was established in 1971 as a department of Iowa City, with CAMBUS being established a few years later. ICT works collaboratively with other area operators on certain items such as shared bus stops, fare policy, free transfers between systems, and long-term planning. Discussions have been held regarding the consolidation of ICT, CAMBUS, and Coralville Transit into one regional system, but that was not politically feasible. In 2022, a county-wide 2030 strategic plan was completed that identified investment in a reliable, regional transit system as one of the five focus areas, which may make consolidation of the various transit operations more politically viable.

Figure 3-9 below summarizes the key characteristics of Iowa City Transit.

²⁵ TheRide 2023 Budget

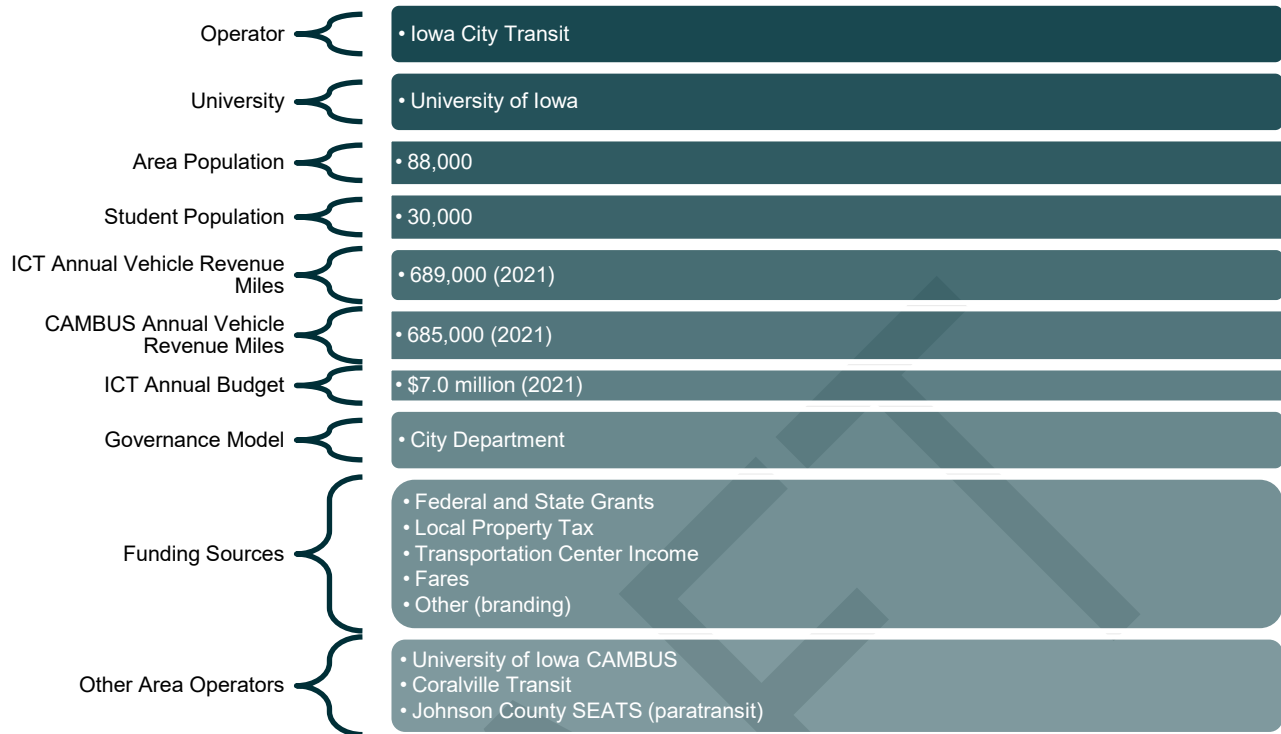


Figure 3-9 Iowa City Transit Key Characteristics²⁶

3.4.6.1 Governance Structure

ICT is organized as a city department and is accountable to Iowa City council. The council makes governance and funding decisions for transit operations. With a transit supportive city council, the council is responsive to ICT projects and service requirements.

ICT has casual relationships with CAMBUS and Coralville Transit, coordinating fare policy and transfer points. Besides coordination with CAMBUS and a student annual pass program, ICT doesn't have a formal relationship with the university.

There are no wage agreements between ICT and Coralville Transit, and they have separate unions. CAMBUS is operated by students at the university, and therefore is not in competition with ICT and Coralville for staffing.

3.4.6.2 Funding Structure

In addition to federal and state grants, ICT receives a local property tax that is earmarked for transit (\$0.95 per \$1000 of real estate value). ICT also owns a transportation center, which is a mixed-use parking structure that has a daycare, a restaurant, and intercity bus bays. The agency receives parking and rental revenue from this facility. ICT has a contract with a private student housing development to provide frequent service between the development and campus. The contracted service with University Heights is indexed to an inflation index, and ICT and University Heights re-sign a new contract annually.

The university offers students an annual pass to use ICT at a reduced rate. ICT has an MOU with the university for the university to cover the subsidy offered to students on these annual passes. Most of ICT's ridership comes from these student annual passes.

ICT's specific funding breakdown is shown below in Table 3-7.

²⁶ Sources: FTA National Transit Database for [Iowa City Transit](#), [CAMBUS](#), and [Coralville Transit](#), US Census Bureau, [University of Iowa](#).

Table 3-7 Iowa City Transit Funding Sources, FY2021²⁷

Source	Amount (Millions)
Federal Grants	\$2.6
State Grants	\$0.6
Local Funds	\$2.3
Fares/Directly Generated Funds	\$1.5
Total	\$7.0

3.5 Governance and Funding Themes Observed

Table 3-8 provides a summary of the main governance and funding characteristics observed from the peer agencies. Agencies selected were diverse in governance types and funding sources. Among the six agencies selected, two were city departments, two transit authorities, one public transportation corporation, and one 501 (c)(3) nonprofit. In most cases, the governance structure present influenced the types of local funding available. For example, both Bloomington and Ann Arbor have taxing authority and therefore levy a local property tax for substantial support for transit. However, CATA, a municipal joint authority, is not afforded taxing authority due to existing state laws. We therefore see the importance of not only identifying a type of governance model but ensuring that the state and local laws can enable the outcomes sought.

Additionally, we see a unique arrangement in Blacksburg, where although a department of city government, a sizable portion of the transit agency's funding is received from Virginia Tech. This is largely due to its student ridership population and historical context of the agency's formation. All six peer agencies provided some form of contract service to their respective universities.

A distinctive funding source identified in Iowa City Transit and CATA were contract arrangements with student housing/apartment complexes to provide transit service from their properties to the main network.

With regard to interagency collaboration or consolidation considerations among peers, both TCAT (Ithaca) and Bloomington Transit provided good examples. TCAT's consolidation process was systematic and took over a decade to complete. Beginning with the formation of an operations committee in 1991, the three agencies moved into one facility and began sharing administrative staff, utilities costs, and other costs. It wasn't until 1996 that a state legislation was passed and 1998 for the joint venture agreement. The incorporation as a nonprofit entity was finally completed in 2005. In the case of Bloomington Transit, although both the university system and city transit supported consolidation, external influences within the state prevented the merger from occurring. However, recent changes in the state funding formula (no longer ridership dependent) have restarted conversations once more about the two agencies merging. Discussions have been positive and agency officials are considering initiating the consolidation process within the next three years. Outside these two examples, coordination and collaboration among agencies in peer regions appeared minimal and casual, with more interactions between agencies and the university than among one another.

Lastly, innovative transit projects have long been a means of increasing public interest in transit. In Bloomington, a 2022 ballot measure from the city government passed to introduce a new tax with a transit component passed and will provide an additional \$4 million per year towards capital and operating expenses. The success of the ballot was partly due to the city communicating the potential for a new bus rapid transit route.

²⁷ Iowa City Transit 2021 FTA NTD Profile

Table 3-8 Governance and Funding Summary Table

Agency	Blacksburg Transit (BT)	Bloomington Transit (BT)	CATA	TCAT	TheRide	Iowa City Transit (ICT)
Year started	1983	1982	1974	1998 (incorporated), became a nonprofit in 2005	1969	1971
Annual Budget (2021)	\$21.2 million	\$14.5 million	\$18.7 million	\$15.8 million	\$55.0 million	\$7.0 million
Division of service between university and operator	BT provides university transit	BT does not provide university transit	CATA provides university transit	TCAT provides university transit	TheRide does not provide university transit	ICT does not provide university transit
Coverage	Within town limits, contracted service to nearby town	Within city limits	Between 5 member municipalities and 3 contracted municipalities	Within the county	Within 3 member municipalities	Within city limits, contracted service to a nearby town
Jurisdictions served	Blacksburg, Christiansburg (contracted), and Virginia Tech	Bloomington	Borough of State College, Patton Township, Ferguson Township, Harris Township, College Township. Contracts for Borough of Bellefonte, Pleasant Gap, and Boalsburg	Tompkins County, City of Ithaca, Cornell University	Ann Arbor, City of Ypsilanti, and Ypsilanti Township	Iowa City and University Heights
Governance Type	Town Department, funded by VT	Public Transportation Corporation	Joint Municipal Authority	501(c)(3) nonprofit	Transportation Authority	City Department
Organizational Changes	None	Attempted consolidation with university around 2010, likely to attempt again by 2026	None	Consolidated 3 agencies in 1998	When Ypsilanti township was added, Board restructured to give Ann Arbor a supermajority	None, likely going to attempt consolidation with university transit and neighboring transit by 2030
Board Composition/Membership	No board. Reports to Deputy Town Manager. Coordinates with Virginia Tech for service decision making. Accountable to Town Council.	5 members, 3 appointed by city council and 2 appointed by mayor	5 members, 1 appointed by each of the 5 member municipalities ²⁸	8 members, 2 members from Cornell, 3 from county, and 3 from city	10 members, 8 members from Ann Arbor, 1 from Ypsilanti and 1 from Ypsilanti Township	No board, governed by Iowa City Council
Board Powers	NA	Taxing, eminent domain, grants, and operate transit	No taxing authority but has eminent domain. Can operate transit.	No taxing, eminent domain, or other governmental powers, as it is a nonprofit, but can operate transit.	Taxing, eminent domain, grants, to sue, to operate transit	NA
Board Officers and Committees	No board	Chair, Vice Chair, Treasurer, Secretary	Chair, Vice Chair, Secretary, and Treasurer	Chair, with committees for Audit, Budget, HR, Planning, and Transit Service	Chair, Secretary, and Treasurer	No board
Local Funding Sources	Virginia Tech contract, Christiansburg contract	Local property tax, Local income tax	Member municipality general funds, apartment contracts, contracted service	City, county, and university general funds	Local property tax (levied by both TheRide and by the City of Ann Arbor)	Local property tax, student housing contract, transport center revenue

²⁸ CATA requires that board members receive training from PennDOT.

4 Revenue Generation

4.1 Analysis Approach

Two transit network alternatives were developed as part of the Transit Vision Study. Operating costs for the two alternatives were estimated at roughly \$35.5 million and \$85 million per year for the constrained network and unconstrained network respectively. The constrained vision network was developed under the premise of a future regional transit authority with the ability to generate additional revenue. Both options provide a drastic improvement to current transit service across the region including increased routes, frequencies, and days of service for the urban areas; and micro transit options and all-day service, seven days a week into the city from the lower density areas. Detailed descriptions of the transit service improvements can be found in the study [report](#).

This section presents an revenue analysis that first identifies a list of potential transit funding mechanisms, estimates the associated funding yields for a subsection of feasible sources, and develops revenue models with five year projections based on the estimated [Transit Vision Study](#) costs.

As shown in Figure 4-1, a broad range of funding sources were assembled to start the discussion for the region. A shortlist of feasible revenue sources was then developed and analyzed.

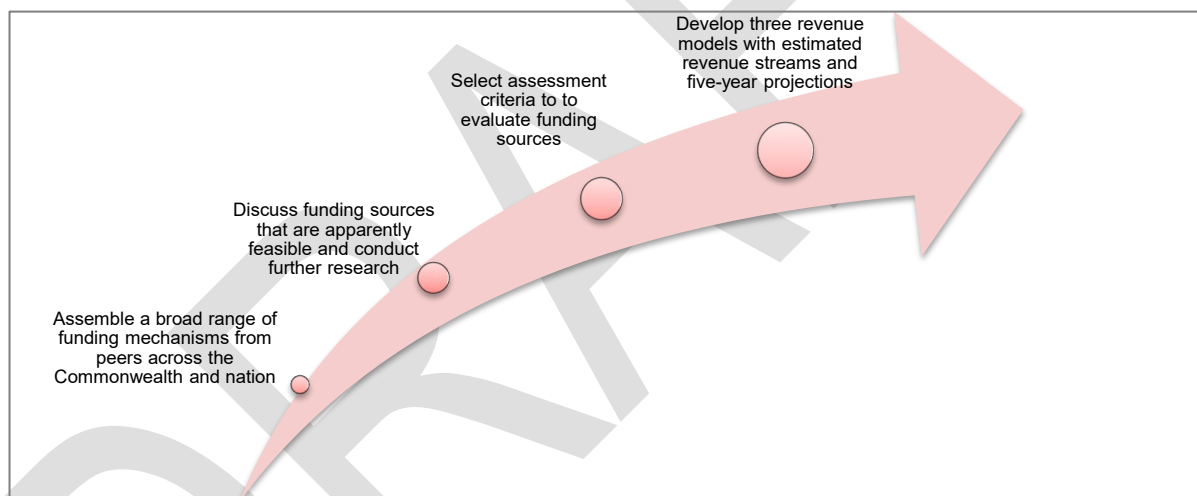


Figure 4-1 Phase III Approach

The shortlisted revenue sources were then analyzed using the following evaluation criteria:

- **Feasibility and Ease of implementation:** This refers to the amount of effort required for initial implementation to ongoing collection of the revenues.
- **Potential public acceptability:** Public consultations through stakeholder engagement were carried out to determine potential public acceptability. Engaging local elected officials was used as a means to gauge public preferences.
- **Potential revenue yield:** This refers to the amount of money that an option could be expected to reasonably generate based on a set of assumptions.
- **Predictability and stability:** The level of predictability and stability of the source would determine the extent of short- and long-term planning that can be carried out.
- **Equity considerations:** This entails considering the impact of the funding source on different groups of people in various ways.
- **Strategic development objectives:** The impact of an option on the locality or region's strategic planning and developmental objectives. For example, increased access to jobs, creating a healthy environment for residents, improving accessible public transportation options.

4.2 Potential Funding Sources

4.2.1 Overview of Transit Funding Sources

Generally, public transportation is funded through a combination of federal, state, local and internally generated sources (e.g., fares, advertising, etc.) (Figure 4-2). Federal funds consist of grant programs for urban and rural areas that agencies can receive directly or through a pass-through recipient. These funds are typically formula based and offers funds for capital and operations assistance. State funds in the Commonwealth consists of operating and capital assistance provided by the Virginia Department of Rail and Public Transportation (DRPT). The operating assistance follows a performance-based methodology for agency allocations. State funding for capital investments is based on a transparent prioritization process which scores applications under the categories: state of good repair, minor enhancement, and major enhancements.

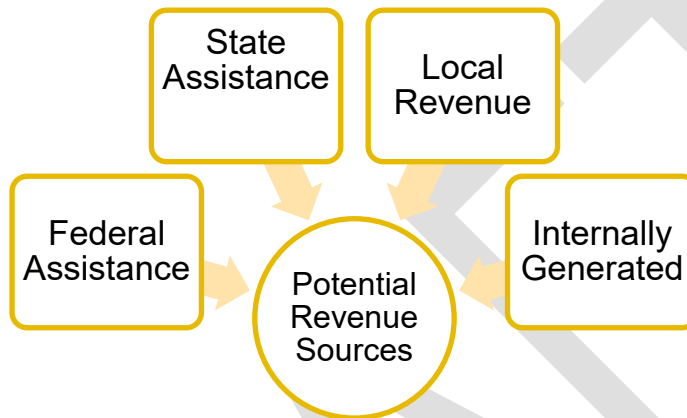


Figure 4-2 General Sources of Transit Revenue

Local revenue refers to funding from sources such as municipalities or local jurisdictions. In the case of the Region 10, local revenue is made up of funds from the city and counties served by the public transit agencies. Internally generated funds are directly generated by the transit agencies and include contract revenues, advertising, or any fares collected. Average operating costs per year for current transit service in the region (not including UTS) is approximately \$18 million per year with the local component making up about a third (~\$5 million²⁹ in 2021) of the total amount. A substantial increase in local funding is required to meet the funding gap between current transit funding and the future funding needed for increased transit service across the region.

Table 4-1 shows a broad range of funding sources typically used to fund public transportation across the nation. These sources produce varying levels of yields but served as a discussion point with stakeholders.

Table 4-1 US Regional and Local Transit Funding Options

Traditional Tax- and Fee-Based Transit Sources	Common Business, Activity, and Related Funding Sources	Revenue Streams from Projects (Transportation and Others)	New “User” or “Market-Based” Funding Sources
- General revenues - Sales taxes - Property taxes - Contract or purchase-of-service revenues (school/universities, private organizations, etc.) - Lease revenues	- Employer/payroll taxes - Vehicle rental and lease fees - Parking fees - Realty transfer tax - Corporate franchise taxes - Occupancy/lodging taxes - Hotel/motel taxes - Business license fees	- Transit-oriented development (TOD)/joint development - Value capture/beneficiary charges - Public Private Partnerships (PPP) - Special assessment districts	- Tolling (fixed, variable, dynamic; bridge/roadway) - Congestion pricing - Emissions fees - Vehicle Miles Travelled (VMT) fees

²⁹ National Transit Database (2021).

Traditional Tax- and Fee-Based Transit Sources	Common Business, Activity, and Related Funding Sources	Revenue Streams from Projects (Transportation and Others)	New “User” or “Market-Based” Funding Sources
- Vehicle fees (title, registration, tags, inspection) - Advertising revenues - Concessions revenues	- Utility fees/taxes - Lottery and/or casino revenues - Corporate franchise taxes - Income taxes - Cigarette Tax - Realty transfer taxes/mortgage recording fees - Donations - Other business taxes	- Community improvement districts/community facilities districts - Impact fees - Tax-increment financing districts - Transportation Development Districts - Right-of-way leasing	

Source: *Transit Cooperative Research Program TCRP 2009*

Comparing the universe of funding sources (Table 4-1) to transit revenue sources from the peer study cases³⁰ evaluated, the common sources identified were sales tax, local property tax, local income tax, mortgage recording tax, value capture from transit facilities, and various service contracts to apartment complexes and universities. These sources were reviewed again under the Virginia state context to evaluate feasibility.



4.2.2 Transportation Funding in the Commonwealth

In 2020, the transportation funding in the Commonwealth was revised by the General Assembly through the enactment of the Omnibus Transportation Bill, Chapter 1230 (House Bill 1414). The new legislation channelled all transportation revenues to the Commonwealth Transportation Fund (CTF) before distribution to various funds and programs. Revenue sources for the CTF include:

- Motor vehicles fuel taxes and road fuels for diesel fuel
- Vehicle registration fees
- Highway use fee
- 0.5% statewide sales and use tax
- 0.3% statewide sale and use tax for transportation
- 4.15% motor vehicles sales and use tax
- Motor vehicle rental tax
- 0.03 of the \$0.25 of the \$100 of assessed value of the statewide recordation tax
- Tax on liquid alternative fuel
- International registration plan feeds
- 33% of the revenue from insurance premium taxes

In addition to these sources, the CTF receives dedicated federal funding from the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA). Revenues are also received from funds dedicated for regional transportation improvements in Northern Virginia, Hampton Roads, and Central Virginia. These revenues become pass through revenues for the WMATA Capital Fund, Central Virginia Transportation Fund, Northern Virginia Transportation Authority Fund, Hampton Roads Transportation fund and Hampton Roads Regional Transit Fund.

³⁰ The peer study cases include Blacksburg, VA; Bloomington, IN; State College, PA; Ithaca, NY; Ann Arbor, MI; and Iowa City, IA.

For the three Virginia regional transportation authorities: Central Virginia Transportation Authority (CVTA), Hampton Roads Transportation Accountability Commission (HRTAC), and Northern Virginia Transportation Authority (NVTA), the main sources of revenue include the following:

- Sales tax
- Grantors tax
- Fuel tax
- Transient Occupancy Tax/lodging tax
- Recordation tax
- Toll revenues
- Interstate Operations Enhancement Program
- Truck registration fees

Table 4-2 summarizes the funding sources.

Table 4-2 Summary of Main Funding Sources for three Virginia Regional Transportation Authorities

Funding Source	Entity	Description
Sales Tax	CVTA	0.7% regional sales tax.
	HRTAC	0.7% sales tax, funding the HRTF. Can only fund road projects. \$146.2 million (2020)
	NVTA	0.7% special district sales tax. \$197.04 million (FY2022). Can fund transit.
Grantor's Tax	HRTAC	Additional six cents per \$100. Can be used for transit projects.
	NVTA	Part of the "Regional Congestion Mitigation Tax", which as a whole raised ~\$17.85 M in FY2022.
		\$0.10 (formerly \$0.15) congestion relief fee (renamed the regional transportation improvement fee) within the nine jurisdictions. Can be spent only on road construction, capital improvements that reduce congestions, other projects approved in the regional transport plan or for transit.
Fuel Tax	CVTA	7.6 cents/gallon on gasoline/gasohol
		7.7 cents/gallon on diesel
		Indexed to inflation.
		35% - CVTA use on transportation-related purposes for Planning District 15
		15% to GRTC or successor for transit and mobility services within Planning District 15
		50% returned, proportionally to each locality to improve local mobility through construction, maintenance, or expansion of roads, sidewalks, trails, mobility services, or transit located in the locality.
	HRTAC	7.6 cents/gallon on gasoline/gasohol 7.7 cents/gallon on diesel, subject to annual adjustment. Can only fund road projects.
Transient Occupancy Tax	HRTAC	1% local hotel tax. Can be used for transit projects.
		Only collected in six localities with HRT service
	NVTA	3% tax on transient occupancy (hotels). Can be spent only on road construction, capital improvements that reduce congestion, other projects approved in the regional transport plan or for transit.
Truck Registration Fees	NVTA	Portion of increased truck registration fee as part of I-81 Corridor Improvement Fund distributed to NVTA
Interstate Operations Enhancement Program	NVTA	To improve the safety, reliability, and travel flow along interstate highway corridors in the commonwealth through the development and funding of operational and capital improvements.
		Preceded by I81 Corridor Improvement Plan (completed)
		43.7% - I81 corridor Improvement
		8.4% to NVTA Remaining allocated by CTB
Toll Revenues	HRTAC	Authorized to use tolls for new construction or existing highways, bridges, tunnels.
		Has state guidance on tolling (\$345M) anticipated toll revenue for HRBT financing (FY20-FY26)

Funding Source	Entity	Description
Recordation Tax	HRTAC	Taxes paid during the sale of property which can be used for transit projects. Estimated at \$20 million for 2020.
Northern Virginia Transportation District Fund Transfer	NVTA	The district is a subset of NVTA members, which raises transit funds through taxes. 70% regional needs and 30% local disbursement for transportation needs. Can be used for transit FY22 proposed budget had \$20M. ~\$6M (30%) for local jurisdictions and \$14M (70%) for regional transit

4.2.3 Shortlist of Potential Funding Sources for Region 10

Among all the sources explored, sales tax, lodging tax, fuel tax, recordation tax, property tax, and real estate tax were selected for further investigation. Below is more information about these funding sources and the pros and cons of them for the region.

Sales Tax

A sales tax refers to a tax on the sale of goods or services purchased³¹. It is the most common source for local and regional transit services as it is moderately predictable and stable, although it fluctuates more than property taxes. Sales taxes are considered as a regressive tax because it taxes consumers at the same rate regardless of socioeconomic levels. However, this can be made less regressive by exempting items that lower-income individuals spend a sizable portion of their incomes on³².

Public acceptance of the sales tax in the Commonwealth and in the U.S. is moderate as this is among the most common funding source for transportation and transit programs. It is more popular than income or business taxes. Due to its simplicity, citizens often feel confident in the fairness and allocation of the taxes. The sales tax would require an Act of the General Assembly to implement. Considering the success of this revenue source with other regional authorities in the Commonwealth, it can be considered moderately feasible. Furthermore, whether implemented regionally or only within the City of Charlottesville and all or parts of Albemarle County, a sales tax would produce a substantial amount of revenue that could be used to invest in transit.

Transient Occupancy/Lodging Tax

This is a tax levied on lodging establishments that receive compensation. It includes hotels and short-term rentals (e.g., Airbnb). The potential yield of this source is relatively lower compared to a sales tax or real estate tax; but can be moderately predictable in areas with an established level of tourism or out-of-town visitors. A lesson from the 2020 pandemic, although atypical, can be an indication of potential invariability with source. Additionally, in localities with few hotels or lodging establishments, the potential yield could be low. However, residents do not have to directly bear the cost of the additional tax but can receive the benefit of generating additional funds for transit.

Recordation Tax

As of 2022, the state recordation tax was levied at a rate of \$0.25 per \$100 of value recorded. Of the total revenue collected each year, \$20 million is currently allotted to the Hampton Roads Regional Transit Fund (HRRTF) as a result of the 2020 law change. Prior to the 2020 General Assembly Act, quarterly distributions were made to localities in \$10 million installments based on each locality's proportional share of the total state recordation tax revenue. These distributions were made from \$40 million of the total revenue.

In 2022, a bill was presented which proposed to restore the quarterly distributions to localities but with a total distribution limit of \$20 million instead of \$40 million. Localities were required to use the funds for either transportation (including construction, administration, operation, improvement, maintenance, and financing of transportation facilities) or public education purposes. The bill also proposed to consequently end the annual \$20 million distribution to HRRTF beginning Fiscal Year 2023. Similar legislations are Senate Bills 363 and 512 (identical). This legislation failed. Considering the uniqueness of this source for funding transit, pursuing this source may be challenging, making feasibility lower than the other likely sources.

³¹ Not including a tax for non-prepared foods for this context

³² The revenue analysis for sales tax in this memo excludes Virginia taxes for non-prepared foods.

Regional or Supplemental Fuels Tax

Fuel taxes are a common source of revenue for transportation and transit funding. While costs of fuels could potentially increase over time, the move towards more fuel efficient and electric vehicles presents a challenge for the stability of this source.

In the Commonwealth, the 2020 Omnibus Bill changed the treatment of fuel taxes. Previously approved additional regional fuel taxes were made state-wide with regional authorities such as NVTC, PRTC, HRTAC, and CVTA receiving funds levied in the respective regions, while all other funds not specifically allocated to a jurisdiction was channelled to the District Grant Program. The excerpt below from “Virginia Code § 58.1-2295. Levy; payment of tax” shows an example of legislative language drafted for the CVTA in Planning District 15.

“5. (For contingent expiration, see Acts 2020, cc. 1235) In addition to all other taxes now imposed by law, there is hereby imposed a tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers for retail sale in any county or city located in Planning District 15, as established pursuant to Chapter 42 (§ 15.2-4200) of Title 15.2, in which a tax is not otherwise imposed pursuant to this section.”

Since the additional/supplemental fuels tax is already being levied in the Charlottesville region for the District Grant Program, an act of the General Assembly would be needed to redirect this funding to a new regional authority. Considering the consequent impact on the statewide pool for the grant program, strong support would be needed to pursue this revenue source.

Personal Property Tax

Personal property taxes are administered by the localities and vary based on jurisdiction. The tax typically includes all motor vehicles, trailers, mobile homes, boats, and aircrafts. These items are valued by means of pricing guide. The Potential yield from this source is moderately higher than a lodging tax of the same percentage. During the pandemic, some jurisdictions lowered the personal property tax rate as a result of the increased valuation of vehicles. Consequently, the timing of a potential increase to fund transit would be crucial and would require good engagement of residents to support the initiative.

Real Estate Tax

Real estate taxes are relatively stable and have the potential to yield a large amount of revenue. This could also be considered relatively progressive with income as property ownership tends to increase with income. Additionally, public transit improvements have the potential to either increase nearby property values or provide other benefits to residents and businesses in the form of reductions in congestion, emissions, and parking costs, among others.

An additional option under the real estate tax is land value capture or a transit benefit district tax. It is a special property tax imposed in areas with high-quality public transit, intended to recover a portion of the increased land values provided by transit and support the transit service improvements. Depending on the areas implemented, the potential yield could be moderate to large. This could also support developmental objectives by encouraging more concentrated development around transit hubs. This may however require special analysis and legislation to determine the appropriate tax structure.

Table 4-3 shows a summary of funding sources considered along with the respective advantages and potential challenges. The table also includes “general fund expenditures” as this is the current funding mechanism.

Table 4-3 Summary of Funding Sources

Type	Description	Advantage	Potential Challenge
General Fund Expenditures	Contributions from the general funds of localities to fund service	Localities can decide on amount of service to purchase annually based on local priorities	- Varies from budget cycle to budget cycle depending on local priorities making it less predictable and reliable - Amount and type of service can change by budget cycle making it less reliable for customers - Limited general fund revenues may put a strain on local resources

Type	Description	Advantage	Potential Challenge
			• Variability in transit funding makes long term transit planning difficult
Sales Tax*	A tax on the sale of goods or services purchased. (Not including tax for non-prepared foods)	• Most common source for local and regional transit services • Moderate public acceptance • Potential to produce high yields relative to other funding sources. • Relatively stable and predictable • Minimal cost for implementation as sales taxes are already collected	• Potential to impact lower income individuals than other socioeconomic levels.
Transient Occupancy /Lodging Tax	A tax on lodging establishments	• Does not directly impact residents • Moderate public acceptance as a transit funding source in Virginia due to implementation in other regions	• Revenue yield may be minimal in some areas • Potential implementation challenge with rural areas with no established lodging tax
Personal Property Tax	In Virginia, a tax on the value of all motor vehicles, trailers, mobile homes, boats, and aircrafts	• Relatively stable source • Ease of implementation as property taxes are already collected in most jurisdictions	• Potential public resistance to increase if rate is significant
Regional/Supplemental Fuels Tax	A tax on distributors who sell fuels at wholesale to retail dealers for retail sale	• Relatively accepted user fee to related to the social cost of driving • Potential to reduces instability of source by including different types of fuel	• If increasing fuel taxes increase demand for transit, it simultaneously reduces the source of revenue • More fuel-efficient cars could decrease this revenue source • Value could erode over time if not indexed to inflation
Real Estate Tax	A tax on the assessed on the value of land and buildings	• Widely used to finance transit and typically considered a default funding source • Relatively stable source • Ease of implementation as property taxes are already collected in most jurisdictions	• Minimal potential to shift development between jurisdictions

4.3 Analysis Results

This section presents an analysis of four potential public transit funding options for discussion and further evaluation. They are (i) sales tax, (ii) lodging tax, (iii) personal property tax, and (iv) real estate tax. Estimates were derived from local government financial reports³³ with either projected or adopted budget estimates between fiscal years 2022 and 2024. Estimates are in constant dollars with annual growth standardized at 1% for sales tax estimates and 2% for all other taxes following City of Charlottesville projections.

³³ City of Charlottesville Long Term Revenue & Expenditure Planning & Forecasts, Fiscal Year 2024 Budget
 Albemarle County Fiscal Year 2023 Adopted Budget
 County of Louisa, Virginia Adopted Annual Fiscal Plan Fiscal Year 2023
 County of Fluvanna, Virginia Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022
 County of Fluvanna, Virginia Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022
 County of Greene, Virginia Financial Report Year Ended June 30, 2022
 Nelson County FY24 Proposed Budget (May 9, 2023)

The analysis assumes that the habits of residents in the region remain unchanged with the estimated increases in taxes (inelastic demand). It is worth noting that demand can be inelastic only to a point. If additional increases were significantly higher, residents could be incentivized to live or do business elsewhere, therefore such increases should be within reason and follow regional trends.

Table 4-4 shows the estimated added revenue from an additional 0.7% increase³⁴ in sales tax. The current sales tax rate across the region is 5.3%. This does not affect the 2.5% tax on non-prepared foods.

Table 4-4 Estimated revenues from additional 0.7% sales tax in millions of dollars

Added Revenue from 0.7%	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Albemarle	\$16.3	\$16.4	\$16.6	\$16.8	\$16.9	\$83.0
Charlottesville	\$10.2	\$10.3	\$10.4	\$10.5	\$10.6	\$51.9
Fluvanna	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9	\$9.5
Greene	\$2.2	\$2.3	\$2.3	\$2.3	\$2.3	\$11.4
Louisa	\$5.0	\$5.0	\$5.1	\$5.1	\$5.2	\$25.3
Nelson	\$1.1	\$1.1	\$1.2	\$1.2	\$1.2	\$5.8
Total	\$36.6	\$37.0	\$37.4	\$37.7	\$38.1	\$186.8

Table 4-5 shows the estimated added revenue from an additional 0.5% increase in the lodging tax. In the City of Charlottesville and Albemarle County, the lodging tax rate is currently at 8%. Nelson and Greene Counties are both at 5%, Louisa County at 2%, and Fluvanna 0%. Since Fluvanna County currently has no transient occupancy tax, there are no current revenues to determine future projections. Louisa County was therefore used as a proxy in the analysis. It should also be noted that Albemarle County recently increased their lodging and personal property taxes so consideration should be given to the timing for implementation.

Table 4-5 Estimated revenues from additional 0.5% lodging tax in millions of dollars

Added Revenue from 0.5%	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Albemarle	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$1.0
Charlottesville	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$2.5
Fluvanna	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5
Greene	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.3
Louisa*	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.5
Nelson	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.6
Total	\$1.0	\$1.1	\$1.1	\$1.1	\$1.1	\$5.4

Table 4-6 shows the estimated added revenue from an additional 0.5% increase in personal property tax. Louisa County's analysis follows a 2.43% residential personal property tax, but there is a 1.90% personal property tax applicable to businesses. The City of Charlottesville has a 4.2% tax rate. Albemarle, Greene, Fluvanna, and Nelson counties have a 3.4%, 5.0%, 3.7%, and 2.8% rate respectively. It should also be noted that Fluvanna County's personal property tax was lowered in 2022.

Table 4-6 Estimated revenues from additional 0.5% personal property tax in millions of dollars

Added Revenue from 0.5%	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Albemarle	\$5.5	\$5.6	\$5.7	\$5.8	\$5.9	\$28.5
Charlottesville	\$1.5	\$1.5	\$1.6	\$1.6	\$1.6	\$7.9
Fluvanna	\$1.2	\$1.3	\$1.3	\$1.3	\$1.3	\$6.4
Greene	\$0.7	\$0.7	\$0.8	\$0.8	\$0.8	\$3.8
Louisa	\$2.4	\$2.4	\$2.5	\$2.5	\$2.6	\$12.5
Nelson	\$1.2	\$1.2	\$1.2	\$1.2	\$1.3	\$6.0
Total	\$12.5	\$12.7	\$13.0	\$13.3	\$13.5	\$65.0

Table 4-7 shows the estimated added revenue from an additional 0.1% increase in real estate taxes. Current real estate tax for the City of Charlottesville is 0.96%, 0.85% for Albemarle County, 0.73% for Greene County, 0.72% for Louisa County, 0.87% for Fluvanna County and 0.65% for Nelson County.

³⁴ 0.7% is consistent with sales tax rates used to support HRTAC, CVTA, and NVTA.

Table 4-7 Estimated revenues from additional 0.1% real estate tax in millions of dollars

Added Revenue from 0.1%	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Albemarle	\$24.1	\$24.6	\$25.1	\$25.6	\$26.1	\$125.3
Charlottesville	\$10.6	\$10.8	\$11.0	\$11.2	\$11.4	\$55.0
Fluvanna	\$3.1	\$3.2	\$3.2	\$3.3	\$3.3	\$16.1
Greene	\$2.7	\$2.7	\$2.8	\$2.8	\$2.9	\$13.9
Louisa	\$6.5	\$6.6	\$6.8	\$6.9	\$7.0	\$33.8
Nelson	\$3.2	\$3.3	\$3.4	\$3.4	\$3.5	\$16.8
Total	\$50.1	\$51.1	\$52.2	\$53.2	\$54.3	\$260.9

These estimates serve as discussion starters on appropriate rates for each funding type.

5 Governance Options

This section summarizes the steps taken to identify potential governance options for regional transit developed through a consensus building process with regional stakeholders. The process objectively prioritized options based on analysis, experience, and alignment with the Regional Transit Vision. The section includes examples of governance structures that support transit and a list of preferred characteristics to guide the development of a governance structure for regional transit.

The question, “What is feasible in the Charlottesville region and what will policy makers advocate?”, guided the final governance recommendations.

5.1 Legislative Review

5.1.1 Charlottesville-Albemarle Regional Transit Authority

The legislature provided for the Charlottesville-Albemarle Regional Transit Authority (CARTA) as early as 2009 with subsequent amendments. The authority is initially established as a service delivery organization, with the contracting, financial (including bonding), and acquisition and operating powers necessary. Its authority is for transit.

Charlottesville and “all or portions of Albemarle County” are the essential boundaries, but additional portions of Albemarle, Fluvanna, Greene, Louisa, and Nelson counties as well as cities, towns, tourist-driven and public transit agencies, and higher education agencies may join as members.

The governing board is comprised of two Charlottesville Council members, two Albemarle County Commissioners, and one commissioner from each other county; other members are represented by non-voting members.

There is no provision in the current CARTA legislation for funding; public funding would need to come from federal, commonwealth, and local funds.

5.1.2 Northern Virginia Transportation Authority

The Northern Virginia Transportation Authority (NVTA) is established as a multimodal planning and funding agency. It is funded with a variety of taxes including sales tax, grantors tax on real property, and other transfers provided for in tax revenue laws. It is comprised of Arlington, Fairfax, Loudoun, and Prince William Counties, as well as nearby independent cities. The governing board is comprised of elected officials from counties and cities, as well as state legislators from relevant committees, a gubernatorial appointee, the DRPT director, the Commissioner of Highways, and the chief elected official of one town. While the authority has some powers to contract for and deliver services, it operates primarily through grants to service delivery agencies for roads and transit.

5.1.3 Hampton Roads Transportation Accountability Commission

The Hampton Roads Accountability Commission (HRTAC) is established primarily as a planning and funding authority like the NVTA. It funds both transit and road projects. The boundaries of the authority are those of Planning District 23, which includes four counties and ten cities. The authority was originally established to fund transportation (excluding transit) with specific taxes. In addition to the sales tax and fuel taxes provided for in the tax revenue statutes, HRTAC has access to a portion of the tolls on the I-64 / I-264 / Jefferson Avenue interchange. Subsequent amendments added additional funding sources dedicated *exclusively to transit*, and specifically to a regional transit program. This service is distinguished from the existing service that continues to be funded from the historical federal, state, and municipal funds and requires the municipalities to *maintain their prior transit funding levels*. The composition of the governing board is similar to NVTA's: the chief elected official of the counties and cities, together with state legislators, a gubernatorial appointee, the Director of DRPT and the Commissioner of Highways. The Executive Director of the Virginia Port Authority is included as well.

5.1.4 Central Virginia Transportation Authority

The newest of these agencies is the Central Virginia Transportation Authority (CVTA) in the greater Richmond region, whose boundaries are those of Planning District 15. Like NVTA, CVTA has some service delivery authority, but it has established itself as a planning and funding authority. Furthermore, it is required to pass through substantial funding to the Greater Richmond Transit Company (GRTC) or its successor. CVTA is funded primarily by a sales tax, but with some fuel tax and provision for future toll revenue. It also has a *maintenance-of-effort* requirement requiring continuation of 50% of the pre-existing local public transit funding, plus escalation. While most of CVTA's revenue is available for roads or other transportation, 15% is designated for use by GRTC or its successor.

5.1.5 Williamsburg Area Transit Authority

In addition to these authorities, the Williamsburg Area Transit Authority (WATA) is another example of a regional transit authority in the Commonwealth. Granted enabling legislation in 2006 by the Virginia General Assembly, the local governments of James City County, York County, and City of Williamsburg, as well as the College of William and Mary and the Colonial Williamsburg Foundation formed the regional transit authority in 2007. WATA became the successor to James City County and Williamsburg Area Transport, providing a regional focus to its service. The governing board is comprised of staff members from the city and counties, as well as representatives appointed by the Foundation, College, and DRPT. Unlike the authorities previously discussed, the WATA legislation does not include funding.

5.1.6 Other Governance Frameworks

Other noteworthy frameworks in Virginia are the public service corporation and the transportation district commission. The Public Service Corporation (examples include GRTC and Jaunt) provides public ownership and control of the powers needed for transit service delivery and a governance mechanism. Like the CARTA, there is no provision for new funding. The governance is based on a joint stock corporation concept which reflects the initial ownership and agreed changes.

The Transportation District Commission framework is available to all groups of counties or cities in Virginia. The Transportation District Commission of Hampton Roads (or Hampton Roads Transit) and the Northern Virginia Transportation Commission (NVTC) are examples. The governance is by a board made up of elected officials, and there is no new funding authority in the legislation. While HRT is primarily a service delivery organization, NVTC (which has some unique legislative provisions) is primarily a service and funding coordinating agency, taking advantage of the multi-county, multi-city structure of the commissions.

5.2 Existing Transit Coordination in Charlottesville Region

The Charlottesville area does not currently have a regional body for transit service delivery decision making. However, the Regional Transit Partnership (RTP) was created by the City of Charlottesville, Albemarle County, and JAUNT, in partnership with the Virginia Department of Rail and Public Transportation (DRPT) to provide recommendations to decision-makers on transit-related matters. The RTP was birthed out of a TJPDC Regional Transit Coordination Study conducted in response to the 2016 request by the Planning and Coordination Council (PACC) to review and recommend opportunities for improved communication, coordination, and collaboration on transit matters.

In 2017, the Charlottesville-Albemarle Metropolitan Planning Organization (MPO), the City of Charlottesville, Albemarle County, JAUNT Inc., and the TJPDC entered into a Memorandum of Understanding (MOU) defining the vision, roles, and responsibilities for the RTP. In 2021, the MOU was amended to include the University of Virginia (UVA).

The RTP is staffed by the MPO and supported with Section 5303 funding from the Federal Transit Administration and DRPT. The RTP's program area is limited to the Metropolitan Planning Area, which includes the City of Charlottesville and the urbanized portions of Albemarle County.

The RTP voting membership is as follows:

- Charlottesville City Council: Two representatives from and appointed by the Council
- Albemarle Board of Supervisors: Two representatives from and appointed by the Board of Supervisors
- Jaunt Board: One urban and one rural representative
- Virginia Department of Rail and Public Transportation: One DRPT representative
- University of Virginia: One UVA representative

The RTP non-voting membership is as follows:

- CAT staff
- Jaunt staff
- Albemarle County Student Transportation
- City of Charlottesville Student Transportation
- Charlottesville-Albemarle Metropolitan Planning Organization (CA-MPO)
- RideShare
- Charlottesville Transit Advisory Board
- UVA Hospital
- Charlottesville Area Alliance

The RTP elects a Chair and Vice-Chair as officers who serve one-year terms. Officers of the RTP are eligible for re-election after their term expires.

The goals of the RTP are to (1) establish strong communication, (2) ensure coordination between transit providers, (3) set a regional transit vision and goals, and (4) identify opportunities for improved transit services and administration. The RTP serves as an advisory board only. It does not have any inherent decision-making powers and does not supersede management over the public transit operators in the region.

Currently, the RTP is actively following through its FY2023 Work Program which includes supporting regional transit planning activities, information sharing, and identifying and supporting regional transit opportunities.

5.3 Recommended Characteristics for Regional Transit Governance

A series of group and individual stakeholder meetings were conducted with county boards of supervisors, the Charlottesville City Council, staff members, and other state, regional, and local stakeholders. The purpose of the meetings was to determine each locality's core interests and transit priorities, and to identify areas of possible compromise in developing final governance options. Discussions centered around political feasibility, equity impacts, establishing accountability for transit funding, maximizing financial investments, service outcomes, long-range outcomes, and administrative feasibility.

The discussions included a review of governance options under current legislation, legislative options for changes, and the extent to which the region's transit needs are already met. Governance discussions covered the following:

- Authority establishment and participating localities
- Board membership
- Role of the authority in decision making and transit planning
- Performance indicators and accountability
- Role of transit providers
- Participation opportunities for rural localities, and
- Administrative cost burden

The subsequent sections describe the characteristics for a regional transit authority in Region 10.

5.3.1 Establishment and Membership

A new transit authority to serve the Charlottesville region should be created with the primary function of regional transit planning and funding. Its responsibility would be to manage dedicated transit funding in the region to support

the sustainable growth of reliable and efficient transit service in compliance with all local, state, and federal requirements.

- **Creation:** The authority may be created by issuing new state legislation or modifying existing³⁵ legislation to form a transit authority that meets the characteristics described. Existing legislation for the Charlottesville-Albemarle Regional Transit Authority (CARTA) may be amended to include funding and align with other sections described in this section.
- **Authority participation:** The authority may be created with the City of Charlottesville and Albemarle County as initial members, and an option for the counties of Fluvanna, Greene, Louisa, and Nelson to join as participating members as well.
- **Other Entities as Participants:** Other entities such as higher education institutions, public transportation agencies, or private nonprofit entities may also join the authority upon agreement, concurrent resolution, or ordinance of the existing members of the authority.

Existing CARTA legislation allows adoption of the legislation by the localities after an approving ordinance or resolution is passed by the respective governing bodies.

To accommodate potential changes in population, population density, or transit need/usage across the region over time, flexibility may be provided to allow for changes in the participating localities/entities while ensuring consistency in a shared transit vision for the types and feasibility of transit options.

5.3.2 Board Composition

The existing Virginia authorities have a mixture of state, regional, and local representation on their governance boards. Details on board composition for NVTa, CVTA, WATA and HRTAC are provided in the Appendix for reference.

For the authorities with funding, representation is mostly elected officials (or their designees) from the governing bodies of the respective localities. An advantage to having elected officials on the board is that it provides direct accountability to taxpayers. WATA is the only example for which the board is comprised of staff members from the localities. WATA does not currently have dedicated funding enabled by the legislature. Table 5-1 summarizes other advantages and disadvantages of having elected officials or non-elected officials on governance boards.

Table 5-1 Advantages and Disadvantages of Types of Board Composition

	Advantages	Disadvantages
Elected Officials	• Credibility of being elected by the people • Possess power within jurisdiction to effect changes • Opinions are potentially more in line with direction of the jurisdiction	• Potential for having competing interests with non-transit-related issues • May be less motivated to be engaged on the board/attend meetings due to schedule demands • Additional structure needed to authorize delegation of alternates
Staff/ Citizen Appointees	• Insulated and free from the non-transit related issues • Can have fiduciary responsibility to transit and benefit to the people • Appointees with transit experience or specialized expertise provide added value • Close communication with appointing body can ensure transit needs and direction of jurisdiction are aligned	• Do not possess the same power to effect changes within jurisdictions as elected officials

³⁵ Charlottesville-Albemarle Regional Transit Authority <https://law.lis.virginia.gov/vacode/title33.2/chapter28/>

5.3.2.1 Authority Board

A governing board with terms closely aligning with the CARTA legislation may be adopted for the new authority. The board of directors will be comprised of elected officials from each locality embraced by the authority and representatives from any other entities that join the authority (e.g., higher education institutions). The board composition will be:

- Two directors representing the County of Albemarle, each of whom shall be a member of the governing body of the county.
- Two directors representing the City of Charlottesville, each of whom shall be a member of the governing body of the city.
- One director representing each county that joins the Authority, each of whom shall be a member of the governing body of each respective county.

Modifications may, however, be needed based on precedent. The Board may also include gubernatorial appointees and representatives from state or regional bodies such as DRPT, the House of Delegates, the Senate, or any other body deemed appropriate by the state legislature. Additional directors may also be added to represent the interests of any agencies or institutions that join the authority.

Most authorities have the option for the board structure to change as needed to reflect changes in the region that occur over time. Rules for change may include transit service-based methods or population-based methods. Boards should ideally represent all taxpayers (including non-transit riding taxpayers), therefore, a combination of the two approaches could be considered if modifications are required.

5.3.3 Voting

Voting procedures will be established by the authority. Table 2 summarizes four examples of voting procedures from some authorities.

Table 5-2 Examples of Board Composition for Virginia Authorities

	CVTA	NVTA	HRTAC	WATA
Primary Funding	Tax revenues	Tax revenues, interest, bonds	Tax revenues, tolls, interest, bonds	None (costs allocated among members)
Total	18 (12 voting members and 6 non-voting)	17 (14 voting and 3 non-voting)	23 (19 voting and 4 non-voting)	7 (5 voting and 2 non-voting)
Voting	• Elected officials from jurisdictions • 1 member each from House of Delegates, Senate, Commonwealth Transportation Board (CTB)	• Elected officials from jurisdictions • 2 House of Delegates • 1 Senator • 2 governor-appointed (1 CTB)	• Elected officials from jurisdictions • 3 House of Delegates • 2 Senators	• Staff from jurisdictions • 1 Foundation
Non-Voting³⁶	DRPT, GRTC, RMTA, VDOT, Port, CRAC	DRPT, VDOT, annual rotating town	DRPT, VDOT, CTB, Port	College of William and Mary, DRPT
Voting Process	• Weighed votes based on population in jurisdiction: • Most populous each have 4 votes (Chesterfield, Henrico, Richmond)	• Approval of an NVTA Action requires three tests: • 2/3 of voting members present • 2/3 of local government members	• 2/3 majority vote of elected officials on Commission, and • Representing at least 2/3 of region's population.	• One vote per voting member (2 from James City and 1 each from remaining members) • Quorum formed by majority of the board

³⁶ GRTC – Greater Richmond Transit Company; RMTA- Richmond Metropolitan Transportation Authority; VDOT – Virginia Department of Transportation; CRAC – Capital Region Airport Commission; Port – Virginia Port Authority

	CVTA	NVTA	HRTAC	WATA
	• Least populous each have 1 vote (Ashland, Charles City) • Delegate, Senator, and CTB member each have 1 vote	- present; and • Local government members voting in favor must represent 2/3 of population of jurisdictions in NVTA		• Vote of simple majority for decisions

5.3.4 Role in Decision Making and Transit Planning

The transit authority may have the following responsibilities for transit planning in the region:

- Prepare a regional transit plan for all or a portion of the areas located within boundaries of each member locality (long-range transit planning in area).
- General oversight of area programs involving transit or congestion mitigation.
- Recommend regional transit priorities (including projects and funding allocations) to federal, state, and regional agencies.
- Recommend to CTB priority regional transit projects for receipt of federal and state funds.
- Advocate for transit needs in the area before federal and state governments.
- Apply for grants and any other funds from the federal or state government or any agency.

5.3.5 Powers

The powers granted to CARTA are similar to those of other Virginia authorities. However, each authority also has additional powers specific to its needs, e.g., ability to levy taxes or fees for transportation purposes. The exception to this is WATA which does not have the ability to sell bonds or condemn property, however, its members are able to create an agreement to enable WATA to sell bonds backed by member jurisdictions.

An important power not currently granted to CARTA is the ability to levy taxes or fees for transit purposes and to determine the use of the new revenues collected. A detailed list of the powers granted to CARTA may be found in the appendix. Some powers granted to the authority include those listed below.

- Once plan is adopted, power to construct or acquire, by purchase, lease, contract, or otherwise, the transit facilities specified in the plan.
- Power to make, assume, and enter into contracts, agreements, arrangements, and leases with public or private entities as the Authority may determine.
- Enter contracts or arrangements with its members, or other transit commissions of transportation districts adjoining any member, any authority, or state, local, or private entity.
- Power to acquire land.
- Power to sue and be sued.
- Power to determine and set fees, rates, and charges for transit services for any services which it directly operates³⁷.
- Ability to issue revenue bonds for the purpose of paying the cost of operating transit, directly or indirectly.
- Adopt, amend, or repeal bylaws, rules, and regulations not inconsistent with general laws of the Commonwealth.
- Adopt an official seal and alter it.
- Maintain an office at such a place or places as it designates.
- Ability to appoint, employ or engage officers and employees.
- Contract with any participating locality to provide legal services; engineering services; depository and accounting services; including an annual independent audit; and procurement of goods and services and act as a fiscal agent for the authority.

³⁷ For Jaunt and CAT services, whether they are grant recipients of the authority or contractors, if they take the operating cost risk (i.e., for any unexpected deficiency in fare revenues relative to operating expense, they bear the risk), they will normally control fares.

Transit Operators in the Charlottesville Region

Existing transit providers in the region may be contracted with for the provision of specific regional services the authority deems align with its objectives. Furthermore, as the transit operators in the region maintain core service functions (e.g., operations, route planning, maintenance, etc.), they may participate in the authority in a technical advisory capacity for a coordinated approach for regional transit planning.

5.3.6 Withdrawal

Enabling legislations for the four authorities previously reviewed do not include provisions for withdrawal. However, the CARTA legislation does include this provision. It allows a member to withdraw from authority by resolution or an ordinance of its governing body, pursuant to the conditions and procedures adopted by the authority. However, a member may not withdraw if there are any outstanding bonds or other debt, unless there is unanimous consent of all the holders of the bonds. A member may also withdraw if such bonds have been paid, cashed, or have United States government obligations have been deposited for their payment.

5.4 Other Characteristics

5.4.1 Indicators of Accountability

The authority may establish any procedures it deems necessary to ensure accountability of any revenue generated through a levy of taxes or fees. Examples of measures generally adopted by authorities include:

- **Board representation**
 - Board membership from localities and entities that embrace authority.
 - Elected officials serving on the board to represent citizens/taxpayers.
 - Representation from the state to ensure accountability (e.g., DRPT, House, Senate, CTB, and others).
- **Financial reporting**
 - Creation of separate fund for new revenue.
 - Development of plan to prioritize transit projects of regional significance – in collaboration and approved by board members.
 - Requirement of annual documentation if funds are disbursed to another entity.
- **Funding oversight**
 - Creation of a finance committee to oversee financial activities made up of elected officials and/ or state representatives (e.g., CTB member).
- **Decision-making criteria**
 - Identify a set of criteria or guiding principles for regional transit investments (e.g., equity, economic impact, multimodality, etc.).
- **Technical advisory**
 - Creation of a committee comprising staff members from localities, transit operators, state level representatives (e.g., DRPT), regional stakeholders (e.g., MPO, TJPDC), and citizens.
 - Committee may support the development of decision-making criteria; project planning to identify projects of regional importance; project prioritization and selection; and review, comment on, and recommend an annual plan for expenditure of regional funds.

5.4.2 Administrative Costs, Cost Allocations, and Maintenance of Effort

Initial administrative efforts to set up the authority may be supported by the localities, DRPT, MPO, or TJPDC. The administrative host may be reimbursed for its administration cost from revenues of the authority.

In many cases across the country where transit authorities have dedicated funding sources that cover all the local costs of service provision, cost allocation between members may not be necessary. Among the Virginia authorities, some continued responsibility for local transit funding exists. For example, in the Richmond region, the CVTA legislation prevents members from reducing local transit funding by more than 50 percent of what was appropriated

for public transit as of July 1, 2019 (a year before the authority was created). The legislation also includes provisions for adjusting the local amounts annually based on factors including the average consumer price index (CPI) starting in 2023.

Similarly, the HRTAC enabling legislation prevents member localities from reducing local funding for public transportation to an amount less than what was appropriated on July 1, 2019, for such purposes. This example shows a 100 percent maintenance of effort by the localities. However, amounts paid from the regional transit fund are considered to be local funds when used to make a required match for state or federal transportation grant funds.

In cases where cost allocations exist among members of a transit authority, different approaches are adopted in the development of a cost-sharing formula. Examples of different measures used formula development include population, ridership, service hours, service miles, or route-specific assignments to localities. In some cases, a combination of some the measures is used as a means of reaching an equitable formula. It is also common for formulae to be revised with changes in the authority or region.

For the new transit authority, a number of steps need to be taken before a cost allocation formula is developed if found to be needed. Once the authority of formed, the actual service to be delivered across the region will need to be determined—regional routes or jurisdiction specific routes to be funded. Once determined, ridership projections and overall costs for the service will become some factors to be considered to identify the most effective and equitable method for cost allocation.

5.5 Benefits of Adopting a Regional Transit Authority

The Charlottesville region is made up of a range of urban and rural areas, each with unique transit challenges. Furthermore, the region is served by multiple transit providers supplying the localities with much needed service. However, more investments in transit across the region is warranted as localities seek continuous improvements and quality of life for residents. Some benefits of adopting a regional authority are listed below:

- **Improved efficiency** – potential to reduce duplication and waste of resources, more efficient operations, cost savings, better use of taxpayer funds. (Although efficiencies can be achieved in some administrative functions such as procurement and IT, experience and data show that labor costs can increase when operations are completely consolidated).
- **Seamless connectivity** – improved coordination of services across localities for more integrated network
- **Expanded coverage** – potential additional service to underserved areas, increase mobility, and reduce disparities in transit access.
- **Economic development** – robust regional network can improve access to job centers, education, healthcare, and cultural attractions. Also attract businesses and residents to region
- **Attract investment** – a region with a well-integrated system may be more attractive to federal funding opportunities for transportation infrastructure improvements.
- **Social equity** – can help to ensure accessible and affordable transit to residents regardless of income or location.
- **Environmental benefits** – congestion reduction as an alternative to driving. Improve air quality and promote a more sustainable environment.
- **Data and planning** – better-informed planning and decision-making through pooled resources for data collection and analysis
- **Innovation and technology** – regionalism can facilitate adoption of new technologies, e.g., smart transit systems, mobile apps, real-time tracking and new operating structures – to enhance overall passenger experience.

A regional authority would ultimately serve as the collaborative, multijurisdictional entity for identifying and solving regional transit issues. The existing avenue for discussing regional transit issues, the RTP, needs to evolve into this authority. At present, the RTP has no funding, employees, or authority to enact change or make decisions regarding transit service. Over time, the full benefits of governing transit using a regional authority can be realized.

5.6 Legislative Process and Objectives

When new legislation is enacted, the possible combinations and variations are infinite. However, the effort and time required to enact legislation with the required number of approvals and votes makes each additional change in any proposal progressively more difficult, with completely new institutions generally being the most difficult of all. Region 10 can formulate its objectives for legislation and compare those to the legislative possibilities. These objectives may include:

- Level of new funding and potential in the future
- Side-effects of any funding generated (such as economic impact, equity, competitiveness of region's economy, revenue administration efficiency)
- Boundaries of the district affecting taxes paid or tax revenue no longer available for other uses, and affecting people served; the ability to change those boundaries in the future.
- Composition of the governing board
- Coordination and effectiveness of the institutions, including duplication of functions, operational planning effectiveness, efficiencies and economies of scale, ability to finance projects with debt, eminent domain power, intergovernmental coordination of regulatory, public works, and interfacing transportation functions.

The possible ways to achieve these objectives through a new entity or the modification of one of the frameworks described previously are numerous, but can be grouped, sorted, and assessed. From the perspective of the frameworks and the objectives, it seems that the possibilities can be grouped into two courses to obtain properly governed transit resources: (1) establish a new authority similar to CVTA or HRTAC or (2) modify the CARTA legislation to provide the additional authority needed (Figure 5-1).

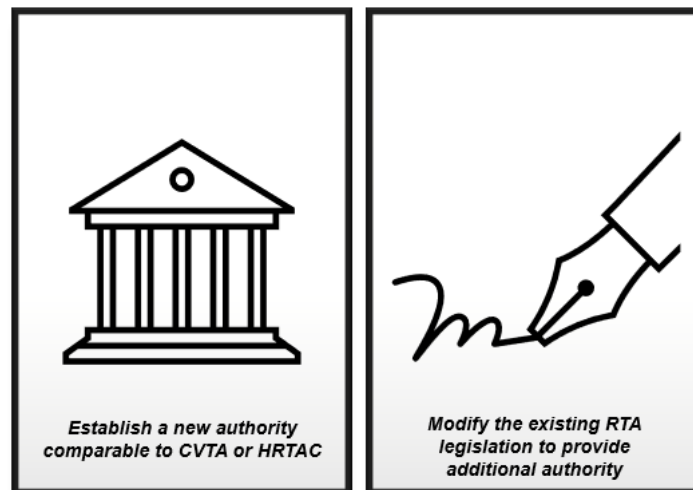


Figure 5-1 Courses of Action for Legislative Process

The first option will allow material changes to transit governance and funding in the region but will require substantial new legislation. The second option offers a framework already tailored for Region 10, with flexibility as to boundaries, but requires integrating this with the requirements for public funding in Virginia.

6 Study Findings and Recommendations

A successful component of the Region 10 Governance Study is the extensive stakeholder engagement carried out with staff and elected officials of localities, and representatives of regional and state bodies. Consequently, some transit needs and concerns across the region regarding a regional transit authority were made known. Below is a summary of the main findings from the study.

6.1 Desire for Regional Transit Governance

Throughout the study, the desire to invest more funding into transit and take a regional approach to governance was supported by majority of the representatives from the localities of Region 10. Currently, there is general consensus among the urban localities on taking the next steps on establishing an authority and pursuing legislative action for dedicated transit funding. There is also increased interest in pursuing an interim regional entity to serve as a precursor to a regional transit “funding” authority. While legislative action is being pursued, a volunteer agreement between interested localities can be enacted to keep the momentum of current efforts, demonstrate regional management of transit toward a shared vision, and show benefits of additional funding.

Recommendation: Establish an interim entity for regional transit governance and decision making with authority to plan for transit service with the ability to expand its role over time.

It is recommended for the City of Charlottesville and Albemarle County to initiate preliminary discussions and enter into an agreement that allows for joint regional transit planning. Preliminary discussions can begin with drafting a set of bylaws designed to allow enough authority for short-term decision making and flexibility to allow more powers in the long-term. The interim entity may begin planning by working on the following:

- Set up a small committee consisting of stakeholder representatives to discuss steps towards implementing the interim agreement.
- Develop draft bylaws and engage rural localities.
- Engage UVA in preliminary discussions on their potential role in regional transit governance.
- Confirm agreement between participating stakeholders.
- Develop/finalize articles of the organization such bylaws.
- Initiate discussion on administrative functions for regional transit include cost allocations.

6.2 Rural Transit Needs Assessment

Throughout the study, rural localities (staff and elected officials) reiterated the importance to better understand rural transit needs. The desire to know where transit dependent populations are located, proportions of county residents that are transit dependent, and how satisfied transit users in their respective counties are with the service currently received are among the emphasized requests.

In some interviews, anecdotal accounts of residents not receiving the needed service was shared. In one instance, it was mentioned that only about 40% of residents that need transit service receive it. Although these issues were raised, some of the interviewees expressed a general understanding that the service received likely corresponded to the amount of county funding provided. However, the transit service issues have led to these localities requiring more analysis and data on any service changes associated with establishing a regional authority.

Furthermore, discussions revealed that interjurisdictional travel with localities outside Region 10 is an added priority for some counties. This includes connections to neighboring counties outside the region. Further study is needed to determine the exact travel needs and the associated service levels needed.

Recommendation: Conduct a transit needs assessment that clearly analyzes rural transit needs

6.3 Perceived Value and Loss of Control in a Regional Governance Arrangement

The perception that the urbanized areas of the region would receive more value from regional transit funding than the rural localities presented a challenge. There is a concern of being overshadowed by regional or urban needs which may be better understood and organized than rural needs. Another concern is that of rural residents being taxed for the benefit of the urban areas was present throughout the study. Furthermore, this is exacerbated by the fear of not receiving enough control on a regional governance body and therefore not having their voices heard.

Some of these concerns may be alleviated once a rural transit needs assessment is completed and the needs clearly articulated. Additionally, various mechanisms (e.g., performance standards and transit investment criteria) to ensure an equitable distribution of transit investments across the region may be adopted as described in earlier sections. Continuous engagement by rural localities in the development of a transit authority and final legislative packet will enable these concerns to be addressed. One example discussed with the rural localities is the option to have a CVTA-style legislation that allows portion of transit revenue collected from the region to be allocated proportionally in support of county-specific transit/transit-related needs (e.g., interjurisdictional travel outside of Region 10).

Recommendation: Ensure continued rural engagement in development of legislative packet for a regional transit authority. Include protective mechanisms in the use of transit revenue generated to lead to equitable investments across the region. Continue educational efforts on the potential benefits of a regional authority and its impact on different types of residents.

6.4 Collaboration with UVA

UVA involvement in regional transit extends beyond that of a transit service provider (through UTS). The university is also a major stakeholder in the region and could serve as a crucial partner in the pursuit of regionalized transit service. Although representatives from the UTS were engaged throughout the study, further engagement with the university is needed to discuss potential mutual benefits in collaborating in regional transit service. Additional discussion with UVA stakeholders would lead to clearer role for the university in a future authority.

Recommendation: Engage UVA leadership at a level where there is decision-making authority in subsequent efforts toward establishing a transit authority.

7 Conclusion and Next Steps

The Charlottesville region has long prioritized transit as an important trait of a healthy and thriving community. Since 2008, localities within the region have made persistent efforts to better coordinate and collaborate on transit issues starting with the first push for creating a transit authority. Though unsuccessful in securing the needed legislative approval for funding, the region's consistent efforts led to the creation of the Regional Transit Partnership and subsequent development of the Transit Vision Plan. As a continuation of the effort, the Transit Governance Study was undertaken.

The objective of this study was to identify effective options for governing regional transit and identifying potential funding mechanisms as a means of increasing transit investments. Through a phased approach of (1) reviewing existing conditions, (2) analyzing peer transit governance structures, (3) conducting a revenue generation analysis, and (4) reviewing potential governance options, an extensive list of stakeholders in Region 10 were engaged to build consensus toward creating an regional transit authority.

The interviews and workshops conducted provided the needed context and nuance with respect to individual localities. As efforts to pursue a regional authority continue, the following implementation actions can serve as a guide:

- Form working committee (composed of staff and elected officials, and/or volunteers)
- Define authority organizational functions such as methods for determining services to be operated, personnel policies, and methods for cost sharing
- Re-assess funding needs by reviewing alternative funding sources, and identify preferred funding
- Continue coordination with regional stakeholders
- Coordinate with Virginia state legislature
- Define powers to be requested
- Draft memoranda of package for legislature
- Establish informal service planning
- Action by General Assembly
- Appoint Board Members
- Collect revenues
- Hire General Manager/Director
- Prepare and adopt regional transit plan
- Begin authority operations
- Hire and train staff as needed
- undertake service design and planning, financial planning, cost sharing, and other administrative functions

The timeline to implement these actions will vary based on several factors including the political/legislative climate, support and drive from localities, and available resources to implement recommendations.

