Report to the Governor
and the Maryland General Assembly
by the Central Maryland Transit Study Group

Central Maryland
Transit Study Group

July 2014

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Charge to the Study Group

The Central Maryland Transit Study Group (Study Group) was created to examine the transition to regionalization of public transit in Central Maryland. The Study Group was charged with:

1. Examining the overall cost structure of a regional transit agency to the State, to participating local jurisdictions, and to the public.

2. Considering MTA's ongoing update of the State management plan and its conditions for grants to local entities.

The Study Group was defined on page 62 of the *Joint Chairmen's Report on the Fiscal 2015 State Operating Budget*, under the heading Maryland Transit Administration, in program J00H01.06 Statewide Programs Operations, as follows:

"The General Assembly recognizes the importance of developing regional transit solutions in the central Maryland corridor, including the importance of studying the creation of a regional transit authority to manage and operate regional transit operations in the corridor. To help ensure that State and federal funds are expended in the most efficient and effective manner, the Secretary of Transportation shall appoint a study group to examine the overall cost structure of a regional transit agency to the State, to participating local jurisdictions, and to the public. The study group shall include representatives of local governments, a representative of the House of Delegates, a representative of the Senate, representatives from the Maryland Transit Administration (MTA), members of the public, and a designee from the existing nonprofit regional transit corporation. This study shall also consider MTA's ongoing update of the State management plan and its conditions for grants to local entities. The study group shall submit a report to the budget committees by August 1, 2014.

No grants or funds for any new regional transit agency shall be disbursed until the study group report has been submitted to the budget committees, which shall have 30 days for review and comment.

This language does not apply to services provided by MTA, the Washington Metropolitan Area Transit Authority, Montgomery County Ride-On, or Prince George's County TheBus."

Secretary James T. Smith Jr. appointed a 13-member Study Group. The members are listed in Appendix A.

The Study Group held two meetings, the first on May 15th and the second on May 28th 2014, which were open to the public. All were held at the Maryland Department of Transportation (MDOT) Headquarters in Hanover, Maryland and advertised on the MDOT and Department of Legislative Services (DLS) websites. Including members of the Study Group, twenty-five people attended the first meeting and about 30 people attended the second meeting.

Meeting #1. May 15, 2014. Review of Study Group charge, overview of Central Maryland transit history and transit studies, and background on the oversight role of MTA and the Federal Transit Administration (FTA).

Meeting #2. May 28, 2014. Cost structure analysis of a regional transit agency, discussion by the Study Group, and review of a draft report outline.

The work plan can be found in Appendix B and the meeting handouts and meeting summaries are included in Appendix C.

Purpose of this Report

The Study Group was required to report its findings to the Governor and the General Assembly on or before August 1, 2014. This Report is the fulfillment of that requirement and outlines the Study Group's findings.

Overview of Local Transit in Central Maryland

The Central Maryland region has been transitioning from county-based transit services to a multi-jurisdictional regional structure for the past decade. Studies addressing the question of the most appropriate organizational structure for providing regional transit services have been underway since at least 2001. The current public transit construct in Central Maryland is at a turning point.

History of Public Transit

During the 1970's, a mixture of public and private, for-profit and non-profit organizations, agencies, and companies provide a variety of public transportation services in Anne Arundel County, Howard County, northern Prince George's County, and the City of Laurel. Historically, transit in Central Maryland was limited to B&O rail and intercity bus service. Trailways and Greyhound provided bus service in the US1 corridor, at one time on commuter frequencies and later as less frequent intercity service (with fewer stops). The Washington Metropolitan Area Transit Authority (WMATA) later initiated commuter service between Laurel and the Washington area, and MTA added commuter bus service between Laurel and Baltimore. However, this region is at the periphery of the service areas for the two large regional transit providers (WMATA and MTA) and almost no local service was available in Central Maryland beyond the "ColumBus" minibuses operated in Columbia by the Columbia Association.

In the mid-1980's, the Baltimore-Washington Corridor Chamber of Commerce (BWCC) identified a need for expanded local transit in the greater Laurel area, particularly for employment transportation. From this, the Corridor Transportation Corporation (CTC) was created as a non-profit public-private transit demonstration project with service beginning in mid-1989. It initiated Connect-a-Ride (CAR) service using a contract operator. At the time, MDOT provided the major source of funding for the Laurel area services through Prince George's County. Subsequently, CTC became a direct recipient of these MDOT funds. Later CAR services were expanded into Anne Arundel County to serve areas immediately adjacent to the City of Laurel, and to provide work trips to the National Security Administration at Fort George G. Meade.

A significant shift occurred in 1996 when Howard County conducted a formal procurement process and awarded the operation of its transit services to CTC. CTC became the contract manager for Howard County, in turn subcontracting all transit operations by competitive procurement. Over time, CTC received funding from Anne Arundel County for services in that area, operated routes in Prince George's County, and expanded to College Park. Service grew from four buses to 70, staff grew to over twenty positions, and ridership grew from 178,000 to roughly 1.6 million annually over the 25 year period. In 2010, CTC reorganized as Central Maryland Regional Transit (CMRT), remaining a private non-profit organization. With federal funding through MTA, CMRT also developed the Transportation Resource Information Point (TRIP) as a one-stop information source about all transportation resources in the region.

The Current Structure in Transition

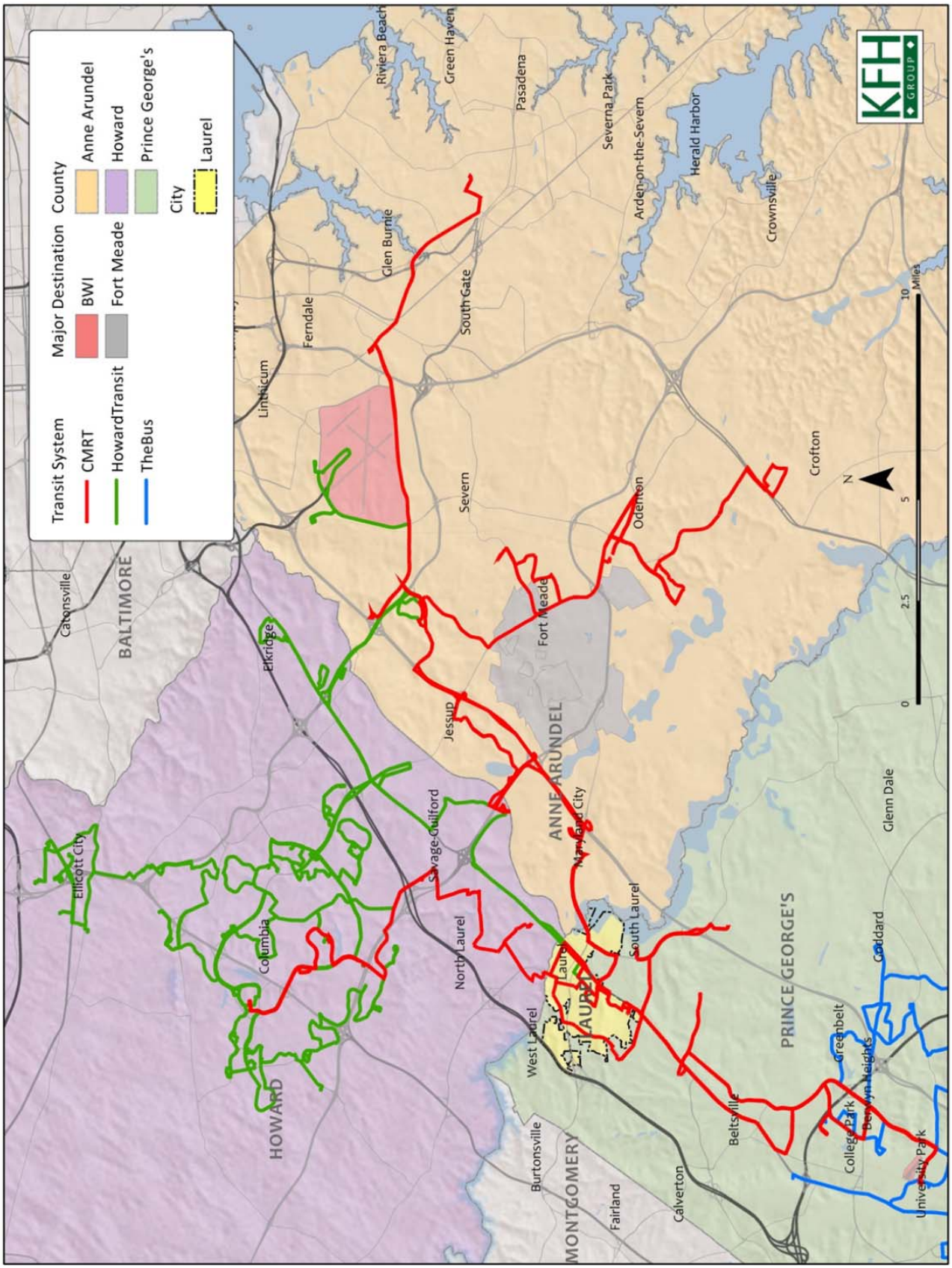
The commuting, shopping, and general travel patterns of Central Maryland involve trips that routinely cross jurisdictional boundaries, leading to many transit routes that serve more than one political jurisdiction. Locally operated fixed-route transit in Central Maryland is displayed in Figure 1. This map includes Howard Transit, CAR Laurel area service, CAR Anne Arundel services, and The Bus routes operated by Prince George's County. It does not include WMATA and MTA services. Complementary paratransit required under the Americans with Disabilities (ADA) is also provided in the fixed-route service areas. Howard County's HT Ride paratransit service provides the ADA complementary paratransit for Howard County's fixed routes, and it also offers a substantial amount of additional service (called General Paratransit) to eligible persons who have a disability or are over 60 for transportation to medical appointments, senior centers, social services, college, and employment. Outside the HT Ride service, CMRT provides the ADA service for the fixed-route services it operates under its own name. Anne Arundel County has services that address the same needs as HT Ride through a combination of demand responsive services operated by First Transit under a contract with the County's Department of Aging and Disabilities (DOAD) and a taxi voucher program administered by DOAD.

As of fiscal year (FY) 2014, funding for transit in Central Maryland flowed primarily through the MTA Office of Local Transit Support (OLTS) (see Figure 2). The MTA OLTS provided Howard County with grants through FTA's Section 5307: *Urbanized Area Formula Program*, Section 5311: *Formula Grants for Rural Areas*, the Statewide Special Transportation Assistance Program (SSTAP), and the State Large Urban Program (SLUP). MTA provided Anne Arundel County with funding for its taxi voucher program through SSTAP. In addition, MTA had an MOU with Anne Arundel County DSS whereby the DSS provided Temporary Assistance for Needy Families (TANF) funds as the local match for some CAR routes operated through CMRT.

The Counties then contracted the management and operation of Howard Transit and CAR to CMRT.[1]

[1] As displayed in Figure 2, Anne Arundel County has a contract with CMRT to manage some CAR Route M, and a grant agreement to manage other Anne Arundel CAR routes.

Figure 1: Central Maryland Locally Operated Fixed Route Transit



MTA also had a direct grant agreement with CMRT to operate some CAR services in Anne Arundel County, through the State Large Urban Program. In addition, MTA has grant agreements to fund CMRT's TRIP and Mobility Management programs under the FTA Job Access and Reverse Commute (JARC) and New Freedom Programs. MDOT's Washington Office provided grant funding to CMRT with State funds to manage and operate CAR in Prince George's County, and the City of Laurel also directly provided CMRT with funding. CMRT has subcontracted all operations to First Transit Inc. since July 2007. Routine and preventive maintenance, as well as vehicle storage, is conducted at a facility leased by First Transit in Elkridge.

As discussed further in the next section of this report, the current public transit construct in Central Maryland is at a turning point. In March 2014, State and local officials broke ground on a regional transit facility located off of Corridor Road in Savage. Both Howard and Anne Arundel counties invested local funds and are receiving federal and State funds through MTA for the facility, and they have a Memorandum of Understanding (MOU) regarding their joint management and use of the facility. The $14.8 million, 22,000 square foot building has a 105 bus capacity and will house approximately 200 employees at its scheduled completion in November 2014.

CMRT's existing contracts with Howard and Anne Arundel counties will expire on June 30, 2014. In order to prepare for the end of these agreements and the move into the regional operating facility, in September 2013, Howard County issued a Request for Proposals (RFP) for transit management and operations services, including the potential for operation of all of the existing Howard County, Anne Arundel County, and Prince George's County services managed by CMRT, as well as the potential for additional services. Proposals were submitted in late October 2013, and a contract was awarded to First Transit in late December 2013. A Memorandum of Understanding (MOU) regarding the participation of the different jurisdictions in a regional transit agency was signed by Howard County, Anne Arundel County (3/24/14), the City of Laurel (4/29/14), and Prince George's County (5/14/14). The proposed services will continue to be operated by a single contractor using the Elkridge facility until the regional transit facility is completed.

Overview of Transit Studies/Organizational Needs

A multi-jurisdictional alternative to separate county-based transit services has been evolving in Central Maryland for decades. Studies addressing the question of the most appropriate organizational structure for providing regional services have been underway since at least 2001. The following section provides a brief summary of these studies and their findings.[2]

[2] For reference, several of these studies are posted on MDOT's Study Group web site: *www.mdot.maryland.gov/Central_MD_Transit_Study_Group*.

- **Greater Laurel/Baltimore-Washington Area Transit Management Options** (2001). This study was prepared for MTA in order to examine options for transit organization in Central Maryland. It examined five different organizational options, including MTA or WMATA management. It did not recommend an organizational option, but ranked various models. The existing organizational structure was ranked medium-low on all but one criterion, while a new regional authority was ranked high on five of seven criteria. Implementation issues were not fully explored, but the study noted that a new regional authority would likely require State legislation.
- **Central Maryland Transit Facility Plan Final Report** (2003), prepared for MTA under an advisory committee including Anne Arundel County, Howard County, the City of Laurel, and CTC. This plan recommended construction of a single publicly-owned transit operating facility to obtain cost savings by providing the operating facility to the contract operator, through increased competition among contractors, and from economies of scale both in terms of a single larger operating contract and a single larger facility. The study proposed MOUs between Anne Arundel County and Howard County governing both the ownership and management of the facility, with both counties served by a single contractor who would utilize the joint facility.
- **Organizational Alternatives for Public Transportation in Anne Arundel County** (2008). This study was prepared under an MTA contract for Anne Arundel County. It recommended a number of changes to the Anne Arundel County organizational model including the desire for a more structured contract with CTC and the transition to an MOU with Howard County and the City of Laurel for joint/regional procurement of transit management and operations.
- **Corridor Transportation Corporation (CTC) Sustainability Study** (2009), prepared by MTA with an advisory committee including Anne Arundel County, Howard County, the City of Laurel, and CTC. Precipitated by two years of deficits at CTC, this study examined the causes and short- and long-term solutions to funding issues at CTC. It found that the counties (who provided most of the funding) were uneasy about the amount of policy control over CTC, as reflected in their shift to competitively-bid contracts with that organization (instead of MOUs). It also examined implications if CTC were to lose the Howard County contract and found that costs per service hour would increase, putting the other services at risk. The study recommended the creation of a regional entity with a board composed of funding representatives. The entity would need to be a public body in order to be a FTA direct funding recipient. It would have a single contractor to provide all services, and operate from the proposed regional transit operating facility.
- **Howard County Transit Organization Structure** (2010). This study was prepared under an MTA contract for Howard County. It examined five organizational options with cost estimates. The near-term recommendation was for the creation of a new transit management function reporting to the County Executive to oversee transit management and operations. The long-term recommendation was to join in a regional entity.

- **Report of the Howard County Transportation Commission** (2010). This Commission was appointed by Howard County, to consider the Transit Organization Study recommendations and determine how best to structure all aspects of transportation planning and operations. It recommended a new Office of Public Transportation Services within the Office of County Administration, shifting transit management functions from Planning and Zoning. It also supported a regional approach, calling for additional consultation with adjacent counties, MTA, MDOT and the Governor to address both the organizational structure and the need for additional services.
- **Rethinking Public Transportation in Central Maryland** (2012). This study was prepared by the Howard County Office of Transportation to address the need to develop the single regional organization needed to manage transit services to be operated out of the new regional transit facility. With the construction of the facility imminent and the potential for consolidating operating contracts, it documented the existing organizational structure, and outlined two potential organizational options. One was the regional transit agency called for in previous studies. The second (transitional) structure would involve creation of a contracted corporation to manage consolidated services operating out of the new facility.
- **Final Report of the Transportation Commission of Anne Arundel** (2014). This report was developed by a Commission appointed by the Anne Arundel County Executive. It assessed the County's transportation needs, with a particular emphasis on public transportation and the potential benefits and risks of joining with Howard County in the creation of a regional transit agency to jointly contract for service. It reaffirmed the County's participation in the regional transit agency and stressed the need for the County to have more direct control over transit policy and operations.

The organizational studies, many of them funded by MTA and with MTA participation, have all recognized the need for regional transit service and cross-jurisdictional mobility in Central Maryland. Common themes included the critical role of transit in Central Maryland for the State's economy. Anticipated population and employment increases suggest the need for long-term comprehensive strategies to address transportation infrastructure, including public transit.

The studies reiterated that, in comparison to multiple entities involved in the funding and provision of transit services, a single regional entity has the advantage of more buying power in the procurement of services and the development of facilities, reduced administrative costs from the elimination of duplicative functions, the potential for better oversight and compliance by MTA, and the potential for more direct control and accountability to jurisdictional partners through direct representation in policy-making.

The use of the MOU as a basis for a regional transit agency procuring transit management and operation under a single contract, utilizing a publicly-owned regional transit facility is the model that was developed in the 2003 *Central Maryland Transit Facility Plan*. Most of the subsequent studies and plans continued to use that concept as a basis for investment in the facility and for organizational changes in the interim. The issuance of the RFP for a

single contractor and the signing of the MOU can be seen as the implementation of a decade of planning, as documented in the cited studies.

Examples of Similar Regional Transit Organizations

The effort to create a regional transit system in Central Maryland may seem unique in this State, but there are many examples in other states that have addressed similar needs to serve multiple jurisdictions. Many of these were cited in several of the studies previously described, and they illustrate the point that this is done elsewhere, and that there is no single correct model—the advantages of regional consolidation can be provided in structures that are consistent with local needs and history.

Examples of some regional transit programs that were described in previous studies include:

- Shore Transit in Salisbury, Maryland was created through an MOU between the three Lower Shore counties, with the Tri-County Council of the Lower Eastern Shore (a governmental entity) as the MTA grantee.
- Rabbit Transit in York County, Pennsylvania, is an authority led by York County, with agreements to serve Adams and Northumberland Counties (a state-level regionalization initiative is underway to include this system in a larger regional transit organization).
- Foothill Transit in the San Gabriel Valley area of California is a joint powers authority of 22 member jurisdictions. It was originally completely contracted with private sector contractors for management and operations but is now hiring its own employees for administration but retaining contractors for operations and customer information.
- Triangle Transit in Raleigh-Durham, North Carolina provides regional services connecting a number of local systems in a multi-county region. It manages a local urban system under contract, and in turn contracts with private operators operations. It was created by state enabling legislation.
- Williamsburg Area Transit Authority in Virginia transitioned from the James City County transit department to an authority composed of an independent city, two counties, and the non-profit Colonial Williamsburg Foundation. It operates out of a single joint facility with the Colonial Williamsburg buses under a shared maintenance contract and separate operations.

At the state level, a number of state transportation departments have recently performed studies and developed policies to encourage the formation of consolidated regional transit entities, in order to address increased needs for regional services, reduce administrative costs, and address increasingly complex federal monitoring and compliance requirements. Pennsylvania's Department of Transportation has funded several studies to determine the feasibility of creating regional systems, and is offering funding incentives to those systems. North Carolina's legislature required the Department of Transportation to report back on

the potential benefits of regionalizing transit in the state. New Mexico has started two regional transit authorities under new authorizing legislation. Minnesota's Department of Transportation is encouraging its transit systems to work together to better share staffing, facilities, and technology. All of these efforts also address the administrative burden of federal compliance requirements placed on small transit systems. The various studies of regional transit organization funded by MTA over the years are consistent with efforts in other states, and the proposed organizational changes are not unlike those found in a number of other locations where transit needs are multi-jurisdictional and joint services are more cost effective.

Oversight by MTA/FTA

Regardless of the organizational structure for transit services in Central Maryland, MTA will continue to have oversight responsibility for its grantees: in Central Maryland's case, either individual counties or a quasi-governmental regional agency. As a recipient of program funding from FTA, MTA is responsible for administering and managing grants in compliance with all relevant federal regulations. MTA is also responsible for overseeing the funds that it passes through to its subrecipients; the requirements flow through along with the funding.

Currently there are twenty-five Locally Operated Transit Systems (LOTS) and over 65 human service transportation providers in Maryland. MTA's LOTS Manual outlines State and federal policies, including financial management, procurements, ADA, Title VI, operations management, maintenance, etc. Key roles of MTA include: 1) funding, 2) technical assistance, and 3) oversight.

- Grantees apply for funding annually. The annual application provides MTA with updated documentation of the LOTS services, fares, training activities, maintenance and marketing programs, and financial and operating information.
- MTA provides technical assistance, notably in the form of Transportation Development Plans (TDPs). TDPs help local jurisdictions analyze financial and operating data, providing an in-depth look at the efficiency and effectiveness of services operated as well as the organization as a whole.
- Oversight and monitoring is accomplished through several approaches. The most basic is the reporting requirement; local recipients must report on basic operating and financial data on a quarterly basis. MTA also reviews accident and ridership data, conducts quarterly meetings and site visits, and administers triennial and specialized reviews. MTA requires corrective action if an entity is not meeting state or federal requirements.
- FTA then oversees MTA through triennial reviews and state management plans. FTA generally visits some of MTA's grantees to ensure compliance and measure the effectiveness of MTA's activities.

To date, MTA's oversight responsibilities have been complicated by the organizational structure of transit in Central Maryland. As several studies noted, MTA could better oversee and ensure the compliance of a single regional entity, with fewer administrative layers and the eventual consolidation of funding flows. Also, MTA cannot directly provide federal dollars to private non-profits such as CMRT under the Section 5307 Program; only public entities are eligible as recipients.

Structure and Cost Analysis

This section of the report compares costs associated with the current fiscal year (FY 14) Central Maryland transit structure to the costs associated with the new single regional structure. It begins with a discussion of the essential differences in the structures as they affect or relate to costs. This leads to analysis of the relative transit costs of each in the Central Maryland setting.

Framework

The Study Group's examination of the cost structure of a regional transit agency initially entailed establishing the framework for the new Central Maryland regional structure. The framework for the analysis necessitated examination of the essential differences in the two scenarios so the Study Group could compare what the costs might have been if the current FY 14 operational model were continued into FY 15 versus what the costs will be under the new regional model.

Parameters

The Study Group recognized that some comparisons are quantifiable while others are more qualitative. The resources required of the State and of local jurisdictions to manage the transit funding and grants are discussed in a qualitative manner but are not quantified. The analysis compared two scenarios:

- Scenario #1 – Current Structure
- Scenario #2 – New Single Regional Structure

It should be noted that projecting the current (FY 14) organizational structure into FY 15 requires a number of assumptions regarding cost levels. Further, Scenario #2, the single regional structure, is a work in progress as it moves toward implementation, and not all of its intended organizational arrangements will be in place in FY 15.

Scenario #1 – Current Structure (FY14)

Generally, MTA funds flow to the individual local jurisdictions in the form of operating and capital grant agreements. In turn, the local jurisdictions—Howard County, Anne Arundel County have contracts or grant agreements with Central Maryland Regional Transit

(CMRT) for transit services. The City of Laurel has made financial contributions to CMRT. MTA and MDOT also have some grant agreements directly with CMRT. CMRT then has a contract with First Transit to operate fixed route and paratransit services for Howard Transit and Connect-A-Ride services (serving Anne Arundel County, the City of Laurel, and parts of Prince George's County). Table 1 presents a summary of the arrangements under the current structure, and Figure 2 presents a chart depicting the relationships and funding flows.

The new regional facility has not been a part of the current structure (the contractor has provided the facility up to this point), but its availability needed to be accounted for when considering how the current structure would function in FY 15 if it were to continue, acknowledging that Howard and Anne Arundel Counties have an MOU for joint ownership and use of the facility. Going forward, Howard Transit services and Connect-a-Ride's Anne Arundel services (CAR-AA) will operate out of the facility whether under a single contractor or not, but the Connect-a-Ride services in Prince George's County (CAR-PG) services likely would not if they were operated by a different contractor. All of the Howard Transit services are operated with buses owned by Howard County; some of the buses utilized for the CAR services are leased from First Transit, the current contractor to CMRT.

The current structure is complicated by the fact that CMRT is both a grant recipient and a private entity/competitive bidder for contract management of the services. As discussed in previous studies and during meetings of the Study Group, this creates uncertainty in the event that CMRT were to lose one or more of the contracts, particularly the Howard Transit contract since it represents a majority of the regional services. It is not clear that if CMRT lost the Howard contract (and/or the Anne Arundel contract) it would be able to cost-effectively provide just the remaining City of Laurel/Prince George's County services covered by the MDOT grant, and the single Anne Arundel route covered by the grant from that county.

The complexity of the arrangements is created, in part, by the fact that CMRT, as a private-non-profit agency, cannot be a direct grant recipient for FTA urban transit dollars. Further, past studies have noted that the number of grants and contracts needed under the current scenario create a large "administrative load" for MTA/MDOT as the overseer of the federal and state dollars provided to the region, as well as for the counties who then must oversee their grants and contracts with CMRT.

Table 1:
Scenario #1 – Relationships in Current Structure

State – MTA/MDOT

- MTA has operating and capital grant agreements with Howard County for Howard Transit services
- MTA has capital grant agreements with Anne Arundel County for Connect-A-Ride – Anne Arundel County (CAR-AA) services
- MTA has operating and capital grant agreements with Central Maryland Regional Transit (CMRT) for CAR-AA services
- MTA has capital grant agreements with Howard County and Anne Arundel County for regional facility
- MTA has New Freedom/Job Access grant agreements with CMRT for mobility management and the Transportation Resource Information Point (TRIP) projects
- MTA provides Maryland Department of Human Resources/Temporary Assistance for Needy Families (TANF) funds to CMRT (from Anne Arundel Department of Social Service - DSS) for local match on CAR-AA routes
- MDOT has operating and capital grant agreement with CMRT for Connect-A-Ride – Prince George's County (CAR-PG)

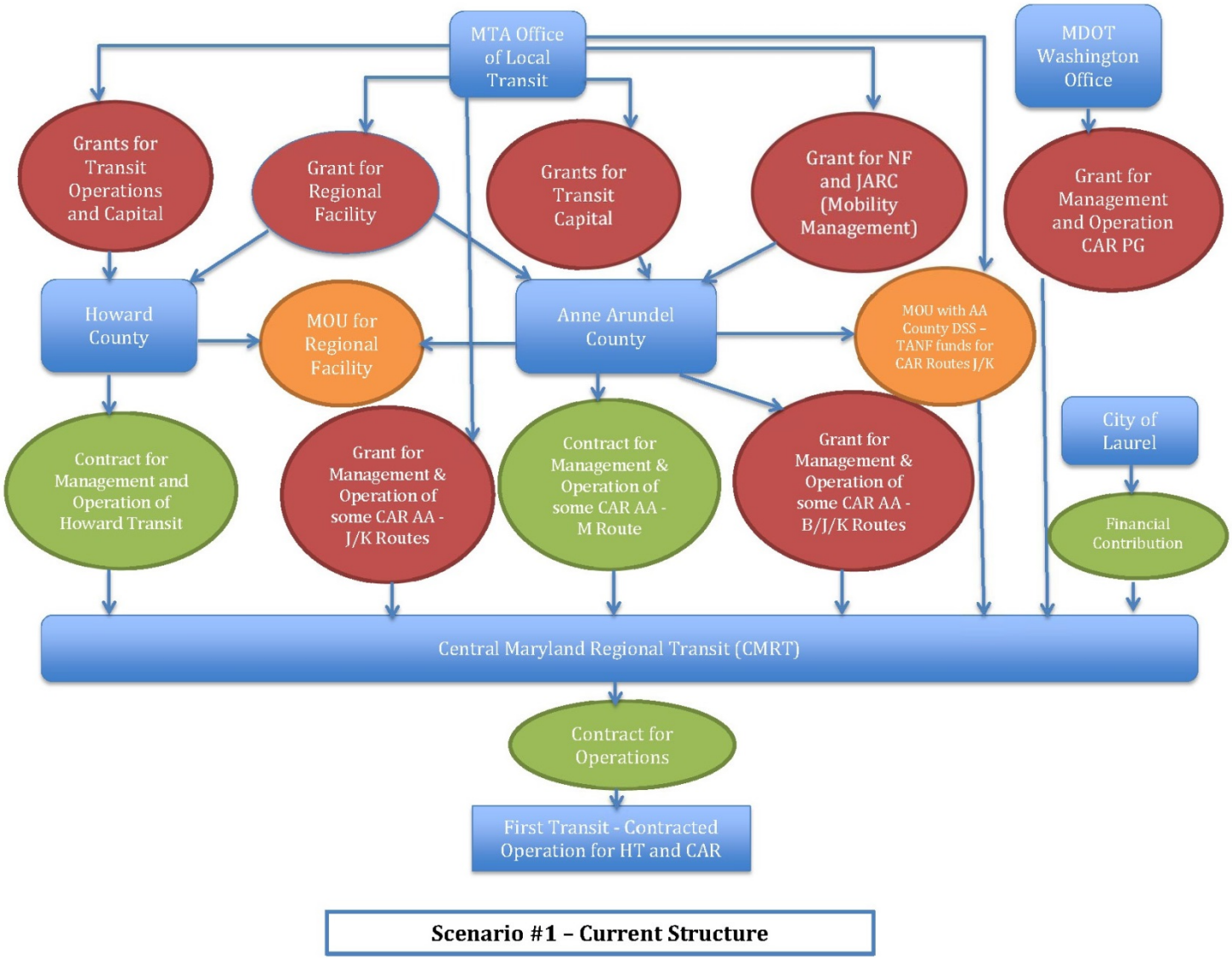
Local Jurisdictions

- Howard and Anne Arundel Counties have an MOU for joint ownership and use of regional Facility
- Howard County has a contract with CMRT for Howard Transit
- Anne Arundel County has a contract with CMRT for some CAR-AA service
- Anne Arundel County has a grant agreement with CMRT for other CAR-AA services
- City of Laurel has made financial contributions to CMRT for CAR services

Central Maryland Regional Transit (CMRT)

- CMRT has a contract with First Transit to operate fixed route, paratransit services for Howard Transit and Connect-A-Ride services
    - Vehicles - some vehicles are owned by the counties and some are leased from First Transit
    - Facility - Howard Transit services would operate out of the new regional facility; CAR-PG services may not

Figure 2: Scenario #1, Current Structure



Scenario #2- New Single Regional Structure (FY15)

In Central Maryland, a new single regional structure would involve MTA having operating and capital grant agreements with a single entity (though in FY 15 MTA's actual grant agreements remain with the various jurisdictions). An MOU among Anne Arundel County, Howard County, the City of Laurel, and Prince George's County designates Howard County as the lead entity, and Howard County has contracted with First Transit for management and operation of the services in all local jurisdictions. Under the MOU, the regional entity is governed by a board comprised of representatives of the participating jurisdictions. The MTA has on-going capital grant agreements with Howard County and Anne Arundel County for the regional facility and all services will be operated out of the facility (beginning 6 months into FY 15). Some vehicles would still need to be leased from First Transit in the short term, but the plan is to move to public ownership of the fleet as well as the facility. Table 2 presents the relationships for the new regional structure, and Figure 3 presents a graphic representation of this structure.

Table 2:
Scenario #2 - Relationships in New Regional Structure

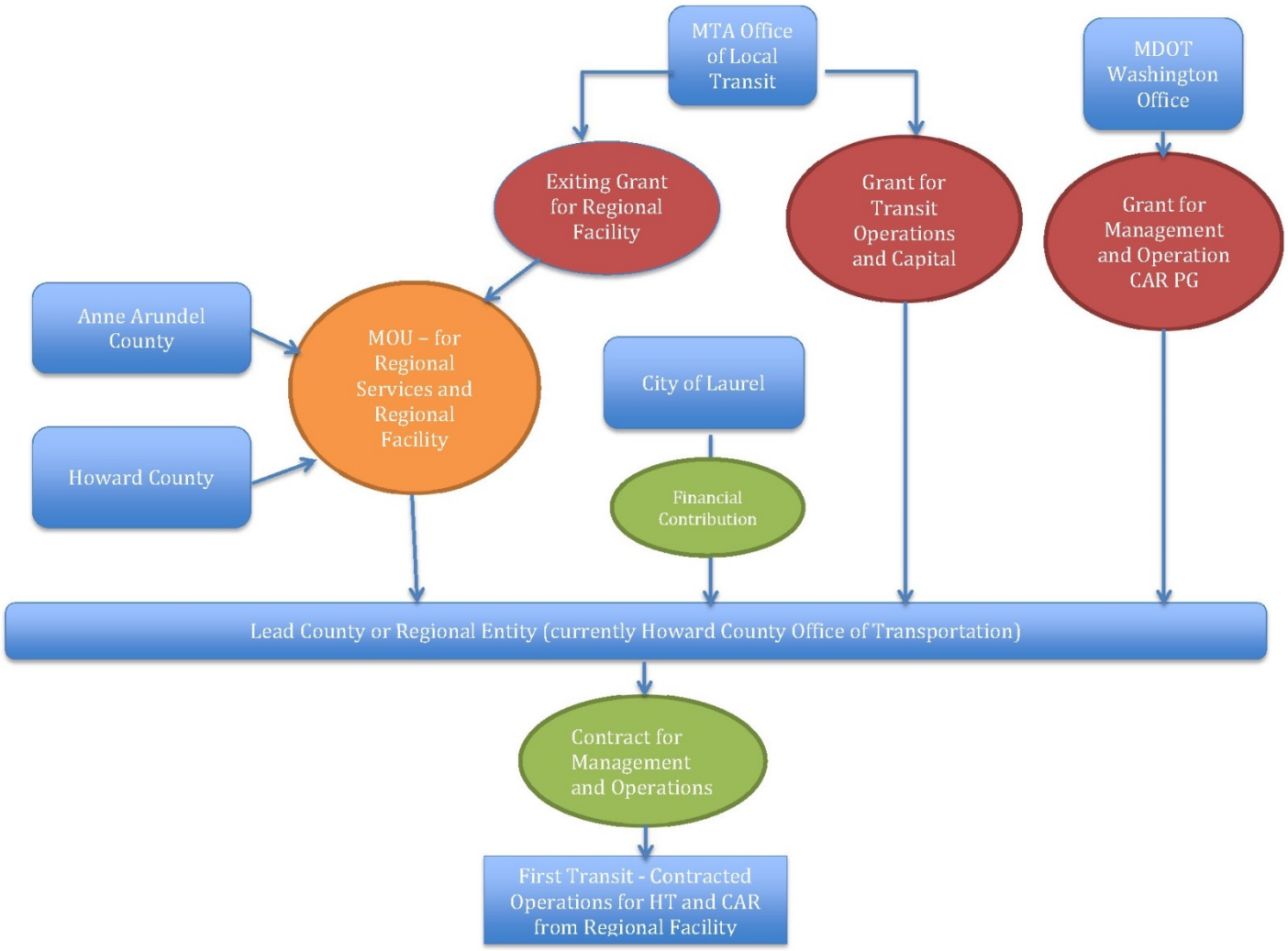
State – MTA/MDOT

- MTA has one operating and capital grant agreement with the lead County or new regional agency; continues to provides TANF funds from Anne Arundel DSS for the local match on CAR-AA routes
- MTA has on-going capital grant agreements with Howard County and Anne Arundel County for the Regional Facility
- MDOT has an operating and capital grant agreement with the lead county or the new regional agency for CAR-PG

Local Jurisdictions

- MOU among Anne Arundel, Howard and City of Laurel – designates Howard County as lead
- Howard County (as lead agency) has contracted with First Transit
    - Vehicles - still need some leased from First Transit in short term
    - Facility – All services operated out of the new Regional Facility (beginning 6 months into FY15)

Figure 3: Scenario #2, New Single Regional Structure



As can be seen most easily in the graphic presentation of the two alternative scenarios, the second scenario simplifies the relationships among the State, local jurisdictions, the regional entity, and the operating contractor. The lines between jurisdictions and the regional entity are direct, and there are many fewer links requiring administration, reporting, and monitoring. The State/FTA funds flow to fewer entities, and there is a single direct contract between the regional entity and the management and operations contractor. Each of the MOU signatories (local funding entities) has an equal vote on the policy board governing the regional transit entity, which is directly accountable to them through the contract. Under Scenario #1 they have non-voting representatives on the CMRT Board, which they feel is less directly accountable than under Scenario #2.

Cost Assessment

Having characterized the scenarios in terms of their structures, a key consideration is how the proposed cost structure of the regional transit entity compares to that of the existing structure. If it costs less for the same level of service, there are potential savings that can be used to maintain or increase transit services. If the costs are the same, there may well be potential non-quantifiable benefits that would still make it worthwhile to implement. However, if the regional entity has higher costs or other disadvantages, these should be identified.

Methodology

Three comparisons are included in the cost assessment:

- Relative resources (non-quantifiable),
- Comparison of costs (quantifiable), and
- Discussion of other considerations/contrasts.

Comparison of Resources

Not all potential impacts of a single regional structure are monetary. From MTA/MDOT's perspective, monitoring and oversight will be easier with all grants (eventually) flowing to a single lead entity. Local jurisdictions will also have fewer oversight and management responsibilities, as they will have fewer grants to administer. For riders and the public, there is potential to increase or at least maintain existing services, due to an anticipated lower cost contract bid in the future. Riders also could benefit from services that are planned and implemented with a regional perspective, rather than separately by each jurisdiction; and from opportunities for integration (fare structure, consistent timetables, transfers, etc.).

Cost Comparison

Assumptions/Methodology

The cost comparison is based on FY 14 and FY 15 budget information provided by Howard County and CMRT; all cost estimates are for FY 15. In order to make the assessments as comparable as possible, the research team held a number of external variables constant, including:

- Service and service levels. It is anticipated that the new entity will be operating the same services on July 1 that were operated previously.

- Capital costs for vehicles. It is assumed that the same size fleet would be required to operate the same service, and it was assumed that capital costs would not be affected by a change in the organization.

- Funding and revenue levels are assumed to be unchanged by the new arrangements.

The assumptions made for the cost analysis include:

Administrative Costs

- For FY 15, the administrative costs to the local jurisdictions (for internal county management of the grants) will be similar under both scenarios.
- In future years, as more grants transition to the regional entity, there could be reductions in the internal administrative costs incurred by the local jurisdictions as some of the county transit functions and costs transfer to the new regional entity and the county staff has fewer grants and contracts to administer.
- Under Scenario #2, the single regional entity scenario, there is a $144,000 one-time startup cost in FY 15 which is included in the administrative cost figure.

Operating/Management Costs

- There are potentially lower contactor costs in either scenario since the contractor will be operating out of the new publicly-owned regional facility. However, because there is no FY 15 cost per service hour under the CMRT contract with First Transit that does not include facility costs, it is included in the estimate of operating costs for the current structure. The FY 15 operating cost for Scenario #2 includes the contractor costs from their bid, which does not include rent for a facility. Until the new regional facility is complete, the lease on the current operator's facility will be paid for by the contractor and will be included in the operating costs that will be funded by all the participants.

Capital Costs

- Vehicle capital costs are constant under both scenarios—both scenarios include the costs of leased vehicles for Prince George's/Anne Arundel in FY 15. Under Scenario #2, operating the vehicles as a unified fleet may allow for elimination of some or all leased buses in FY 15 ($1.07M annually), so there may be future cost

reductions, but there are no assumptions about any future reduction included in this cost comparison.

Cost Comparison

Table 3 compares the FY 15 estimated cost if the current structure were continued with the estimated costs under the new regional structure. As shown, the difference in cost is about $2 million. The detailed analysis is included in Tables 4 and 5.

Table 3: Cost Comparison

Budgeted Costs	Scenario #1 – Current Structure	Scenario #2 – Single Regional Structure
Administrative	$1,835,000	$905,000
Operations	$14,462,000	$13,315,000
TOTAL	$16,297,000	$14,220,000
Difference	$2,077,000	

Table 4: Scenario #1 - Current Structure
Estimated Costs - FY15[1]

		Budget (July 13 -March 14)	Annualized FY14	FY15 Cost Estimate Inflated*
Administration		***$1,310,803***	***$1,747,737***	***$1,835,124***
Personnel		$927,635	$1,236,847	$1,298,690
General		$383,167	$510,890	$536,434
Operations*		***$10,489,943***	***$13,986,590***	***$14,462,134***
Fixed Route		$7,281,626	$9,708,835	$10,038,935
	Howard Transit	*$4,271,017*	*$5,694,689*	*$5,888,308*
	Connect-a-Ride	*$3,010,609*	*$4,014,146*	*$4,150,627*
Paratransit		$3,208,317	$4,277,755	$4,423,199
	Howard Transit	*$3,095,239*	*$4,126,985*	*$4,267,302*
	Connect-a-Ride	*$113,078*	*$150,771*	*$155,897*
Total		***$11,800,745***	***$15,734,327***	***$16,297,258***

*Inflated administration 5% based on letter from CMRT to Anne Arundel County. Inflated operations 3.4% based on new bid COLA.

**Includes fixed route/paratransit for Howard Transit and all Connect-a-Ride Services.

Source:[1] CMRT budget document provided to KFH Group.

Table 5 - Scenario #2 - Single Regional Structure
Estimated Costs - FY15[1]

		FY15 Cost Estimate
Administration		*$905,457*
Regional Entity		$905,457
Operations/Management*		*$13,314,802*
Management		$1,104,556
Operations		$12,210,246
	Howard County	$8,949,087
	Connect-A-Ride	$3,261,159
Total		***$14,220,259***

*includes First Transit Management and Operations for Howard Transit and all Connect-a-Ride Services

Sources:[1] RTA Budget Memo - FY15 dated May 14, 2014.

Howard County - Financial Reviews of Transportation Management Services.

First Transit bid documents provided by Howard County to KFH Group.

Summary Considerations

The current structure that uses a private non-profit organization (CMRT) to provide transit services under various grants, contracts, and agreements started as a private effort to address a gap in transit services in Central Maryland. This structure has worked in the past but now the Counties are seeking to take a more active role in coordinating transit services on a regional basis. The structure is evolving into to a single regional entity for a number of reasons:

1. As a private 501(c)3 non-profit entity, CMRT cannot be the direct recipient of FTA Section 5307 transit funding. This creates the need for complex and intricate arrangements among the many actors and stakeholders which, in turn, creates the need for additional oversight by MTA, MDOT, and the local jurisdictions.
2. The complexities inherent to the current institutional arrangement also present an "accountability challenge" since local jurisdictions that help fund the services are non-voting members of the CMRT board. Thus, they lack sufficient control over their funds and services.

The information presented, the analysis, and meeting discussions, led the Study Group to agree on the following conclusions.

Sustainability

The new single regional structure is more sustainable because:

- It has the support from the participating local jurisdictions, as evidenced by the County commissions and reports, policy actions by the jurisdictions to implement their own recommendations, and the signed MOU creating the RTA.
- The participating jurisdictions (the Counties and the City of Laurel) will have more direct control over policy decisions. A regional structure gives jurisdictional partners sufficient control over their funds and services—including representation on policy bodies.
- It fits within the constraints of the funding programs since the regional entity is a public entity that can be the direct recipient of federal and state transit funding for the region.

Flexibility

A single regional entity can be more flexible and responsive to expanding multi-jurisdictional transit services to meet the regional needs and support Central Maryland as a key focus of economic growth in the state:

- Rather than having transit services planned through four or more separate planning processes, there will be a single planning entity for regional services.
- The proposed structure provides for increased accountability by the contracted operator of services.
- There will be a single brand and a single site for user information, with a common technology platform.

Streamlined Oversight

There is potential for more streamlined oversight and program monitoring with fewer layers and eventual consolidation of funding flows, potentially reducing administrative costs and increasing compliance.

Regional Facility

The single regional structure is consistent with the planned use of the regional facility by ensuring one contractor will provide operations and maintenance at that facility.

Reduced Costs

There is a potential for lower operating costs under the regional structure because of the following:

- Increased competition among contractors who will be able to use the publicly-owned regional transit operations facility (rather than having to lease or own their own facility) could result in lower contractor bids,
- Contractor costs will be lower since the contractor will not have to pay for its own operating facility (a reduction in the cost per service hour of approximately $3-5 as compared to a contractor leasing and maintaining its own facility),
- Unit costs for transit operations are generally lower when larger amounts of service are procured, and
- Administrative/management costs appear to be lower under the regional structure.
- Savings would be available for reinvestment for additional transit enhancements.

The Future

Transit services are critical to the economic growth of Central Maryland and integral to the economic health of the State. CMRT has played a vital role in bringing us to where we are today. As a result, there is now a great deal of political and community support for transit in the region which requires not only the participation of the local jurisdictions but also requires the involvement and support of the business community.

The regional structure presents a basis for development of transit services in the region, and in that sense, it is a starting point. It is recognized that the vision for a regional transit organization will likely evolve from the current use of a lead county to a more regional solution.

Even with a single regional structure in place, the jurisdictional partners will still be confronted with policy and funding decisions. For example, one county may be more prepared than another to move forward to a fully electric fleet. However, differences of opinion and priorities are inevitable, and the important point is that each partner will have a seat at the table to express their views and reach a consensus on how to move forward.

Finally, the partners in the regional structure will need to address a number of issues beyond the current focus on operations, developing a capital plan and allocating capital costs. Plans will need to address and prioritize vehicle replacements, expansion vehicles, technology of all types (e.g. Nextbus arrival information system, transit signal priority, etc.), and future passenger and operating facilities.

APPENDIX A
STUDY GROUP MEMBERSHIP

Central Maryland Transit Study Group

Study Group Membership

Name	Organization
Secretary James T. Smith, Jr., Chairman	Maryland Department of Transportation Secretary
John Powell, Administrator, Office of Transportation	Howard County Representative
George Cardwell, Planning Administrator Office of Planning & Zoning/Transportation Division	Anne Arundel County Representative
Tomika Monterville, County Transit Director, Prince George's County Public Works and Transportation	Prince George's County Representative
Kristie Mills, City Manager	City of Laurel Representative
Delegate Guy Guzzone, District 13– Howard County	Representative of the House of Delegates
Senator Douglas Peters, District 23 – Prince George's County	Representative of the Senate
Elizabeth Kreider, Director, Office of Local Transit Support, Maryland Transit Administration	Representatives from the Maryland Transit Administration (MTA)
Jim Knighton, Director of External Affairs, Maryland Transit Administration	
James B. Perez, CEO, Central Maryland Regional Transit (CMRT)	Designee from the existing nonprofit regional transit corporation (CMRT)
Catherine "Kay" Hill Howard County	Members of the Public
Kitty Higgins Anne Arundel County	
Laurence C. Daniels Prince George's County	

APPENDIX B

STUDY GROUP WORK PLAN

Central Maryland Transit Study Group
Work Plan

The Central Maryland Transit Study Group (the Study Group) is charged with:

1) **Examining the overall cost structure of a regional transit agency to the State, to participating local jurisdictions, and to the public; and**
2) **Considering MTA's ongoing update of the State management plan and its conditions for grants to local entities.**

The Study Group was defined in on page 59 of the Committee Reprint, under the heading Maryland Transit Administration, in program J00H01.06 Statewide Programs Operations, adopt Amendment 20:

"The General Assembly recognizes the importance of developing regional transit solutions in the central Maryland corridor, including the importance of studying the creation of a regional transit authority to manage and operate regional transit operations in the corridor. To help ensure that State and federal funds are expended in the most efficient and effective manner, the Secretary of Transportation shall appoint a study group to examine the overall cost structure of a regional transit agency to the State, to participating local jurisdictions, and to the public. The study group shall include representatives of local governments, a representative of the House of Delegates, a representative of the Senate, representatives from the Maryland Transit Administration (MTA), members of the public, and a designee from the existing nonprofit regional transit corporation. This study shall also consider MTA's ongoing update of the State management plan and its conditions for grants to local entities. The study group shall submit a report to the budget committees by August 1, 2014.

No grants or funds for any new regional transit agency shall be disbursed until the study group report has been submitted to the budget committees, which shall have 30 days for review and comment.

This language does not apply to services provided by MTA, the Washington Metropolitan Area Transit Authority, Montgomery County Ride-On, or Prince George's County TheBus."

The Study Group shall report its findings to the Governor and the General Assembly on or before August 1, 2014.

Central Maryland Transit Study Group
Work Plan

The Secretary has appointed the following members to serve on the Study Group:

	Representing	Name
1	MDOT Secretary, Chairperson	Secretary James T. Smith, Jr.
2	Howard County representative	John Powell, Administrator, Office of Transportation
3	Anne Arundel County representative	George Cardwell, Planning Administrator
4	Prince George's County representative	Tomika Monterville, County Transit Director
5	City of Laurel representative	Kristie Mills, City Manager
6	Representative of the House of Delegates	Delegate Guy Guzzone (District 13– Howard County)
7	Representative of the Senate	Senator Douglas Peters (District 23 – Prince George's County)
8	Representatives from the Maryland Transit Administration (MTA)	Elizabeth Kreider, Director, Office of Local Transit Support
9		Jim Knighton, Director of External Affairs (Alternate: Glenn Hogue, Service Planner)
10	Designee from the existing nonprofit regional transit corporation (CMRT)	James Perez, CEO, CMRT
11	Central Maryland Transportation Alliance (CMTA)	Robbyn Lewis, Director of Policy and Programs
	Members of the public	
12	Howard County	Kay Hill
13	Anne Arundel County	Kitty Higgins
14	Prince George's County	Laurence Daniels

Proposed Schedule - The Study Group will meet *up to* three times between May and July with the first meeting taking place on May 15th, the second May 28th, and the final meeting, if needed, on June 24th. Meetings will be held in the MDOT Headquarters Building, located at 7201 Corporate Center Drive, Hanover, Maryland.

APPENDIX C

MEETING HANDOUTS AND SUMMARIES

An Overview of Transit in Central Maryland

Central Maryland Transit Study Group
Meeting #1
May 15, 2014

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

An Overview of Central Maryland Transit History

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Overview of Central Maryland Transit History

- Originally, transit was limited to intercity bus (Trailways and Greyhound) in the Route 1 corridor (at commuter frequencies), and the B & O rail
- Subsequently, Laurel was served by WMATA to Washington area and MTA commuter bus to Baltimore, but there was no local service
- In the mid-1980's, the Baltimore-Washington Corridor Chamber of Commerce (BWCC) identified a need for expanded local transit in the greater Laurel area
- From this, the Corridor Transportation Corporation (CTC) was created as a non-profit public-private transit demonstration project with service beginning in mid-1989
- There was a significant shift when Howard County turned to CTC to operate public transit services in Howard County – major growth, need for CTC to work with the Counties and their funding

Overview of Central Maryland Transit History (cont.)

- Over time, CTC received funding from Anne Arundel County for services in that area, operated routes in Prince George's County, and expanded to College Park
- Service grew from four buses to 70, staff grew to 26, and ridership grew from 178,000 to 1.6 million per year
- Renamed Central Maryland Regional Transit (CMRT) in 2010, remained a private non-profit operating many services under contract
- In 2010-12, CMRT developed the Transportation Resource Information Point (TRIP) as a one-stop information source about all transportation resources in the region

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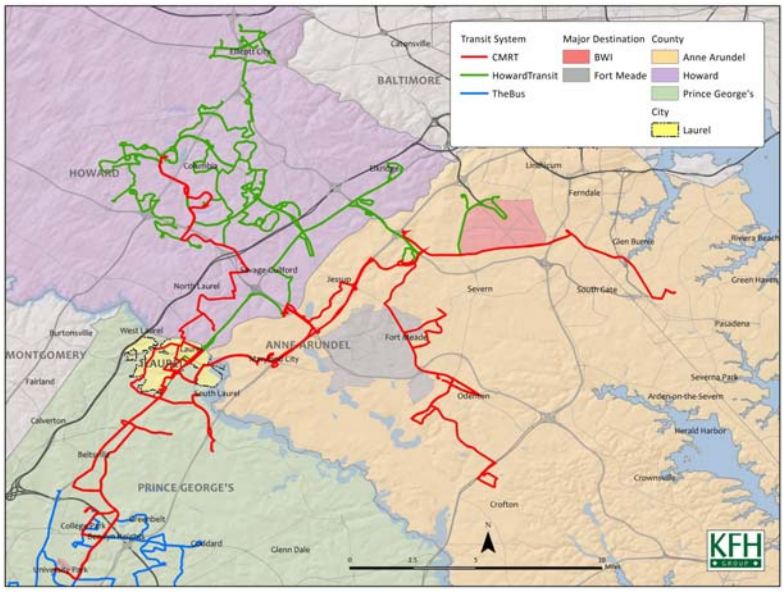
Central Maryland Locally-Operated Transit Routes



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An Overview of Central Maryland Transit Studies

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Overview of Central Maryland Transit Studies

March 2001	• Greater Laurel/BWI Area Transit Management Options
April 2003	• Central Maryland Transit Facility Plan
April 2004	• Memorandum to Central Maryland Transit Facility Project Advisory Committee Members
February 2008	• Organizational Alternatives for Public Transportation in Anne Arundel County, County Executive Briefing*
November 2008	• Corridor Transportation Corporation Sustainability Study
November 2009	• Update to Corridor Transportation Corporation Sustainability Study*
July 2010	• Howard County Transit Organizational Structure*
December 2010	• Final Report of the Howard County Transportation Commission
December 2012	• Rethinking Public Transportation in Central Maryland
April 2014	• Final Report Transportation Commission of Anne Arundel County

* Placed on the CMT Study Group Web page

Maryland Department of Transportation MTA Maryland Central Maryland Transit Study Group

Greater Laurel/BWI Area Transit Management Options (March 2001)

- Prompted by the development of multiple transit providers in the Greater Laurel/BWI area
- Examined whether transit was being provided in the most efficient manner, or if better alternatives exist
- Included inventory of services, existing management structures, alternative models, and options—no "preferred option" presented
- Evaluated options based on seven criteria

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Greater Laurel/BWI Area Transit Management Options (March 2001) - continued

- Included the following organizational options:
  - Existing Management Structure
  - MTA Management
  - WMATA Management
  - New Regional Authority
  - Four-County Cooperative Agency
- Ranked the Existing Management Structure as medium-low on all criteria except advocacy, which was ranked high
- Ranked a New Regional Authority as high on five of the seven criteria, medium on the other two
- Did not include implementation issues in the criteria, the study noted that a New Regional Authority would require State legislation

Central Maryland Transit Facility Plan (April 2003)

- Examined whether the proposed Howard County transit operations facility should be regional to include other services
- Compiled plans of transit systems in the region to estimate size and location requirements
- Recommended a publicly-owned regional transit operations facility to benefit from economies of scale (one larger facility versus several smaller ones) and to get more competitive pricing from management contractors by eliminating an entry barrier

Central Maryland Transit Facility Plan (April 2003) - continued

- Included proposals for the organizational structure to own the facility
  - Included a draft MOU between the counties regarding the grant application and ownership
  - Designated Howard County to act as the applicant and landlord
  - Intended for the facility to serve all regional services and MTA Laurel commuter transit
- Proposed structure
  - Single transit operations contract
  - Participating jurisdictions (Howard, Anne Arundel and MTA) to conduct procurement
  - All jurisdictions represented on a Transit Coordinating Committee
  - RFP to be issued jointly, with each jurisdiction signing a separate contract for their desired level/mix of services

Corridor Transportation Corporation Sustainability Study (Final Report 8/31/09)

- Response to two years of deficit at CTC, with the goal to identify causes and potential short-term and long-term solutions to maximize the return on federal and State transit investments
- Included long-range concerns, such as the need to develop and support increased services for the region and work with proposed organizational changes in Howard and Anne Arundel Counties
- Included overview of CTC, allocation of CTC costs, service assessment, consideration of WSTC Laurel funding, development of organizational alternatives, advisory committee input, and findings and recommendations

Corridor Transportation Corporation Sustainability Study (Final Report 8/31/09) - continued

- Included the following findings:
  - Likely future erosion of regional services, given rising costs and limited funding
  - Counties uneasy about the amount of policy control through CTC—hence focus on contracting for services rather than MOU's, etc.
  - The sustainability of the existing structure is problematic:
    - Howard contract competitively bid, potentially Anne Arundel contract as well
    - If CTC lost the bid,
      - the number service hours it operates directly would decrease substantially,
      - its per hour unit cost with its service contractor would increase substantially, with Laurel service at risk, as well as regional services (would devolve to individual county contracts) and benefits of a regional facility

Maryland Department of Transportation MTA Maryland Central Maryland Transit Study Group

Corridor Transportation Corporation Sustainability Study (Final Report 8/31/09) - continued

- Recommended:
  - Create a Regional Transit Authority, which would require State enabling legislation
  - Called for it to be a regional entity much like CTC (now CMRT), but with a Board composed of representatives of the funding sources
  - Would need to be a public entity to take on the role as subrecipient of MDOT/MTA funding and hold the title to public assets
  - The Regional Authority would contract for service operation—single contract for all services, operated out of regional facility

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Organizational Alternatives for Public Transportation in Anne Arundel County (February 2008)

- Performed as an expansion of the Anne Arundel County Transit Development Plan (TDP) Update
- Focused primarily on how to organize transit functions in Anne Arundel County - looked at four options
- Recommended:
  - Unified transit operations program under the Department of Aging and Disabilities to oversee fixed-route, ADA and other paratransit
  - Create positions to staff the program
  - Contract for transit management and operations (like Howard County) rather than MOU with CTC (CMRT)
  - Retain planning in the Department of Planning and Zoning
  - Transition to MOU with Howard County and Laurel for joint procurement of transit management and operations

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Howard County Transit Organizational Structure Study (January 2010)

- Followed the Howard County Transit Development Plan (TDP) Update
- Examined Howard County's transit organizational options using a functional assessment, looked at other models, and examined five options
- Developed cost estimates for alternative county structures
- Recommended:
  - Near-term - shift county transit functions from the Department of Planning and Zoning to a new transit office reporting directly to the County Executive
  - Longer-term - join in a new regional transit entity to manage and administer transit, including contracting

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Report of the Howard County Transportation Commission (December 2010)

- Appointed to evaluate the Howard organizational study, determine how best to structure all aspects of transportation planning and operations, and find more efficient and sustainable ways to provide transit
- Reviewed existing structures, assets, performance, and alternatives (six options)
- Recommended:
  - Establishment of a new Office of Public Transportation Services in the Office of County Administration to manage and oversee transit/paratransit operations
  - Transportation planning functions to remain in the Department of Planning and Zoning - focus on long-range transit, other modes
  - Shift some additional responsibilities to CMRT
  - Supportive of a regional approach, called for additional consultation with adjacent counties, MTA, MDOT and the Governor to fully address both organizational needs and level of support for growing Central Maryland region

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Rethinking Public Transportation in Central Maryland (December 2012)

- Prepared by Howard County Office of Transportation to address the need for an organizational structure to support the shift to a regional facility, with the end of the existing CMRT/First Transit contracts in July 2014
- Detailed assessment of existing organizational structures and the flow of funding, estimates of potential cost savings from the elimination of duplicate functions and larger contracts
- Recommended:
  - Creation of a regional public transportation authority, or (if that could not be accomplished)
  - Creation of a consolidated transportation management services contract, with an RFP developed by funding partners—branded as the Regional Transportation Agency of Central Maryland (RTA)

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Final Report of the Transportation Commission of Anne Arundel County (April 2014)

- Looked at short- and long-range needs for all modes
- Focused primarily on public transportation and evaluated participation in an RTA with Howard County, along with the impacts of not participating
- Recommended:
  - County participation in the creation of a Regional Transit Agency (RTA) conditioned on strengthening the MOU to ensure an equal and full County role
  - Participation in the development of the RFP and selection of a contractor
  - Longer-term work with partners to formalize the RTA as a regional agency
  - Develop a transit network around the transit centers to be constructed to provide connectivity to regional high-capacity services

Common Themes

1. The service need is **regional**
2. Central Maryland is the key focus of growth in the State, transit needs will grow and there is a need for a sustainable structure to support that growth
3. There are significant advantages to creating a regional entity
   - Scale economies in the procurement of services, development of facilities
   - Reduced administrative costs from reduction in duplicate functions
   - Potential for better oversight and compliance with fewer layers and eventual consolidation of funding flows
   - Maintain and expand multi-jurisdictional services that meet the regional needs
4. A regional structure needs to give jurisdictional partners sufficient control over their funds and services—including representation on policy bodies

Central Maryland Transit Study Group Meeting Summary
Meeting #1

Maryland Department of Transportation (MDOT) Headquarters
7201 Corporate Center Drive
Hanover, MD 21076
May 15, 2014, 2:00 pm to 4:00 pm

Study Group Attendees:

- Secretary James Smith, Maryland Department of Transportation (MDOT)
- John Powell, Administrator, Office of Transportation, Howard County
- George Cardwell, Planning Administrator, Anne Arundel County
- Kristie Mills, City Manager, City of Laurel
- Delegate Guy Guzzone, Maryland House of Delegates, District 13 – Howard County
- Senator Douglas Peters, Maryland Senate, District 23 – Prince George's County
- Elizabeth Kreider, Director, Office of Local Transit Support, Maryland Transit Administration (MTA)
- Jim Knighton, Director of External Affairs, Maryland Transit Administration (MTA)
- James Perez, CEO, Central Maryland Regional Transit (CMRT)
- Kay Hill, Member of the Public, Howard County
- Kitty Higgins, Member of the Public, Anne Arundel County
- Laurence Daniels, Member of the Public, Prince George's County

Other Attendees (11): Representatives of MDOT, Maryland Chamber of Commerce, Howard County, Anne Arundel County, CMRT, the Baltimore Metropolitan Council (BMC), Perry, White, Ross & Jacobson (PWRJ), and Alexander and Cleaver.

1. ***Welcome and Introduction by Secretary Smith:*** Secretary Smith welcomed the Group, asked each member to introduce themselves and explained the charge to the Study Group. The legislature has charged the Study Group with examining "*the overall cost structure of a regional transit agency to the State, to participating local jurisdictions, and to the public."* The goal is to send the final report to Governor and General Assembly by July 1st. A second meeting will be held on May 28, 2014 to review the analysis of the cost structure. A third meeting is scheduled for June 24, 2014 but may not be necessary, depending on response to the draft report.

2. ***Sue Knapp, Overview of History and Studies:*** Sue Knapp gave an overview of the history of transit in Central Maryland, along with a summary of some of the previous transit studies conducted in Central Maryland. Please refer to the presentation handouts.

   All prior organizational studies recognized the need for regional transit service and cross-

jurisdictional mobility. Common themes include that services need to be regional and that transit in Central Maryland is critical for the State's economy. A single regional entity has the advantage of more buying power, reduced administrative costs, better oversight by MDOT/MTA, and more control by jurisdictions. A number of studies examining various organizational models for providing regional services have been conducted:

- *2001 Greater Laurel/Baltimore-Washington Area Transit Management Options* - did not have a recommended option but ranked various organizational models. The existing organizational structure was ranked low while a new regional authority was ranked high.
- *2003 Central Maryland Transit Facility Plan* - recommended a central/regional facility for cost savings and economies of scale. The plan suggested that Howard County function as the landlord and applicant for federal dollars.
- *2009 Corridor Transportation Corporation (CTC?) Sustainability Study* – precipitated by two years of deficits at CTC, the study examined the causes and short and long-term solutions to funding issues at CTC. It also examined implications if CTC were to lose the Howard County contract (which was being re-bid); found that costs/hour would increase if CTC lost the bid. The study recommended a regional entity with a board composed of funding representatives. The entity would need to be public in order to be a direct recipient from FTA.
- *2008 Organizational Alternatives for Public Transportation in Anne Arundel County* – recommended a number of changes to the Anne Arundel County organizational model including the desire for a more structured contract with CTC and the transition to a Memorandum of Understanding (MOU) with Howard County and the City of Laurel for a joint/regional procurement for transit management and operations.
- *2010 Howard County Transit Organization Structure* – examined five organizational options with cost estimates. The near term recommendation was for a new Office of Transportation for the County. The long-term recommendation was to join in a regional entity.
- *2010 Howard County Transportation Commission* – report by the Commission to examine the Transit Organization Study – confirmed recommendations of that study.
- *2012 Rethinking Public Transportation* – pointed to two game changer/pivot points that were shaping the discussion on regionalism in cCentral Maryland, 1) the end of the existing contract with CMRT/First Transit, and 2) the construction of the new regional transit facility in 2014. The study recommended one consolidated contract of administration and operation functions in Howard County.
- *2014 Transportation Commission of Anne Arundel* – re-affirmed the County's participation in a regional transit agency and stressed more control over decision making.

3. ***Group Comments:*** The Study Group had a short discussion on some of the material that was presented on the history and overview of transit in Central Maryland. It was noted that the Central Maryland Regional Transit (CMRT) is in favor of regionalism and the idea of

economies of scale and believes the CMRT bylaws do not prevent more control by the jurisdictions. Others felt that the CMRT organizational structure is a barrier to funding, despite the desire to regionalize, and that an official regional entity is necessary. Everyone involved is trying to do what the studies recommend.

The Study Group asked for clarification on what the difference is in service quality for the public if the transit is organized as a regional entity versus a private corporation with multi-jurisdictional oversight. While it depends on the details, the regional organizational structure could better apply for federal dollars compared to a private corporation with multi-jurisdictional oversight. Both Howard and Anne Arundel counties applied for federal funds for the transit facility.

4. ***Beth Kreider, Oversight by MTA/FTA:*** Currently there are 25 Locally Operated Transit Systems (LOTS) and over 65 human service providers in Maryland. MTA has direct oversight responsibility for all these grantees to ensure that they adhere to state and federal requirements. MTA's LOTS Manual outlines state and federal policies, including financial management, procurements, ADA, Title VI, operations management, maintenance, etc.

   Key roles of MTA include: 1) funding, 2) technical assistance, and 3) oversight.

   - Grantees apply for funding annually. The annual application provides MTA with updated documentation of the LOTS services, fares, training activities, maintenance and marketing programs, and financial and operating information.

   - MTA provides technical assistance, notably in the form of Transportation Development Plans (TDPs). TDPs help local jurisdictions analyze financial and operating data, providing an in-depth look at the efficiency and effectiveness of services operated as well as the organization as a whole.

   - Oversight and monitoring is accomplished through several approaches. The most basic is the reporting requirement; local recipients must report on basic operating and financial data on a quarterly basis. MTA also reviews accident and ridership data, conducts quarterly meetings and site visits, and administers triennial and specialized reviews. MTA requires corrective action if an entity is not meeting state or federal requirements.

   - FTA then oversees MTA through triennial reviews and state management plans. FTA generally visits some of MTA's grantees to ensure compliance and measure the effectiveness of MTA's activities.

Next Meeting:
Meeting #2 is scheduled for Wednesday, May 28, 2014, at 2:30pm at MDOT Headquarters.

Structure and Cost Analysis

Central Maryland Transit Study Group
Meeting #2
May 28, 2014

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Structure Analysis/Framework

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Framework

- Compare current structure to new regional structure
- Two Scenarios
  - Scenario #1 – Current Structure
  - Scenario #2 – New Single Regional Structure
- Remain constant
  - Service and service levels
  - Capital vehicle costs
  - Funding levels
- Some comparisons are quantifiable; others qualitative

Maryland Department of Transportation | MTA Maryland | Central Maryland Transit Study Group

Scenario #1 – Current Structure

State – MTA/MDOT

- MTA has operating and capital grant agreements with Howard County for Howard Transit services
- MTA has capital grant agreements with Anne Arundel County for Connect-A-Ride – Anne Arundel County (CAR-AA) services
- MTA has operating and capital grant agreements with Central Maryland Regional Transit (CMRT) for CAR-AA services
- MTA has capital grant agreements with Howard County and Anne Arundel County for regional facility
- MTA has New Freedom/Job Access grant agreements with CMRT for mobility management and the Transportation Resource Information Point (TRIP) projects
- MTA provides Maryland Department of Human Resources/Temporary Assistance for Needy Families (TANF) funds to CMRT (from Anne Arundel Department of Social Service - DSS) for local match on CAR-AA routes
- MDOT has operating and capital grant agreement with CMRT for Connect-A-Ride – Prince George's County (CAR-PG)

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Scenario #1 – Current Structure

Local Jurisdictions

- Howard and Anne Arundel Counties have an MOU for joint ownership and use of regional Facility
- Howard County has a contract with CMRT for Howard Transit
- Anne Arundel County has a contract with CMRT for some CAR-AA service
- Anne Arundel County has a grant agreement with CMRT for other CAR-AA services
- City of Laurel has a grant agreement with CMRT for CAR services

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Scenario #1 – Current Structure

Central Maryland Regional Transit (CMRT)

- CMRT has a contract with First Transit to operate fixed route, paratransit services for Howard Transit and Connect-A-Ride services
  - Vehicles - some vehicles are owned by the counties and some are leased from First Transit
  - Facility - Howard Transit services would operate out of the new Regional Facility; CAR-PG services may not

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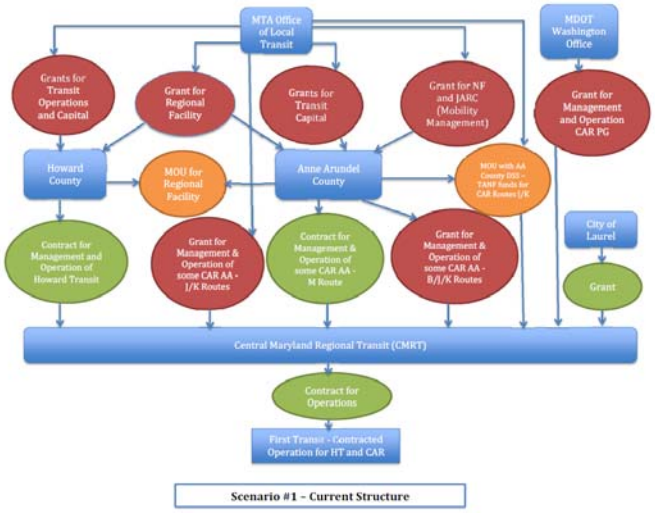
Scenario #1 – Current Structure



Scenario #2 – New Single Regional Structure

Examples of Systems with Regional Structures

- Shore Transit, MD
- York County, PA
- Foothill Transit, CA
- Triangle Transit, NC
- Williamsburg Area Transit Authority, VA

Scenario #2 – New Single Regional Structure

State – MTA/MDOT

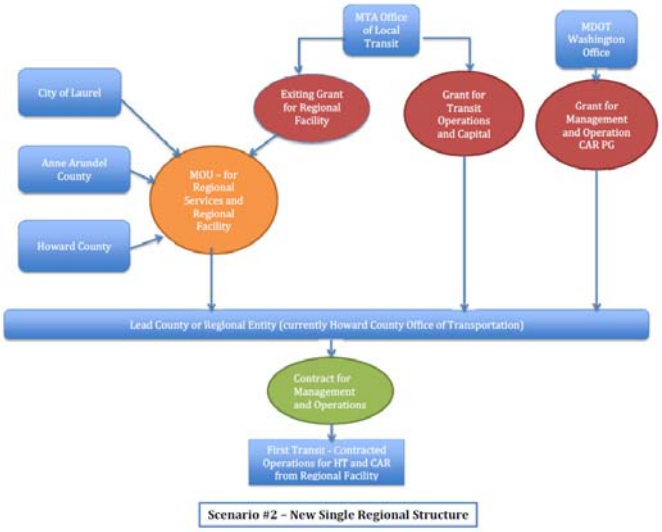
- MTA has one operating and capital grant agreement with the lead County or new regional agency; continues to provides TANF funds from Anne Arundel DSS for the local match on CAR-AA routes
- MTA has on-going capital grant agreements with Howard County and Anne Arundel County for the Regional Facility
- MDOT has an operating and capital grant agreement with the lead county or the new regional agency for CAR-PG

Scenario #2 – New Single Regional Structure

Local Jurisdictions

- MOU among Anne Arundel, Howard and City of Laurel – designates Howard County as lead
- Howard County (as lead agency) has contracted with First Transit
  - Vehicles - still need some leased from First Transit in short term
  - Facility – All services operated out of the new Regional Facility (beginning 6 months into FY15)

Scenario #2 – New Single Regional Structure



Scenario #2 – New Single Regional Structure

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Cost Assessment

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Comparison of Resources Under Regional Structure

MTA/ MDOT	• Fewer grants to administer (applications, grant agreements, and requests for reimbursements) • Fewer entities to oversee/monitor (oversight, compliance reviews)
Local Jurisdictions	• Fewer MTA/MDOT grants to administer and manage • Fewer Contracts with vendors to manage and oversee • All services out of one facility means easier to oversee contractor • Fewer countywide (non budgeted) resources required (HR, legal, etc.)
Riders/ Public	• Potential for more service (or at least maintaining existing services) if all contractors use the regional facility and/or if contractor costs are reduced • Easier to plan and implement regional – multi-jurisdictional services • Opportunities for integration, such as fare structure, consistent timetables, transfers, etc.

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Comparison of Costs – Assumptions/Considerations

Administrative Costs

- For FY15, the administrative costs for the local jurisdictions will be similar under both scenarios.
- When grants transition to the regional entity, there could be reduced administrative costs to the local jurisdictions
  - functions and costs transfer to the new entity
  - fewer grants and contracts to administer
- Under Scenario #2 – Single Regional Scenario - there is a $144K one-time start up cost

Operating/Management Costs

- Lower contactor costs by operating out of new regional facility (in FY15, Howard County is paying rent on the operator's facility until the new Regional Facility is ready)

Capital Costs

- Vehicle capital costs constant under both scenarios – both scenarios include leased vehicles for Prince George's/Anne Arundel
- Under Scenario #2 – operating as a unified fleet may allow for elimination of some or all leased buses in FY15 ($1.07M annually)

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Comparison of Costs

Budgeted Costs	Scenario #1 – Current Structure*	Scenario #2 – Single Regional Structure
Administrative	$1,835,000	$905,000
Operations	$14,462,000	$13,315,000
TOTAL	$16,297,000	$14,220,000
Difference	$2,077,000	

*FY15 budget annualized to 12 months.

Considerations for a Regional Structure

1. Regional structure is more sustainable
2. Regional structure has buy-in from local jurisdictions – evidenced by commission and county reports and actions
3. Regional structure maximized use of the Regional Facility by ensuring one contractor
4. Potential for lower operating costs under Regional Structure because of procuring larger number of hours and vehicles
5. Counties have more direct control over policy decisions. A regional structure needs to give jurisdictional partners sufficient control over their funds and services—including representation on policy bodies
6. One regional entity can be more flexible and responsive to expanding multi-jurisdictional services that meet the regional needs – support Central Maryland as the key focus of growth in the State
7. Potential for better oversight and compliance with fewer layers and eventual consolidation of funding flows

Central Maryland Transit Study Group Meeting Summary
Meeting #2

MDOT Headquarters
7201 Corporate Center Drive
Hanover, MD 21076
May 28, 2014, 2:30pm to 4:30pm

Study Group Attendees:

- Secretary James Smith, Maryland Department of Transportation (MDOT)
- John Powell, Administrator, Office of Transportation, Howard County
- George Cardwell, Planning Administrator, Anne Arundel County
- Tomika Monterville, County Transit Director, Prince George's County
- Kristie Mills, City Manager, City of Laurel
- Delegate Guy Guzzone, Maryland House of Delegates, District 13 – Howard County
- Elizabeth Kreider, Director, Office of Local Transit Support, Maryland Transit Administration (MTA)
- Jim Knighton, Director of External Affairs, Maryland Transit Administration (MTA)
- James Perez, CEO, Central Maryland Regional Transit (CMRT)
- Kay Hill, Member of the Public, Howard County
- Kitty Higgins, Member of the Public, Anne Arundel County
- Laurence Daniels, Member of the Public, Prince George's County

Other Attendees: Representatives of MDOT, the Maryland Chamber of Commerce, Howard County, Anne Arundel County, CMRT, the Baltimore Metropolitan Council (BMC), Perry, White, Ross & Jacobson (PWRJ), and Alexander and Cleaver.

1. ***Welcome and Introduction by Secretary Smith:*** Secretary Smith welcomed the Group and confirmed that no one had additions or changes to the summary from Meeting #1. He recapped Meeting #1's discussion and presentations: the review of Central Maryland transit history and past studies, as well as the State/federal oversight role for local transit.

2. ***Fred Fravel, Structure Analysis and Cost Assessment:***

   Structure Analysis/Framework
   Fred Fravel discussed the comparison of the current Central Maryland transit structure to a new single regional structure. Holding all external variables constant is difficult, but service levels, capital vehicle costs, and funding levels are constant in both assessment scenarios. Some comparisons made are quantifiable while others are more qualitative.

- *Scenario #1 – Current Structure (FY14). See diagram in the power point presentation for additional details.*

  Generally, MTA funds flow to the local jurisdictions in the form of operating and capital grant agreements. In turn, Howard County, Anne Arundel County, and the City of Laurel have contracts or grant agreements with Central Maryland Regional Transit (CMRT) for transit services. MTA and MDOT also have some grant agreements directly with CMRT. CMRT then has a contract with First Transit to operate fixed route and paratransit services for Howard Transit and Connect-A-Ride services.

  The new regional facility also is an integral part of the current structure. Howard and Anne Arundel Counties have a Memorandum of Understanding (MOU) for joint ownership and use of the facility. Going forward, Howard Transit services and Connect-a-Ride's Anne Arundel services (CAR-AA) will operate out of the facility but the Connect-a-Ride services in Prince George's County (CAR-PG) would not if they were operated by a different contractor. Most of the vehicles are owned by the counties, however some are leased from First Transit, the current contractor to CMRT.

  It was noted that the current structure is complicated by the fact that CMRT is both a grant recipient and a private entity/competitive bidder for contract management of the services. As discussed during the last meeting, this creates uncertainty in the event that CMRT were to lose one or more of the contracts, particularly the Howard Transit contract since it represents a majority of the regional services.

  The complexity of the arrangements is created, in part, by the fact that CMRT, as a private-non-profit agency, cannot be a direct grant recipient for FTA urban transit dollars. Further, past studies have noted that the large number of grants and contracts needed under the current scenario create a large "administrative load" for MTA/MDOT as the overseer of the federal and State dollars provided to the region, as well as for the counties who then must oversee their grants and contracts with CMRT.

- *Scenario #2- New Single Regional Structure (FY15). See diagram in the power point presentation for additional details.*

  Mr. Fravel began by noting that a number of states are exploring ways to encourage creation of multi-jurisdictional transit structures (e.g. NC, MN, PA, NM). These initiatives address the administrative burden of federal compliance requirements placed on small transit systems.

  Examples of local areas with regional structures were discussed:
  - Shore Transit, MD (an MOU between the three lower shore counties, with the Tri-County Council as the MTA grantee).

- York County, PA (led by York County, with an agreement to serve Adams and Northumberland Counties; a state-level regionalization initiative is underway to include this system in a larger regional transit organization).
- Foothill Transit, CA (a joint powers authority of 22 member jurisdictions; originally completely contracted with private sector management and operations contractors for management and operations; now hiring own employees for administration but retaining contractors for operations and customer information).
- Triangle Transit, NC (covers three NC counties and contracts for operations; created by state enabling legislation).
- Williamsburg Area Transit Authority, VA (transitioned from the James City County transit department to an authority with a city, two counties and Colonial Williamsburg Foundation representatives; currently facing joint facility issues due to growth).

In Central Maryland, a new single regional structure would involve MTA having operating and capital grant agreements with a single entity. An MOU between Anne Arundel County, Howard County, and the City of Laurel would designate Howard County as the lead entity, and Howard County would contract with First Transit for management and operation of the services in all local jurisdictions. The regional entity would be governed by a board that would include representatives of the participating jurisdictions. The MTA would have on-going capital grant agreements with Howard County and Anne Arundel County for the regional facility, and all services would be operated out of the facility (beginning 6 months into FY15). Some vehicles would still need to be leased from First Transit in the short term, but the plan is to move to public ownership of the fleet as well as the facility.

Cost Assessment

- *Comparison of Resources.* It was noted that the impacts of a single regional structure are not all monetary. From MTA/MDOT's perspective, monitoring and oversight will be easier. Local jurisdictions will also have fewer oversight and management responsibilities. For riders and the public, there is the potential to increase or at least maintain existing services, due to an anticipated lower cost contract bid. Riders also could benefit from regional service planning/implementation and opportunities for integration (fare structure, consistent timetables, transfers, etc.).

- *Comparison of Costs - Assumptions/Considerations. See cost comparison table in the power point presentation for additional details.* The cost comparison was based on budget information gathered from Howard County and CMRT. The cost estimates are for FY15. A more detailed methodology section will be included in the draft report, as many assumptions were necessary.

  It was assumed that the administrative costs associated with each jurisdiction's internal administration of the transit program would be similar under both scenarios FY15 (for

county costs such as legal, planning, grant administration). Scenario #2 also involves a $144K one-time startup cost, but county-based administrative costs will likely decrease over time when grants transition to the regional entity (the RTA). Operating and management costs will decrease due to operations out of the new regional facility. Capital costs for vehicles will be constant under both scenarios, but operating a unified fleet under Scenario #2 may allow for the elimination of some or all leased buses in FY15. Overall, Scenario #2 could result in a savings of approximately $2 million in FY15.

- *Considerations for a Regional Structure.* For Central Maryland, a regional structure 1) is sustainable, 2) has buy-in from local jurisdictions, 3) maximizes the use of the regional facility, 3) has the potential for lower operating costs, 4) gives counties more direct control over policy decisions and over their funds and services, 5) can be flexible and responsive to expanding multi-jurisdictional services, and 7) has the potential for better oversight and compliance.

3. ***Group Comments:*** The Secretary led a discussion that touched on the following subjects.

   The savings involved with the regional facility result in part from a reduction in the cost per service hour (approximately $3-5) as compared to a contractor leasing and maintaining its own facility.

   It was noted that the current governance structure started as a private effort to address a gap in transit service. However, it now presents an "accountability challenge" because the funding jurisdictions are non-voting members of the CMRT board. CMRT is a private 501(c)3 and thus cannot be the direct recipient of FTA S. 5307 funding.

   The Study Group noted the importance of community support for transit, and the involvement of the business community. Even with a single regional structure in place, the jurisdictional partners will still be confronted with policy decisions in the coming years that may be divisive. For example, one county may be more prepared than another to move forward to a fully electric fleet. However, differences of opinion and priorities are inevitable, and the important point is that each partner will have a seat at the table to express their vote.

   A regional structure will require the individual jurisdictions to allocate capital costs and prioritize vehicle replacements. The transit systems must also address integrated technology (e.g. Nextbus, transit signal priority, etc.). Technology purchases need to be coordinated to ensure interoperability, and the systems need to start planning for new facilities now.

   The Study Group discussed what would happen to the potential $2 million in savings. Ideally, the money (from multiple sources) would be put toward expanding service, integrating fares/technology, and making capital investments. It would also fill gaps, as jurisdictions have been doing more work with fewer resources in recent years. There was

concern that some local legislators might take the potential savings as justification for reducing transit contributions. This is possible, but all of the funding partners would be at the table to discuss the impacts of their actions. It is also politically risky to take away already committed transit funding. In this case, any savings would be a reflection of the success of the regional structure's operations.

4. ***Sue Knapp, Report Outline:*** The draft report with include the information presented at both meetings. Very little new information will be included; the report will pull together the existing materials. It will address the charge of the Study Group and provide the General Assembly with information, not recommendations.

5. ***Closing by Secretary Smith:*** Secretary Smith explained that he expects the Study Group will have a draft report to review by Monday, June 16th. Any revisions or comments should be emailed to the MDOT staff and the Secretary. A third meeting will only be held if the response to the draft report warrants it (date TBD during last week of June).