



TRANSPORTATION MANAGEMENT & DESIGN, INC.

# North Central Regional Transit District and City of Santa Fe Transit System Consolidation Study

## Task 3E - Summary of Consolidation Option Comparisons

### Introduction

Transportation Management & Design (TMD) with Felsburg, Holt & Ullevig (FHU) and Rosemary Romero Consulting (RRC) have been tasked by the North Central Regional Transit District (NCRTD) and City of Santa Fe to conduct a preliminary management study of the opportunities and constraints, advantages and disadvantages of a contemplated consolidation with the currently separate Santa Fe Trails (SFT) as part of an enlarged regional public transportation organization. The goal is to provide information to the policy makers to assist in their consideration of whether to move forward with a consolidation effort. This study is not a service design study to consider individual revisions in route structure or schedule; in fact for the purpose of the analysis, all existing services are assumed to be unchanged in orientation and schedule. Rather this is an analysis of the benefits and shortcomings and needed changes to support a potential merger of the current NCRTD system which serves a large, generally rural geographic area including Santa Fe, Los Alamos, Taos, Rio Arriba Counties, with the SFT system which provides service within the City of Santa Fe.

The purpose of this task is provide a condensed summary of the options and aspects of a potential consolidation of the North Central Regional Transit District (NCRTD) and Santa Fe Trails (SFT) as detailed in Tasks 3A Financial Comparison, 3B Physical Assets Comparison, 3C Labor Force Comparison, and 3D Service Comparison. These Task 3 elements build upon prior Task 2 elements which looked at the current status of each of these elements for each currently independent system. The basic premise of this analysis and the prior Task 3 supporting documents is that the agencies would operate as a consolidated entity under an NCRTD managed organization, with FY2019 serving as the first year of the consolidation for evaluation purposes. The remainder of this

document is organized into specific sections: Service, Physical assets, Financial and Labor Force.

## **Service Comparison**

### *Service Territory*

- NCRTD currently operates within a very large 10,079-square mile service area in North Central New Mexico serving the rural populations within the counties of Los Alamos, Taos, Rio Arriba, and Santa Fe, as well as eight regional pueblos with a total population of approximately 235,000, with fixed route and paratransit vehicles.
- SFT currently operates within a much smaller 52.5-square mile service area in the City of Santa Fe, New Mexico and a small portion of Santa Fe County (Community College district). Santa Fe Trails provides a small urban transit system for the City, extending into Santa Fe County through its fixed route and paratransit service with a population of about 83,200.

### *Route Structure*

- NCRTD operates 24 fixed and flex-routes in addition to Dial-A-Ride, Demand Response and Paratransit services. Twenty fixed-routes operate fare-free Monday through Friday, while one premium service operates seven days a week with a fare and one operates on weekends only. NCRTD provides paratransit and complementary services in conformance with the American Disabilities Act (ADA). Demand Response service is also available for Rio Arriba County and City of Española residents that live within a 15-mile radius of the Española Transit Center and/or do not have access to fixed-route service. Dial-A-Ride is available in the Pojoaque/Nambe area.
- SFT operates 10 fixed-routes, two Santa Fe Pick-Up shuttle routes, and Santa Fe Ride paratransit services. All but two of Santa Fe Trails' fixed-routes operate Monday-Saturday and more than half operate seven days a week, all with a scheduled frequency throughout the service day. Santa Fe Trails charges a base fare of \$1.00 per trip on its fixed-route service and provides fare-free downtown circulator shuttle service every day marketed as the "Santa Fe Pick-Up". Santa Fe Trails' paratransit service fare is \$2.00 per trip for eligible passengers and \$5.00 per trip for seniors. Seniors are granted automatic eligibility at this premium fare, and may still apply for paratransit service as an ADA-eligible passenger.

### *Current Differing Transportation Roles and Services*

- NCRTD provides fixed route, infrequent, trip-based long distance service to a very large region; and SFT provides evenly scheduled headway-based, relatively short distance service within a small urbanized area.
- *Current Constraints to Service Integration*
  - Given the distinctly different mobility role of each agency, the opportunities associated with consolidation for resource savings from eliminating duplicative services are minimal at current service levels. In the instances within the City of Santa Fe where there is fixed route overlap between SFT and NCRTD, the combination of lack of frequency, the very long distance nature, and lack of fare compatibility of the current NCRTD service does not provide any customer service basis for service integration.
  - One potential challenge in consolidation is the current difference in fare structure between the two agencies. Almost all NCRTD routes are currently fare-free while SFT charges a base fare of \$1.00, and the availability of discounted daily, monthly, semi-annual, and annual passes, with reductions for seniors/disabled and students. While the amount of farebox revenue currently received is relatively small, this issue in terms of service policy in a consolidated system is noteworthy, and is critical in the longer term if there is any effort to pursue integrated services. Differing fare structures should be addressed as part of the potential consolidation, as it could influence the ability for future service integration, interlining scheduling, associated levels of service, system complexity, and potential funding sources. This does not have to happen at the commencement of any consolidation, but could be a longer term, phased-in effort as part of a service enhancement effort.
- *Opportunities for service integration.*
  - In the longer term, should NCRTD route specific services within Santa Fe increase in frequency and span as in response to market conditions and consistent with their Long Term Strategic Plan, and a common fare structure is established, a basis for service integration and associated effectiveness should be pursued. These are key factors in achieving optimal service design efficiencies for an expanded regional system in the intermediate and longer term if a consolidation is pursued.

### *Near term opportunities for service enhancement*

- *Coordination of Regional Service*
  - Consolidating operations could result in better coordination of transit throughout the southern portion of the NCRTD region. Coordinated transfers between currently separate NCRTD and SFT routes would result in more effective regional connectivity and mobility. The communication of

- service schedules on a single information platform would facilitate longer distance trips and connectivity between the currently two separate operations.
- The ability to dispatch service from both maintenance facilities (current SFT facility and the proposed new NCRTD facility in Española) could result in some reduced non-revenue travel distance and cost even with separate or limited integrated maintenance efforts.
- *Modern Scheduling Software and Techniques*
    - Both NCRTD and SFT currently employ manual scheduling techniques that do not provide the opportunities for optimizing operating schedules that are currently available with modern enterprise scheduling software. A consolidation, in concert with a dedicated schedule/planning staff, would offer the opportunity to pursue the use of a modern scheduling program that would optimize fixed-route bus operator and vehicle schedules, integrate NCRTD and SFT service schedules in the future with potential service enhancements, and provide extensive management data on a common platform. Deployment of this software should be a key goal of consolidation.
  - *Intelligent Transportation Systems and Fixed-Route Passenger Resources*
    - Both NCRTD and SFT utilize vehicle location data to provide real-time information.
    - NCRTD currently uses Avail Technologies, while SFT uses RouteMatch software although SFT has advised that they are switching to TransLoc software for vehicle location and passenger information data collection.
    - The consolidated agency would need to unify its technology as well as other technology platforms.
  - *Regularized Planning Effort*
    - NCRTD utilizes two full-time employees dedicated in part to service planning. This includes the positions of GIS/ITS Specialist (formerly Regional Transit Planner) and Transit Planning, Grants, and Projects Manager. City of Santa Fe nor SFT do not currently employ a full-time transit planner; their services have largely been unchanged for a number of years. While SFT has a comprehensive service evaluation budgeted to start in the Fall/Winter of 2017, a consolidation would foster the efforts to have an aggressive service monitoring program to respond to changing market conditions within available resources. If a consolidation is pursued, it is recommended that a longer term integrated service plan be prepared, and such a plan should fit into the framework of NCRTD's priorities outlined in

their Long Range Strategic Plan. An added Planner position has been provided in the recommended consolidated organization.

### *Paratransit Resource Optimization*

Unlike fixed-route service, the agencies' current paratransit services have similar roles. This is largely due to federal regulations on providing minimum thresholds for paratransit service based upon the service territory of the fixed route network.

- NCRTD paratransit service within the regional-area fixed-route territory is within  $\frac{3}{4}$  mile of regional fixed-route service, as mandated by the FTA's paratransit guidelines. NCRTD provides roughly 3,000 paratransit trips per year throughout its vast service area offering free curb-to-curb service.
- SFT currently offers paratransit service within City limits, regardless of distance from fixed-route service and  $\frac{3}{4}$  mile from fixed routes that extend into the County (Community College District and Village of Agua Fria). Santa Fe Trails provides approximately 40,000 annual paratransit trips within its denser service territory charging \$2.00 per one-way trip and specialized service for registered seniors at \$5 per trip.
- Due to the overlapping nature of the agencies' current service areas within the City of Santa Fe, there is a potential for cost-effective coordination of paratransit service (which is geographically based) with respect to these common areas. A common paratransit fare policy would be needed to be established to facilitate this economy.

## **Physical Asset Comparison**

As part of consolidation, it is presumed that any of the SFT and City of Santa Fe transit assets currently owned by SFT or the City of Santa Fe would be transferred to NCRTD. Depending upon the nature of the asset, its funding source, and anticipated age versus useful life, there may be some associated reporting requirements and relatively minor transfer fee requirements. This will vary from asset to asset, but are generally quite small in volume and should not be considered an economic factor in the consolidation decision.

### *Fleet*

Both NCRTD and Santa Fe Trails operate comparable fleets in terms of the number of vehicles, but they differ in vehicle size, style and fuel type. NCRTD operates cut-away buses and vans, while SFT operates mid-sized transit buses and paratransit vans. The difference in fleet composition is due to the nature of the services provided by

each agency. NCRTD's operates a primarily trip-based, low volume rural service that connects major destinations across a large, relatively low-density service area. SFT provides more frequent, community-based fixed-route transit service within a concentrated urban area. The fundamental mobility needs of NCRTD and SFT require very different service strategies employing different vehicles making fleet uniformity challenging without compromising some service fundamentals.

SFT operates almost exclusively with CNG-powered vehicles fueled at their central maintenance facility centrally located in Santa Fe, while NCRTD vehicles are primarily powered by gasoline or diesel engines, fueled at independent fueling stations and based at their central dispatch center in Española.

Both agencies have identified a need for regular vehicle replacements in their capital improvements plans: for NCRTD, this is roughly \$6 million over a 10-year period, for SFT a total cost of \$18.5 million for the period of FY2018 through FY2035, for both fixed route and paratransit vehicles. However, for SFT funding is only identified and in place for FY2018, the first year of the plan. This lack of advanced capital planning is a critical shortcoming of the current SFT operations.

The consolidated agency would need to decide whether to move forward with CNG-fueled or gasoline/diesel-fueled vehicles or the potential evolving electric vehicle technology. SFT currently has a purpose built slow-fill CNG system at its Santa Fe maintenance facility, which also features a heavy-duty maintenance capability with plans to upgrade the fueling facility. Given the diversity of the two fleets which is supported by their very different service characteristics, in a consolidation scenario in the short term, it would not seem reasonable to necessarily invest in common fuel technology as it would require a completely new NCRTD fleet as well as the equipping of an expanded Jim West Transit Regional Transit Center in Española with a modern CNG fueling station. The capital cost for this would be significant and should be avoided in the near term for any consolidation.

### *Maintenance Facilities*

SFTs' facility in Santa Fe is currently capable of heavy-duty maintenance while the NCRTD administration/storage facility in Espanola is only capable of light-duty maintenance. Currently, when NCRTD vehicles require medium and heavy-duty maintenance, the agency must externally contract to providers in neighboring locations such as Santa Fe or even as far as Albuquerque.

NCRTD's independent long term capital improvement plans (FY2018-2027) include over \$6 million in maintenance facility improvements at its Espanola site. The funding is presumed to be mostly federal funding, an uncertain source given the current transit funding environment.

In a consolidation scenario, it is recommended that efforts to more efficiently utilize the current NCRTD fleet based upon more proximate dispatching locations be

considered. This may include the ability to incrementally store and dispatch and perform light maintenance at the current SFT site on a small number of current NCRTD vehicles that serve the City of Santa Fe area. SFT has identified that there is currently only two shift usage of their facility. The implementation of a third shift might provide the ability for maintenance on a small number of current NCRTD vehicles. A joint evaluation by NCRTD and SFT should be pursued quickly if a consolidation effort is made. Such a complete analysis would require an in-depth review of current SFT maintenance practices and the degree to which an expanded utilization is incrementally possible; well beyond the scope of this initial consolidation study.

A consolidation could optimize the utilization of maintenance resources between the two agencies. An effort to provide for an incrementally expanded use base within the City of Santa Fe for storing and maintaining a small number of current NCRTD vehicles whose service territory includes the City of Santa Fe should be considered. NCRTD would be able to assume more of the maintenance efforts internally facilitated by the incrementally expanded use of this facility. In addition, NCRTD should continue to pursue facility improvements as its site in Espanola consistent with an expanded maintenance effort.

Fare policy has several implications for the merging of physical assets if a low fare is imposed on current free fare services. If a scenario involving fares for current SFT services is explored, the combined fleet would require uniform fare collection equipment. NCRTD initiated an investigation of the cost of implementing a modern fare collection system in 2015 as follows.

- Capital cost per NCRTD for procuring and installing a fare collection system for the entire fleet, one-time cost of approximately \$640,000. This capital cost could be offset significantly by an FTA grant which would typically pay 80% of the initial cost for such equipment.
- NCRTD estimated an associated recurring administrative and maintenance cost associated with fare collection of approximately \$38,000 annually.
- It would also require the establishment of a service line (fueling, fare collection, washing) at the Espanola facility which does not presently exist, but could be incorporated as part of the fuel line into the planned new Espanola Maintenance Facility. Therefore this could not be implemented in the very short term upon initial consolidation, but would be consistent with a future phased-in approach.

### *Capital Plan Overview*

Beyond 2022 through 2035, NCRTD developed in 2015 a Long Range Strategic Plan (LRSP) with several service enhancement alternatives. This plan in total is projected to cost approximately \$100 million by FY2035. SFT's capital plan through FY2035 provides for no expansion in service and presumes only a normal fleet replacement, as

well as bus stop upgrades, and farebox and maintenance equipment replacements totaling \$28.2 million through 2035.

The SFT Capital Improvement Plan (FY2018-2022) has funding in place in FY2018 for fixed route and paratransit vehicles, as well as construction of the Downtown and Southside Transit centers. Starting in FY2019 to FY2035, SFT capital costs were assumed to be offset with revenue from FTA capital grants covering 80% of fleet replacement costs. This approach is consistent with the federal grant projections for NCRTD as reflected in their fund balance analysis. This is further discussed in the Task 3A *Financial Comparison* document, but warrants consideration for its impact on the state of physical assets for each agency.

## Financial Comparison

The analysis of financial issues related to a potential consolidation identified five important areas for consideration and action. They are as follows:

- The primary source of operating revenues for NCRTD, the State of New Mexico Gross Receipts Tax (GRT), is scheduled to sunset in 2023. Approval to extend this tax, at the same or at an increased level, is critical to NCRTD's operations and necessary for any consolidation to be successful. The NCRTD Board, in developing its LRSP in 2015, recommended a series of action steps to remove the sunset provision to achieve the future visions and goals of the agency. Removal of the sunset vision and potential change to the current GRT rate requires voter approval within the four-county region.
- This tax currently generates over \$7 million per year in revenues for transit operations, and more than half of it is presently distributed by NCRTD to other regional providers to support their transit services.
- Based on financial projections and assumptions, SFT is projected to have sufficient operating revenues from Fiscal Year 2018 through Fiscal Year 2022 to support day-to-day operations and service levels. However, in that same five-year time period NCRTD must rely on drawdowns from their reserve cash balances to sustain a balanced budget. If consolidation would occur in FY2019, the consolidated agency is forecast to fall below its board required 25% reserve requirement level by FY2020, given current revenue and expenditure projections.
- \$941,000 of annual costs were charged to SFT by other City of Santa Fe departments to provide a variety of administrative and support functions. Under a consolidated transit agency, this work would need to be absorbed by NCRTD. It is anticipated that a consolidated agency would permit NCRTD to

absorb these support expenses more efficiently at a lower annual cost. An initial assessment of NCRTD hiring requirements to replace the services now provided to SFT by City of Santa Fe departments indicates that a net total of 9 new positions would be needed for the start of consolidation, at a cost of approximately \$470,000 yielding a net savings of approximately \$500,000 annually over SFT expenses for these services.

- In recent years the lack of definitive funding approvals for proposed capital investments impedes SFT's ability to improve their transit operations in an effective way. A consolidated transit agency, under the management of NCRTD, would allow for a rational and strategic evaluation of required Capital Improvement needs and priorities and potentially providing over the longer term some economy by taking advantage of the synergy afforded by each other's current separate capital plans. Additionally, this approach would facilitate a review of the useful remaining life of existing assets and a transit focused perspective on specific upgrades and replacements that are necessary to improve transit services in the region, particularly with regard to implementation of new technologies, consistent with available funding.
- The forecasted continued reliance by NCRTD on the annual drawdown of reserve funds to support capital match requirements will put pressure on NCRTD's ability to maintain its Board required commitment of a 25% cash reserve level in a consolidation. The NCRTD financial reserve policy outlines practices that govern the management of the District's financial reserves. This includes a commitment to seek to maintain at all times an amount equaling 25% of its operating revenue as an unrestricted cash reserve. The cash reserve policy includes four specific categories of use of the reserve fund: for operations, capital and capital replacement, service enhancements and debt service. It should be noted that this 25% cash reserve level as imposed by the NCRTD Board is three times the required cash reserve imposed by the New Mexico State Department of Finance and Administration (DFA) for minimum reserve balance requirements. DFA requires at all times a minimum of one month (approximately 8.3%) of operating revenues as a cash reserve to meet their requirements. The 25% reserve requirement may serve as a substantial impediment to achieving a successful consolidation effort, particularly in the near term, if not relaxed or supplemented with significant new revenues. Use of these cash balances results in NCRTD falling below the FY2020 board approved reserve requirement level of 25%, and reserve fund balances are in a deficit position the following year in FY2021, based on FHU's updated analysis reflected in a revenue and expenditure comparison.

## Labor Force Comparison

- NCRTD operational employees are currently represented by Chauffeurs, Teamsters, and Helpers Local No. 42. Contract currently valid until June 2019.
- SFT operational employees are currently represented by the American Federation of State, County, and Municipal Employees (AFSCME) as part of a larger city municipal contract. Contract expired June 2017 and is currently in negotiation.
- Per NCRTD and SFT, the only legal option for consolidation between the two agencies is to have a single union representing all similar job functions. It is presumed that this would then result in a single contract detailing specific provisions for a consolidated transit agency. This would be one of the major benefits and most important aspects to consider for a successful consolidation.
- The NCRTD contract is a direct transportation services contract, while the SFT contract is part of a Santa Fe city-wide contract that is lacking in specificity in certain areas for transit operations. The establishment of a transit specific contract provides opportunities for more effective control of the labor force by introducing provisions tailored for transit employees that may not be applicable to other parts of the Santa Fe workforce.
  - Example: accident and attendance discipline which could be tailored for transit and avoid subsequent rounds of arbitration due to SFT's subordinate role as a "Division" within the City's overall labor contract
- Differing compensation levels.
  - Pay Rates.
    - The higher midpoint and maximum pay rates at SFT for the most commonly used title of operator can place wage cost pressures on the consolidated agency, as labor unions may seek to achieve parity at the higher pay level for all employees in title.
  - Differing Cost for Benefits.
    - The employees for each separate agency have differing levels of contributions for pension and health plan benefits.