

PINAL COUNTY TRANSIT GOVERNANCE STUDY

Technical Working Group Meeting #3

Tuesday, February 25, 2020, 1:30 pm

Pinal County Courthouse

Introduction

Travis opened the meeting with a brief introduction, explaining that the purpose of the meeting is to discuss the updated governance models in more detail and consider if they are ready to bring forward to the stakeholders.

Project Updates

Peer Review

Amy Moran from Wilson & Company gave an update on questions from the last TWG meeting regarding peer reviews. She has gotten in touch with administrative staff from CAVIT but is still working on scheduling a meeting with someone knowledgeable about the formation of the organization.

To answer previous questions about Eagle County, Amy explained that the half cent countywide sales tax is entirely devoted to EcoTransit, for both operations and capital. The sales tax raises about \$7 million annually. Additionally, all four agencies in Eagle County receive FTA funds. For San Joaquin RTD, Amy confirmed the number of employees and contracted staff.

Stakeholder Interviews

Amy gave an update on the stakeholder interview process. The project team has contacted the additional Pinal County member agencies requested from the last TWG meeting. They have received feedback from three agencies (Apache Junction, Mammoth, and Kearny) and are still waiting to hear back from Mary Clements of On-the-Go Express with Pinal County and a handful of other representatives.

These three additional stakeholders who were recently interviewed voiced their support for a consolidated model due to reduced administrative duties. However, they do not see themselves as playing a major role in transit governance decisions, since they do not run transit.

The team still has a handful of interviews remaining. Findings from the combined interviews will be compiled and submitted together with the peer review findings.

Draft Transit Governance Models

Amy presented the draft transit governance models for the TWG for review and comment. She reminded the group that the four options presented at the last meeting has been parred down to three: a consolidated regional agency, independent local agencies, and a hybrid approach of a regional agency with the option for local service.

The purpose of going over these three models is to assess if the information is ready to be presented to the larger stakeholder group and what additional information might be needed.

Consolidated Regional Transit System

In a consolidated regional transit systems delivery model, there is a governing board, plus an optional advisory committee, that would administer all services. To enact this model, the first step is to identify a host regional agency, then consolidate existing services under it. New service can then be added as desired or as funding allows, and it can be staffed by the host agency or through contracted staff.

Benefits of this model include reduced administrative costs, the consolidation of expertise and resources, and easiness of starting new service. Weaknesses include the loss, perceived or actual, of local control and the potentially complicated decision-making process, especially to figure out resource sharing.

The TWG discussed the following regarding the consolidated model:

- *What resource sharing would look like.* TWG members clarified that under a fully consolidated model, funds from all member entities would go into one pot controlled by the regional authority, which can be perceived as one city paying for transit service in another city. Clear reporting and education can help entities feel like they are putting in and getting out their fair share. Additionally, local entities are paying into this regional authority for more than just transit service operation; they are also paying for the administrative expertise of a larger agency compared to a smaller one.
- *The need for buy-in from all local entities.* TWG members discussed how, for a regional model to work fully, all local entities and existing agencies must buy-in. It was also noted that some agencies have access to FTA 5307 funds, which make up the bulk of potential funding for the regional authority. Currently counties are not usually, but can be, the direct recipients of 5307 funds, since funding is tied to UZAs (which may shift due to the 2020 census).

Amy asked TWG members if the information presented for this model is ready to be presented to stakeholders, which lead to more discussion. TWG members suggested showing clearer numerical values of the overall dollars in the system right now, plus projected admin and staffing needs. The presentation of this material should also clearly designate the difference between the consolidated and hybrid models, since this discussion has highlighted that even the TWG is unclear about the distinction.

Independent Transit Agencies

Amy explained that the independent transit agencies delivery model represents the status quo for Pinal County. Transit is provided through independent transit agencies, which can add new service as desired. Strengths include local control, the simplification of sharing regional funds, and the flexibility to develop regional transportation services as desired. Weaknesses include the difficulty of initiating new transit services, the unlikelihood of fully leveraging federal funds, and a more expensive transit network overall. Amy noted that rural funds are limited. This model also makes it difficult to access 5307 funds; rural agencies are not eligible to receive them and accessing them would require matching funds.

Hybrid Model

Amy explained the hybrid model, in which one governing board cohesively coordinates regional transit services, but local entities can choose to operate their own local service or opt-in to the regional system. Benefits of this model includes reduced administrative costs and the facilitation of sharing funds, while maintaining the option for local control. However, this model introduces complex service delivery and decision-making structures.

The TWG discussed the following regarding the hybrid model:

- *Clarification on what opting in and out may look like.* Bethany explained that this model will likely require local entities to pay into the regional transit service, but when it comes to local service, they can opt in to have the regional provider also operate service locally. Or, they provide their own local service (or not have it at all).
- *Ability to require local entities to buy-in.* TWG members discussed that they may not be able to require buy-in to the regional service but can use incentives to show the value of regional connectivity. Even if not all entities buy-in, if the regional authority gets support from at least the major municipalities (especially some of the largest, centrally located cities), this model could proceed.
- *Cost savings not currently quantified.* TWG members noted that the only numeric value presented for cost savings is 10% of administrative costs. It was noted that there will likely be cost savings in other aspects of operations and administration as well, since current agencies may not fully record or report how much cities are providing through in-kind, HR, or in-house maintenance facilities. Consolidating these services under a new regional authority frees up local entities to use these resources for other purposes.
- *Funding structure and FTA grants.* TWG members also discussed the complicated nature of how FTA distributes funds. Some members clarified that the FTA distributes 5307 funds based on census designations. Under a hybrid model, more work will be needed to determine how FTA funds get allocated to the regional agency versus local entities.

Preparing for Stakeholder Workshops

The TWG discussed what is needed to be ready to present to the regional council and the stakeholder group. The regional council meeting in late April was suggested as a potential target date, with the first stakeholder workshop shortly after. The TWG asked the consultant team to update the governance models document so that they can understand:

- In more quantitative detail, existing and potential funding structures, especially in relation to FTA funding and local contributions
- Staffing needs at a high, but quantifiable, level
- Potential regional board make-up, possibly through examples

Once the TWG receives this updated document, they can give the direction to schedule the stakeholder meeting.

Lastly, the TWG and the consultant team discussed the level of information to be presented at the first stakeholder workshop. The purpose of the workshop will be to gauge interest in regional coordination through having stakeholders pick between the three models. It was noted that the team should discourage the workshop group from going into too much detail, since that work will

come after one delivery model is picked from the three. That said, the team should still be prepared to answer questions about legal and funding mechanisms. If stakeholders decide on consolidated or hybrid model, the second stakeholder workshop may be used to flesh out what the regional governing entity may look like.

To-do List

- NN to update draft document outlining governance models in more quantitative detail
- TWG to review new draft and give direction to schedule stakeholder workshop

Attendees:

Travis Ashbaugh, CAG

Jason Hafner, SCMPO

Duane Eitel, Casa Grande

Robert Mawson, CAG

Andy Smith, Pinal RTA

Marsha Ashcroft, Horizon Health and Wellness

Jon Vlaming, City of Eloy

Erik Heet, City of Coolidge

Kathy Borquez, Pinal County

Mike Sundblom, Pinal County AQ

Jill Dusenberry, ADOT

Amy Moran, Wilson & Company

Bethany Whitaker, Nelson\Nygaard (by phone)