



TRANSFORMING TRANSPORTATION IN VENTURA COUNTY

Ventura County Regional Transit Study

PROGRESS REPORT

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Ventura County Transportation Commission

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Introduction

The Ventura County Transportation Commission has embarked on a Regional Transit Study to incorporate a wide variety of opinions and expertise and propose a path forward to better organize and provide transit service in the County. The impetus for this study arose from a variety of factors, most notably the shortcomings and inconsistencies of the current transit service, including VCTC's own VISTA service, and the state-imposed requirement to allocate all Transit Development Act funds to transit as of July, 2014.

It has often been noted that the current approach to transit in Ventura County is fragmented and disconnected, terms that reflect a number of inconsistencies and inconveniences. These include the requirement to transfer at jurisdictional boundaries, lack of reasonably convenient connections to educational or medical facilities, difficulty in accessing local and social services. These factors not only affect customers today but also limit public transit's ability to attract new riders in the future.

This report discusses the status, work efforts and directions of the Study effort as of October, 2011. It is not intended to represent recommendations, directions, conclusions or actions of the Study itself or of the VCTC. Those will result from future deliberations and actions. This report, instead, is intended to provide insight into the process to date and a summary of staff, consultant, Commission and city staff input, thoughts and directions, and to provide an additional platform for input from key interests.

The next steps in the Study process include:

- Continued consultation with affected agencies and key policy leaders.
- Development of a recommended organizational option and transition strategies for consideration by Commissioners.
- Development of a report to the State Legislature pursuant to Senate Bill 716.
- Approval of the organizational options report, anticipated to be at the VCTC meeting in December 2011.
- If indicated, further development and implementation of approved options.

Public Transportation in Ventura County

At present, public transportation in Ventura County is provided by a variety of operators ten different agencies provide a combination of fixed route services and/or some form of demand response service, also known as dial-a-ride. By any measure, public transit in Ventura County is less a system than a series of stand-alone operations that provide widely disparate levels of service; that are not easily understood or accessed by customers; and that may, or may not, interconnect.

For the past several years many policymakers and customers have recognized that the way that public transportation is provided in Ventura County needs to be reconsidered. Impetus for change came from at least the following: VCTC's consensus that the funding, organizational and governance of its own VISTA service required simplification and consolidation; California Senate Bill 716, affecting the use of Transportation Development Act funds; trends in state and federal transportation funding; awareness of the benefits of organizational structures and practices employed elsewhere; and input from policy leaders and the public in a variety of forums and surveys of Ventura County residents and business, including the concurrent development of the Comprehensive Transportation Plan and during virtually every annual Unmet Transit Needs process.

In early 2010 the Ventura County Transportation Commission (VCTC) embarked on a Regional Transit Study for the County, to define a direction for improving the quality, efficiency and overall sustainability of public transportation in Ventura County and to provide a platform for presenting an organizational proposal to the State Legislature. VCTC enlisted the services of a consultant team to work with Commissioners and staff in reviewing the state of the system, identifying potential options and charting an initial path forward. The results of this analysis would form the basis of a report to the Legislature and also pave the way for a more effective, comprehensible and sustainable public transportation system for Ventura County.

SB 716

SB 716, enacted in 2009, requires that all state Transportation Development Act (TDA) funds allocated to Ventura County be committed to transit (rather than

local road) uses beginning on July 1, 2014. As introduced, SB 716 required that TDA funds be committed to transit as of January 1, 2010. However, based on VCTC's appeal that Ventura County needed time to plan for how it would meet the SB 716 mandate of using all TDA funds for transit, and with support of several Ventura County cities, the bill was amended to give Ventura County time to plan how it would effectively achieve that mandate. The bill also allows VCTC to propose a plan to the legislature for utilization of TDA funds and organizing public mass transportation services in the county.

TDA funds are currently allocated on the basis of population to the cities and unincorporated area of the County. The amount of TDA funds allocated in 2011 was approximately \$21 million, which ranged from about \$200,000 in Ojai to almost \$5,000,000 in Oxnard. This is down from a high of almost \$30,000,000 several years ago. In accordance with SB716, until July 1, 2014 TDA funds in Ventura County can be spent for other transportation purposes, if no outstanding needs for public transportation that were "reasonable to be met" were identified through the Unmet Needs process.

When SB 716 goes into effect on July 1, 2014, this option will be eliminated along with the ability of local jurisdictions to substitute local funds for TDA and use TDA for funding streets and roads. After a few prescribed regional uses, all Transportation Development Act (TDA) funds must be allocated to transit, and adherence to all TDA rules and regulations will be required. Many of the current, longstanding practices and processes will change. The status quo will not be difficult to maintain from either financial or regulatory compliance perspectives. Individual city operations will be required to meet fare recovery requirements (20% in urban areas, 10% in rural areas). This will be challenging for a number of the operators.

To provide a basic analysis of the impact of SB716 on transportation spending an analysis of available data was done. VCTC staff estimates indicate that if SB 716 were to have been in effect today, using 2010-11 data (the latest full year of available data), slightly over \$3,000,000 out of a total TDA allocation of \$20,884,000 would be shifted from streets and roads to public transit use.

The bill also provides Ventura County with an opportunity to propose alternative organizational approaches to improve Ventura County public transit. The goal would be a more consistent region-wide system that provides a family of services that better meet the County's overall mobility needs. Changes in

response to SB 716 could lead to establishing a countywide transit program that also better meets the needs of customers through consistent policies and programs, addressing the increasing demand for public transportation that will occur over time. In conjunction with making these improvements will be the need to insure continued recognition of the contributions and priorities of all of the local communities served by transit.

Metrolink Allocation

Under TDA law, funding of passenger rail service is to be taken “off the top” before allocation to individual Transit Districts or jurisdictions. Current funding arrangements and formulas are complex and negotiated among the County Transportation Commissions and Metrolink. Because Ventura County is the only County served by Metrolink that does not have a local-option sales tax for transportation, all of the funding for Ventura County Metrolink service must come out of TDA funds unless VCTC is able to substitute other regional funds. Currently, only a small percentage of Ventura County’s Metrolink share comes out of TDA. Historically, the majority of Metrolink service funding in Ventura County has been State Transit Assistance (STA). With the shift in TDA as a result of SB 716, it may be appropriate to reconsider Metrolink funding practices to reflect access to service communities have as well as frequency and use of that service.

Funding Trends

Other trends at the local, state and national levels are affecting public transit funding. These include fluctuating state sales tax revenues and varying levels of state support for transit funding. The federal transportation funding program is also facing uncertainties. The previous six-year surface transportation act, SAFETEA-LU, expired in September 2009. Since that time, a number of short-term continuing authorizations have been passed to maintain funding levels for the traditional federal transportation programs. The most recent extension was through March 2012. These programs include Sections 5307, 5311, and 5310, which fund urban and rural services as well as programs for seniors and people with disabilities. Current reauthorization proposals that have been drafted by Senate and House Committees either sustain the current level of funding or call for a 30% reduction in funding. Unless additional revenue sources are found for the federal program, the outlook for longer term funding at the federal level is uncertain at best.

Comprehensive Transportation Plan

Parallel to this study, VCTC is also developing the Comprehensive Transportation Plan (CTP), the county’s first long range policy document and set of funding strategies built from local priorities to enhance regional connections and support the region’s unique quality of life. The plan development process involves

extensive public outreach and participation, engaging the greatest possible range of stakeholders and backgrounds. Regardless of the geography, interests, age, background, or other factors, all community members envision a better connected and integrated transportation system for the region's future, particularly with a stronger focus on transit compared to personal vehicles.

This vision includes a transit system that provides better connections for all community members from all perspectives: modes, destinations, intra-city, inter-city, and inter-region. Specific issues and experiences that were stated repeatedly at stakeholder meetings throughout the county included challenges in making connections between different transit systems, whose schedules are not always synchronized, sometimes requiring long waits for transfers. Additionally, the lack of consistent service hours and levels between transit systems can limit opportunities to make the same trip at different times of the day, or days of the week. There is a growing demand for interjurisdictional trips. Because some areas of the county have either inconvenient or infrequent transit service and connections for commute, discretionary and lifeline destinations within the county or in neighboring counties, this a significant barrier.

The CTP process recognizes demographic trends within Ventura County that support the need for maintaining and increasing public transportation. Over the past ten years, on a percentage basis Ventura County has grown faster than either Los Angeles or Orange Counties and nearly as fast as San Diego County. By 2030, the county's senior population will grow by 69% and the youth population will grow 20%. Increased demand for re-training and basic education at local community and state educational institutions will require improved local connections and access.

Best Practices and Examples

In the current environment where significant funding reductions are being considered both at the federal and state levels, it is appropriate to consider ways that the region can focus dollars on service and not on redundant management and administrative costs. It has been demonstrated successfully throughout the state and across the country that a consistent approach to policy, planning and financing as well as supporting activities such as marketing and communication, procurement, information technology and paratransit provision can result in an improved foundation from which the operating

components can be added to form that family of services. A discussion of successful organizational models is included in Appendix 2.

The time appears right for the region to consider how public transportation is provided in the County, and to identify some long-term sustainable solutions to provide lifestyle- and economic-enhancing public transportation programs for Ventura County, for current and future residents. If today's fragmented public transit system is not working as well as it could for the public, service gaps will only increase with projected population and other demographic changes.

There is no "one size fits all" approach, and Ventura County is a unique environment from a geographic as well as jurisdictional perspective. The approach to implementing any alternative in Ventura County will require intergovernmental cooperation to focus on the most immediate priorities while providing a mechanism for transition over time. This is a key theme of the Regional Transit Study.

Regional Transit Study

With the commencement of the Study, VCTC created a Regional Transit Study Steering Committee of its members to consider various complex issues, provide oversight and direction, and develop recommendations to the Commission as a whole. Working within this policy structure, the study process involved consultations with key policymakers and the public, discussions with individual operators, briefings for VCTC's transit committee (TRANSCOM), discussion with the Gold Coast Transit Board, research into options and best practices and deliberations by the VCTC Board and the Steering Committee.

The Commission adopted the following policy statement and principles for the Study:

"Develop a network of sustainable services that meet the diverse needs of the customers through the following actions:

- Foster open dialogue among communities, system users, operators and agencies
- Transition to a user-focused system that goes beyond individual operator boundaries
- Gain consensus on the approach from elected officials and city management

- Incorporate applicable Federal, State, regional and local livability, sustainability and greenhouse gas reduction goals”

Current State of Transit in Ventura County

Seven operators provide fixed route services in Ventura County: Gold Coast Transit (GCT), VISTA, City of Simi Valley, City of Thousand Oaks, City of Moorpark, City of Camarillo and City of Ojai. All of these operators also provide some form of demand response services. Additional transit services within the county include services provided by the County of Ventura, the City of Oxnard (as lead agency for the Harbors and Beaches service) and the Camarillo Health Care District (which is partially funded by VCTC for longer distance trips).

The types of services vary considerably in terms of scale, scope, and cost. For example, the number of GCT vehicles deployed to provide fixed route services is roughly the same as the total fixed route fleet for the rest of the operators combined. In addition, almost all of the operators provide some form of demand response services for seniors and sometimes the general public. These operations also include those services required under the Americans with Disabilities Act (ADA) for persons with disabilities who cannot use fixed route services.

Based on a number of local and regional policy decisions, both administrative and direct operating costs associated with these services also varies considerably depending on priorities, staffing, or whether services are publicly or privately operated. In addition, the methodologies for how these numbers are reported vary.

Within the multiple operator arrangement that currently exists, there is a wide range of costs. Because there have been many factors and ways of accounting, the Federal government has established a single database (the National Transit Database, or NTD) that has been used for decades to compare transit data including costs across operators. As reported in 2009 to the NTD costs per service hour for the four largest operators in the County were roughly: \$55 for VISTA, \$75 for Thousand Oaks, \$95 for GCT and \$115 for Simi Valley (see Appendix 1 for additional operating cost data and explanation of NTD.)

Organizational Options

Within the transit industry, there have typically been three concepts discussed regarding organizational changes and alternatives – collaboration, coordination and consolidation. There are many such organizational approaches, including a number in California; the Orange County Transportation Authority (OCTA) is an example of full consolidation and the San Diego Association of Governments (SANDAG) is an example of moderate consolidation, with its operating units the Metropolitan Transit System (MTS) and the North County Transit District (NCTD). A discussion of these and other organizational examples is included in Appendix 2. In addition, Appendix 4 illustrates specific attributes of the three models, including two variations of one of the models.

Collaboration

The first option, **collaboration, suggests informal agreements by affected parties to modify or somewhat change the status quo.** In a general sense, this is the model for how some aspects of transit programs in Ventura County are currently operated. Typical collaboration examples include: working cooperatively to develop an “800” information number; developing region-wide marketing ideas that can be shared by multiple agencies within the context of their own resources or entering into ad hoc agreements to “meet up” with paratransit or fixed route services.

As an example of Ventura County collaboration, VCTC has managed a number of cooperative efforts such as Smart Card, NextBus, Trapeze, and an “800” information number, and conducts some countywide marketing on a case-by-case basis. These efforts have met with varying degrees of cooperation. Also, a network has been developed by the various operators to connect ADA paratransit trips between multiple jurisdictions. The arrangement includes different agreements between operators regarding who provides the outbound and inbound trips, how those are coordinated with the service providers, etc. Based on experience of customers in Ventura County, these “ad hoc” connections may or may not work and are difficult to communicate and remember due to the number of scheduling and operational nuances. Because no one “owns” the whole trip, missed connections or “crossed wires” between operators can result in stranded customers. Also, the inconsistencies clearly confuse new customers.

In other studies around the country experience shows that collaboration has the benefit of retaining autonomy of the participating agencies but is dependent on these ad hoc arrangements, which can dissolve at any time, without a defined process and is thus unsustainable. While collaboration has worked on some levels in Ventura County, one of the limiting factors of these options is that they rely on the affected individuals to continue the collaboration. If staffs and/or Councils change there may be different perspectives and prior commitments can be modified or abandoned.

Coordination

Coordination is usually thought of as a series of formal agreements among parties that modifies the existing ways of doing business. The level and nature of coordination arrangements have a broad range. With regard to coordination alternatives, there are examples that range from minimal coordination, which might be represented by the VISTA agreements, to maximum coordination, which in other states have required participation by agencies in order to be eligible for federal, state or local funding.

As an example of minimum coordination, the current VISTA corridor and dial-a-ride connection agreements are more specific than the dial-a-ride to dial-a-ride “meet up” agreements described in the section on coordination. For example, there is a VISTA agreement with the City of Camarillo to share funding responsibility for the Route 101 connector through that community. However, each VISTA arrangement is unique, under its own advisory structure and does not function as part of an overall system.

In Ventura County an example of more extensive coordination would be to develop a countywide ADA paratransit service operated under a single agreement with joint procurement of vehicles, equipment or even facilities for other types of service. While this could be a step in a more incremental overall process, the disadvantages to this include that, even with formalized agreements, as in a Joint Powers Authority, individual cities could opt out, and also that the services frequently fall to the “lowest common denominator”, frequently based on changing local priorities and/or the ability of a single jurisdiction to fund its share of service costs.

In some areas of the country, agencies providing transportation services have worked together to develop information technology concepts, service

coordination ideas, facilities and processes based on their collective interest in improving service to the customers. This example, which has been called “Moderate Coordination”, appears to have more sustainability since it brings people together to improve processes and services. This sustainability is created through the development of interlocal agreements or memoranda of understanding. The development of these agreements formalizes the relationship between entities and jurisdictions, moving beyond the “ad hoc” nature of collaboration, towards a more sustainable solution. In development of more formal relationships, finding common ground to initiate the coordination is key. Additionally, within this structure, as changes in finances or pressure from policy makers and customers occur, entities which previously did not participate can join in through similar interlocal agreements.

This concept could be implemented in Ventura County by greater commitment to coordination. This could be carried out through enhanced oversight. Under this arrangement services, such as ADA paratransit, could be operated under a single contract, all IT purchases and programs could be coordinated through this coordinated process and that joint procurement could be used for vehicles, equipment and even facilities. Regarding ADA paratransit, currently MV Transportation, a private provider, operates ADA paratransit service for Gold Coast Transit and Thousand Oaks, as well as demand responsive service for Camarillo. Other ADA paratransit services are operated by the city of Simi Valley, Camarillo Health Care District, and Heritage Valley’s Fillmore Area Transit Corporation (FATCO). Coach USA operates both fixed route and dial-a-ride in Moorpark and First Transit operates dial-a-ride in Oak Park. The certification of eligibility for ADA paratransit is provided centrally under contract by VCTC. There appear to be opportunities to decrease some duplication and access some economies of scale from a cost standpoint and improve customer access and understanding by further coordination, restructuring and/or consolidation of ADA and paratransit services.

The information technology and intelligent transportation system components of ADA paratransit as well as other demand responsive services can also be facilitated by building onto current investments made in the County. VCTC has facilitated the development of a single vendor system for scheduling and dispatching of trips. This network has been implemented to different degrees by most jurisdictions in the County. With a more coordinated effort, the potential in Ventura County is to take current technology and use it to develop a

coordinated system that involves more partnering agencies while retaining autonomy.

For example, there could be an opportunity to consolidate ADA paratransit and coordinate senior transportation services. Ultimately there may be options regarding economies of scale in service provision such as countywide consolidated dial-a-ride, but those alternatives might evolve through the coordination process.

In the area of procurement, public transportation funds in Ventura County could be viewed from the perspective of regional priorities, as opposed to the procurement processes developed by individual agencies. The joint procurement process has been used in several forms around the country, including statewide vehicle options, use of the General Services Agency specifications at the federal level and “piggyback” coordination where one agency uses the specifications of another to “add on” to their order. In many rural areas and several states, agencies have coordinated on maintenance plans and work, fueling and other aspects of public transportation.

The coordination alternatives, including those above, often relate to specific programs or projects. As a result, transitioning to these agreements from the current system can be less complex than other alternatives. In contrast, the consolidation alternatives listed below typically include more structural changes within organizations. Any structural change would offer new opportunities for doing business, but would also require a thorough retooling of many policies, programs and processes.

Consolidation

There are two general types of consolidation, full and moderate.

Full Consolidation typically means that a single agency offers all the services associated with public transportation including operation, policy, planning and funding. VCTC is the currently the only County-wide transportation agency, and as currently composed has representatives from all of the cities in Ventura County as well as the County itself; however a new countywide entity could be created for this purpose.

Considerations in the full consolidation approach include:

- The full range of decisions, from planning to operations, are centralized in one agency and inter-agency issues that often occur between planning and operating agencies can be addressed within one agency.
- The complex aspects of all processes are consolidated -- for example, interactions with all state and federal agencies are concentrated.
- The expanded range and complexity of issues can reduce the amount of time that the consolidated board could devote to specific operational, policy or funding issues.
- There is capacity for “belt-tightening” and resource reallocation within a larger organization, which is more difficult with smaller systems.
- Adding all the aspects of public transportation can require many organizational and skill set changes. These would include areas of administration such as human resources focus and direction, employee benefits and collective bargaining. Also, there would be an added dimension of direct customer service and public interaction. Finally, the variety of operation and maintenance, service delivery and coordination and other issues would be added responsibilities.

An alternative approach is **Moderate Consolidation**, where there is a central policy, planning and funding entity with one or two consolidated operating entities. The closest example in Ventura County of a multi-jurisdictional approach to public transit is the Gold Coast Joint Powers Authority (JPA). However, in the case of Gold Coast a jurisdiction can opt out, leaving a gap in funding and service to be filled by the other member entities.

A true Moderate Consolidation approach provides stability and greater certainty for an operating entity.

Considerations include:

- There can be economies of scale in consolidated operations and opportunity for more seamless, connected service.
- As a statutorily created entity, a transit district is enabled to perform as a permanent entity with the ability to bond and pursue revenue measures.

- While two separate operating entities (for example, East County and West County) have the potential to better meet the needs of each area, these needs could also be addressed through a subregional planning and programming approach and/or more formalized subregional participation in policy decisions.

Steering Committee Recommendations

The Steering Committee discussed all of the organizational alternatives, specifically evaluating how each option measured up against the criteria – affordability, implementability, connectivity, quality and efficiency. The Committee also reviewed a Moderate Consolidation option with one operating entity or with two operating entities. One operating entity could be a simpler alternative, but having two operating entities might simplify receiving input from and meeting local needs of different parts of the County. Different structures in the east and the west (Transit District, Joint Powers Authority, or collaborative effort) could be employed to meet local conditions and preferences. Moderate Consolidation with the one- or two-operating entity variation was termed the **Moderate Consolidation Hybrid** Model.

The Steering Committee recommended moving forward with further exploration and analysis of two consolidation alternatives with variations:

Full Consolidation with provisions for strong continued local influence, potentially through a strong advisory or subcommittee structure to address East County, West County and rural community needs and issues.

Moderate Consolidation Hybrid, where policy and operations would be separated with a countywide entity (such as the current VCTC) handling policy, fund programming and some level of planning and one or two operating entities assuming responsibility for operations and some level of transit service planning with the type of operating entity (Transit District(s), JPA, federation or other) to be determined.

The Steering Committee also stated its intent that the alternatives should “keep local communities whole” in terms of level of transit service.

The Steering Committee further considered a proposed role for VCTC under each entity as follows:

Full Consolidation – Current VCTC functions would transition into a strong central financing, planning and operating entity and the VCTC representative board structure would be maintained.

Moderate Consolidation Hybrid Approach –The VCTC transition would be similar to Full Consolidation without direct responsibility for operations. VCTC would perform the role of the countywide entity, developing policy, programming, funding and conducting some or all planning, potentially down to the level of route planning.

Implications of a Regional Public Transportation System

Potential Benefits of Consolidation

Extensive outreach through recent Comprehensive Transportation Plan business and community discussions have repeatedly shown that there is a significant amount of interest in the County in increased coordination of public transportation services. In many meetings and forums, and encompassing a range of community members and interests, participants called for better coordination of services and communication with customers. Current services are not seen as effectively connecting customers with destinations outside the immediate area or having the capacity to attract new riders.

An environment of constrained transit funding indicates that available dollars should be focused on providing services. Reducing non-service costs such as administration and duplicative overhead would tend to maximize funds available for services. Studies, forums and policy discussions have all stressed that communication concepts such as one regional phone number and a centralized phone center, common marketing and branding, and more information availability will significantly benefit current and future users of transit services. Similarly, developing a consistent coordinated program provides the ability to offer a variety of services which are appropriate for demand in different areas, whether operated directly, contracted out, brokered with multiple providers, and/or coordinated with other programs. Savings could also be found through purchasing, parts inventories, and procurements.

Two features which would likely be included in policy development discussions include the process for resource allocation as well as policy thresholds for service delivery that might encompass goals for service span and frequency. In addition, there is a need to develop a consistent method for integrating services at the local level with the opportunity to cross traditional jurisdictional boundaries to meet customers' needs. These are policy-level discussions which would be anticipated to be established at the county level with significant local input. From the beginning of the study process, the goal of best serving the needs of the customers with a consistent county-wide system has recognized the importance of providing opportunities for local input. The organizational strategies can only be maximized if they are enhanced through local input.

Experience would suggest that there are difficulties in transitions or change of service, whether those are changes in policies and procedures or service operation. But transitions, when fully communicated, well-managed and well-developed, can be accomplished effectively and efficiently. Two specific examples within California include public transportation organizational changes in Orange, and San Diego Counties – as discussed in the Case Studies in Appendix 2.

Other potential benefits of a more regionally-based public transportation program in Ventura County include the ability to collectively develop a plan for the utilization of resources, based on locally-developed priorities, and being able to speak with one voice in lobbying for programs, projects and investments to policy makers at the state and federal level. There would also be the opportunity to develop a core regional service network which could expand over time as demand increases. This regional network could be supported and enhanced by local services.

Financial Effects of Consolidation

Experience in other jurisdictions has shown that the following financial benefits can be achieved:

- Significant savings and reallocation of resources to products and service rather than process
- Consolidated procurement, such as for facilities, vehicles, and technology
- Consolidated transit service procurement

- More effective advocacy for grants and funding
- Savings due to consolidated marketing and public information service
- Less costs to manage fare systems without requirement to reconcile individual agency fares and pass revenues.

With multiple separate public transportation programs in the County, there are a number of necessary functions which exist at each entity. These include management and administration, planning, financial management, marketing, maintenance and operations. If the total number of separate agencies providing public transportation were reduced, there would also follow a reduction in separate functional areas and likely resulting savings. Essentially, there would be a reduction in redundant functions.

The basic concept that is reinforced is the idea that given today's constrained resources, it is significantly better for the customer if the resources spent on management and administration could be minimized, and the resources spent on the services/product side could be maximized.

In shifting to a countywide system, regardless of how the service is provided, the goal would be to develop a consistent policy – and cost structure -- from which to deliver services. Ongoing evaluations of transit operators in the Bay Area as part of the Metropolitan Transportation Commission Transit Sustainability Project have indicated that merging administrative costs could save the Bay Area transit agencies up to \$100 million dollars annually. This study indicates that on average, Bay Area Transit agencies spend nearly 20% of their budgets on administrative functions.

At present there is significant variation among administrative cost structures. The public transit industry standard for looking at these costs is through the National Transit Database (NTD) where operators receiving Federal funds are required to provide data to the Federal Government under strict cost allocation guidelines. The following table portrays the proportion of administrative costs to total budgets reported to the National Transit Database in 2009 by the four largest operators in Ventura County.

Operator	Administrative Expenditures Total	Percentage of Expenditures
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Gold Coast Transit	\$ 3,092,400	20
Simi Valley	\$ 2,073,300	35
Thousand Oaks	\$ 559,800	23
VISTA	\$ 665,700	16

The national average is 17.9% for similarly- sized operators as defined by the NTD.

More detail on operating costs is shown in Appendix 1.

Staff from Simi Valley has indicated that the city's cost allocation methodology results in the increased percentage of administrative expenditures.

It may not be possible to either reconcile the variations in reported costs or to definitely “make the case” for (or against) consolidation based solely on numbers - which are one of many policy inputs that must be weighed in the consolidation discussions. However, the methodology for inputting data into the NTD is based on the goal of developing a consistent array of information for transit systems that can be compared with other similar systems based on size, geography, etc. Once SB 716 is implemented, these funds will only be used for transit purposes and their use will conform to the applicable rules and regulations.

Potential Organizational Structures

As indicated previously, one focus of this study is to respond to opportunity provided by SB 716 and supply a framework for a report to the State Legislature how Ventura County could restructure public transit service delivery. A component of that effort is to identify potential organization alternatives and the implications of these alternatives.

The policy-level VCTC Steering Committee for the study fully considered the options described earlier in the report and concluded that the Coordination and Cooperation models were not adequate solution to the issues of multiple operators, inconvenient and inadequate connections and increasing demand for services in the future. As a result, the Steering Committee and subsequently

the full Commission endorsed two for further exploration and discussion with affected parties: maximum and moderate consolidation.

Cooperation Model

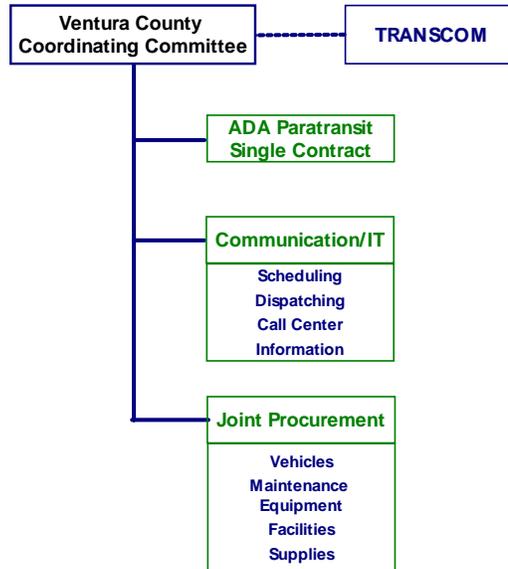
As mentioned earlier in this report, Ventura County already has many aspects of a Cooperation Model in place, with a central (800) number in place and some common marketing materials and informal “meet up” agreements for transfers. Certain enhancements could be made to interoperator arrangements under the Cooperation Model but the Steering Committee concluded that pursuing this option would merely promote the status quo, which is largely dependent upon informal agreements and the continuity of agency and city staff who had entered into these agreements.

Coordination Model

An example of how a coordination model could work is illustrated in Exhibit 1. This could involve a single contract for ADA services, joint procurement and communications and information technology (IT) functions such as scheduling, dispatching, a call center and information. All of this would be guided by a Coordinating Committee and advised by TRANSCOM. In considering this option, the Steering Committee concluded that, while the option had some merits, this would simply serve as a bridge between independent services rather than resolve customer service issues related to access, resource allocation and convenience.

Exhibit 1:

Moderate Coordination

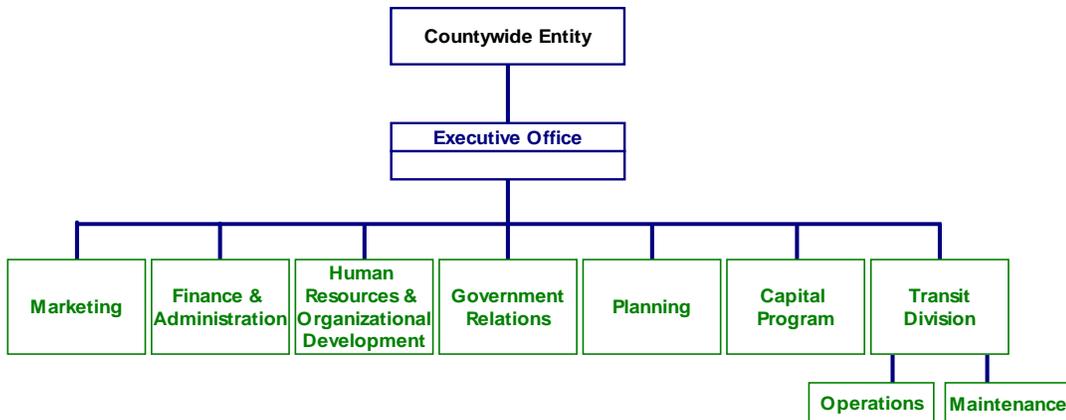


Maximum Consolidation

Maximum consolidation would be similar to the OCTA model and would result in all public transit functions located in the new organizational model. For purposes of discussion, the OCTA organization chart is shown in Exhibit 2.

Exhibit 2:

Maximum Consolidation



In this model, all of the policy decisions are made by one governing board. OCTA staff indicates that a number of the other functions within the organization are affected by the bus program, especially Human Resources recruiting and hiring bus operators, as well as associated financial planning and marketing/public outreach. However, based on the range of current roles and responsibilities for VCTC, the effect on these other departments would arguably be minor. The major impact would be in the transit division where a manager with significant skills and competence would be needed to oversee a fleet of over 100 fixed route and approximately 70 paratransit vehicles. The compensation for that manager would be logically similar to the other department heads and less than the agency executive.

Moderate Consolidation Organization

Under the Moderate Consolidation alternative, VCTC would transition to assume the role of the countywide transportation planning and funding agency, but the operating responsibilities would still reside within separate operating program, which has been discussed as being one or two operating entities, which could be joint powers agencies, districts or other organizational types (and could be different types if there are two operating entities, such as East and West County). The conceptual organizational model for an operating agency is shown in Exhibit 3. It would be similar to the structure of the North County Transit District and the Metropolitan Transit System in San Diego County as shown in Appendix 3. Other similar organization structures in agencies of comparable size and scale to VCTC include the Santa Barbara Metropolitan Transit District (MTD) and the Golden Empire Transit District (GET) in Kern County, also shown in Appendix 3.

Exhibit 3a:

Moderate Consolidation – Two Operating Entities

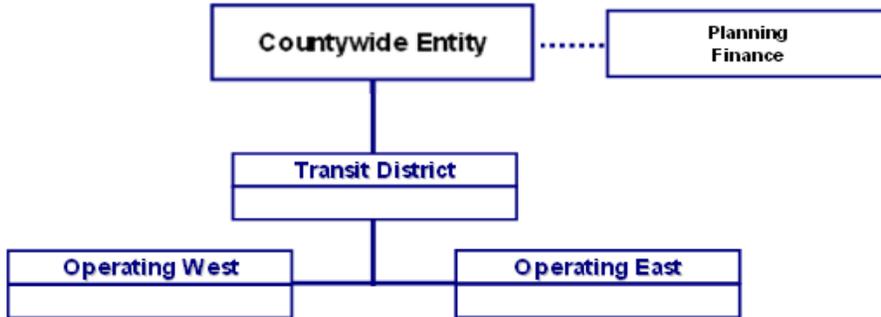
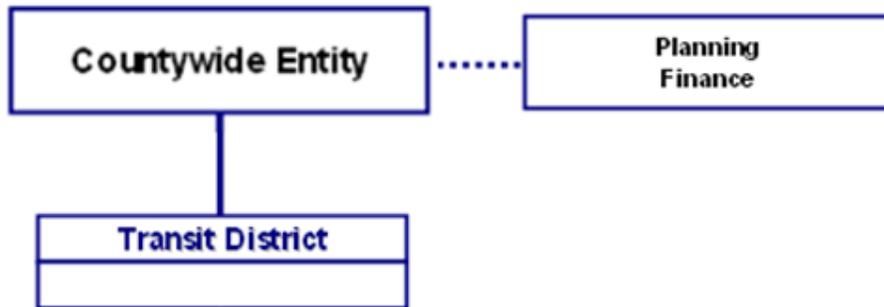


Exhibit 3b:

Moderate Consolidation – One Operating Entity



Transitional Options

Once an organizational path has been decided, there will be a number of alternatives and options to be discussed and acted upon. The more than two year transition period allowed by the July 2014 start will allow time for working out these details. For example, these alternatives and options could affect who provides services, how those services are selected and other issues. In order for the system to evolve it must be developed to be attractive to new riders and must also conform to all the rules and regulations associated with TDA. Working at the county level will also centralize the associated bureaucratic interactions and also afford Ventura County the potential to speak with a clear voice on transit issues to other agencies.

A functional transition plan would be required to guide the transition of facilities, service and staff to the new entity(s). Also, certain one-time process issues would need to be addressed, including a discussion of capital assets and resources. Just as there are multiple service providers within Ventura County, over the years a number of facilities have been developed, built, and rehabilitated using federal, state and local funds. If services are reconfigured, decisions will also need to be made with regard to facility assets, from both financial and operating perspectives. Similarly to facility assets, the disposition of vehicles will also need to be considered as part of the financial analysis. These process issues can be effectively addressed through consistent policies from the consolidated board(s).

In addition, there may be a need for an organizational transition plan if VCTC and its partner agencies wish to implement a form of consolidation over a period of time. Incremental consolidations have been accomplished through a variety of methods – from collaboratively-planned transitions at the local level to legislative mandates spearheaded by an individual elected official. In Ventura County a feasible option may be a planned transition within the framework of a countywide effort. Components of this framework and potential transition points could be:

- Agree to form a Transit District or Joint Powers Agency combining some transit operations under a central planning umbrella in order to combine resources, improve efficiencies and contain costs. This would enable the participating agencies to pool TDA funds, achieve a common farebox

recovery standard, and provide a centralized location for transit planning and information.

- Allow for operations unwilling to join the new entity to remain outside of the structure. The requirement to spend all TDA for transit would remain, along with the requirement to meet farebox recovery standards and State rules regarding the use of transit funds for administrative and support costs.
- Consider legislation on TDA funds to allocate a proportion “off the top” for intercommunity connection and countywide ADA paratransit, potentially expanding the cap and uses of TDA Article 4.5.

City Manager and County Executive Input

A meeting was held with City Managers and a representative of the County Executive on October 6, 2011 to review progress and interim study findings. While there was no consensus among the managers on any alternative, there was general agreement that sufficient time should be allotted for thorough discussion of the options. However, several managers also wanted to assure that appropriate deadlines were set and articulated to the Commission, cities and the legislature. The managers also wanted to make sure that implications and opportunities were discussed with the individual jurisdictions and others who might be affected by any change.

Specific issues raised included:

- Concern was expressed over the possible loss of local budget and operational control. The current structure should be evaluated with improved coordination and potential service modifications.
- The Collaboration and Coordination options should be articulated and analyzed along with the other organizational alternatives.
- Potential impediments to each organizational option should be included.

- The analysis should recognize efforts that are already underway – for example, Moorpark and Simi Valley joint fueling agreement. In addition, East County cities are discussing improved connections.
- There are potential benefits with consolidation but there is also concern that “one size doesn’t fit all”. Cities should be given a choice in whether or not to retain local budget and operational control.
- Additional background information is needed:
 - How TDA is currently used by cities and changes that SB716 will make in the status quo.
 - How changes in urbanized area designation and urban boundaries will affect future funding.
 - How to fund unfunded liabilities at Gold Coast Transit if consolidation is undertaken involving Gold Coast.
- There need to be more specifics on the issues and how each alternative addresses them.
- Potential of proposing a new law to revise the requirements of SB716.

Conclusion

This information is being provided as a status report, reflecting the results of consultation, analysis and deliberation over the span of this study effort. Additional consultation with the affected communities and operators will inform the Commission as it proceeds with developing its advice to the full Commission on response to SB 716. The intent is to determine the level of consensus on a path forward and provide information to the State Legislature in the form of a report on the state of transit in Ventura County and potential options for service provision after SB716 goes into effect in July of 2014.

Appendix 1

2009 National Transit Database Operating Cost Data

	Gold Coast Transit	VISTA	City of Simi Valley	City of Thousand Oaks
FIXED ROUTE				
Number of Vehicles	39	25	8	6
Total Unlinked Trips	3,568,028	785,806	477,032	185,681
Annual Veh. Rev. Miles	1,732,855	1,404,594	475,944	195,023
Annual Veh. Rev. Hours	140,077	50,701	31,143	12,668
Operating Expenses	\$13,071,044	\$2,831,051	\$3,672,794	\$945,836
Unlinked Pass. Trips/Veh. Rev. Mile	2.1	0.6	1.0	1.0
Unlinked Pass. Trips/Veh. Rev. Hour	25.5	15.5	15.3	14.7
Operating Expense/Unlinked Pass. Trip	\$3.66	\$3.60	\$7.70	\$5.09
Operating Expense/Veh. Rev. Mile	\$1.13	\$2.02	\$7.72	\$4.85
Operating Expense/Veh. Rev. Hour	\$93.31	\$55.84	\$117.93	\$74.66
DEMAND RESPONSE				
Number of Vehicles	19	13	12	12
Total Unlinked Trips	82,655	206,051	48,141	71,664
Annual Veh. Rev. Miles	494,424	337,171	218,421	473,019
Annual Veh. Rev. Hours	38,192	29,670	17,974	33,704
Operating Expenses	\$2,483,714	\$1,143,865	\$2,233,037	\$1,430,194
Unlinked Pass. Trips/Veh. Rev. Mile	0.2	0.6	0.2	0.2
Unlinked Pass. Trips/Veh. Rev. Hour	2.2	6.9	2.7	2.1
Operating Expense/Unlinked Pass. Trip	\$30.05	\$5.55	\$46.39	\$19.96
Operating Expense/Veh. Rev. Mile	\$5.02	\$3.39	\$10.22	\$3.02
Operating Expense/Veh. Rev. Hour	\$65.03	\$38.55	\$124.24	\$42.43
TOTAL OPERATING EXPENSES	\$15,554,758	\$3,974,916	\$5,905,831	\$2,376,030

The NTD was established by Congress to be the Nation's primary source for information and statistics on the transit systems of the United States. Recipients or beneficiaries of grants from the Federal Transit Administration (FTA) under the Urbanized Area Formula Program (§5307) or Other than Urbanized Area (Rural)

Formula Program (§5311) are required by statute to submit data to the NTD. Over 660 transit providers in urbanized areas currently report to the NTD through the Internet-based reporting system. Each year, NTD performance data are used to apportion over \$5 billion of FTA funds to transit agencies in urbanized areas (UZAs). Annual NTD reports are submitted to Congress summarizing transit service and safety data.

The legislative requirement for the NTD is found in Title 49 U.S.C. 5335(a):

SECTION 5335 National transit database

(a) NATIONAL TRANSIT DATABASE — To help meet the needs of individual public transportation systems, the United States Government, State and local governments, and the public for information on which to base public transportation service planning, the Secretary of Transportation shall maintain a reporting system, using uniform categories to accumulate public transportation financial and operating information and using a uniform system of accounts. The reporting and uniform systems shall contain appropriate information to help any level of government make a public sector investment decision. The Secretary may request and receive appropriate information from any source.

(b) REPORTING AND UNIFORM SYSTEMS — the Secretary may award a grant under Section 5307 or 5311 only if the applicant and any person that will receive benefits directly from the grant, are subject to the reporting and uniform systems.

The NTD reporting system evolved from the transit industry-initiated Project FARE (Uniform Financial Accounting and Reporting Elements). Both the private and public sectors have recognized the importance of timely and accurate data in assessing the continued progress of the nation's public transportation systems.

Appendix 2

Case Studies: Organizational Design and Service Delivery

In discussions regarding organizational alternatives including full consolidation and moderate consolidation options, examples cited included Orange County Transportation Authority (OCTA), San Diego Association of Governments (SANDAG), Metropolitan Transit System (MTS), and North County Transit District (NCTD). Additional discussion with staff from these agencies has provided more information regarding the relationship between their organization and how various functions and services are provided.

OCTA

The formation of OCTA occurred in 1991 when the Transit District was merged with the Transportation Commission. Prior to the merger, the same member agencies (cities and County) were represented on both boards, but with different organizational structures and staff, there was no central forum to debate and resolve conflicting visions and priorities.

The leadership that emerged was primarily from the Transportation Commission. Among the concepts that evolved from a positive perspective was that speaking with one voice with regard to transportation issues was a benefit to the County. For example, the improved coordination of highway and transit programs was facilitated through the passage of a local tax. The communities in the County also benefited from a consistent ADA paratransit service as well as a consistent fixed route network. Good management and leadership have ensured that issues have been identified and addressed. For example, as a result of the economic downturn service availability is being addressed by increasing the percentage of outsourced services. This will not be accomplished through layoffs but rather through attrition. In another cost saving move, since OCTA also regulates taxi service in the county, it has been able to substitute lower cost taxi trips as part of the overall ADA paratransit family of services.

After the consolidation, OCTA was able to track significant savings as a result of reduction of duplication of functions. Organizationally, there are typically multiple modes and functions assigned to each unit. The head of the unit, including the transit manager is one of a number of direct reports to the CEO.

The representation on the Board offers input from the local jurisdictions represented by their Board member.

San Diego Association of Governments

In 2003 legislation was passed to consolidate all of the roles and responsibilities of SANDAG with many of the transit functions of the Metropolitan Transit Development Board and the North San Diego County Transit Development Board. The consolidation allows SANDAG to assume transit planning, funding allocation, project development, and construction in the San Diego region in addition to its ongoing transportation responsibilities and other regional roles. The goals were that these interdependent and interrelated responsibilities permit a more streamlined, comprehensive, and coordinated approach to planning for the region's future.

Although SANDAG does not manage the day-to-day planning of either Metropolitan Transit System (MTS) or North County Transit District (NCTD), it does have planning oversight of the implementation of projects funded as part of the local sales tax funding program. SANDAG establishes the overall funding program for the region, but MTS and NCTD, in essence develop their own operations-related budgets, including capital acquisition, and fixed route and demand responsive services.

MTS – San Diego

MTS, as the major operator in San Diego County, manages bus, paratransit and rail services that are provided by a combination of direct and contract services. As part of the 2003 regional consolidation process, MTS moved forward to assume the prior independent National City and Chula Vista services; all services in their operating area function under one consistent set of criteria. The MTS belief is that residents of those cities are afforded access to a coordinated regional system that has consistent policies that are applicable to services for all residents.

MTS is responsible for all aspects of operations, receives its own funding from the FTA, develops the vehicle capital replacement program, and applies for applicable grants. SANDAG is responsible for the larger construction projects, such as building the regional highway and rail projects, as well as implementing

the local sales tax program. A SANDAG Board Policy delineates roles and responsibilities with regard to MTS, SANDAG and NCTD.

Operationally, MTS contracts out approximately 50% of its fixed route bus service as well as all of the paratransit services.

North County Transit District

The northern portion of San Diego County has a combination of rural and urban areas, thus unlike the urban core characteristics of MTS, NCTD serves a variety of land uses and trip purposes. NCTD operates bus and paratransit as well as commuter and light rail services. As a result of the reduction in available funding and the economic downturn impact on the local sales tax, NCTD was faced with a projected multi-million dollar operating shortfall. After evaluating various business model alternatives, NCTD developed an operational plan to transition from public sector to private sector employees through outsourcing. Based on the approved contract, cost savings will be attained through a combination of some reduced wages and benefits, increased sub-contracting of non-routine maintenance activities, economies of scale realized in purchase of supplies and a reduction in public sector infrastructure (e.g. human resources functions).

In addition, after a similar business model analysis with respect to paratransit, NCTD has selected a service provider that offered a non-traditional approach to these services, which is also anticipated to reduce costs.

NCTD believes that through these business model planning efforts it has identified and addressed issues in a creative and efficient manner. All of the organizational activities were independent of SANDAG involvement.

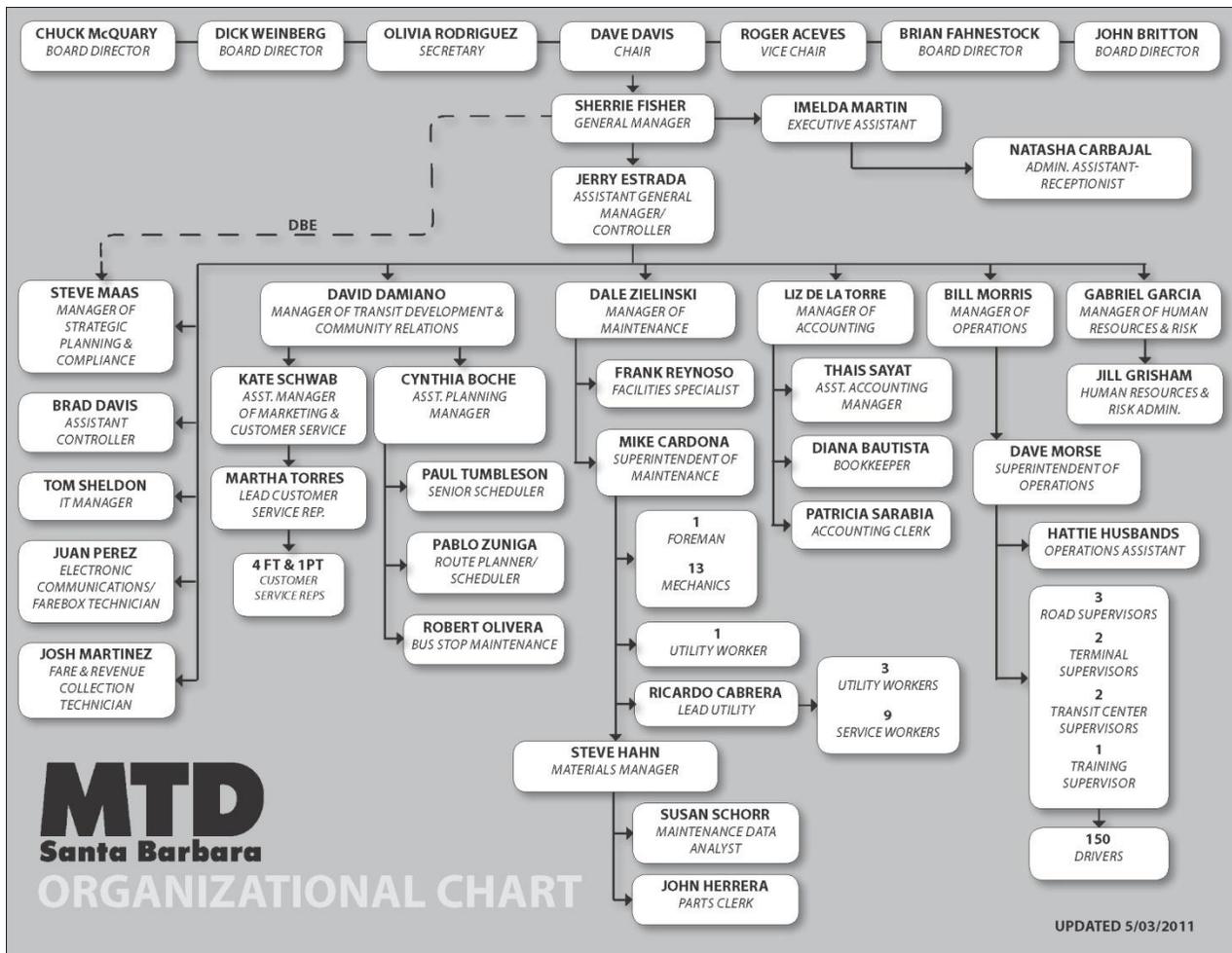
Summary

Common themes for all of these organizations have been the need to evolve and to address pressing issues, including economic issues. NCTD has acted to radically change service delivery. MTS has used a consistent set of service metrics to refine services based on efficiency. OCTA has looked at alternatives working within its resources to improve service efficiencies and effectiveness. Clearly, the public transportation scale and scope for these agencies is larger than Ventura County. Locally in Ventura County a major issue to determine at the policy level is whether there are significant benefits to be gained by either combining or separating policy and operational responsibilities in a consolidated agency and how such a transition would be accomplished over time.

Appendix 3

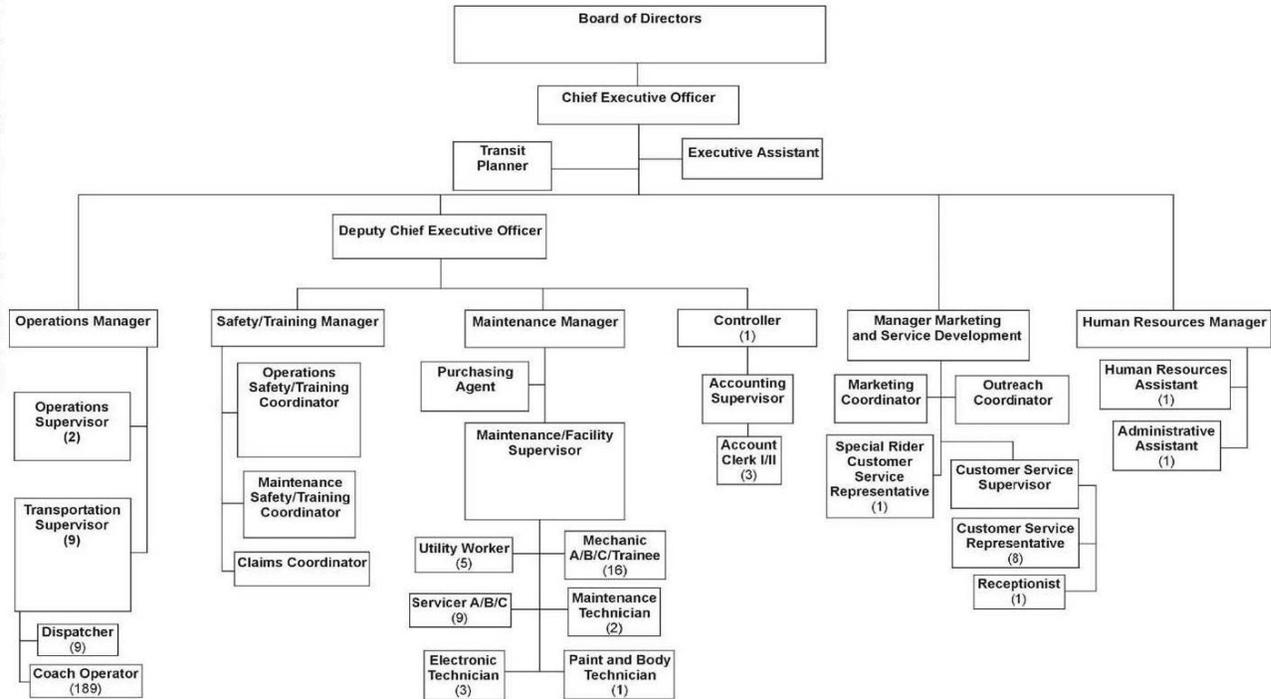
Agency Organization Structures

The Metropolitan Transit District (MTD) in Santa Barbara is an example of a typical operating agency with a General Manager, four or five department heads, such as operations, finance/administration, planning, and maintenance/fleet services and an array of support services some related to process, such as accounting and HR, and some related to service, such as supervisors and marketing/outreach coordinators. Similar to Gold Coast Transit and a number of other transit agencies, MTD contracts for the provision of paratransit services. The most recent published organization chart is presented below:

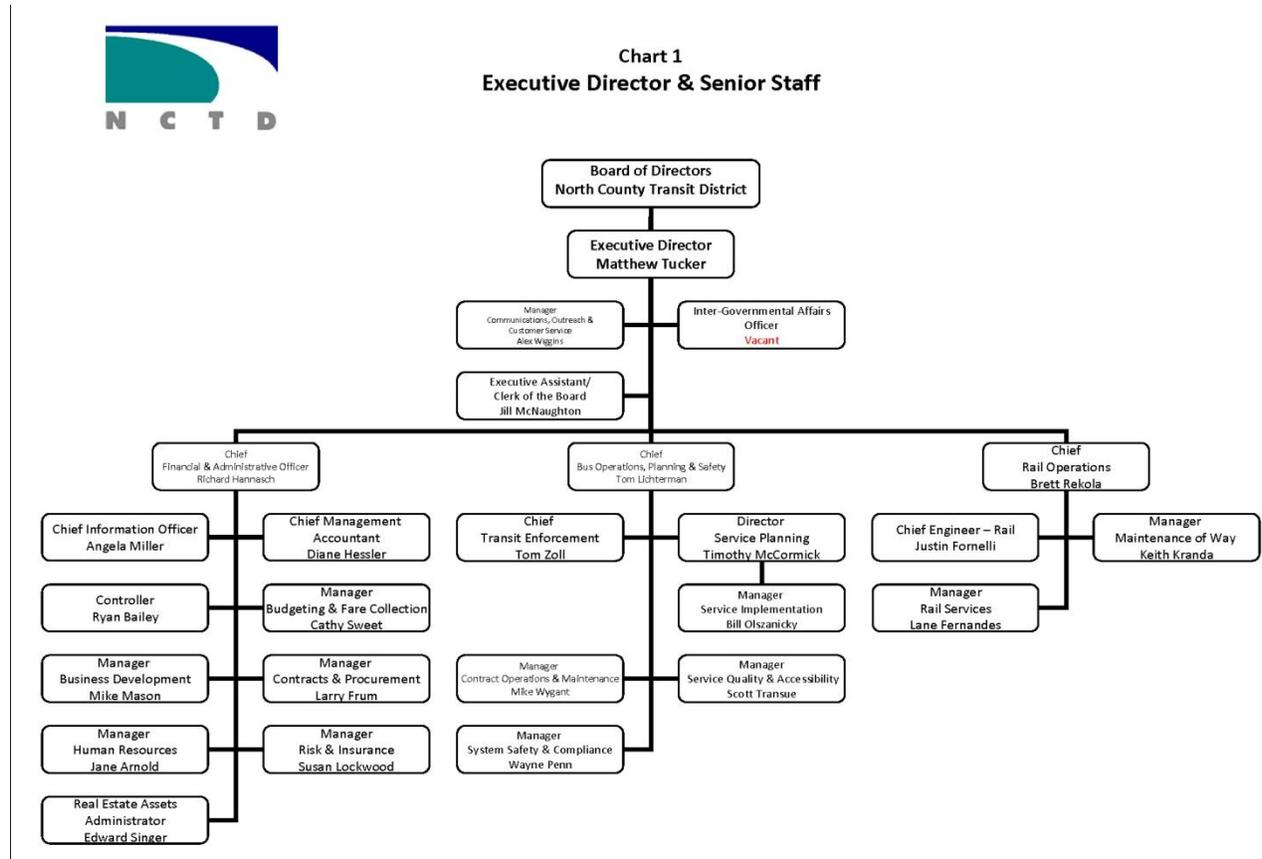


Other agencies, such as Golden Empire Transit in Bakersfield, directly operate all services, which can increase the number of employees required for direct operation and maintenance perspectives as well as generating the need for additional support staff. The most recently-published organization chart is presented below.

GOLDEN EMPIRE TRANSIT DISTRICT ORGANIZATIONAL CHART



A variation in structure would occur if, similar to NCTD, all of the bus and paratransit services were contracted out. In this option, the organizational responsibility shifts from direct operation to managing and monitoring the contract operations, as indicated below. In this example, many of the administrative functions related to operations, such as HR and procurement, have been streamlined, since those functions are primarily the responsibility of the contract operators. This is the most recently-published organization chart:



In addition to the basic operating organization, the hybrid alternative, that is either one or two operators, would require one or two operating agency governing boards and another countywide regional planning, funding, policy board.

Appendix 4

Organizational Alternatives Considerations

Models				
	Status Quo / Collaboration	Moderate Coordination	Moderate Consolidation	Full Consolidation
Governance	Distributed among entities who have varying governance structures (e.g. RTPA, JPA, City Council, VISTA Committees)	Generally distributed but centralized for individual issues (e.g. Coordinating Committee for ADA paratransit)	At least two managing boards (e.g. one for planning, one or more for operations). Exhibit 3 shows options for one or two agencies	Countywide central entity including fully centralized staffing
Financial	<p>Primary financial decisions made by individual agencies</p> <p>Some interaction with central agency for federal and state funds (e.g. grants)</p> <p>Some funding directly to individual entity</p> <p>If SB 716 is implemented without change, all TDA funds must be used for transit. This will be disruptive to some cities</p>	<p>Primary decisions made individually</p> <p>Centralized funding for coordinated issues typically require local match (e.g. Federal grants)</p> <p>Some reallocation of funds may be required to support coordinated functions</p>	<p>Different types of funds controlled by each entity</p> <p>Some collaboration of funding requests likely for larger projects</p> <p>Each entity can pursue financial opportunities (e.g. bonding, tax levies)</p> <p>Some reallocation of funds may be required to support consolidated functions</p> <p>Consolidated functions could result in greater efficiencies and effectiveness</p>	<p>Receives and manages all funding for public transportation</p> <p>Can bond for funding or pursue tax levies</p> <p>Some reallocation of funds may be required to support consolidated functions</p> <p>Consolidated functions could result in greater efficiencies and effectiveness</p>

Models				
	Status Quo / Collaboration	Moderate Coordination	Moderate Consolidation	Full Consolidation
Planning	<p>Individual agency and operator plans</p> <p>Some collaborative planning based on regional plans and other joint efforts (e.g. inter-agency transfers, VCTC programs)</p>	<p>Primary planning is still done locally, but coordinated planning required for specific coordinated agreement projects</p>	<p>Some joint planning occurs (e.g. overall long-range planning responsibility of planning agency), but each operating agency does own planning</p>	<p>Conducts all long-range, short-range and operational planning</p>
Operations	<p>Mix of individual operations, including contract and in-house</p> <p>Some collaborated opportunities for transfers, joint use of facilities, etc.</p>	<p>Coordination for specific projects (e.g. countywide ADA Paratransit) could expand to more agencies -- and projects if successful such as call center, procurement, etc.</p>	<p>Possible efficiencies/cost savings from consolidated operations consolidated under operating entity or entities (e.g. one or two Districts directly operate and/or contract for operations)</p> <p>May be limited number of continuing individual local operations in cities</p>	<p>Possible efficiencies/cost savings from consolidated operations, with directly operating and/or contracting for all public transportation services</p>
Communications and Marketing	<p>Some centralized information and marketing</p> <p>Central ADA paratransit eligibility</p>	<p>Combined marketing and call center could improve customer satisfaction by having a single source for information</p>	<p>Broader communications and marketing responsibilities coordinated between managing entity and District(s)</p>	<p>Countywide entity has all communications and marketing responsibilities</p>
Example(s)	Ventura County	LA County Access Services	<p>San Diego Association of Governments/ MTS/NCTD</p> <p>Monterey-Salinas Transit</p>	Orange County Transportation Authority