



CAPE FEAR PUBLIC TRANSPORTATION AUTHORITY

2009 ANNUAL REPORT

Federal Stimulus Accelerates Projects

On February 15, 2009, President Obama signed into law the American Recovery and Reinvestment (ARRA) Act of 2009. The public transportation portion of the \$787 billion dollar initiative was aimed at reducing unemployment by providing transit systems with additional federal resources to accelerate infrastructure projects and rolling stock procurement. Nearly two and one-half million dollars in FTA §5307 formula funds from the stimulus bill is being utilized by Wave Transit to purchase hybrid buses and service vehicles, upgrade computer networking systems, design a new operations and maintenance facility and extend Cando Street in Wilmington to prepare the site for Wave Station. Without the assistance of the ARRA, the authority would have struggled to find adequate funding for a backlog of capital projects, especially in the current economy.

The ARRA grant was awarded to the authority on July 01, 2009, and by the end of September, over 75% of the funding had been obligated to ARRA projects, meeting the goal of the legislation to move funding to projects rapidly to impact and improve the country's economic crisis in the quickest manner possible. Wave Transit is proud that it was able to select projects and utilize funding from the ARRA program to meet these requirements.

The President vowed that ARRA "will be implemented with an unprecedented level of transparency and accountability ...". In order to meet the goal of transparency and accountability, the authority has invested numerous staff hours in training, compliance and other educational resources to ensure that it meets the highest level of compliance with the program. This increased investment was accomplished without the addition of staff or increased cost to the authority. The authority will continue to work with FTA Region IV in 2010 to ensure that it is prepared to utilize additional opportunities from future stimulus initiatives.

Wave Station Nears Construction

After five years of searching, planning, securing funding and negotiating for real estate, the authority was excited to begin design for Wave Station. The 8,500 square foot facility was designed to meet Leadership in Energy & Environmental Design (LEED) gold standards. The environmentally friendly transfer and administration facility will incorporate a growing roof, geothermal heating and cooling, pervious pavement, recycled materials and other initiatives that will reduce greenhouse gasses and operating costs for utilities and other items while providing a quality transfer station. It will also incorporate a significant public arts project equal to one percent of the project budget. Public restrooms, ticket vending machines and real time bus location will provide passengers with a pleasant experience.

Construction funding in the amount of approximately \$4 million is being provided by FTA, NCDOT, the City of Wilmington and New Hanover County. Construction is scheduled to begin in the first quarter of 2010 and is scheduled to be complete in the fall.

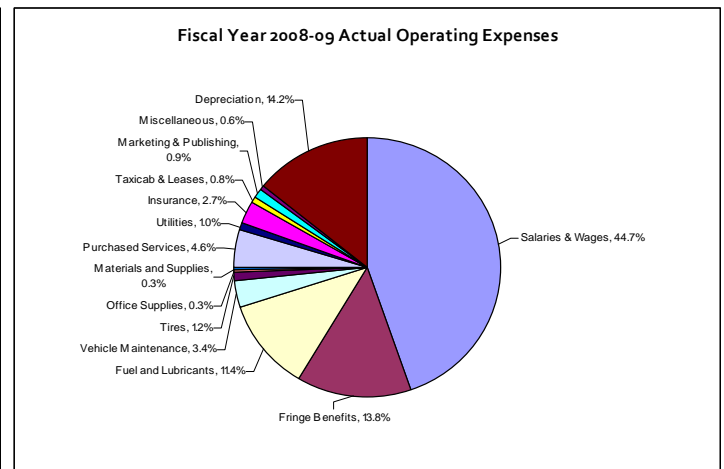
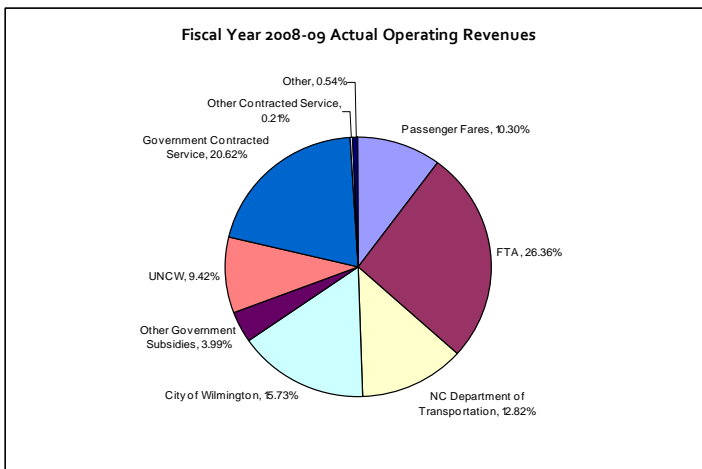
Authority Members

- Honorable Laura Padgett**
Wilmington City Council
- Honorable Jonathan Barfield**
New Hanover County Board of Commissioners
- Don Betz**
Chairman
- George Dolan**
Vice-Chairman
- Andrew Koeppe**
Secretary
- Henry Adams**
- William Bryden**
- Euran S. Daniels**
- Christine McNamee**
- Capt. David R. Scheu, USN (Ret.)**

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Fiscal Year 2008-2009 Revenue & Expenses



When comparing FY 09 to FY 08, revenues and expenses remained fairly consistent. Fares were increased by 50% across the board during FY 2009 to reduce dependence on local government funding and to prevent drastic reductions in service. Evening service was reduced to sixty minute headways to minimize costs. Slight reductions in fuel costs and purchased services which were directly related to the changing of management contractors helped maintain budget compliance. The change in contractors also allowed the authority to realize a 1.4% reduction in fringe costs. Salary costs increased about one percent which was due to collectively bargained wage rates for union employees. The increase was minimized by temporary layoffs during the summer and a reduction in service. Liability insurance increased one half of one percent which is below the industry average. In summary, the authority is pleased that we were able to keep expenses from increasing while eliminating the deficit from FY 2008 that resulted from uncontrollable increases in fuel costs. Copies of the Cape Fear Public Transportation Authority's Annual Audit Report are available by contacting the Authority Finance Director.

Governor Perdue Signs SL 2009-527

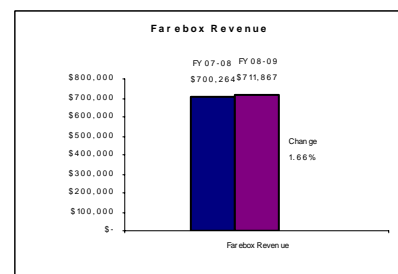
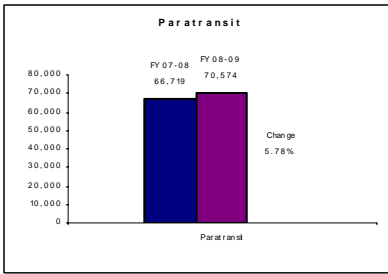
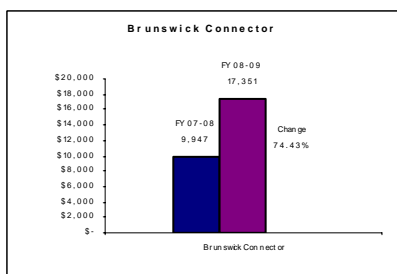
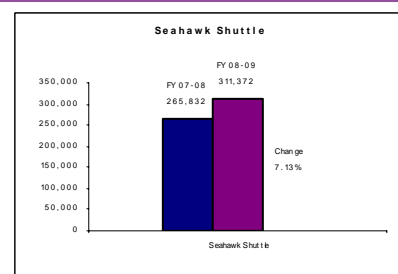
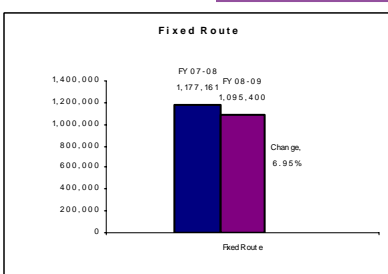
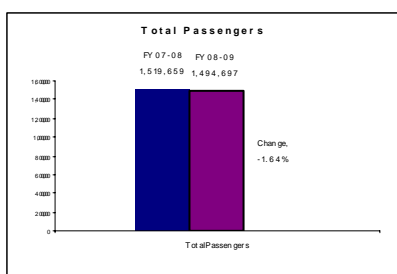
After much debate, the North Carolina General Assembly passed HB 148 titled the Congestion Relief/Intermodal Transport Fund. The bill allows North Carolina counties to impose a vehicle registration fee of up to \$7.00 per vehicle to exclusively support public transportation capital and operating assistance. The vehicle registration fee can be enacted by resolution of the county commissioners. The legislation also allows county commissioners to call a referendum for a 1/4 cent sales tax to support public transportation systems. The authority was engaged in ensuring our local delegation was educated on the merits of the bill and we were proud that Rep. McComas and Rep. Spaulding Hughes were cosponsors of the bill. Wave Transit will focus our efforts on garnering support among local municipalities, business groups and other advocates during the spring of 2010 in an effort to present a plan to the New Hanover County Commissioners to utilize the legislation.



Organizational Analysis

Since being created in 2004, the authority has organized its staff and the staff of the management contractor based on current staff and funding availability. This reactive method of organizational design was largely due to the reallocation of employees and agreements with the city and county and has led to a somewhat dysfunctional chain of command. In an effort to be as efficient and economical as possible, Wave Transit contracted an organizational and salary analysis study in the fall of 2009. Led by Ted Reick of TJR Advisors, the consultant team studied peer transit organizations in an effort to recommend a comprehensive restructuring that would provide greater oversight by the authority board and its executive staff. The restructuring was aimed at minimizing the authority's dependence on management contractors for many of the duties that they had traditionally provided. This change will allow greater accountability to the authority board by staff and reduce dependence on management contractors. Following a presentation by TJR Advisors, staff will recommend an in-depth analysis of any legal and fiscal consequences that would result from the proposed restructuring.

Fiscal Year 2008-2009 Operating Statistics



Ridership in 2009 was heavily impacted by the economy. Layoffs and losses in construction and service industry jobs tends to impact the transit dependent population and modest ridership decreases during the year are indicative of this trend. A decrease passengers on the Seahawk shuttle is the result of a new parking deck opened at UNCW. Continued increases in ridership on the Brunswick Connector are being experienced but are expected to top out during 2010. Increasing paratransit ridership will continue to challenge the authority to meet the demand and the unbalanced operating costs between fixed route and paratransit service will require a renewed effort to keep the paratransit program under fiscal control by increasing the availability of fixed route offerings to meet the needs of the disabled community.

Looking Ahead 2010

Growth in a Difficult Economy

Although the economy is currently showing no signs of a quick recovery, 2010 will allow the authority opportunities for some growth. A recently approved two year New Freedom grant (FTA \$5317) will allow Wave Transit to implement an additional route to New Hanover Regional Medical Center and the surrounding medical facilities. This has been the number one request since our restructuring in 2008 and we are confident that a closer route to the hospital entrance will be well received. Two hybrid 35' buses will also be delivered in 2010. These vehicles will offer Wave Transit the opportunity to evaluate the hybrid technology as we prepare for future bus acquisitions. A pilot vanpool program is being developed to encourage alternative transportation and if other systems are indicative of what we can expect, we are optimistic of a successful pilot. Although the authority plans to seek additional revenue from recent legislation, this option will most likely not be available in 2010.

The biggest impact in 2010 will come from the opening of Wave Station. Management of the project will require a large investment of staff resources. Additional staff resources will also be required as the authority undertakes the National Environmental Policy Act (NEPA) review for the operations and maintenance facility on Division Drive and the multimodal center in downtown Wilmington. Funding for the maintenance facility design has been secured and is scheduled to begin in 2010. The authority has also appointed an ad-hoc committee to determine the feasibility and costs of a steel-wheeled streetcar in downtown.

Should the economic situation continue to worsen or fail to show improvement, additional resources for public infrastructure and job creating initiatives are expected to come out of Washington. The authority will continue to track these opportunities and pursue those that meet the mission and goals of the authority.

