



Service Reduction & Additional Revenue Recommendations

October 2019

Introduction

In February 2019 during budget preparation for Fiscal Year 2020, the Cape Fear Public Transportation Authority faced a looming budget deficit. The deficit was a combination of revenue reductions from state and federal sources, grant program expiration, increased expenses, namely health and liability insurance, and the opening of the Downtown Transit Center. Numerous meetings with funding partners and the Authority Finance & Budget Committee led to a series of reports detailing suggestions to ensure budget compliance. The analysis led to the following proposal which includes service reduction and a request for additional local revenue to complete FY 2020 with a balance budget compliant with funding realities of Wave Transit. The preliminary reports are available online by clicking on the following links:

- [Transpro Short-Term Efficiencies and Long-Term Governing Model Report Analysis](#)
- [Shifting Gears-Transitioning Service Models](#)
- [Service Reduction Opportunities-October 2019](#)

The proposed FY 2020 budget shortfall is estimated to be \$775,000. A portion of the deficit can be made up from unallocated fund balance. Although this method of budget management is not preferred, it provides a viable option for ensuring minimal service disruption. Wave Transit is optimistic that service reductions and proposed increased revenue from local funding partners will allow the Authority to complete FY 2020 within budget.

Proposed Reductions

A list of six service reduction opportunities were presented to the Wave Transit Finance & Budget Committee for consideration. While all of the cuts would be impactful, the initial six opportunities were pared to three. It is believed that the three recommendations would have the least impact and would minimize ridership recovery should revenue be identified to restore the route to its current configuration. Compliance with FTA requirements for service reduction, especially civil rights and service equity impacts, was given careful consideration when identifying the final service reduction recommendations.

Expense Recommendation 1 - Reduce Daily Service Hours from 9:00pm to 8:00pm

Wave Transit currently provides off-peak weekday evening service until 9:00pm. Evening service was implemented in 2007 following the Authority's initial five year plan. It has proven vital to service employees, many of whom are economically hardshipped and reliant on Wave Transit for employment transportation. While the percentage of off-peak customers may seem insignificant, ridership typically drops as the end of the service day approaches. This is due to less travel and customers wanting to ensure that they make their final destination prior to the end of daily service.

RECOMMENDATION JUSTIFICATION

- The reduction requires limited employee support after 8:00pm
- Technicians would continue to stay after 8:00pm to service the fleet but would leave one hour sooner if this reduction were implemented
- Overhead is positively impacted by a reducing daily service by one hour
- Due to decreased ridership, evening service has a high cost per passenger and cost per mile of service
- Overhead costs would be reduced by one hour daily
- Most medical practices are closed on in the evening but educational and employment customers utilizing Wave Transit could be negatively impacted

IMPACT

- Estimated FY 2020 savings - \$100,850
- Loss of 2.3% of weekday ridership or 19,200 annual passengers
- Loss of 314 annual paratransit trips
- Reduction of off-peak weekday service is not believed to be in violation of FTA, civil rights or ADA requirements or annual certifications and assurances

Expense Recommendation 2 - Reduce Saturday Service Hours from 6:00am until 9:00pm to 9:00am until 6:00pm

Wave Transit currently provides Saturday service hours identical to weekday service with the exception of select routes. Saturday service hours were adopted from the standards employed by the Wilmington Transit Authority prior to the creation of Wave Transit. Saturday service is vital to service employees, many of whom are economically hardshipped and reliant on Wave Transit

for employment transportation.

RECOMMENDATION JUSTIFICATION

- The reduction results in limited employee need and support for six hours each Saturday
- Overhead is positively impacted by a reducing of Saturday hours
- Saturday service has a higher cost per passenger and cost per passenger mile than weekday service but a lower cost per mile and cost per passenger than Sunday service
- Overhead costs would be reduced by one hour daily

IMPACT

- Estimated FY 2020 savings - \$86,750
- Loss of 0.75% of weekday ridership or 6,500 annual passengers
- Loss of 1,872 annual paratransit trips
- Reduction of Saturday service hours is not believed to be in violation of FTA, civil rights or ADA requirements or annual certifications and assurances

Expense Recommendation 3 - Suspension of Grants & Compliance Coordinator Position

As part of the 2017 Organizational Analysis, the structure of the Authority was modified to meet the administrative needs of Wave Transit. No additional administrative positions were added, although new titles and definition of responsibilities were implemented. The reorganization resulted in the Director of Planning position being replaced by a Grants and Compliance Coordinator position. The Coordinator has improved the Authority's oversight of many compliance requirements including: drug and alcohol testing; grant application, compliance and management; National Transit Database reporting; safety and security plan implementation and compliance; training; FTA Triennial review compliance and management; and a host of complex reporting requirements.

The position has been vacant since June 2019 and has intentionally not been filled until clear local funding direction is identified. The proposed suspension of the position is for a period until funding has been appropriated to reinstate the position.

RECOMMENDATION JUSTIFICATION

- The position is currently vacant
- Elimination of an administrative position equitably distributes job elimination among all divisions of the Authority

IMPACT

- Estimated FY 2020 savings - \$65,000
- Current employees will be utilized to fill the position resulting in additional training and costs
- Compliance with numerous federal and state programs may be jeopardized
- Suspension of 1 full-time position

Revenue Recommendation 1 - Supplemental Appropriation

The proposed expense reductions total \$252,600 for the final six months of FY 2020. It is estimated that supplemental appropriations equaling 17.29% of the apportioned FY 2020 contribution from funding partners would make up the remaining deficit. The request would be quantified below (dollar amounts rounded):

- City of Wilmington - \$250,000
- New Hanover County - \$57,000
- Brunswick Consortium
 - Brunswick County - \$5,500
 - Leland - \$9,500
 - Navassa - \$2,350
- Town of Carolina Beach - \$1,800

TOTAL ADDITIONAL REVENUE REQUEST - \$326,150

The Authority is unable to estimate the willingness of local funding partners to grant the proposed requests, especially since their budget years have begun. A significant portion of the request will be required to prevent more drastic expense reduction measures.
