

SECTION 3

GOVERNANCE SCENARIOS

SUMMARY

Beginning with an established history of Transit governance (see brief narrative below), Transit staff and the Study Team, through a series of discussions, identified four basic governance scenarios to be evaluated as optional models. Each Scenario is summarized below, with supporting cost data and a brief assessment of advantages and disadvantages.

Existing Governance Structure

As the operator of RCT, the City of Longview is the official Designated Federal Recipient of federal funding through the Federal Transit Administration (FTA), and incorporates the system into its Six Year Transportation Plan and its Long Range Comprehensive Land-use Plan. The following summarizes the basic existing conditions for how RCT operates:

- All RCT staff are City of Longview employees, or employees of their subcontractor, Paratransit Services.
- Some administrative staff are full time, while others record time to RCT activities (IE, HR, Finance, IT, etc.)
- The City contracts for Paratransit Transportation (Operations & Admin Only).
- All transit assets are owned by the City of Longview, not CTA.
- CTA is strictly a taxing authority, with the CTA Board as the governing body.

Governance Scenario Options

Detailed analysis of each of the governance scenarios is provided in the “Governance Scenario Evaluation” matrix included in Appendix C, and summarized in the tables presented in this section. The four scenarios are generally described as follows:

- **Scenario A:** City remains the Designated Federal Recipient. Facilities stay at Alabama Street
- **Scenario B1:** CTA is Designated Federal Recipient. All facilities and staff contracted to private contractor except for primary administrative staff
- **Scenario B2:** CTA is Designated Federal Recipient. CTA owns facilities, contracts staff except for primary administrative staff
- **Scenario C:** CTA is Designated Federal Recipient, owns all facilities, and all staff are CTA employees

Selected Governance Model

As a result of a joint stakeholders workshop, held on January 15, 2014, and attended by representatives from each of the local governing authorities (City of Longview, City of Kelso, and Cowlitz County, the “Stakeholders”), it was the general consensus that Transit should continue with Governance Scenario A. (Minutes of this meeting are included in Appendix F.) Among the determinants for this decision is a desire for the three governing authorities to continue working cooperatively to provide public transportation for the region. However, the Stakeholders also acknowledged the need for additional Transit support by City of Longview, increased administrative staffing, and increased facility space. Finally, the comparison of governance options and facilities scenarios presented herein, demonstrates from an annual operating cost perspective, there is no clear distinction between the alternatives. However, Scenario A may provide some minor efficiencies through the use of shared resources such as accounting and information technology support. Section 9 provides a more in depth description of the discussions; minutes of the meeting are included in Appendix F.

A: Status Quo with Enhanced Facilities:

Summary

This scenario maintains the City of Longview in the lead role as the Designated Federal Recipient and owner/operator of the Transit system. The following summarizes the basic elements of this governance approach under a future scenario:

- City of Longview continues in the role of Designated Federal Recipient for FTA funds.
- For cost budgeting, existing maintenance building is expanded to provide two additional bays serving Transit needs.
- Site Option 1: Adjacent site to east ("Alabama East") purchased to construct new transit facilities serving administration, operations, washing, and fleet parking. The site provides for a future maintenance program to allow Transit to be a stand-alone agency.
- Site Option 2: Develop existing City property across Alabama Street to the South ("Alabama South"). Same as description under Site Option 1. Additional property on the corner of Alabama Street and Oregon Way (approximately 1 acre), will provide the additional parking needed to accommodate transit needs. Although this site overall is smaller than the suggested 6 acre minimum, Transit's needs can be met by creating a 2 story Admin/Operations building.

Table 3A- Scenario A Summary

Annual Costs (Beginning 2017)	Capital Costs (1)	Advantages	Disadvantages
<p><u>Labor</u> \$3,726,375</p> <p><u>Facilities</u> \$120,000 (Payment on bond for 20% local match portion. Estimated \$2.2 million, 40 year note)</p> <p><u>Non-Labor Expenses</u> \$1,235,723</p> <p><u>Total Annual Costs:</u> \$5,082,098</p> <p>(Note: See Governance Scenario Evaluation Matrix in Appendix C for breakdown of all costs)</p>	<p><u>Alabama South Option</u></p> <p><u>Site Acquisition</u> \$170,000 (1 acre corner) (Note: The City presently owns the Alabama South Property - confirm FTA participated in acquisition).</p> <p><u>Site Development</u> \$1,981,833</p> <p><u>Buildings (New on South)</u> \$4,180,900</p> <p><u>Soft Costs</u> \$2,418,873</p> <p><u>FF&E Costs</u> \$775,000</p> <p><u>Total Capital Cost</u> \$9,526,606 (2)</p> <p>Range: \$9.5-\$10 Million)</p> <p><u>Alabama East Cost Range</u> \$11 – \$11.5 Million (Accounts for land purchase and additional site development costs)</p>	<p><u>FTA Compliance</u></p> <ul style="list-style-type: none"> ▪ Employment protections remain without complication <p><u>Economics</u></p> <ul style="list-style-type: none"> ▪ Initial capital costs are slightly lower than Scenarios B.2 and C <p><u>System Viability</u></p> <ul style="list-style-type: none"> ▪ Assumed increased admin staffing enhances strategic and operational planning capability ▪ Long term, CTA could shift into the role of federal sub-recipient ▪ Low risk unknowns <p><u>Community Value</u></p> <ul style="list-style-type: none"> ▪ Development of new facilities on Alabama East or South sites supports goal of best value to community 	<p><u>FTA Compliance</u></p> <ul style="list-style-type: none"> ▪ Joint maintenance of City and Transit vehicles in FTA-funded maintenance bays still questionable to FTA <p><u>Economics</u></p> <ul style="list-style-type: none"> ▪ Uncertain ability to control long term costs as City maintains high level control of operating costs. <p><u>System Viability</u></p> <ul style="list-style-type: none"> ▪ The system can operate viably indefinitely, if the City continues its commitment to Transit <p><u>Community Value</u></p> <ul style="list-style-type: none"> ▪ Continued ambiguity in Transit identity with City in owner/operator role

(1) See Appendix E for Site and Building Development Cost Estimates

(2) Cost does not include scope for non-transit functions on the existing City Shops site, other than the expansion of the maintenance bays

B.1: CTA is Owner of the Transit System with Contractor Providing Labor and Facilities

Summary

This scenario places CTA as the owner of the transit system, but contracts maintenance and operations functions, including all facilities, to a contractor. The following summarizes the basic elements of this governance approach under a future scenario:

- CTA is the Designated Recipient for FTA funding.
- A contractor would need to provide all facilities for maintenance and operations, and do so at a location that provides a cost-effective operation.
- Contract must be renewed through competitive bidding every three years with the City of Longview as one potential bidder.
- CTA would retain administrative functions in-house, leasing office space.

Table 3B - Scenario B.1 Summary

Annual Costs (Beginning 2017)	Capital Costs (1)	Advantages	Disadvantages
<u>Labor</u> \$3,735,173 (2) <u>Facilities</u> \$303,000 (3) <u>Non-Labor Expenses</u> \$1,235,723 <u>Total Annual Costs:</u> \$5,273,896 (Note: See Governance Scenario Evaluation Matrix in Appendix C for breakdown of all costs)	No capital costs under this scenario as contractor provides all facilities	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ Eliminates issue of joint facility with City if City is not the contractor <u>Economics</u> <ul style="list-style-type: none"> ▪ Potential for lower costs ▪ No direct capital costs ▪ Service & maint. contract eligible for FTA capital \$'s <u>System Viability</u> <ul style="list-style-type: none"> ▪ No Advantage <u>Community Value</u> <ul style="list-style-type: none"> ▪ Greater public understanding of responsibility for transit 	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ Highest potential for employee protection issues <u>Economics</u> <ul style="list-style-type: none"> ▪ Potential for higher costs ▪ Service & maint. costs unknown until bids received ▪ Unknown prospects for FTA \$ for ops & must apply repeatedly ▪ Contract must be renewed every three years through competitive bidding <u>System Viability</u> <ul style="list-style-type: none"> ▪ Must depend on stability of contractor(s) ▪ Highest risk/unknowns <u>Community Value</u> <ul style="list-style-type: none"> ▪ No direct control of service quality

(1) See Appendix E for Site and Building Development Cost Estimates

(2) Contractor must assume established salary costs

(3) Assumes contractor leases available existing buildings within Transit's service area. Figure includes CTA leasing separate admin space.

B.2: CTA is Owner of the Transit System with Contractor for Labor

Summary

This scenario places CTA in the role of Owner of the Transit system and facilities, but contracts all maintenance and operations functions to a contractor.

- CTA is the Designated Federal Recipient of FTA funds
- CTA develops new facilities at either of the sites used in the study. Site 4 (Mint Farm) is used for cost budgeting.
- Contractors, which may include the City of Longview, for maintenance and operations would competitively bid for the services contracts, but would not be responsible to provide facilities.
- This scenario can be accommodated on each of the four study sites.

Table 3C - Scenario B.2 Summary

Annual Costs (Beginning 2017)	Capital Costs (1)	Advantages	Disadvantages
<u>Labor</u> \$3,735,173 (2)	<u>Site Acquisition</u> \$700,000 (3)	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ Eliminates issue of joint use of facility 	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ Potential for employee protection issues
<u>Facilities</u> \$150,000 (Payment on bond for 20% local match portion: Estimated \$2.6 million, 40 year note)	<u>Site Development</u> \$1,900,000	<u>Economics</u> <ul style="list-style-type: none"> ▪ Possibly lower costs ▪ Greater potential for viable bid competition than B.1 	<u>Economics</u> <ul style="list-style-type: none"> ▪ Possible higher costs depending on level of competitive bidding for services. ▪ Service & maint. costs unknown until bids received
<u>Non-Labor Expenses</u> \$1,235,723	<u>Buildings</u> \$6,269,900	<u>System Viability</u> <ul style="list-style-type: none"> ▪ Acceptable risk. If problem arises with contractor, CTA still owns the facilities. 	<u>System Viability</u> <ul style="list-style-type: none"> ▪ Must depend on stability of contractor(s). ▪ Contract(s) must be renewed every three years.
<u>Total Annual Costs:</u> \$5,120,896	<u>Soft Costs</u> \$3,267,960	<u>Community Value</u> <ul style="list-style-type: none"> ▪ Greater public understanding of responsibility for transit 	<u>Community Value</u> <ul style="list-style-type: none"> ▪ No direct control of service quality
(Note: See Governance Scenario Evaluation Matrix in Appendix C for breakdown of all costs)	<u>FF&E Costs</u> \$1,240,000 <u>Total Capital Cost</u> \$13,377,860 (Range: \$13-14 Million)		

(1) See Appendix E for Site and Building Development Costs

(2) Contractor must assume established salary costs

(3) Site 4, "Mint Farm" Used for Study

C: CTA is a fully Stand-Alone Agency, Owner and Operator

Summary

This scenario establishes Cowlitz Transit Authority (CTA) as a both owner and operator of the transit system:

- CTA becomes the Designated Federal Recipient for FTA funding
- CTA constructs and owns all facilities
- All employees are CTA employees, with exception of Paratransit, which may continue to be contracted
- Site 4, "Mint Farm" used for the cost analysis purposes

Table 3D - Scenario C Summary

Annual Costs (Beginning 2017)	Capital Costs (1)	Advantages	Disadvantages
<u>Labor</u> \$3,735,173 <u>Facilities</u> \$150,000 (Payment on bond for 20% local match portion: Estimated \$2.6 million, 40 year note) <u>Non-Labor Expenses</u> \$1,235,723 <u>Total Annual Costs:</u> \$5,120,896 (Note: See Governance Scenario Evaluation Matrix in Appendix C for breakdown of all costs)	<u>Site Acquisition</u> \$700,000 <u>Site Development</u> \$1,900,000 <u>Buildings</u> \$6,269,900 <u>Soft Costs</u> \$3,267,960 <u>FF&E Costs</u> \$1,240,000 <u>Total Capital Cost</u> \$13,377,860 (Range: \$13-14 Million)	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ Greatest simplicity in complying with FTA requirements <u>Economics</u> <ul style="list-style-type: none"> ▪ Highest probability of controlling operational costs over time <u>System Viability</u> <ul style="list-style-type: none"> ▪ CTA has maximum control of Transit through full ownership of the system ▪ Lowest overall risk <u>Community Value</u> <ul style="list-style-type: none"> ▪ Clarity of ownership and operational structure ▪ Maximum ability to respond to issues, crises, etc. ▪ Greatest level of control over service quality 	<u>FTA Compliance</u> <ul style="list-style-type: none"> ▪ No disadvantages <u>Economics</u> <ul style="list-style-type: none"> ▪ Along with Scenario B.2, highest capital costs of the 4 scenarios. (Will require FTA grant funding for 80%, with 20% local match) ▪ May lose some efficiencies of shared resources <u>System Viability</u> <ul style="list-style-type: none"> ▪ No disadvantages <u>Community Value</u> <ul style="list-style-type: none"> ▪ Potential perception of "Empire Building"

(1) See Appendix E for Site and Building Development Costs