



Service Reduction Opportunities

October 2019

Introduction

In 1964 the US Congress passed the Urban Mass Transportation Act. The legislation was adopted in response to suburban sprawl and the transition of public transportation from private providers to public agencies. It was adopted as a partnership between the Urban Mass Transportation Administration (now FTA) and municipalities, where the federal government would fund bus, rail and capital transit projects and local governments would provide the necessary operating funds.

To keep pace with changes in commuting patterns and the evolution of public transportation, Congress has authorized FTA to provide increased funding to the operation of local transit systems. Overreliance on the federal government has led to significant underfunding of transit programs by municipalities and local governments. It has also resulted in a lack of available funding for transit projects nationwide. Every urbanized area (UZA) in the US that is eligible for federal transit subsidies takes advantage of them. The majority of rural areas which are eligible for FTA funding accepts federal transit subsidies as well.

The Cape Fear Public Transportation Authority is no exception to the changing trends in transit funding. Dependence on the federal government to bear the majority of Wave Transit operating costs has led to operating budgets that have been limited to less than a 1% increase per year for the past five years. This has led the Authority to unsustainable budget management in order to maintain fiscal compliance. While accustomed to overseeing an operating budget that is continually constricted, recent policy and unforeseen operating expenses have led the Authority to consider significant reduction of expenses to maintain viability and meet fiduciary requirements. The following recommendations are presented to ensure compliance and meet the public transportation needs of the community in the most responsible manner.

Communities across the United States which are experiencing significant growth typically respond with improvements to government services by allocating increased investment. This reaction is intended to ensure that the community remains attractive to residents, businesses and potential citizens. It demonstrates a commitment to a high quality of life and provides a positive economic development environment. While Southeastern North Carolina has provided a typical response to rapid growth, significant investment in public transportation operating costs has typically been an exception. Local independent studies have quantified the necessary and positive results that would accompany increased investment in transit, but to date, they have not led to increases in transit support equal to growth. The reports have also quantified the need for the Authority to have a dedicated funding source which is critical to a multimillion dollar operating budget. Consensus for a dedicated funding source is strong but the will to increase taxpayer funded support for transit in the region is lacking.

In 2017, Wave Transit began the task of sharing predicted disruption to its operating revenue model issues with its funding partners. The loss of rural funding eligibility, inconsistency in state operating subsidies, the opening of the downtown transit center and significant increases in the cost of goods and services, particularly labor and benefits, were on the horizon. In 2018, the warning signs were quantified in two reports, the *Cape Fear Public Transportation Authority Short Range Transit Plan* and *TransPro Short-Term Efficiencies and Long-Term Governing Model Report Analysis*. These independent studies detailed the fiscal instability facing Wave Transit without significant reduction in service or increased investment in the transit program.

Proposed Reductions

Absent additional subsidies or significant reduction in service, Wave Transit will not be able to complete fiscal year 2020 within its current adopted budget. Significant public input is required to implement service reductions making rapid response to funding issues challenging. The following proposed cuts will be impactful to a significant number of public transportation customers in the region and are not offered without thoughtful study. They are recommended as a necessity pursuant to the legal and fiduciary responsibility of the Cape Fear Public Transportation Authority. It has been estimated that FY 2020 expenses will exceed identified revenues by approximately \$775,000. The Authority had determined that \$500,000 in additional revenue or service reductions would allow Wave Transit to end the year within budget. The \$275,000 difference would be made up from fund balance and/or additional NCDOT appropriations following adoption of the State budget.

Compliance requirements have been investigated and are evaluated as follows: a green light indicates that the reduction has been analyzed and is believed to be compliant with applicable FTA and NCDOT guidelines. A yellow light means that the potential for noncompliance has been identified. Additional study of a yellow light recommendation is necessary. A red light reveals that the proposed service cut is likely in violation of federal law, regulations and/or requirements, and repercussions may occur if the recommendation is implemented. Loss in farebox revenue and local subsidies have been taken into account when calculating savings. The recommendations are not prioritized.

Reduction 1 - Elimination of Sunday Service

Wave Transit currently provides Sunday service from 9:00am to 6:00pm on select routes. Sunday 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. Sunday service is minimal in comparison to weekday service, but numerous requests have been made to provide earlier operating times to accommodate passengers commuting to religious services.

Sunday service reduction is recommended for the following reasons:

- Elimination of service from a seven day per week offering by a single day is financially impactful
- This methodology requires no employee support since all facilities and services are suspended
- Overhead is positively impacted by a full day service reduction
- Sunday service currently has the lowest ridership of any service day and consequently the highest cost per passenger and cost per mile of service
- Sunday service typically results in more overtime than other service days
- Most medical practices, educational facilities and many employers are closed on Sunday

IMPACT



- Estimated FY 2020 savings - \$145,500
- Full-time positions eliminated - 4 fixed route operators, 1 full time paratransit operator, 1 dispatcher, and 1 maintenance technician
- Loss of 5.5% of fixed route weekly ridership or 47,500 annual passengers
- Loss of 312 annual paratransit trips
- Elimination of Sunday service is not believed to be in violation of FTA, civil rights or ADA requirements or annual certifications and assurances

Reduction 2 - 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.

Off-peak weekday evening service reduction is recommended for the following reasons:

- 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

Reduction 3 - 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.

Saturday service reduction is recommended for the following reasons:

- 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

Reduction 4 - Elimination Route 101-2

Wave Transit offers service to the Northside, Brooklyn and Creekwood communities with two daily routes. The routes operate on a 30 minute peak headway. Route 101 also provides a link between Forden Station and Downtown Wilmington which greatly improves connectivity to the entire route system. Service on Route 101-2 operates from 6:00am until 6:00pm Monday through Friday. No service is offered on weekends with a second bus on route 101.

Elimination of peak service on Route 101 provided by Route 101-2 is recommended for the following reasons:

- Route 101-2 is provided as a supplement to Route 101 and the service is somewhat redundant
- Service along Route 101 would continue unabated albeit on a less frequent basis
- The financial impact would be advantageous and the reduction would be less impactful than eliminating a duplicated route

IMPACT



- Estimated FY 2020 savings - \$45,900
- Loss in fare revenue in FY 2020 is expected to be minimal since a majority of customers are transit dependent although this loss is not quantifiable without detailed research and data collection
- The two buses providing peak service along Route 101 typically have high ridership, especially at certain hours of the day and certain days of the month
- Worst case loss of 17.4% of weekday ridership or 150,800 annual passengers although many, if not most, would utilize Route 101-1
- Elimination of Route 101-2 will result in more crowded buses and more standing passengers
- Elimination of vehicles operating in peak revenue service will result in future noncompliance with the adopted and FTA compliant Transit Management Asset Plan (TAM)
- Elimination of Route 101-2 may be in violation of FTA, civil rights or ADA requirements or annual certifications and assurances and additional analysis is required
- Full-time positions eliminated - 1 fixed route operators, ½ part time paratransit operator, one dispatcher position; and one maintenance position

Reduction 5 - Elimination of Route 107 and Route 301

In 2013 Wave Transit introduced Routes 107 and 301 to meet the demand for service to Pleasure Island. Short range planning efforts, including significant passenger and community surveys, demonstrated a need to serve the southern part of New Hanover County. Service employee access to employment opportunities and a lack of parking led to a new partnership with the Town of Carolina Beach which has served as a funding partner since 2014. Public transportation to NHC Veterans Park, Ashely High School and the administrative offices of New Hanover schools provide transit opportunities that are impactful to many transit dependent residents. Affordable access to the beach is also a service that contributes to the quality of life in the region.

The route is served by a single bus which deviates from express service from Forden Station to Monkey Junction Station. Service to Pleasure Island is offered four times daily Monday - Saturday and three times on Sunday.

Elimination Routes 107 and 301 is recommended for the following reasons:

- The routes have a higher cost per passenger and cost per mile of service than other Wave Transit routes
- Reduction of the routes would result in fewer employment trips but medical and educational transportation impacts are believed to be minimal

IMPACT



- Estimated FY 2020 savings - \$56,000
- Annual loss of financial support from the Town of Carolina Beach - \$10,000
- Loss of 3.4% of annual ridership or 29,300 annual passengers
- Loss of 400 annual paratransit trips
- Elimination of complementary paratransit service south of Monkey Junction
- Reduction of off-peak weekday service may be in violation of FTA, civil rights or ADA requirements or annual certifications and assurances
- Elimination of vehicles operating in peak revenue service will result in future noncompliance with adopted and FTA compliant Transit Management Asset Plan (TAM)
- Elimination of 1 full-time fixed route operator position

Reduction 6 - Attrition 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 was vacated in June 2019 and has intentionally not been filled until clear local funding direction is provided.

Elimination of the Grants & Compliance Coordinator position is recommended for the following reasons:

- 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 make up for the position resulting in decreased compliance until additional training, at an unidentified cost, can be obtained
- Creation of the revenue neutral position in 2017 was at the recommendation of FTA
- Compliance with numerous federal and state programs may be jeopardized
- Elimination of 1 full-time position

Conclusion

Public transportation in the urbanized area of Southeastern North Carolina is at a crossroads. Without additional local funding of approximately \$500,000 for FY 2020, the current level of transit service will require significant contraction. Sustainable and identified local operating funding beyond FY 2020 must also be identified, appropriated and stable. The service reductions proposed in this analysis, if implemented, will result in reduced ridership, erosion of public trust, reduction of federal and state operating subsidies, and elimination of 11 full time positions. Annual ridership could be impacted from 11.9% to as much as 29.3% annually. This equates to 103,000 to 253,800 annual passenger trips by commuters who rely on public transportation to provide the most basic level of transportation.

If implemented, the reduced service will be difficult to reimplement should a change in local funding policy be supported. As mentioned, public trust is a key element in this situation. Mere talk of service reductions, while helpful in raising the level of urgency, should be avoided unless absolutely necessary due to a heightened level of anxiety among passengers, employees and the public at large created by suggesting these most extreme measures.

The Cape Fear Public Transportation Authority is charged by the creating governments, the City of Wilmington and New Hanover County, with administering the local transit program in compliance with the laws, rules and regulations of the Federal Transit Administration and the North Carolina Department of Transportation. The Authority was not chartered with the ability or responsibility of providing local subsidies.

The recommendations of this analysis are serious and will have significant impact on the daily lives of Southeastern North Carolinians that rely on Wave Transit for their transportation. If implemented, the service reductions will affect vulnerable citizens including the elderly, disabled and economically challenged. These populations have a higher percentage of transit dependency and it is with great angst that these proposals are being presented by the Cape Fear Public Transportation Authority as credible solutions to the Authority's funding challenges.
