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Peer Review Report

The Rapid Transit Master Plan
Interurban Transit Partnership (ITP)

March 1, 2024



THE RAPID

Quality information

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EXECUTIVE SUMMARY

This Peer Review Report includes a two-part assessment: 1) benchmarking which utilizes National Transit Database (NTD) metrics to compare The Rapid in service productivity, service effectiveness, and cost effectiveness; and an 2) aspirational assessment conducted via informational interviews to identify best practices and lessons learned. Analyzing peer growth trends, service options, and operational delivery reveals specific strengths and areas of improvement. The aspirational peer assessment addresses key questions and offers pathways to achieve agency goals. Together, the information in this report can be leveraged to transform service delivery for the Rapid service area and inform the vision of the 20-year Transit Master Plan (TMP) (**Figure 1**).

Benchmarking Analysis Results:

The Rapid outperforms peers in service productivity and cost effectiveness, but has opportunity to improve in service effectiveness.

The benchmark peer comparison measures The Rapid to ten peers across the nation, analyzing both fixed route and demand response service in FY 2022.

The results show The Rapid provides superior service to its community at a higher financial efficiency compared to peers. The Rapid's fixed route services exhibit relatively lower passenger rates per mile and per hour than its counterparts, despite having the greatest revenue mile operation amongst its peers and serving a population-dense area. Considerations of service availability, trip length, and travel time from previous TMP tasks will help provide insight into specific routes that may be impacting The Rapid's service effectiveness compared to its peers.

Aspirational Peer Overview:

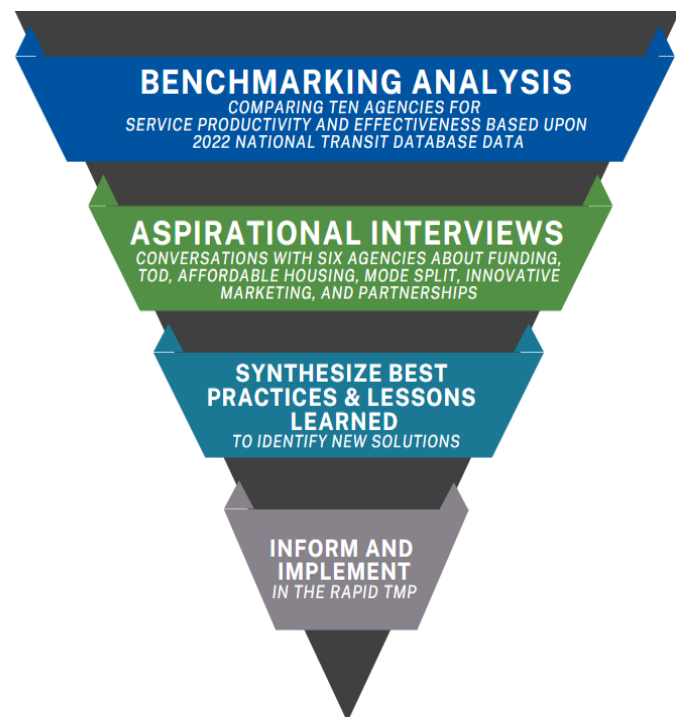
Peers served to highlight effective strategies, tools, and lessons learned in key focus areas that align with goals, priorities, and interest areas of The Rapid established through the TMP process.

Aspirational peers include Metro Transit (Minneapolis, MN), TheRide (Ann Arbor, MI), IndyGo (Indianapolis, IN), CapMetro (Austin, TX), LA Metro (LA, California), and Sound Transit (Seattle, WA). These six peers were selected for their expertise in sustainable funding, TOD, affordable housing, modal split, innovative marketing, and regional partnerships. Insights from the aspirational peers were used to inform best practices and lessons learned for implementation.

Strategies for Implementation

Results from the benchmarking peer analysis and aspirational peer interviews can be used to identify and achieve near-term (1-4 years), mid-term (5-10 years), or long-term (11-20 years) implementation goals. Based on the peer analysis review, three areas for The Rapid to prioritize were identified, specifically: identifying innovative and sustainable funding mechanisms, the role of the agency in transit oriented development and affordable housing, and approaches for encouraging the community to use transit.

Figure 1. Peer Analysis Summary of Approach



Sustainable Funding: *Explore new sustainable funding pathways to raise and diversify operating and capital revenue.*

A transit millage rate funds a majority of The Rapid's operating funds, but these rates have not increased since 2012, while ridership and operational needs have increased. Based on conversations with aspirational peers, The Rapid could explore the following:

- *Feasibility of increasing the existing millage rate in the Rapid service-area.*
 - Service area funding increase request should reflect large investments.
 - The Ride and CapMetro had success through funding increases by bundling funding asks with new services and improvements rather than smaller funding asks over time.
 - Peers recommend early and often engagement to identify community needs and communicate the benefits funding will provide.

- *Maintaining a unified millage rate for The Rapid service area.*
 - A unified rate allows services to be distributed throughout the community based on demand and need, rather than the millage rate contributed.
 - Expansions to the service area should maintain the same millage rate paid by current service area members.
 - Peers such as The Ride, which uses service agreements with surrounding jurisdictions to provide a lower level service to outlying areas, in lieu of expanding the service area.
 - CapMetro, Metro Transit, and LA Metro suggest maintaining a unified service area and funding amount to capitalize on strengths as a group and position for discretionary funding that benefits the entire service area.

- *Identifying new funding mechanisms locally and developing a discretionary funding strategy*
 - Aspirational peers utilize a mix of local funding sources such as sales taxes, motor vehicle excise tax and/or income tax for funding. These local funding sources are informed by local and state laws for funding.
 - Enabling these funding mechanisms in Michigan would require state-level policy change. Advocacy and political momentum can help achieve such changes as demonstrated by Metro Transit (MN) where local agency coordination with the state legislature helped shape policies and update best practices can lead to transit financing mechanisms.
 - Pursuing discretionary funding opportunities at a federal level is recommended. CapMetro and IndyGo emphasized the importance of a proactive grant strategy, paying attention to the grant conditions and timing, pursuing the grants that align best with agency goals.

TOD and Affordable Housing: *Explore tools to foster Transit Oriented Development (TOD) and affordable housing, in alignment with plans and policies.*

There is support for affordable housing and TOD efforts in the Grand Rapids region from city departments, organizations, and advocacy groups. The Rapid, as a transit agency, has the opportunity to tap into these efforts, connecting transit benefits to housing and development.

The extent to which aspirational peers engage in TOD and affordable housing efforts varies based on the agencies perspective on what role a transit agency should play in TOD. For example, a transit agency may decide to offer transit passes to residents at a new apartment development or the agency may decide to frame development and communicate directly with potential developers to align transit investments from the start. Depending on how The Rapid wants to directly invest in this realm, the following tools can be explored, from least to most involved in the TOD process:

- ***Educated and Supportive***: Aspirational peers site the benefits of an engaged transit agency with staff who understand TOD principles. A basic level of understanding is key to knowing the needs facing the community. Peers recommend pairing community engagement with TOD efforts. Engaging with the community and understanding their needs and desires can help inform TOD efforts and the role that a transit agency should play.
- ***Collaboration***: Partnerships with local organizations focused on TOD can be fruitful, particularly when internal staff is limited. Metro Transit, CapMetro, and Sound Transit all suggest working closely with a pool of developers. This helps reduce barriers to development, maintain competition, ensure community needs are met, and integrate community needs into RFPs.
- ***Zoning***: IndyGo and Metro Transit suggest working with member cities to preemptively rezone for TOD and engage communities on TOD zoning needs. This can be in tandem with transit investments.
- ***Policy and Advocacy***: Peers recommend taking advantage of local and state momentum to enable affordable housing efforts. Metro Transit described working with state and local leaders to raise awareness of procedural and financial barriers to TOD and to advocate for change.
- ***Funding***: Metro Transit and Sound Transit recommend specific funding tools, like leveraging FTA Joint Development resources, using long-term lease agreements to maintain agency ownership of land, and creating financing mechanisms to fill affordable housing financing gaps.
- ***Internal Capacity Building***: Sound Transit has hired a team of TOD focused staff members to coordinate efforts and policies, provide tools for developers, understand community needs, and coordinate engagement efforts between communities and developers.

Encouraging Transit and Alternative Modes: *Collaborate early and often to align The Rapid's goals with local planning efforts for transit.*

Aspirational peers offered the following tools to promote public transportation and first/last mile transportation options:

- ***Regional Coordination***: Agencies emphasize the benefits of working with jurisdictions and Metropolitan Planning Organizations (MPOs) for transit-supportive policies, developing corridor-based zoning for transit-supportive uses, establishing contacts with collaborating agencies, and aligning leadership and organizational goals.
- ***Service Area Coordination***: Some peers recommend maintaining a centralized service area to maximize federal and state funding opportunities. Serving a diverse and vast service area, LA Metro describes the need for intentional alignment between jurisdictions, communicating shared goals and planning objectives.
- ***Encouraging modal split***: Peers recommend implementing micromobility along existing or planned transit lines to foster first- and last- mile solutions. Planning and coordination with developers and regional and local organizations can help fill bike, pedestrian, trail, and transit connectivity gaps. Sound Transit recommends marketing transit success and advertising planning efforts to raise excitement and reduce car dependency.

INTRODUCTION

As part of the Interurban Transit Partnership (The Rapid) 20-year Transit Master Plan (TMP) development, a peer assessment was conducted which includes benchmarking to similar peers and peers defined as aspirational. A peer review can be a helpful tool to identify areas of strength and opportunities for growth or improvement in the future.

This *Peer Review Report* provides insights of The Rapid's service productivity, service effectiveness, and cost effectiveness "benchmarks" to identify areas where The Rapid exceeds, meets, or is below the performance of its peers. Areas where The Rapid may be underperforming relative to its peers can be identified as opportunities for future growth. Aspirational peers are identified as agencies that The Rapid aspires to learn from in areas such as sustainable funding approaches, transit-oriented development (TOD) and affordable housing, innovative marketing, and regional partnerships. Unlike benchmarking peers, aspirational peers can vary in service metrics. These peer reviews will identify the positive aspects, drawbacks, and avenues for growth in the creation of the broader TMP.

This peer review focuses on utilizing relevant benchmarks and aspirations to inform strategies for implementation through the TMP (**Figure 2**). Peers were selected based on their ability to invest, fund, and expand transit successfully and creatively. This analysis compares The Rapid to agency peers in two ways. First, The Rapid is compared to agency peers with similar benchmarks in terms of geography, demographic makeup, growth trends, types of services, and operational delivery. This benchmark comparison leverages National Transit Database (NTD) data as the baseline. Second, The Rapid is compared to aspirational peers. Agencies that are identified as aspirational are interviewed to document current best practices and lessons learned that can be considered to meet the goals of the TMP.

Figure 2. Peer Review Multi-Step Review.



This *Peer Review Report* will be considered in the development of other TMP chapters to align best practices and lessons learned recommendations from the peer assessment. This report concludes with potential solutions to common challenges such as service delivery, funding diversification, and attracting riders. Together both the benchmarking and aspirational peer analysis will identify opportunities for growth and lend insight to potential solutions that can be applied in the near, mid-, and long term to advance towards The Rapid's 20-year vision.

METHODOLOGY AND APPROACH

Benchmark Screening Methodology

To identify benchmark peers for The Rapid, transit agency profile data was downloaded from the NTD, which collects agency-reported operating, financial, and asset data for transit agencies.¹ For data analysis purposes, data from 2022, the most recent data profile available at the time of analysis, was utilized for the benchmark effort.

Data from 2022 reflects level of service by transit agencies following the COVID-19 pandemic, which had a widespread impact on transit agency operations and ridership. Additionally, agencies likely received additional operating funding through federal COVID-19 relief or emergency funding, which can influence trends in operations and financial metrics. This analysis holistically considers impacts to service as a result of COVID-19 and aims to benchmark The Rapid relative to peers in a post-pandemic operating environment.

Based on discussions with The Rapid and in alignment with the larger TMP effort, the benchmark analysis establishes minimum and maximum ranges in which to filter peers relative to The Rapid's 2022 metrics as reported in the NTD. Given that The Rapid is an urban reporter, the peers were first filtered to only evaluate other full urban reporters who operate fixed route service. While both fixed route and demand response services were included in the analysis, it is noted that demand response service can vary depending on the needs of each community and may include more service nuances for consideration. **Table 1** outlines the benchmark-filtering criteria to identify the peers for comparison. As shown in the table, each of the filtering measures were set relative to The Rapid. Based upon the filtering criteria, a total of 10 peers were selected for benchmark comparison purposes.

Table 1. Benchmark Filtering Criteria

Filtering Criteria	Allowed Value Relative to The Rapid*	
	Minimum	Maximum
Service Area Density (pop. per sq. mile)	1,800 (45%)	6,220 (155%)
Vehicles Operated in Maximum Service	120 (65%)	230 (125%)
Motor Buses Operated in Maximum Service (MB)	60 (60%)	160 (160%)
Total Annual Unlinked Passenger Trips (UPT)	2.5 M (45%)	8.5 M (155%)
Total Operating and Maintenance Costs	\$25.2 M (55%)	\$66 M (140%)

Source: 2022 NTD Agency Profiles

*Percentages indicate a value relative to The Rapid NTD metrics; the minimum and maximum percentage varies by filtering criteria to generate the necessary distribution to reflect the range of most similar peers.

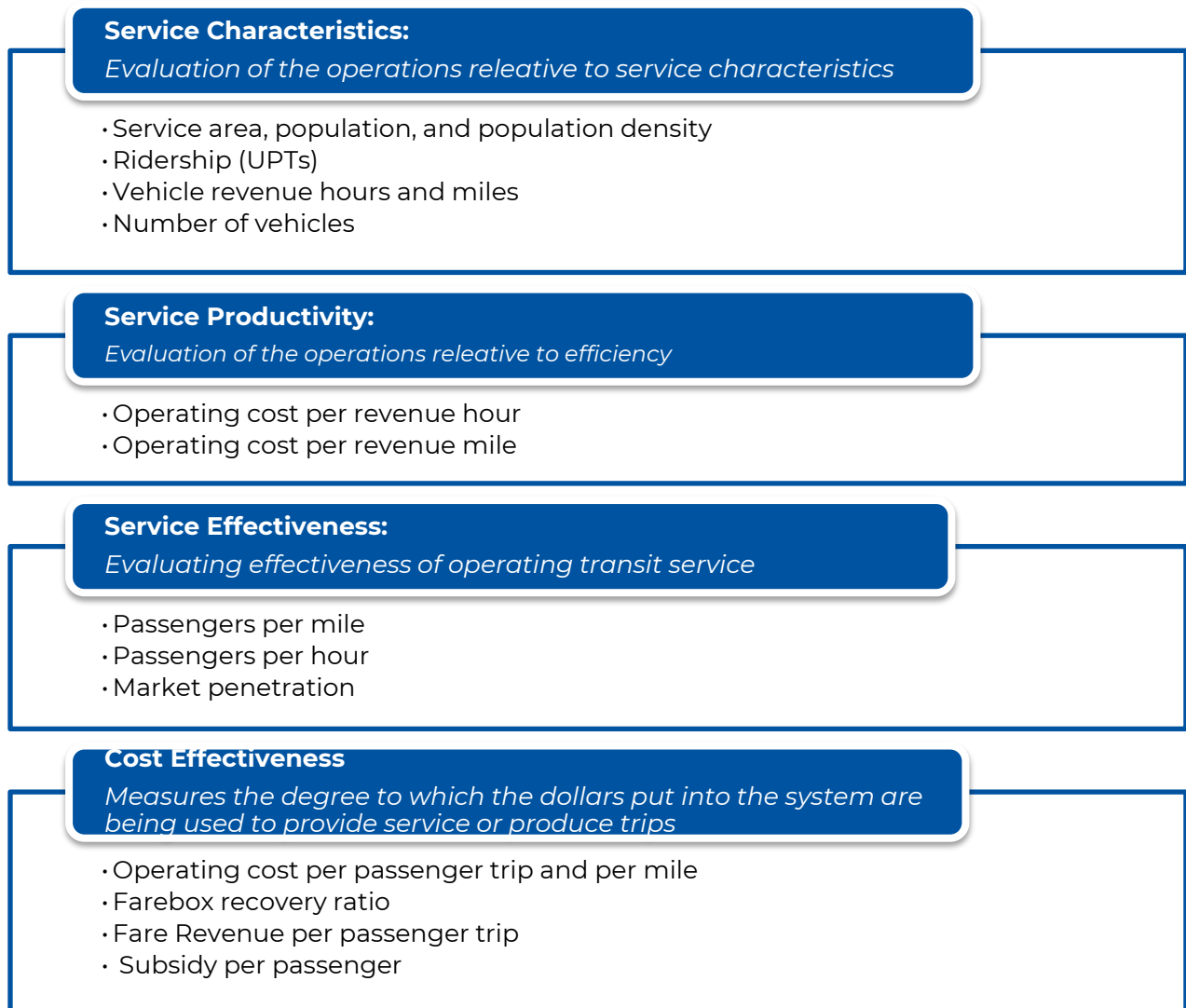
¹ National Transit Database, Federal Transit Administration (FTA), <https://www.transit.dot.gov/ntd/transit-agency-profiles>

BENCHMARK PEER COMPARISON

Introduction

This section benchmarks the performance of The Rapid relative to its benchmark peers' operational and financial characteristics. Peers were evaluated using a series of characteristics including service productivity and effectiveness, cost effectiveness, and evaluation of existing funding sources (**Figure 3**). Each of the characteristics are described in detail in the sections that follow.

Figure 3. Summary of Evaluation Measures per NTD.



Service Characteristics

As shown in **Table 2**, The Rapid has a service area population of approximately 622,000 people, the third largest amongst its peers. Comparatively, The Rapid has the greatest service area population density relative to other systems. Some peers such as the Fresno Area Express in California operate within a similar service area, in terms of population and density, whereas others such as TheRide in Michigan has a much smaller, less dense service area.

Table 2. Benchmark Peer Systems Service Data

System	Location	State	Service Area (Square Miles)	Service Area Population	Service Area Population Density
The Rapid	Grand Rapids	Michigan	155	621,711	4,011
ABQ RIDE	Albuquerque	New Mexico	235	661,629	2,815
CATA	Lansing	Michigan	136	295,130	2,170
C-TRAN	Clark County***	Washington	143	445,744	3,117
DART	Des Moines	Iowa	136	354,320	2,605
Fresno Area Express	Fresno	California	154	591,531	3,841
Greater Dayton RTA*	Dayton	Ohio	274	559,062	2,040
Gainesville RTS**	Gainesville	Florida	76	163,990	2,158
Metro Transit	Madison	Wisconsin	126	348,359	2,765
Sun Metro	El Paso	Texas	234	772,374	3,301
TheRide	Ann Arbor	Michigan	130	258,829	1,991

Source: 2022 NTD Agency Profiles

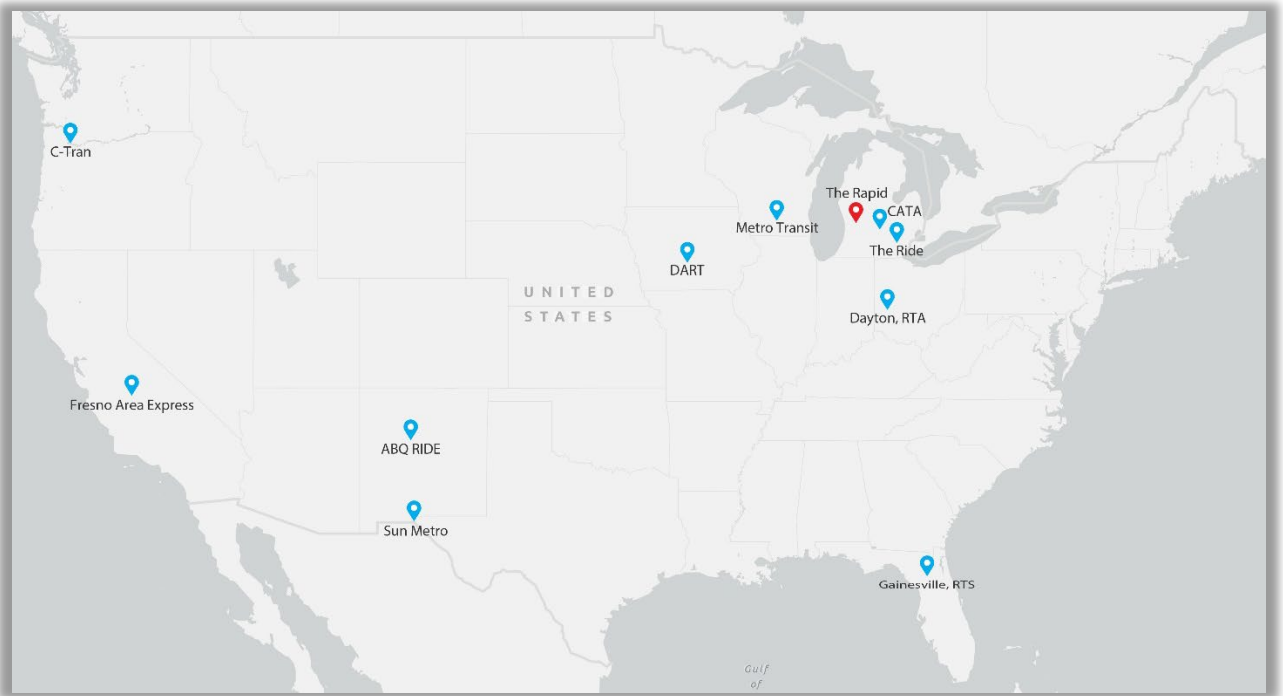
*Regional Transit Authority (RTA)

**Regional Transit System (RTS)

*** C-TRAN serves multiple cities within Clark County

As depicted in **Figure 4**, approximately half of the benchmark peers are located in the Midwest.

Figure 4. Benchmark Peers.



The operating data for The Rapid and its peers are summarized in **Table 3**. This operating data includes ridership quantified as Unlinked Passenger Trips (UPTs), operating budget, farebox revenue, and revenue hours and miles. These characteristics measure the number of passengers who board vehicles, level of service, and financial measures. The percentage of miles operated for demand response services are also provided to understand the level of service dedicated to service beyond fixed route bus.

Compared to its benchmark peers, The Rapid falls in the middle for ridership, but ranks first in revenue hours and revenue miles operated, and third in farebox revenue. This indicates that The Rapid is providing a higher level of service compared to many of its peers. Notably, The Rapid has the ninth largest operating budget, indicating that it is operating a high level of service on a lower budget compared to its peers. The Greater Dayton RTA has slightly higher ridership compared to The Rapid and operates a similar number of miles and hours but spends almost \$20 million more in operating expenses. CATA, a Michigan-based peer, spends more providing transit service, but The Rapid has a higher farebox revenue than its local peer.

Table 3. Peer Systems Operating Data—All Modes (2022)

System	Ridership (UPT)	Revenue Miles Operated	Revenue Hours Operated	% Miles Demand Response	Operating Expenses	Farebox Revenue
The Rapid	5,514,573	7,111,847	504,554	22%	\$45,793,383	\$7,883,222
ABQ RIDE	5,253,683	6,139,884	440,806	23%	\$58,180,293	\$826,567
CATA	5,399,227	5,754,873	412,425	41%	\$51,778,583	\$5,151,917
C-TRAN	4,004,631	5,230,303	346,152	27%	\$63,010,239	\$2,590,918
DART	2,588,686	4,589,430	277,612	19%	\$32,100,126	\$4,532,439
Fresno Area Express	7,120,464	5,587,684	489,529	14%	\$62,126,316	\$3,482,194
Greater Dayton RTA	5,666,081	6,060,304	414,599	22%	\$64,389,111	\$4,794,345
Gainesville RTS	4,357,558	3,708,851	294,558	12%	\$27,395,068	\$14,250,445
Metro Transit	8,379,362	4,722,445	386,236	8%	\$54,395,428	\$9,690,290
Sun Metro	5,182,445	6,887,362	462,173	25%	\$53,235,907	\$4,470,675
TheRide	3,653,122	6,262,542	352,599	18%	\$47,899,639	\$2,981,095

Source: 2022 NTD Agency Profiles

Service Productivity

Service productivity evaluates the efficiency of the transit service in terms of operating costs per revenue hour and revenue mile (**Table 4**). For both metrics, a lower cost is desirable.

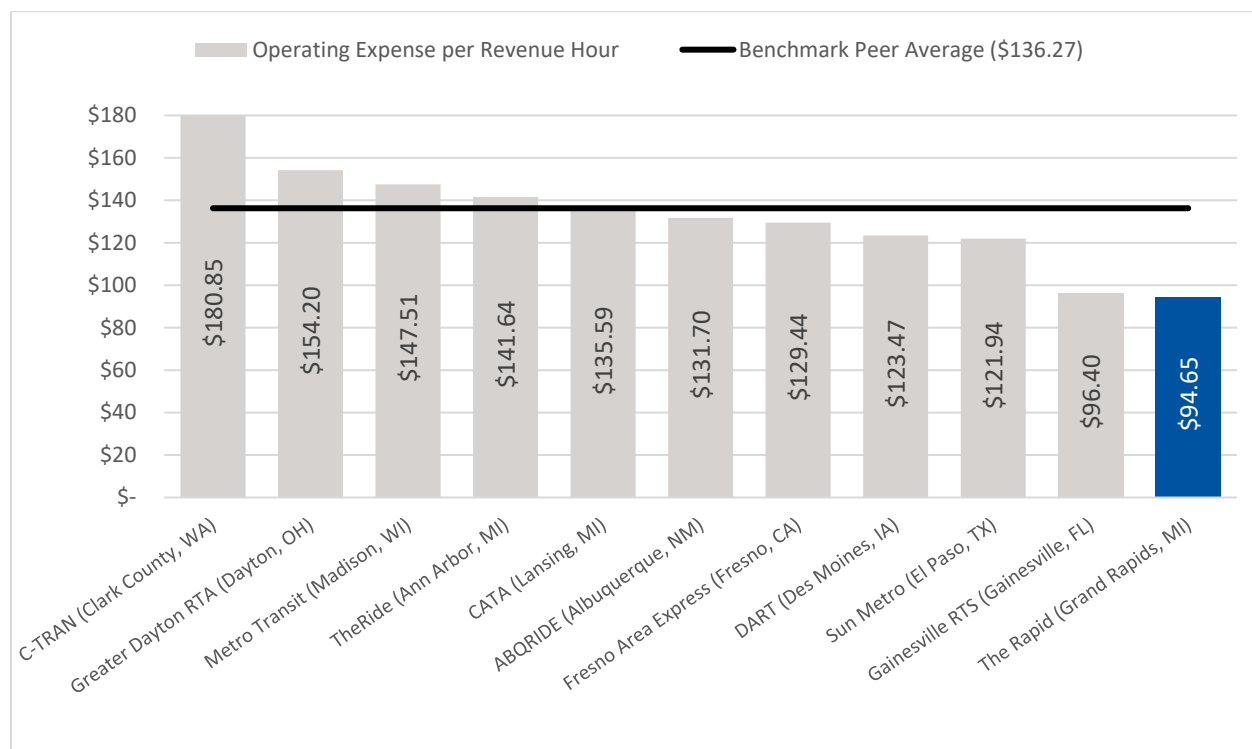
Table 4. Definition of Service productivity

Service Productivity	Definition
Operating Cost per Revenue Hour	Operating costs incurred during the transit system fiscal year divided by the number of revenue hours.
Operating Cost per Revenue Mile	Operating costs incurred during the transit system fiscal year divided by number of revenue miles.

Operating Cost per Revenue Hour

The Rapid's operating expense per revenue hour for fixed routes is \$41.63 (31 percent) lower than the peers' average (\$136.27) (**Figure 5**). This indicates that The Rapid has a higher financial efficiency compared to its peers. Comparably, The Rapid's Michigan-based peers, CATA and TheRide's operating cost per hour are near the peer average. Notably, The Rapid has the lowest fixed route operating cost per revenue hour compared to its peers.

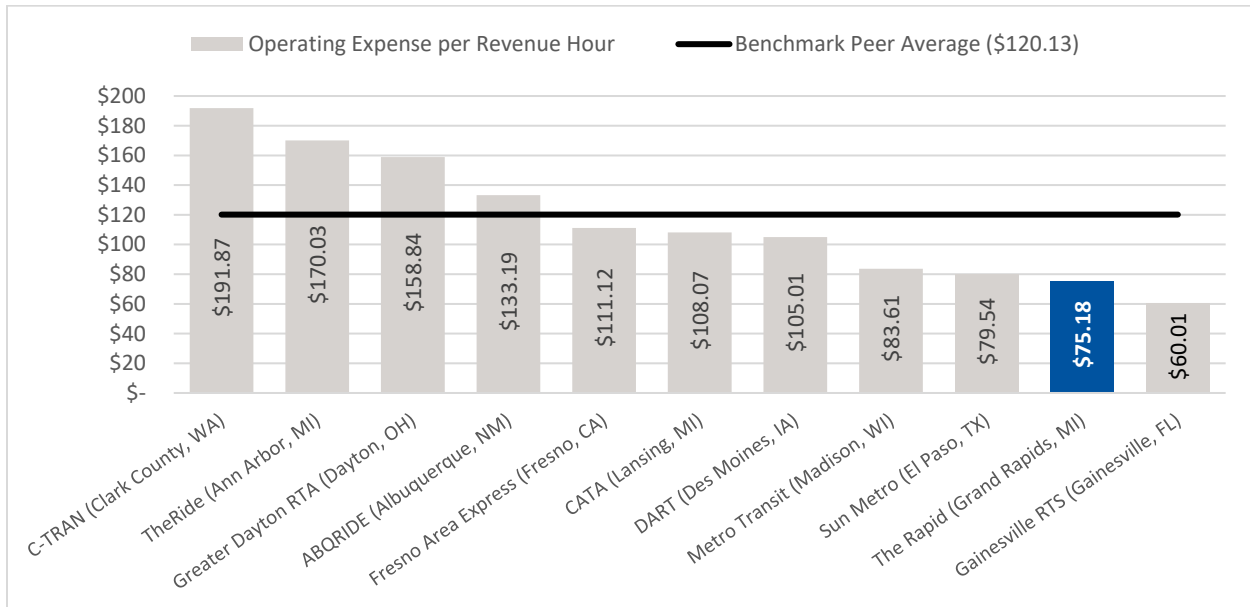
Figure 5. Fixed Route Operating Cost per Revenue Hour.



Source: 2022 NTD Agency Profiles

The Rapid's operating expense per revenue hour for demand response services is approximately 37 percent lower than the benchmark peer average (\$120.13)². This indicates that The Rapid's demand response service also has a higher financial efficiency compared to the average peer. **Figure 6** illustrates the operating expense per revenue hour for demand response services. Gainesville RTS was the only benchmark peer with a lower demand response operating cost per revenue hour at \$60.01.

Figure 6. Demand Response Operating Cost per Revenue Hour.



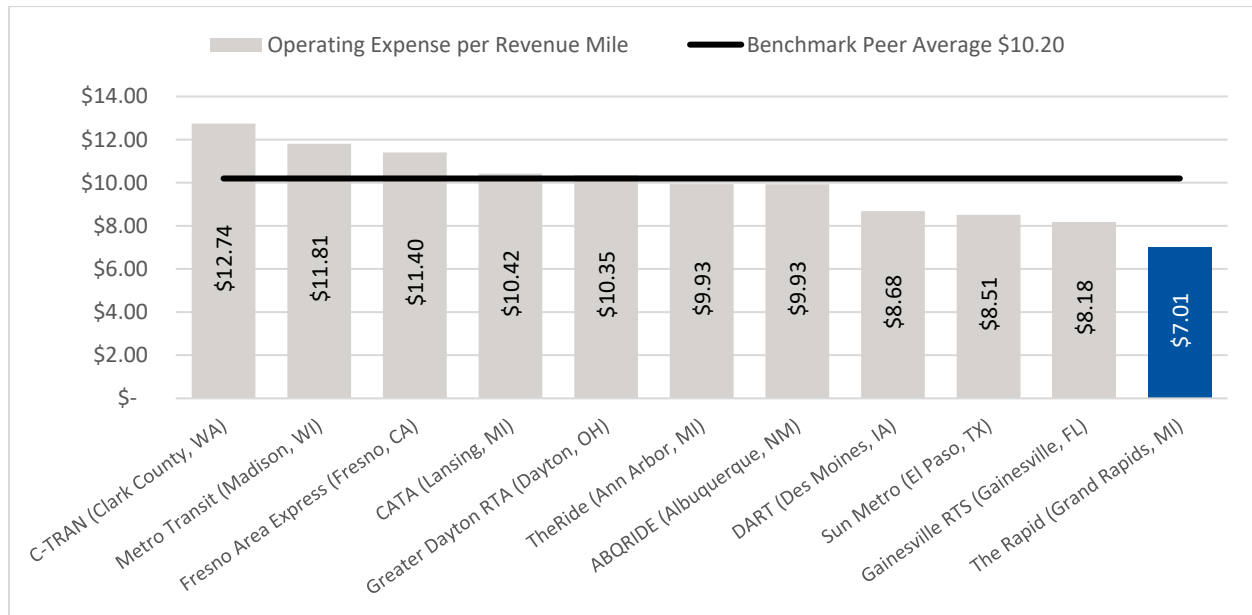
Source: 2022 NTD Agency Profiles

Operating Cost per Revenue Mile

The Rapid's operating expense per revenue mile for fixed route services is \$3.19 lower than the average (\$10.20). **Figure 7** illustrates the operating cost expended by The Rapid and its peers for every revenue mile of fixed route transit services. A smaller number indicates a combination of more financially efficient routes, faster operating speeds, or lower fuel costs. The Rapid outperforms all benchmark peers.

² Note that demand response costs reflect both PASS service and Rapid Connect, which began service in January 2022.

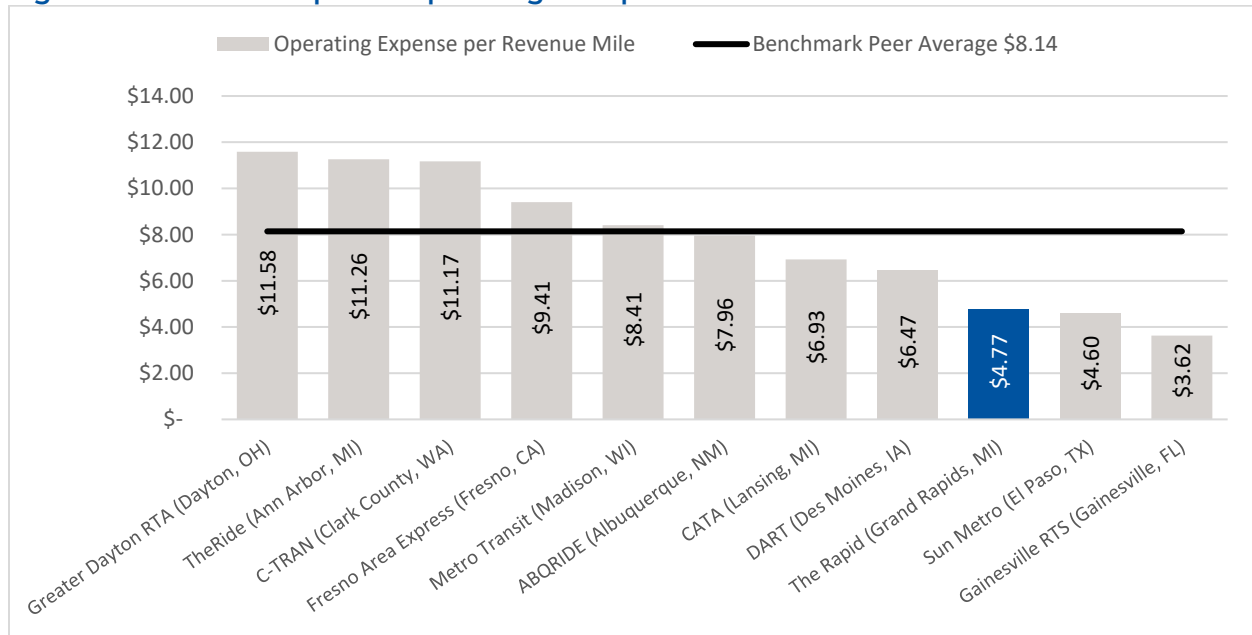
Figure 7. Fixed Route Operating Cost per Revenue Mile.



Source: 2022 NTD Agency Profiles

The operating expense per mile for demand services for The Rapid is \$3.37 lower than the peers' average of \$8.14, as shown in **Figure 8**. Compared to its peers, The Rapid operates one of the highest percentages of revenue miles for demand response services. Based on this assessment, The Rapid's demand response is financially efficient. Sun Metro and Gainesville RTS slightly outperform The Rapid for this metric.

Figure 8. Demand Response Operating Cost per Revenue Mile.



Source: 2022 NTD Agency Profiles

Service Effectiveness

Service effectiveness evaluates the effectiveness of the transit service operated in terms of passenger trip per mile and passenger trip per hour (**Table 5**). For both metrics, a lower cost is desirable. Other measures of service effectiveness include market penetration and fare revenue per passenger trip.

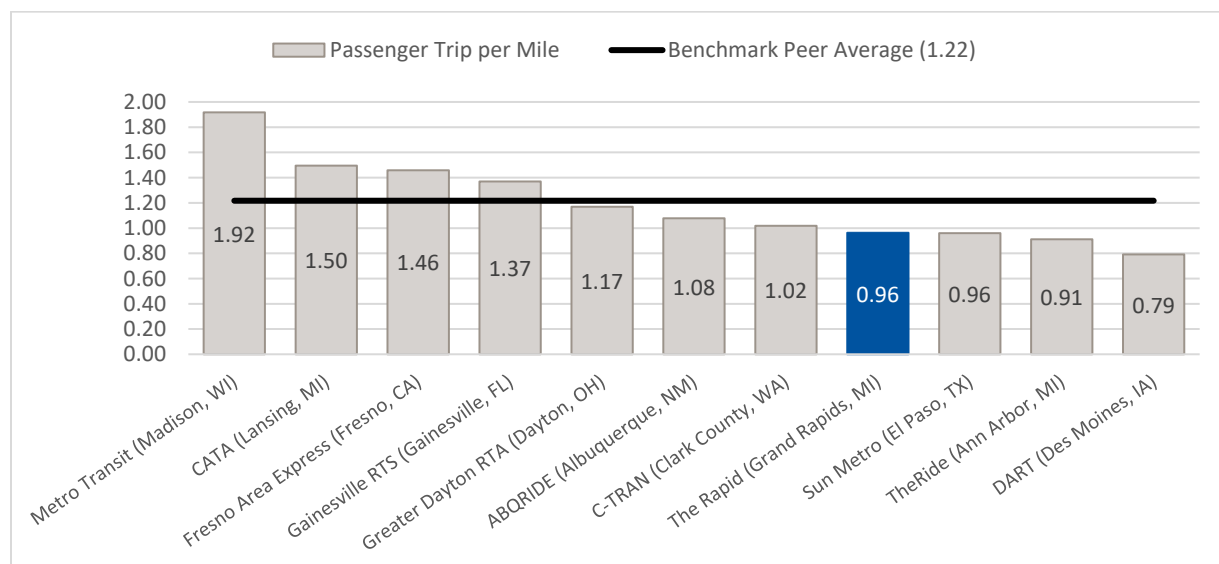
Table 5. Definition of Service Effectiveness

Service Effectiveness	Definition
Unlinked Passenger Trip (UPT) per Revenue Mile	Typically, one passenger trip is recorded any time a passenger boards a transportation vehicle. "Unlinked" means that one trip is recorded each time a passenger boards a vehicle, no matter how many vehicles that passenger uses to travel from their origin to their destination. UPT is divided by the revenue miles.
Unlinked Passenger Trip (UPT) per Revenue Hour	Number of passengers per revenue hours traveled.
Market Penetration	Measures how well a system serves its service area population compared to the total market for the service in the area.
Fare Revenue per Passenger Trip	The income directly generated (<i>i.e.</i> , fare) from each passenger per transit trip.

Passengers Per Mile

The Rapid's fixed route passengers per mile is 0.96, which is less than the average of 1.22. Despite The Rapid's population-dense service area and the greatest revenue mile operation amongst its peers, The Rapid has fewer passengers per mile for fixed route services. This is explored further in the **Market Penetration** section. As illustrated in **Figure 9**, Metro Transit and CATA provide the greatest number of fixed route passenger trips per mile with Metro Transit offering about three million more rides despite operating about 2.5 million fewer revenue miles than The Rapid.

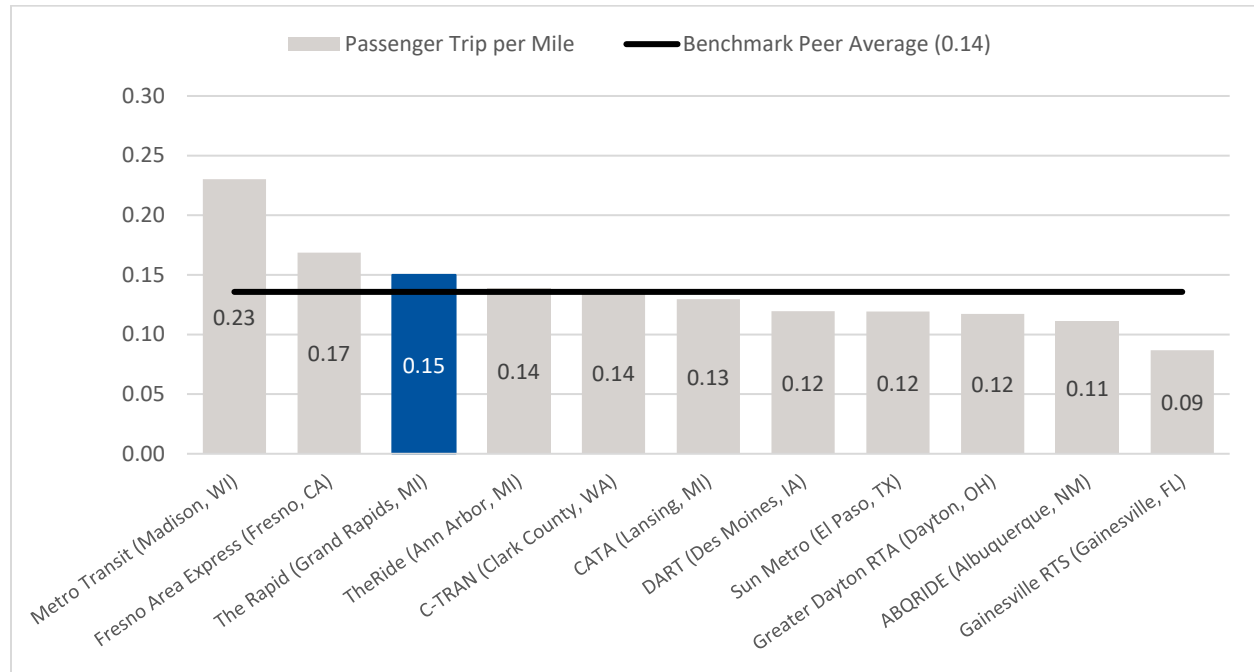
Figure 9. Fixed Route Passenger Trip per Mile.



Source: 2022 NTD Agency Profiles

The Rapid's passengers per mile (0.15) for demand response services is approximately 10% greater than the peer average (0.14). As shown in **Figure 10**, relative to its peers The Rapid serves slightly more passengers per mile than the majority and exceeds the benchmarking average.

Figure 10. Demand Response Passenger Trip per Mile.



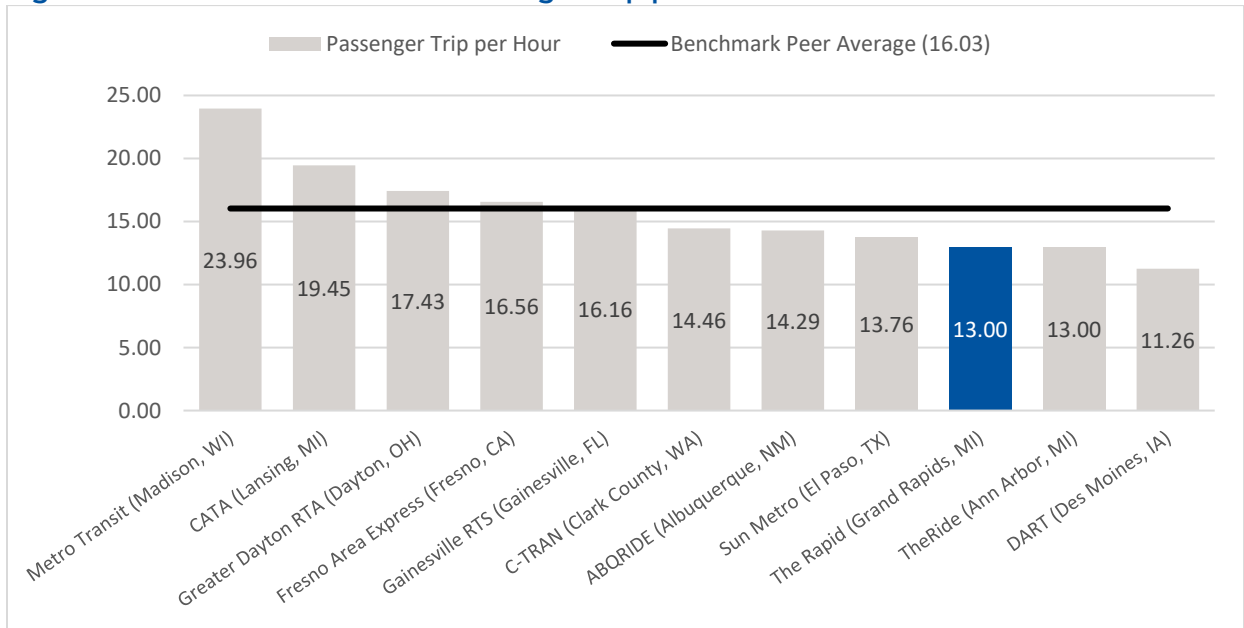
Source: 2022 NTD Agency Profiles

Passengers Per Hour

Passengers per revenue hour measures ridership as a function of the amount of service provided and varies based on the geographic spread of the area and average operating speed. Higher numbers indicate a more effective system. The Rapid's fixed route passenger trips per revenue hour is about three trips less than the peer average (16.03) as shown in **Figure 11**. The Rapid's fixed route service performs more effectively than three of its peers.

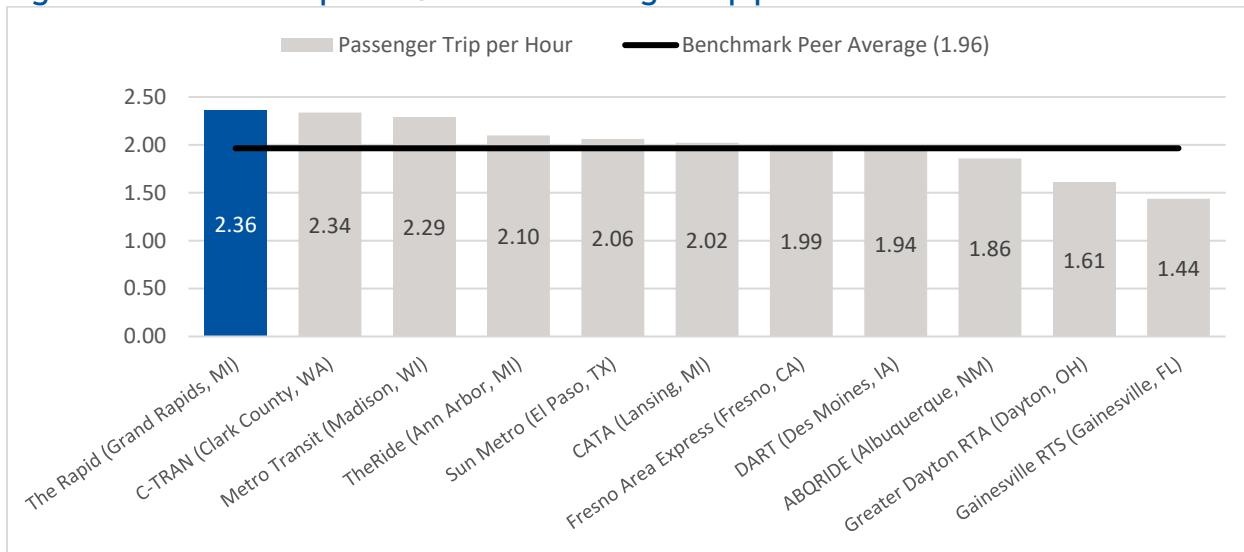
The Rapid's demand response service serves more passengers per revenue hour, and thus has greater service effectiveness than many of its peers. The passenger trips per hour for demand response services is 20% greater than the peer average (1.96) as shown in **Figure 12**.

Figure 11. Fixed Route Unlinked Passenger Trip per Revenue Hour.



Source: 2022 NTD Agency Profiles

Figure 12. Demand Response Unlinked Passenger Trip per Revenue Hour.



Source: 2022 NTD Agency Profiles

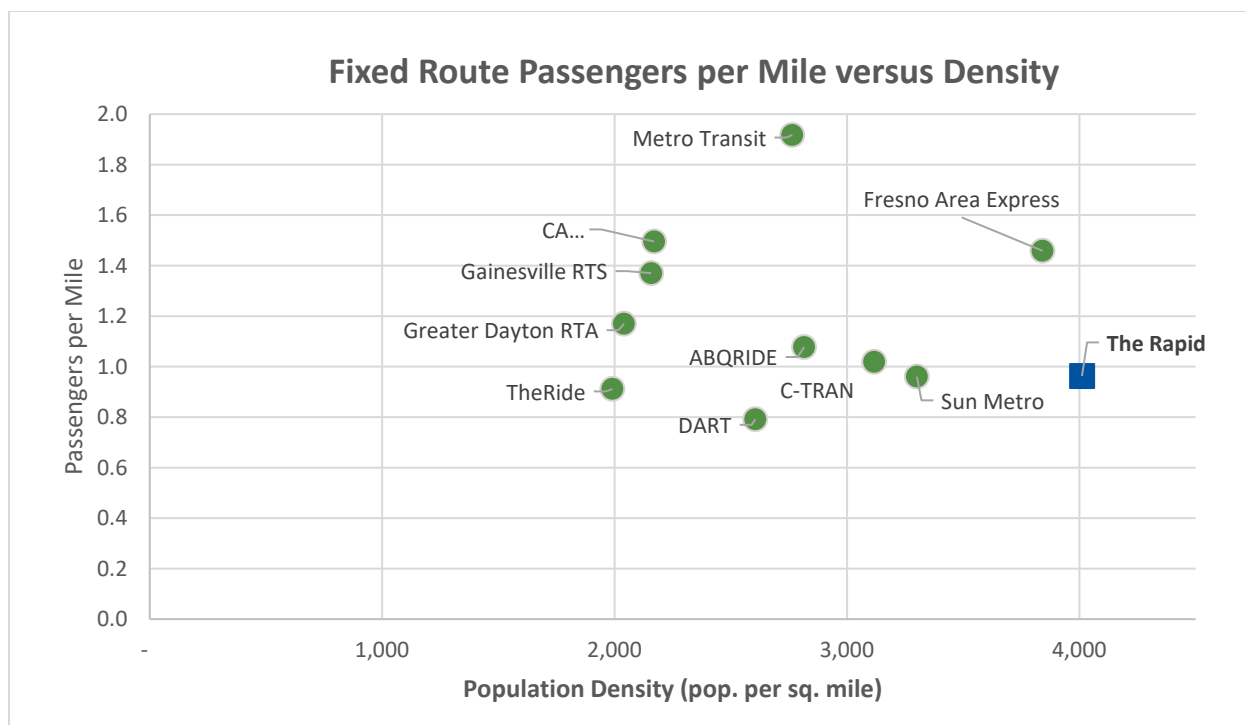
Market Penetration

Market penetration evaluates the level of service relative to the service population. For this analysis, passengers per mile, passengers per hour, and population density were compared. Higher penetration is indicated by a high passenger per mile or hour relative to density. Different levels of service can affect the total revenue miles and hours per capita. Population density is particularly important when evaluating a transit market and can be helpful in transit planning when considering how and where services can best meet the transportation needs of various populations, as transit and density are highly correlated.

In comparison to its peers, The Rapid had a relatively lower passengers per mile (**Figure 13**) and passengers per hour (**Figure 14**) in 2022, despite operating in a region with the greatest population density. However, this may be driven by different levels of service, which can affect total revenue miles and hours per capita.

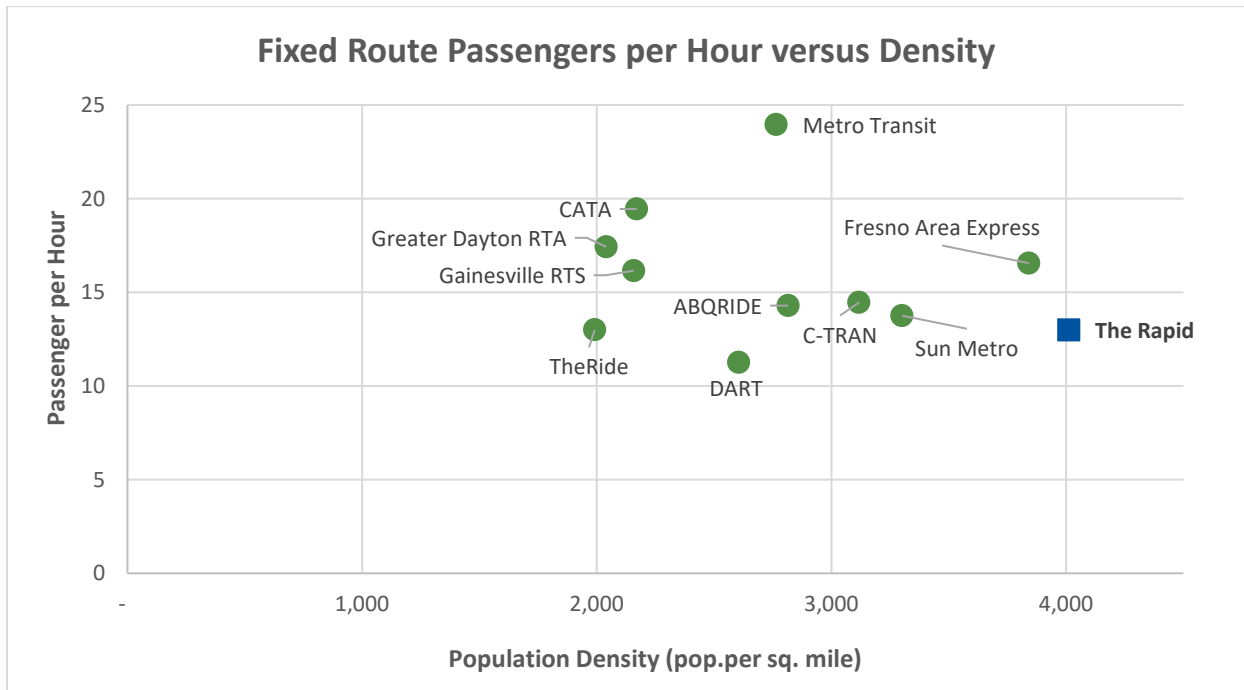
As density increases, neither the passengers per mile nor hour are impacted. This is likely due to the fact that as the numerator increases (ridership), the denominator (miles/hours) do so as well, indicating they are proportional to each other. In this instance, adding transit service would not proportionally increase ridership. To further understand driving factors that impact service effectiveness it is important to review route by route metrics to identify if service availability, trip length or travel times are impacting service.

Figure 13. Passengers Per Mile Versus Density.



Source: 2022 NTD Agency Profiles

Figure 14. Passengers Per Hour Versus Density.



Source: 2022 NTD Agency Profiles

Cost Effectiveness

Cost effectiveness measures the degree to which the dollars put into the system are being used to provide service or produce trips and how well the fares collected cover the cost per passenger (**Table 6**). For operating expense per trip and mile measures, a lower cost is desirable, whereas it is more desirable to have a higher farebox recovery ratio and fare revenue collected.

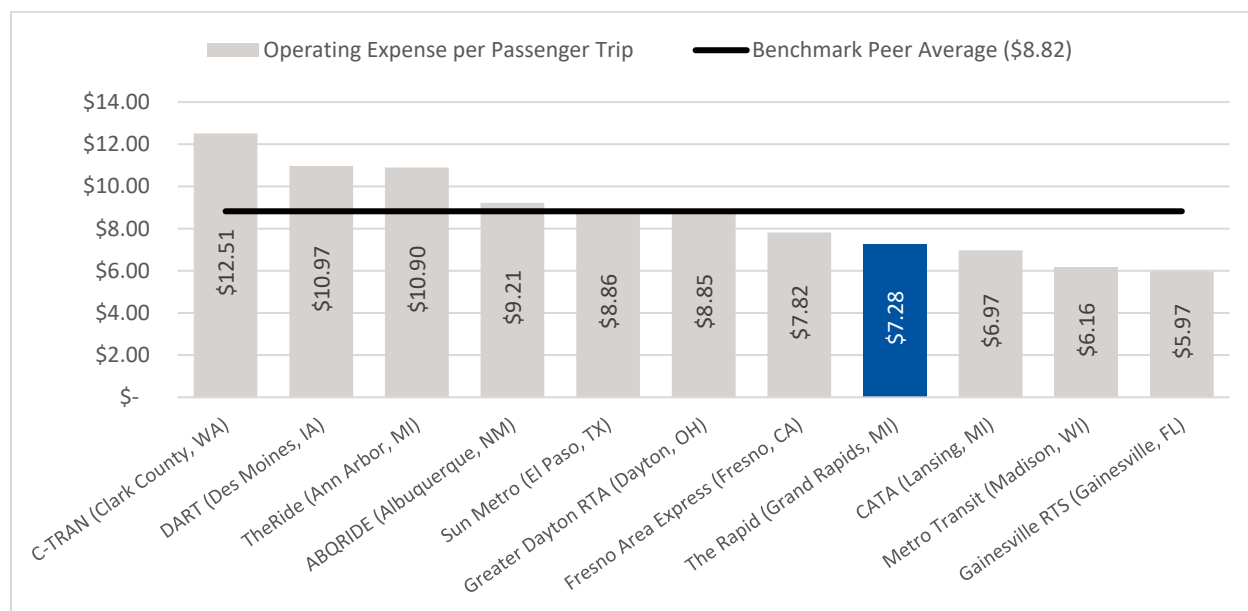
Table 6. Definition of Cost Effectiveness

Cost Effectiveness	Definition
Operating expense per passenger trip	Expenses associated with the operation of the transit agency for each completed passenger trip
Operating expense per passenger mile	Expenses associated with the operation of the transit agency for each mile travelled
Farebox recovery ratio	The return from fares for every operating expense
Fare revenue per boarding	The percentage of operating costs covered by revenue from fares and contract revenue (total fare revenue and total contract revenue divided by the total operating cost)
Subsidy per passenger	Expenses associated with the operation after taking into account fare revenue and is subsidized by other sources such as state, local, and federal dollars.

Operating Cost per Passenger Trip

The Rapid's fixed route operating expense per passenger trip is \$1.54 less than the peer average (\$8.82). This indicates that The Rapid has higher transit use per dollar spent providing fixed route services and is more cost effective in providing unlinked trips than its peers on average (**Figure 15**).

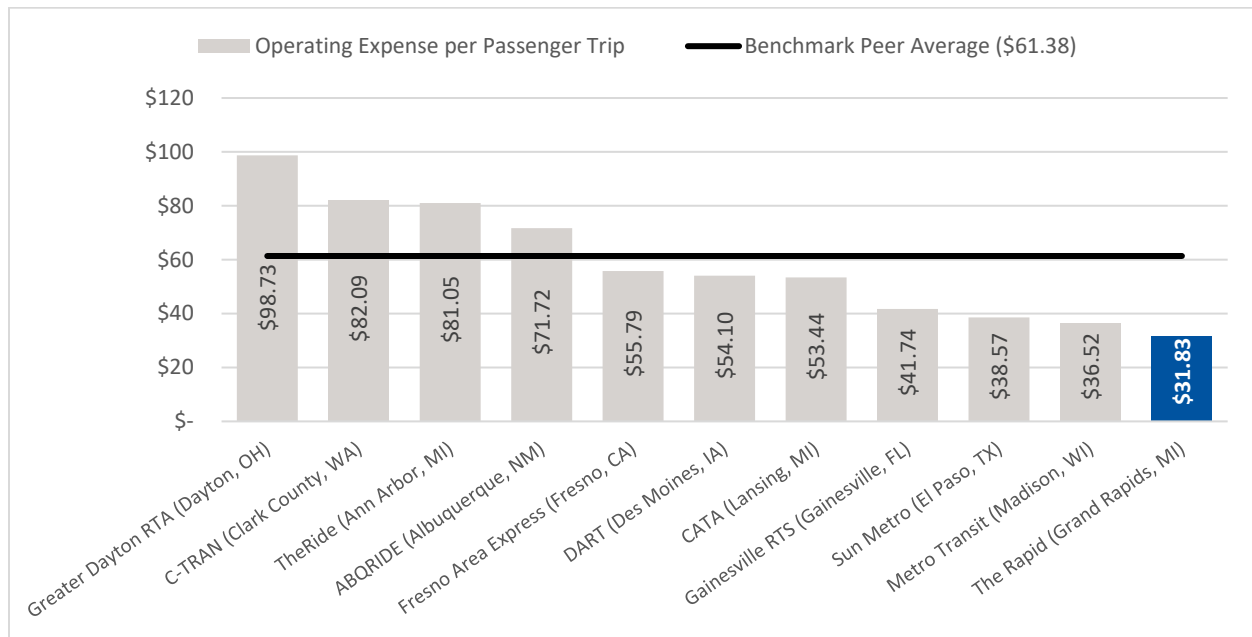
Figure 15. Fixed Route Operating Cost per Passenger Trip.



Source: 2022 NTD Agency Profiles

The operating cost of providing demand response service is often much higher than the cost of operating fixed route service. The Rapid's demand response service has the lowest operating cost amongst its peers—nearly \$30 less than the peer average (\$61.38). This indicates that The Rapid has higher transit use per dollar spent on providing demand response services and is more cost effective per trip. Notably, The Rapid also has one of the highest passengers per mile and revenue hours for demand response service (**Figure 16**), which can aid in the cost effectiveness.

Figure 16. Demand Response Operating Cost per Passenger Trip.



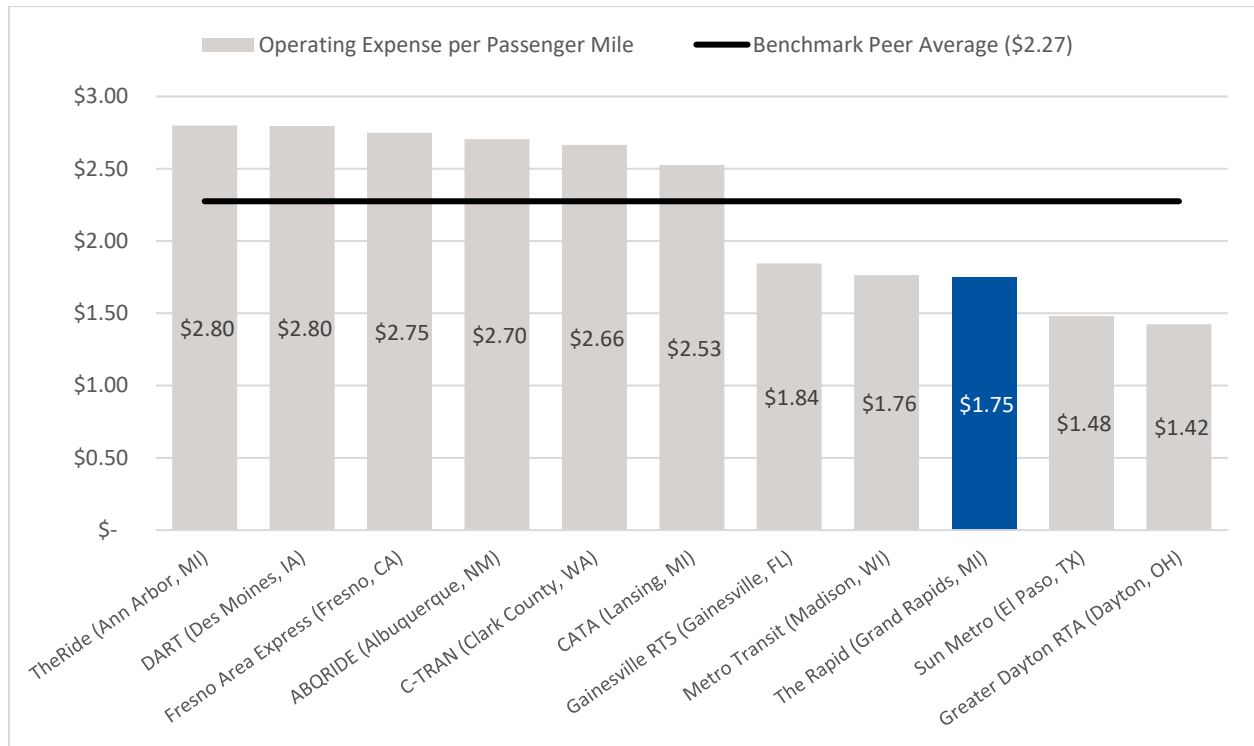
Source: 2022 NTD Agency Profiles

Operating Cost per Passenger Mile

This measure is sensitive to the overall cost to operate a route relative to the number of passengers. A smaller number indicates a combination of more financially efficient routes, faster operating speeds, or lower fuel costs. The Rapid has the third lowest operating cost per passenger mile compared to its peers and is \$0.53 less than the peer average (**Figure 17**).

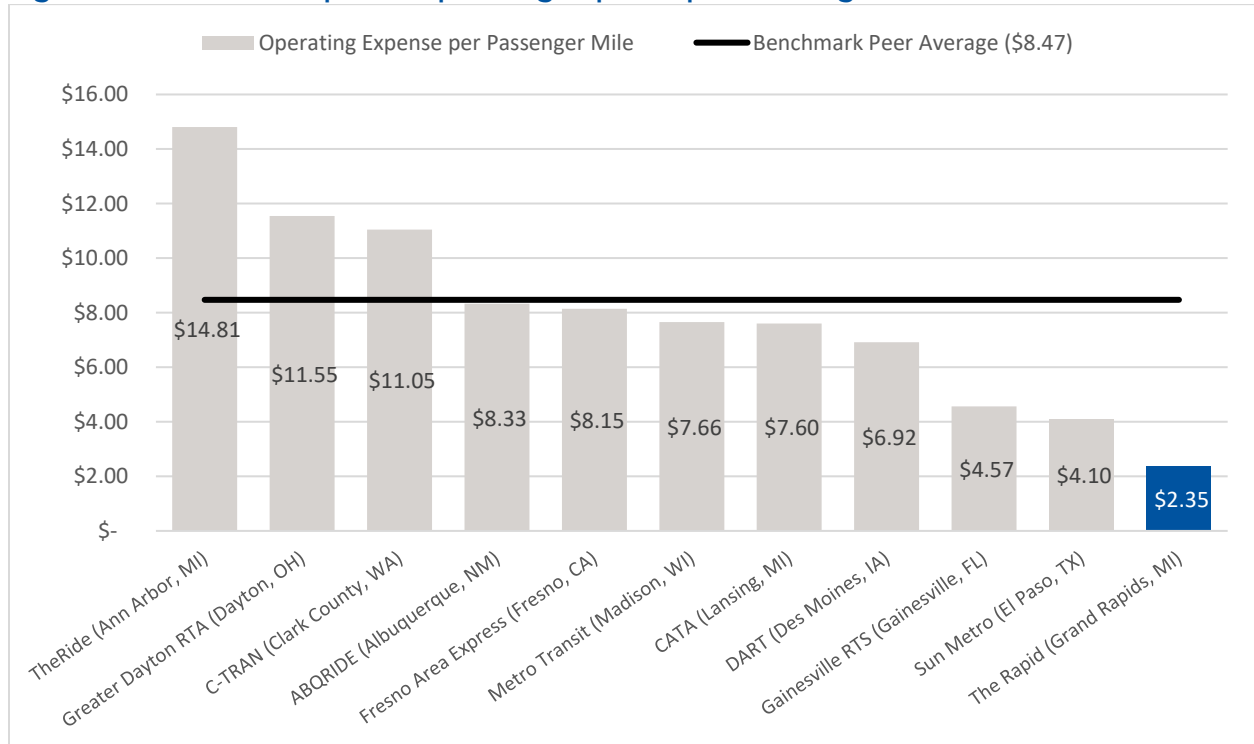
The Rapid's demand response service operating expense per passenger mile is \$3.07 less than the peer average. This indicates that The Rapid has a higher transit use per dollar spent on demand response services and it is more cost-effective providing passenger miles than its peers. The Rapid's spends the least per passenger mile for demand response compared to its peers (**Figure 18**).

Figure 17. Fixed Route Operating Expense per Passenger Mile.



Source: 2022 NTD Agency Profiles

Figure 18. Demand Response Operating Expense per Passenger Mile.



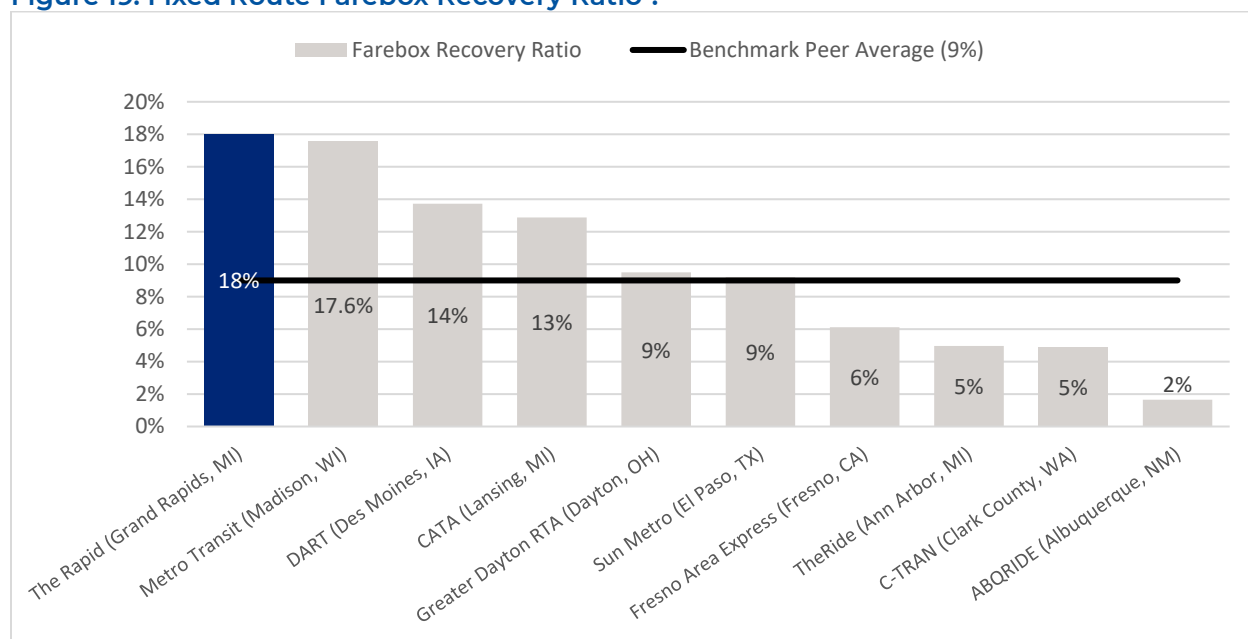
Source: 2022 NTD Agency Profiles

Farebox Recovery Ratio

Farebox recovery measures the percentage of operating cost covered by fare revenue and is an outcome heavily influenced by the ridership productivity of a route against its total operating cost, as well as the fare policy of the system. The Rapid has this highest relatively fixed route recovery ratio compared to its peers and is about double the peer average (**Figure 19**). It is assumed that many of the peer agency's farebox recovery ratio was impacted by the COVID-19 pandemic and is still returning with the return of transit riders.

Note that for this analysis, Gainesville RTS, was removed from comparison as it has a farebox recovery of approximately 55 percent for its fixed route service. As the owner and operator of Gainesville RTS, the City of Gainesville has a contract with the University of Florida and Santa Fe College to provide fare-free transportation to students, faculty, and staff with a valid ID. This contract likely contributes to the steady stream of revenue collected by Gainesville RTS.

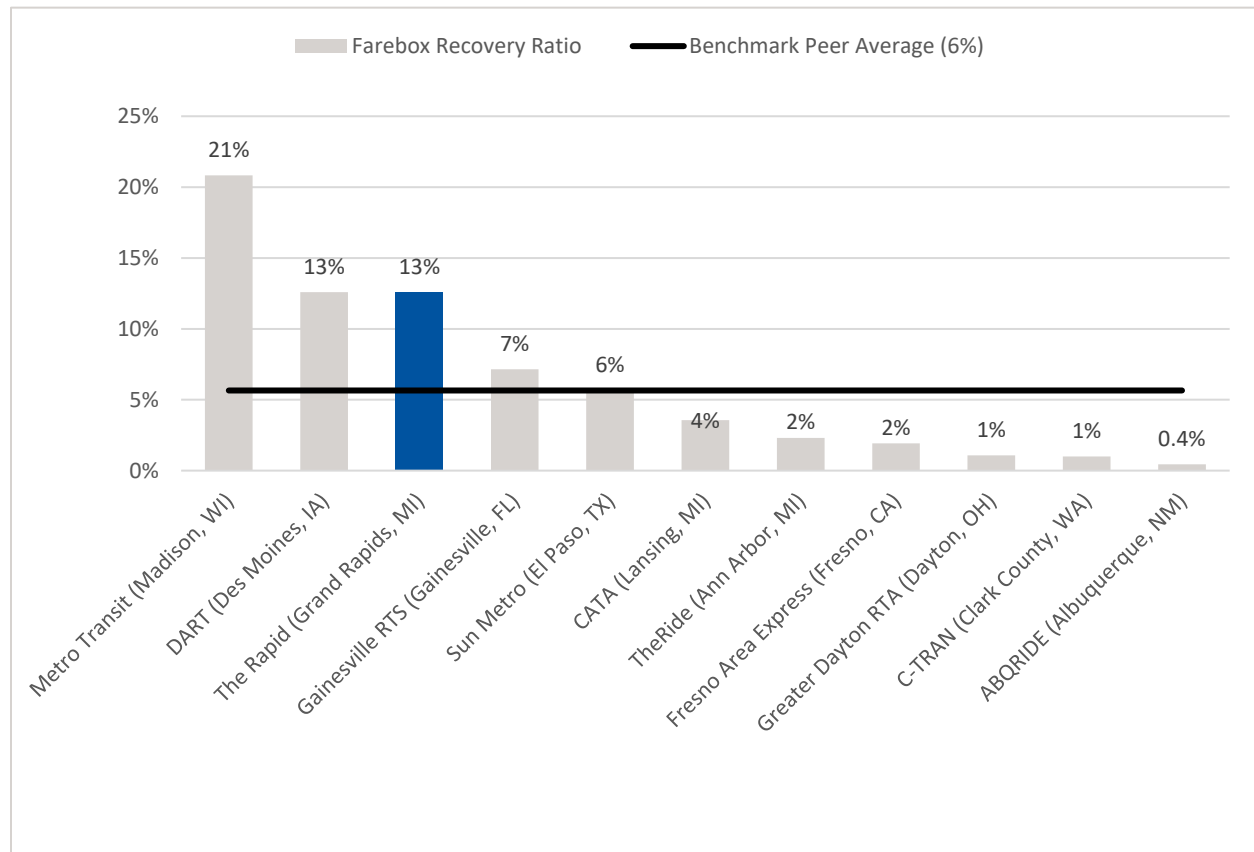
Figure 19. Fixed Route Farebox Recovery Ratio*.



*Note Gainesville RTS was removed from analysis as an outlier. The peer average would increase to 14 percent if the outlier was preserved in the analysis.

Source: 2022 NTD Agency Profiles

The Rapid's demand response services farebox ratio exceeds the average by about seven percentage points, indicating that The Rapid gets higher returns per dollar spent on demand response services. These higher returns are likely driven by the service effectiveness measures such as passengers per mile and passengers per hour, which are relatively high for The Rapid's demand response service. Only two peers, Metro Transit in Madison, Wisconsin and DART in Des Moines Iowa, outperform The Rapid in demand response farebox recovery (**Figure 20**).

Figure 20. Demand Response Farebox Recovery Ratio.

Source: 2022 NTD Agency Profiles

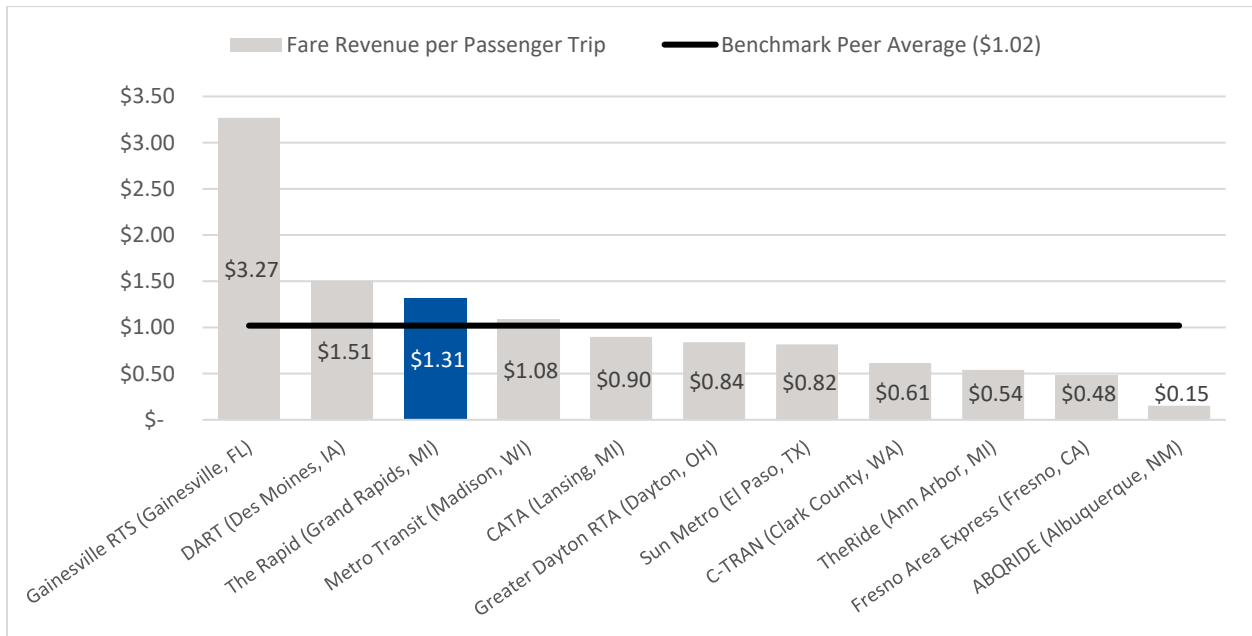
Fare Revenue per Passenger Trip

The Rapid exceeds many of its peers in fare revenue per passenger trip with a value \$0.29 greater than the peer average as shown in **Figure 21**. This result indicates that the fixed route services have higher returns per dollar spent on passenger trips than its peers. Additionally,

The pandemic had a drastic effect on transit agencies, causing reduced ridership and therefore, reduced revenue. The Rapid, like other agencies, is gradually restoring ridership and farebox recovery to pre-pandemic levels. The Rapid utilizes fare capping which tracks how many times the passenger uses transit and automatically “caps” the fare, allowing those passengers who pay by single fares to ride for free once they have reached the cost of a daily, weekly, or monthly pass. Fare capping can support equity and can lead to increased ridership. As mentioned previously, Gainesville RTS is an outlier due to its steady income of student revenues, however Gainesville RTS also utilizes fare capping structures.

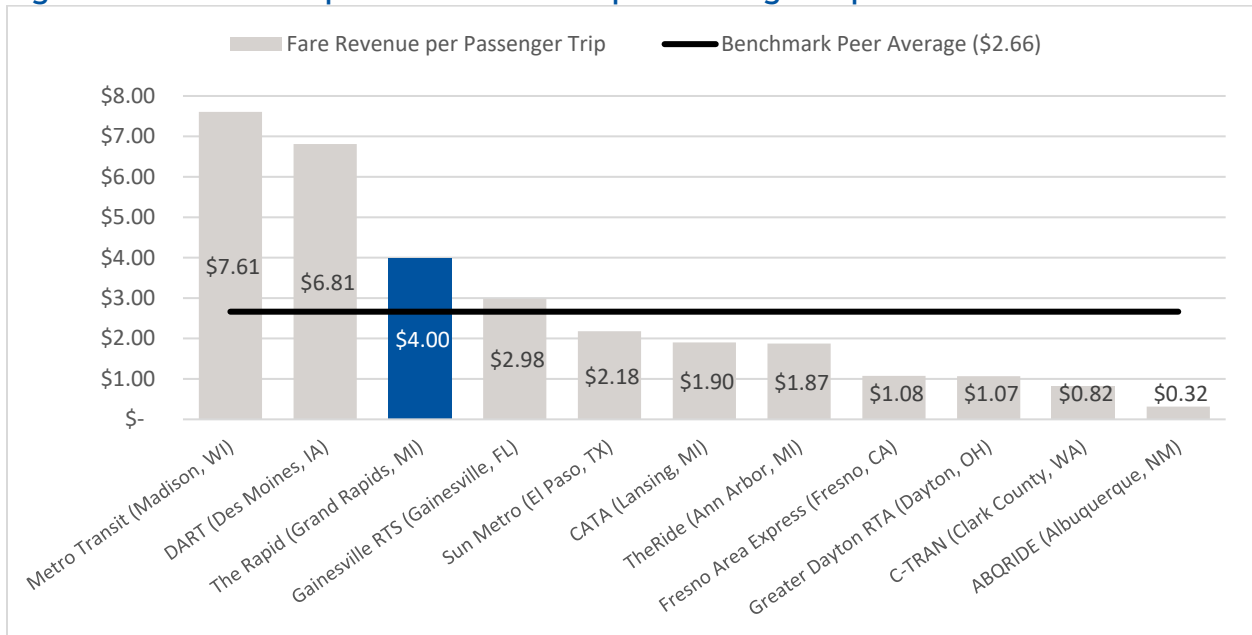
The Rapid’s demand response service fare revenue per passenger trip is about \$1.34 greater than the peer average. This higher revenue amount indicates that demand response service has higher returns per dollar spent on passenger trips, making it more efficient than most of its peers (**Figure 22**). For both fixed route and demand response service, The Rapid outperforms its Michigan-based peers.

Figure 21. Fixed Route Fare Revenue per Passenger Trip.



Source: 2022 NTD Agency Profiles

Figure 22. Demand Response Fare Revenue per Passenger Trip.



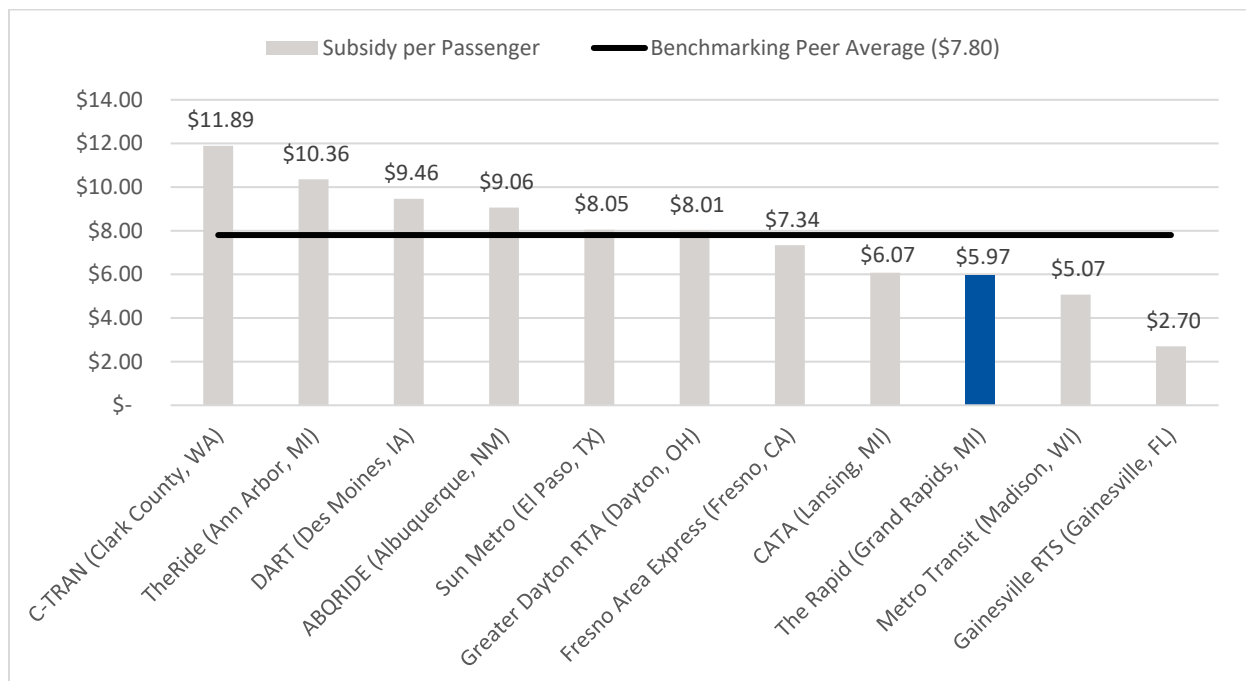
Source: 2022 NTD Agency Profiles

Subsidy Per Passenger

Subsidy per passenger is calculated by subtracting passenger revenue from operating cost and dividing by the total number of passengers. It is the cost to operate after taking into account fare revenue and is subsidized by other sources such as state, local, and federal dollars.

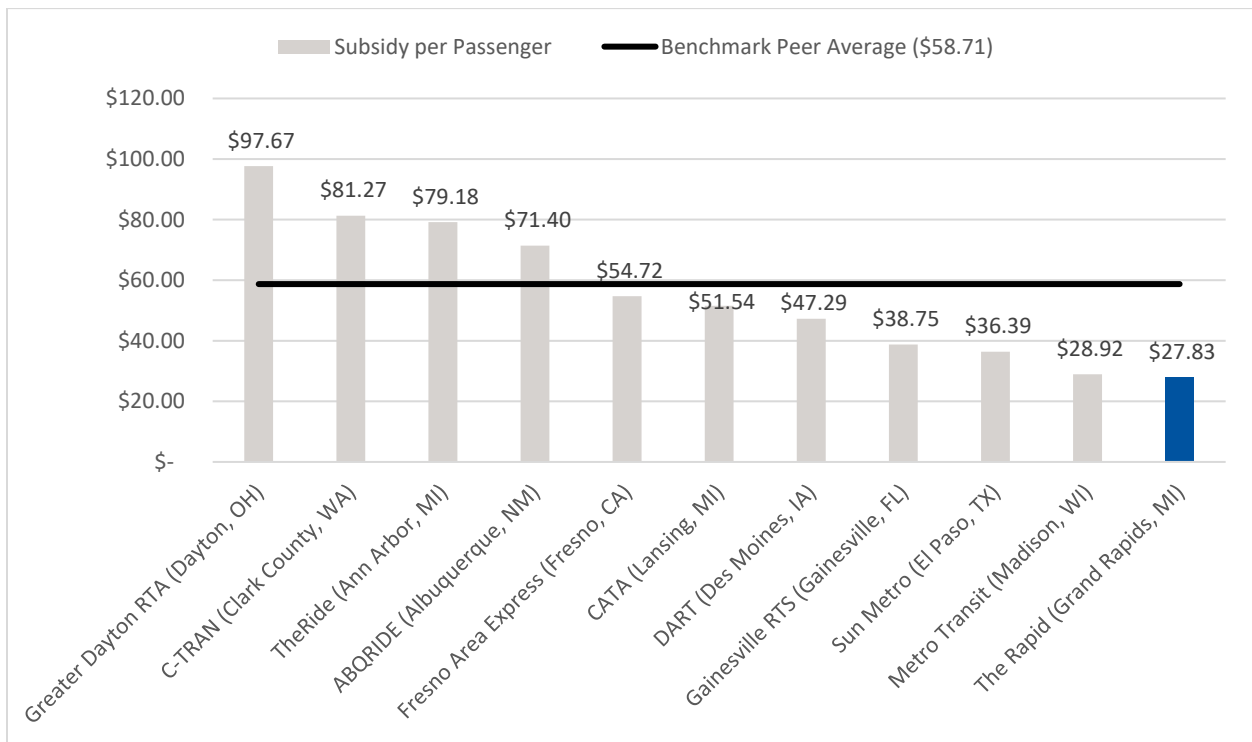
Compared to its peers for fixed route service, as shown in **Figure 23**, the Rapid had the third lowest subsidy per passenger which indicates that the Rapid collects more passenger fares and requires a lower subsidy comparatively. Compared to other Michigan peers such as TheRide and CATA, the Rapid is able to operate service financially efficient. Additionally, the Rapid had the lowest subsidy amongst all peers for demand response and was more than half of the subsidy per passenger benchmarking peer average. As notes in the farebox recovery ratio section, the Rapid had one of the highest farebox recovery percentages for fixed route and the third highest recovery for demand response service which contributes to the lower subsidy amount for both service types (**Figure 24**).

Figure 23. Fixed Route Subsidy Per Passenger



Source: 2022 NTD Agency Profiles

Figure 24. Demand Response Subsidy Per Passenger

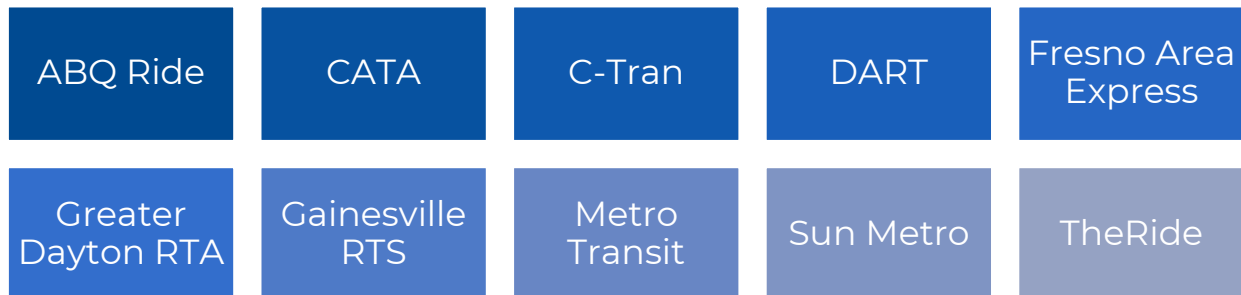


Source: 2022 NTD Agency Profiles

Benchmark Peers Key Takeaways

A benchmarking peer analysis was completed using 2022 NTD data to compare the Rapid relative to ten peers, as shown in **Figure 25**, based on a set of filtering criteria including service area density, vehicles operated in maximum service, motor buses operated in maximum service, total annual unlinked passenger trips, and total operating costs.

Figure 25. Summary of Benchmark Peer Agencies



The benchmarking analysis considers a series of sub evaluation measures including service productivity, service effectiveness, and cost effectiveness. A summary of The Rapid's evaluation by fixed route and demand response service, relative to the peer average for each measure service, is shown in **Table 7**. The summary table highlights service and cost measures where The Rapid outperforms or underperforms relative to the peer average.

To visualize The Rapid's performance relative to its peers, the evaluation of each measure indicates either "outperforms" or "underperforms" and the associated percentage of that performance level. If The Rapid underperforms relative to its peers, the evaluation is highlighted in red. Areas of underperformance indicate opportunities to explore more about existing service operation and identify areas for improvement. Service improvements will continue to be explored in other chapters of the Transit Master Plan.

For outperforming measures, the evaluation was highlighted in yellow to indicate performance that slightly exceeds the peer average (0 to 49%) and green to indicate performance that greatly exceeds the peer average (50%+). Compared to its peers, The Rapid outperforms the peer average most significantly for fixed route service farebox recovery ratio and underperforms most significantly for passengers per revenue mile and passengers per revenue hour. This indicates relatively higher financial efficiency for fixed route service and relatively lower ridership rates. For demand response, The Rapid outperforms its peers in all comparisons, but greatly exceeds the average for cost per passenger mile, and subsidy per passenger which indicates both service and cost effectiveness.

Table 7. Summary of the Rapid's Benchmark Peer Comparison (NTD 2022)

	Evaluation Measures	Fixed Route	Demand Response
Service Productivity	Cost Per Revenue Hour	\$94.65	\$75.18
	<i>Peer Average</i>	\$136.27	\$120.13
	Evaluation	Outperforms (44%)	Outperforms (60%)
	Cost/Revenue Mile	\$7.01	\$4.77
	<i>Peer Average</i>	\$10.20	\$8.14
	Evaluation	Outperforms (46%)	Outperforms (71%)
Service Effectiveness	Passenger/ Revenue Mile	0.96	0.15
	<i>Peer Average</i>	1.22	0.14
	Evaluation	Underperforms (27%)	Outperforms (7%)
	Passengers/Revenue Hour	13.0	2.36
	<i>Peer Average</i>	16.3	1.96
	Evaluation	Underperforms (25%)	Outperforms (17%)
Cost Effectiveness	Cost/Passenger Trip	\$7.28	\$31.83
	<i>Peer Average</i>	\$8.82	\$61.38
	Evaluation	Outperforms (21%)	Outperforms (93%)
	Cost/Passenger Mile	\$1.75	\$2.35
	<i>Peer Average</i>	\$2.27	\$8.47
	Evaluation	Outperforms (30%)	Outperforms (260%)
	Farebox Recovery Ratio	18%	13%
	<i>Peer Average</i>	9%	6%
	Evaluation	Outperforms (50%)	Outperforms (54%)
	Fare Revenue/Passenger Trip	\$1.31	\$4.00
	<i>Peer Average</i>	\$1.02	\$2.66
	Evaluation	Outperforms (22%)	Outperforms (34%)
	Subsidy/Passenger	\$5.97	\$27.83
<i>Peer Average</i>	\$7.80	\$58.71	
Evaluation	Outperforms (31%)	Outperforms(111%)	

ASPIRATIONAL PEERS

Aspirational Screening Methodology

Through the TMP peer benchmarking and analysis process, several topic areas were identified for peer agency interviews. Unlike standard peer benchmarking where agencies are selected based on similar qualities such as ridership, revenues, and service area size, aspirational peers were selected based on their ability to offer insights, best practices, and lessons learned.

The key topic areas identified served to guide informational interviews conducted with the six peer agencies. The topics align with goals, priorities, and interest areas of The Rapid established through the TMP process, specifically:

- **Sustainable Funding Mechanisms and Approaches:** Seek to understand how a transit agency can strategically leverage existing funding sources, apparatuses, and operational tools (e.g., millage), explore advantages or disadvantages to modifying a funding approach, and capitalize on funding partnerships (e.g., *local, state, and federal*).
- **Successful TOD:** Learn from agencies who have implemented TOD strategies, including investments near high-capacity transit (HCT) such as bus rapid transit (BRT) and understand the role an agency should play in supporting development, coordinating with developers, and fostering TOD.
- **Integrating Affordable Housing Along with TOD:** Explore an agency's potential role in encouraging affordable housing in coordination with transportation-related investments.
- **Encouraging Modal Split:** Understand what influences high mode splits for transit, biking, and walking in urban areas³ and what barriers, if any, may exist for an agency to drive mode shift in a car-oriented area.
- **Innovative Marketing and Communications Tools:** Identify new storytelling tools that may be used to promote modal shift in urban areas, reduce the stigma of public transit, and showcase the value of public transit to the community.
- **Leveraging Regional Partnerships and Navigating Regional Expansion:** Examine how other transit agencies operate within their larger regional networks in coordination with other area partners, including cities and municipalities, to meet the needs of the traveling public. Developing successful regional partnerships takes time, intentionality, and identifying shared goals and outcomes.

To learn more about each of these topics, informational interviews lasting approximately 60 minutes in length were conducted with six aspirational peers. These agency peers were selected based on their success and experience with one or more of the associated topic areas. The aspirational peers and their selected topic areas for focus are shown in **Table 8**.

³ Defined as areas with populations between 200,000 and 3,000,000. The Grand Rapids urban area has a total population of approximately 620,000.

Table 8. Focus Areas by Aspirational Peer

Transit Agencies	Aspirational Peer Topics					
	Sustainable Funding Mechanisms and Approaches	Successful TOD, Including Near High-Capacity Transit	Integrating Affordable Housing	Encouraging Modal Split	Innovative Marketing and Communications Tools	Regional Partnerships and Expansion
Metro Transit (MN)	✓	✓	✓	✓		✓
TheRide (MI)	✓				✓	✓
IndyGo (IN)	✓	✓	✓			✓
CapMetro (TX)	✓	✓	✓	✓	✓	✓
LA Metro (CA)	✓	✓	✓		✓	✓
Sound Transit (WA)		✓	✓	✓		

Source: *Aspirational Peer Interviews (2023)*.

An interview guide with specific questions by topic area was created and used for each interview. The guide is intended to structure a conversation and identify key themes across interviews while still permitting the discussion to flow naturally from topic area to topic area. The interview for each transit agency primarily focused on the topic area(s) in which each agency/interviewee has experience and/or success. Key summaries by peer agency are provided in *Aspirational Peer Interview Findings*, detailed in the section that follows.

The complete interview guide can be found in **Appendix A: Interview Guide Template**, interview notes can be found in **Appendix B: Interview Notes**, and aspirational peers identified for future analysis are described in **Appendix C: Peers for Future Exploration**.

Aspirational Peer Interview Findings

Metro Transit (Minneapolis, Minnesota)



Metro Transit is the largest operating division of the Metropolitan Council (Met Council), which is the regional policy-making body and planning agency in the Minneapolis-Saint Paul area. Metro Transit is

the primary public transportation service in the Twin Cities, operating an integrated network of buses, two light rail transit (LRT) lines, dedicated and arterial BRT, and commuter rail service. Metro Transit's service area spans 907 square miles and includes 90 cities and 7 counties. The agency relies on state and federal funds to finance operations and capital programs, with approximately 1/3 of revenue generated from fares and advertising revenues and the remainder coming from regional, state, federal, county, and other sources.⁴ Metro Transit was selected as an aspirational peer based on their experience leveraging innovative finance tools and BRT implementation in coordination with TOD integration and affordable housing policy.

Sustainable Funding

Recently the Minnesota Legislature established a new sales tax for transportation. A bill was adopted in early 2023 that provides new and permanent funding for public transit and increases the costs of owning and operating a car. This includes a new 3/4-cent (0.75 percent) sales and use tax in the Twin Cities (since October 1, 2023) and \$50 million to help design and build the Metro Blue Line Extension⁵. The passage of this bill is attributed to many factors, including political momentum at the state level and the hard work of transit and climate advocates⁶.

Eighty-three percent of the new sales tax revenue generated will go to the Met Council. Within the Met Council, 5 percent will go to active transportation and 95 percent will no transit operation, maintenance, and capital projects. Light rail and BRT operations will now be fully funded by Metro Transit, removing county funding for METRO Blue and Green lines⁷. This funding will also go toward a variety of projects including bus service improvements, BRT planning, zero emissions bus transition, and improved bus shelters.⁸

*"It's important to use the right tools for the right problems. Continue to build upon progress and previous successes and leverage lessons learned for the future."
—Metro Transit*

Metro Transit uses some of their property tax revenue as capital funding to provide local matches for grants. They have also utilized FTA Pilot Program for TOD planning to help fund TOD in conjunction

⁴ "About Metro Transit," Metro Transit, accessed October 25, 2023, <https://www.metrotransit.org/about-metro-transit>.

⁵ "How Transit Advocates Scored a Major Victory in Minnesota," by James Brasuell, *TransitCenter*, August 15, 2023, <https://transitcenter.org/how-transit-advocates-scored-a-major-victory-in-minnesota/>.

⁶ "How Transit Advocates Scored a Major Victory in Minnesota," by James Brasuell, *TransitCenter*, August 15, 2023, <https://transitcenter.org/how-transit-advocates-scored-a-major-victory-in-minnesota/>.

⁷ "2024 Preliminary Transportation Operating Budget," Transportation Committee, Metropolitan Council, July 24, 2023, <https://metro.council.org/Council-Meetings/Committees/Transportation-Committee/2023/July-24,-2023/Info-1--2024-Transit-Preliminary-Budget.aspx>.

⁸ "2024 Preliminary Transportation Operating Budget," Transportation Committee, Metropolitan Council, July 24, 2023, <https://metro.council.org/Council-Meetings/Committees/Transportation-Committee/2023/July-24,-2023/Info-1--2024-Transit-Preliminary-Budget.aspx>.

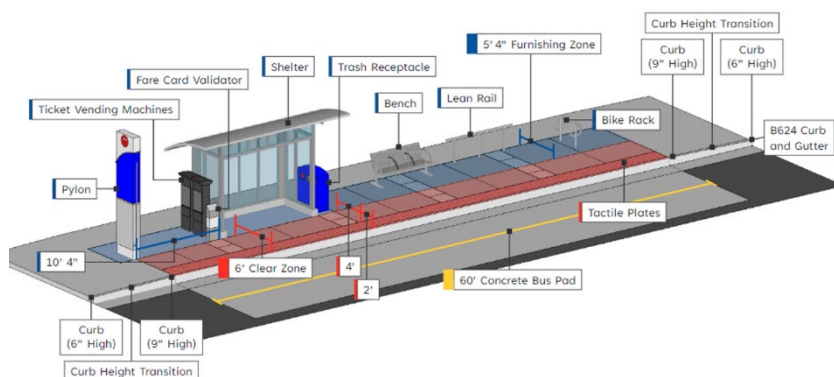
with BRT development⁹. The FTA has guidance available for joint development projects and has been a responsive and fruitful partner¹⁰. However, Metro Transit has struggled to procure funding for joint development efforts from state and local partners.

Regional Partnerships (Bus Rapid Transit)

As the BRT program first began taking shape, Metro Transit identified the need to procure discretionary funding to supplement existing revenues. Funding was made available through federal discretionary programs, Met Council regional solicitation, and discretionary requests at State of Minnesota legislative sessions over the past 10 years. This early state investment helped jumpstart the BRT program. This supplemental funding allowed Metro Transit to leverage FTA Capital Investment Grant (CIG)—Small Starts funding for dedicated and arterial BRT projects as part of the METRO network¹¹. Metro Transit coordinates projects with the associated cities (e.g., City of Minneapolis and City of Saint Paul) and/or counties (e.g., Hennepin County and Ramsey County). These partners, along with the Met Council, coordinate planning, design, construction, and delivery of projects. Before the new sales tax enabled Metro Transit to fully fund BRT operations, the counties had a larger role in shaping BRT projects. The counties would typically serve as a local sponsor providing a local match and acting as project development champion. Meanwhile, Metro Transit provided planning and implementation for arterial BRT and focused on advancing corridor-wide project development.

Throughout their own process of analyzing aspirational peers and assessing the regions' needs, Metro Transit gravitated away from dedicated guideways to instead focus on stop design, spacing, fleet, and other BRT elements through their network of arterial BRTs. Implementing arterial BRT has allowed the agency to make local service modifications over time (**Figure 26**). A requirement of FTA CIG funding for dedicated BRT systems is maintaining underlying local bus service. An agency can assess the performance and effectiveness of the underlying bus service over time and make necessary modifications. Metro Transit has seen strong success with their robust bus network and has been able to reduce frequencies of the underlying bus services as more customers choose to use the high-frequency BRT network. During the COVID-19 bus operator shortage, Metro Transit was able to fully test the efficacy of the BRT network and temporarily paused the local underlying service in order to prioritize maintaining local service in other areas of the Twin Cities. Lessons learned during this resource constraint has informed their new approach, which reevaluates the need for higher frequency local bus service in tandem with new BRT lines.

Figure 26. Standard Arterial BRT Station Design¹².



Attention to detail is key while planning for potential BRT corridors. Metro Transit collaborates with jurisdictions to design corridors that will not preclude BRT in the future. This includes considering details like curb height, conduits, and clearances

⁹ Pilot Program for Transit-Oriented Development Planning – Section 20005b, <https://www.transit.dot.gov/TODPilot>.

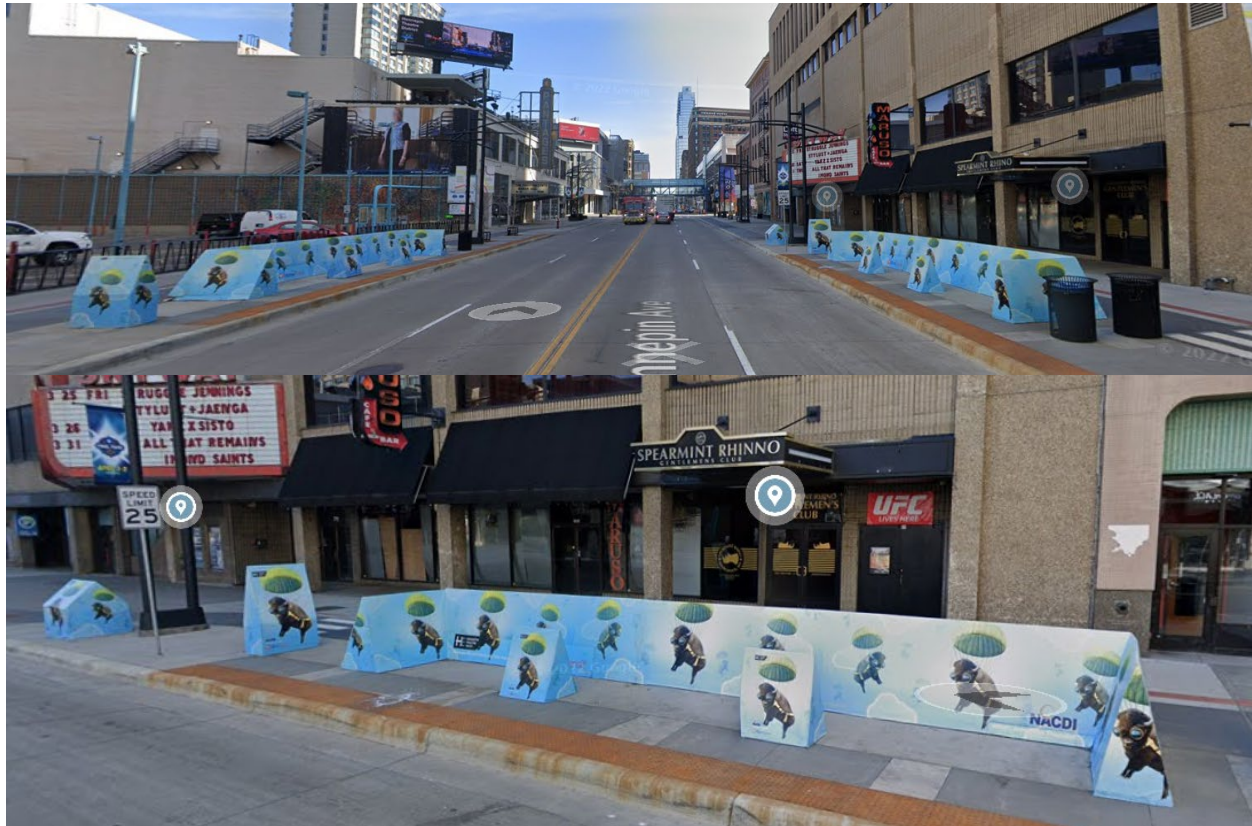
¹⁰ “Joint Development,” Federal Transit Administration, accessed October 23, 2023, <https://www.transit.dot.gov/JointDevelopment>.

¹¹ Existing and Future Bus Rapid Transit (METRO) network, <https://www.metrotransit.org/brt-future>.

¹² “Arterial Bus Rapid Transit Update,” Metro Transit, June 28, 2023, <https://metrotransit.org/Council-Meetings/Committees/Metropolitan-Council/2023/06-28-23/Council-ABRT-Update-PPT.aspx>.

Metro Transit BRT station design has already been determined through an iterative process. Metro Transit strives to maintain design consistency and ensure all stations are accessible, predictable, and easy to maintain and can be built out as a network. This strict design has presented some challenges in places where existing non-conforming streetscape elements are present (e.g., red brick pavers are not Americans with Disabilities Act (ADA) accessible, so they cannot be incorporated into the design). It has been important to work with partners to ensure Metro standards are bridged with each community's identity. Metro Transit implements place-making tools, such as temporary stations to gain community excitement for future BRT stations (**Figure 27**).

Figure 27. BRT Planning Before the Permanent Station was Implemented.

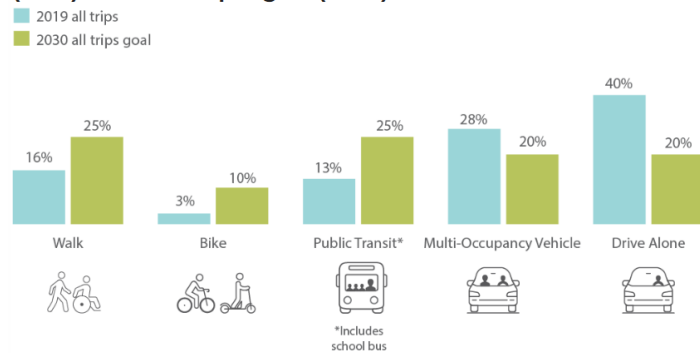


Mode Split

Metro aims to think comprehensively about the way that their BRT stations interact with other transportation modes. The agency strives to shift regional transportation modes by designing BRT stations and corridors which complement low- and no-carbon transportation modes. When designing BRT stations, Metro Transit has found it is important to think about the transportation facilities and amenities surrounding the stations. Trail facilities and bikeways are particularly complementary towards transit. Because of this, bike parking is a standard feature in their BRT station design. They also include flexible space in their station design that could be used for amenities like scooter parking and shared e-bike parking, enabling stations to function as mini-mobility-hubs.

As part of the City of Minneapolis Transportation Action Plan, which was adopted by the Minneapolis City Council in 2020, the City has identified a 2030 mode shift goal. This goal is part of a larger Minneapolis Street 2030 effort designed to address the climate emergency by emphasizing low- and no-carbon travel.¹³ The strategies and actions in this plan were identified in collaboration with Metro Transit and the Network Next effort, which is a plan to guide the regional express bus network. The overarching mode shift goal is 60% of trips taken by means other than car, with 35% of those trips by walking and biking and 25% by transit. The VMT reduction goal is a 1.8% reduction per year until 2030, calculated from a 2018 baseline. Three major metrics are used to measure progress towards that goal: mode shift, greenhouse gas reduction, and reduction in vehicle miles traveled (VMT). Mode split data is collected by the Metropolitan Council through the Travel Behavior Inventory and VMT data provided by the Minnesota Department of Transportation.

All trips starting and ending in Minneapolis; mode split (2019) and mode split goal (2030)



Source: Metropolitan Council, Travel Behavior Inventory, 2019.

Equitable Transit-Oriented Development

Equitable transit-oriented development (ETOD) policy development and initiatives are advanced at a regional level by the Met Council and at an agency level with Metro Transit. The Met Council, as the regional planning organization, develops the policy framework for TOD in the region, including an emphasis on ETOD. The Met Council also provides TOD grants and technical assistance. Metro Transit's TOD office helps to implement the Met Council's TOD policy and TOD Program Goals¹⁴ by arranging and facilitating development opportunities on land owned by the Met Council.

Metro Transit primarily works to ensure agency policies align with the Met Council TOD policy and goals prior to sending them for regional review. The TOD policy for the region was adopted back in 2013 and is currently undergoing an update. This high-level document provides flexibility while guiding Metro Transit TOD efforts. The Metro Transit TOD Office works to advance the following goals: 1) Maximize the development of impacts on transit investments, 2) support regional economic competitiveness, 3) advance equity, and 4) support a twenty-first century transportation system.

Metro Transit's TOD Office has developed a TOD guide for developers by working with planners to outline high-level regional priorities¹⁵. This guide includes information about where to locate TOD, best design practices, and how to identify funding sources. All of Metro Transit's TOD work must align with this guide. Paying attention to zoning has been key to fostering successful TOD. Metro Transit has worked with jurisdictions to preemptively rezone areas around rapid transit stations (LRT and BRT) for TOD, focusing on enabling future growth rather than reactively rezoning for current projects. It helps when cities, communities, or agencies know the development typologies and sites for TOD. This visioning can be done with or without

¹³ The Transportation Action Plan (2020), Minneapolis Streets 2030, <https://go.minneapolismn.gov/minneapolis-streets-2030>.

¹⁴ Met Council TOD Program Goals (2023), <https://metrocouncil.org/Communities/Services/Livable-Communities-Grants/LCA-Programs/Transit-Oriented-Development.aspx>.

¹⁵ A Developers Guide to Transit-Oriented Development, Metro Transit, 2016, https://www.metrotransit.org/Data/Sites/1/media/tod/Developers%20Guide_Final.pdf.

Metro Transit; however, Metro Transit notes that early coordination with developers and stakeholders can create opportunities to integrate transportation with planned development. For example, Metro Transit has used FTA Pilot Program for TOD discretionary funding to help with planning for station areas along rapid transit lines, while the City of Brooklyn Center received a Met Council Livable Communities Demonstration TOD Zoning Implementation Grant to overhaul its Comprehensive Plan and zoning code update to implement a TOD zoning district. Metro Transit was able to collaborate with Brooklyn Center to share policy information and strategically connect planned development with transit, the METRO D-Line, which offers connections between Brooklyn Center, Downtown Minneapolis, and the City of Bloomington.

Facilitating TOD requires coordination with the cities; however, these relationships significantly vary by city. For some cities, coordination requires weekly check-ins about the process and requires obtaining land use approval. For other cities that understand the process and have gone through the zoning reform process, approvals are easier to obtain. Maintaining close relationships with city staff greatly reduces project schedule impacts and increases coordination.

Request for Proposal (RFP)s are another key element to fostering ETOD. Metro Transit works to ensure a city's vision for a proposed development site is clearly articulated in RFPs so the developer knows what components are envisioned on a site. Elements on the site defined by the RFP are typically driven by cities (such as a certain level of affordable housing), with the level of coordination varying based on the level of integration with surrounding transit. Metro Transit is not a land use authority and wants to be careful not to layer on more regulations for developers; however, the Metro Transit TOD Office provides tools such as the Developers Guide and evaluates developers based on their alignment with broader Met Council TOD policy goals. Developers that prioritize access to transit and affordable housing near existing or planned transit may receive higher evaluation points for addressing inequities.

Affordable Housing

The most powerful tools to encourage affordable housing are available at the state level to obtain funding and the city level to reform zoning. It is hard to push affordable housing if these entities are not willing to partner or have not already paved the way. Metro Transit has some tools available but can be more effective by working to advocate for affordable housing measures at the state and local levels. Minnesota has encouraged affordable housing by limiting single family zoning state-wide. Local jurisdictions have adopted policies that have dramatically increased allowable densities, like Minneapolis' 2040 Comprehensive Plan (City of Minneapolis 2019)¹⁶. Metro Transit has reported on land uses around high-frequency transit corridors, observing local TOD policies and zoning that foster affordable housing (Metro Transit 2022)¹⁷.

Metro Transit works to create affordable housing through their operations. They have established partnerships with housing communities to offer reduced fare passes through its Transit Assistance Program. While providing public transportation helps limit transportation costs, there is a limit to how far Metro Transit can go to subsidize affordable housing. They have to prioritize expanding transportation access to customers while also offering resources and information to developers who have the power to integrate affordable housing in the Twin Cities community.

¹⁶ "Land Use and Built Form," Minneapolis 2024 Comprehensive Plan, October 2019, <https://minneapolis2040.com/topics/land-use-built-form/>.

¹⁷ "Comprehensive Land Use Planning in High-Frequency Transit Corridors: Dense, Mixed-Use, Transit-Oriented, and Affordable Housing Development," Metro Transit TOD office, 2021, <https://beta.metrotransit.org/Data/Sites/1/media/tod/2021-tod-comp-land-use-in-hft.pdf>.

Key Takeaways

Key takeaways from the conversations with Metro Transit are summarized in **Table 9** below.

Table 9. Summary of Metro Transit Key Takeaways

Topic Areas	Key Takeaways
Sustainable Funding	<ul style="list-style-type: none"> Local funding constraints are common across transit agencies. Explore discretionary funding opportunities to fill funding gaps for capital programs or local initiatives that connect to transportation. Local and state policies can establish the framework for transit opportunities such as in communities where transportation has strong advocacy and where funding and transportation policies are more likely to see success. Metro Transit has continued to see success for its BRT (METRO Network) and TOD programs in a time with one-party control at the state level.
Regional Partnerships	<ul style="list-style-type: none"> Frequent coordination with regional (and local) partners is key to long-term success. Early coordination can be leveraged to implement transit-related initiatives, plan for TOD, and identify local funding sources. Metro Transit coordinates with metropolitan planning organizations (MPOs) and cities to develop policies that encourage allowable densities and uses around transit stations that are transit supportive. One approach is to develop corridor-based zones around planned or existing transit that consider transit-supportive developments or uses.
Successful TOD	<ul style="list-style-type: none"> Metro Transit has found that it is important to rezone for TOD preemptively, rather than reactively. They are mindful not to burden developers with additional regulations, but rather work with cities to define a TOD site vision through the RFP process. Maintaining close relationships with city staff greatly reduces the risks of implementing TOD. Metro Transit highlights their success in leveraging FTA joint development resources. Recent guidance from the FTA increases flexibility for transit agencies when using FTA support for joint development. This guidance includes a simplified process for project sponsors and expanded eligibility criteria¹⁸. Prioritize investments on transit agency-owned land and consider innovative financing tools such as selling the land to developers but maintaining a long-term lease agreement. Where possible, Metro Transit engages in zoning conversation at a local and state level to advocate for the role of transportation in development. This guideline will help set up TOD success in the future. As TOD efforts expand, TOD planning and implementation require full-time commitments from staff. Metro Transit grew from one staffer in 2014 to over six staff in 2023 focused full-time on TOD. Consider developing policy documents or guides for local agencies or developers that outline transit agency priorities for TOD policy.

¹⁸ "Joint Development Frequently Asked Questions," Federal Transit Administration, accessed October 26, 2023, <https://www.transit.dot.gov/funding-finance-resources/joint-development/joint-development-frequently-asked-questions>.

Topic Areas	Key Takeaways
Integrating Affordable Housing	<ul style="list-style-type: none"> • If a transit agency is restricted from implementing affordable housing directly, continue to coordinate with developers and provide resources that relate to the benefit of transit. • Additionally, offer reduced fares or passes to residents of developments along or near existing or future transit.
Mode Shift	<ul style="list-style-type: none"> • Consider opportunities to implement micromobility along existing or planned transit lines. Metro Transit continues first-last mile solutions when implementing BRT. • Coordinate with local agencies and municipal partners to leverage existing planning opportunities that consider bike, pedestrian, trail, or transit connectivity. Planning for multi-modal opportunities can be considered through existing partnerships.

Ann Arbor Area Transportation Authority (Ann Arbor, Michigan)



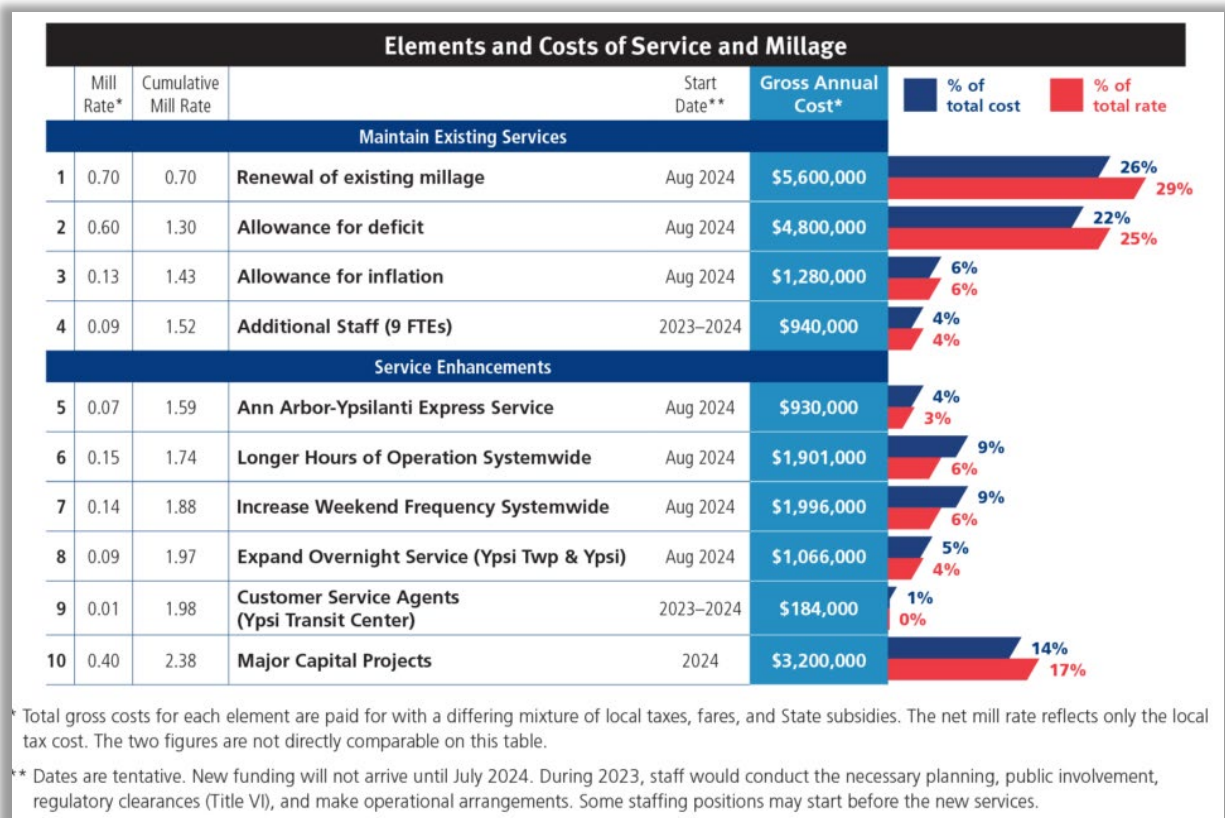
The Ann Arbor Area Transportation Authority (TheRide) is Ann Arbor, Michigan's public transportation system for the greater Ann Arbor-Ypsilanti area. TheRide's services include fixed route buses, paratransit, commuter services, demand-response services, event services, and airport services.

TheRide is led by two main bodies. The executive leadership team is responsible for implementing the agency's strategic direction and operations, while the board of directors guides and controls agency policies and planning efforts.

The agency is funded in part through local millages. Property owners pay a millage rate, which is the tax rate defined as the dollars assessed for each \$1,000 of value. The City of Ann Arbor pays a permanent millage rate of 1.93 mills, and the City of Ypsilanti pays a permanent millage rate of 0.89 mills. Additionally, the entire service area (City of Ann Arbor, City of Ypsilanti, and Ypsilanti Township) will begin paying 2.38 mills starting in 2024. The current service area millage is 0.68, and the service area millage is renewed every 5 years. As TheRide is a Michigan-based peer, discussions focused on funding sources including the approach to millage, affordable housing, and innovative marketing.

Sustainable Funding

The primary revenue sources for the TheRide are the local millage (which accounts for approximately 40 percent of total revenue), federal funding, state operating assistance funding, and fare revenue. Two programs are included in the fare revenue category: 1) an agreement with the University of Michigan to provide free rides to their students and 2) a program called Go-Pass that employers use to provide transit passes to their employees. In August 2022, voters passed a 5-year millage proposal for 2.38 mills to maintain and improve transit service within TheRide service area. The millage will go into effect in 2024. Details of the service improvements and key public transit service enhancements are shown in **Figure 28**.

Figure 28. TheRide Millage Details¹⁹.

Leading up to the 2022 election, TheRide underwent an intensive engagement effort to raise public transportation support in Ypsilanti Township, as there was already significant support in the cities of Ann Arbor and Ypsilanti. Residents in the township do not receive as much service prior to the 2022 vote, so TheRide needed to inform residents about the ways the increase millage rate would result in improved and new services for the Township.

“The community is more likely to support a transit agency’s large-scale programmatic goals, even if those goals come along with a higher cost, than fragmented system improvements with less clear benefits.” —TheRide

TheRide also operates paratransit and demand response service in Scio and Superior townships. TheRide has a service agreement with each of these townships, which run their own transit millages and direct those funds towards the TheRide. This service agreement is renewed each year. TheRide makes recommendations to the township and helps them understand the service productivity and alternate transit options available. Through their 2045 Long-Range Plan²⁰, TheRide is

working with these townships to create service improvement plans and help the townships understand how much their transit millage would need to increase to support these improvements. Transit service to these townships benefits both township residents and TheRide service area residents. Because of this mutual benefit, TheRide loses money on these contracts, charging a percentage of the operating and capital costs required to run the service.

¹⁹ Graphic courtesy of TheRide, <https://therideyourway.org/millage-details/>.

²⁰ TheRide 2045 Long-Range Plan, <https://www.theride.org/about/projects/theride-2045>

Innovative Marketing and Partnerships

Clearly defining TheRide's goals and priorities has proven important. They rushed to get their long-range plan completed before the millage so the strategic goals could be finalized before asking the public for more funding. They aligned themselves with the City of Ann Arbor's Sustainability Department's 5-year planning effort, which included goals for reducing transportation emissions and featured an intensive engagement effort. TheRide has learned that collaborating with other departments or agencies can have many challenges because roles, goals, and funding are not always aligned between the entities. Despite these challenges, the benefits of fostering these relationships and helping one another achieve goals can open the door for future partnerships.

Before the millage effort, TheRide had a telephone survey conducted to understand what millage amount they could ask for. Apart from these targeted surveying efforts, TheRide believes their marketing strategy can be improved. They currently do not have a marketing group and have struggled to communicate the benefits of transit since the start of COVID-19. Some recent successes include the GoPass downtown program, which has facilitated communication between TheRide and downtown employers by conveying the benefits of transit service for employees. They also recently created an instructional video about how to ride the bus that has been well received by the public. When meeting with their Public Advisory Group (PAG), they have been able to generate successful engagement by offering incentives like food, free monthly passes, and gift cards.

Key Takeaways

Key takeaways from the conversations with TheRide are summarized in **Table 10**.

Table 10. TheRide Key Takeaways

Topic Areas	Key Takeaways
Sustainable Funding	<ul style="list-style-type: none"> TheRide has a permanent millage in the cities of Ann Arbor and Ypsilanti and a higher 5-year service area millage. Rather than looking to expand their service area to surrounding townships, they have service agreements with surrounding townships who run their own transit millages. Align sustainable funding approaches with existing policies. TheRide was able to leverage its existing Long-Range Plan to make the case for expanded millage. When considering broad-sweeping funding efforts, prioritize initiatives that deliver more for the community rather than a smaller, piecemealed funding approach. Explore discretionary funding opportunities to fill gaps.
Innovative Marketing and Regional Partnerships	<ul style="list-style-type: none"> TheRide went big with their millage. Through their survey, they gained insight on how much they could request. They communicated their goals and strategies before the election cycle through their Long-Range Plan and an intense period of engagement, particularly focusing on the most hesitant jurisdiction. Explore existing partnerships with local organizations to advocate for transit investments and enhancements. TheRide was able to coordinate a transit center expansion project with Ann Arbor Housing to identify affordable housing opportunities. Consider incentivizing the public for meaningful engagement with food, gift cards, or bus passes.

- Engage the community, including elected officials, to understand their priorities and perspectives. Elected officials can offer insights to the broader community sentiment, especially around transit.

*IndyGo*SM IndyGo (Indianapolis, Indiana)

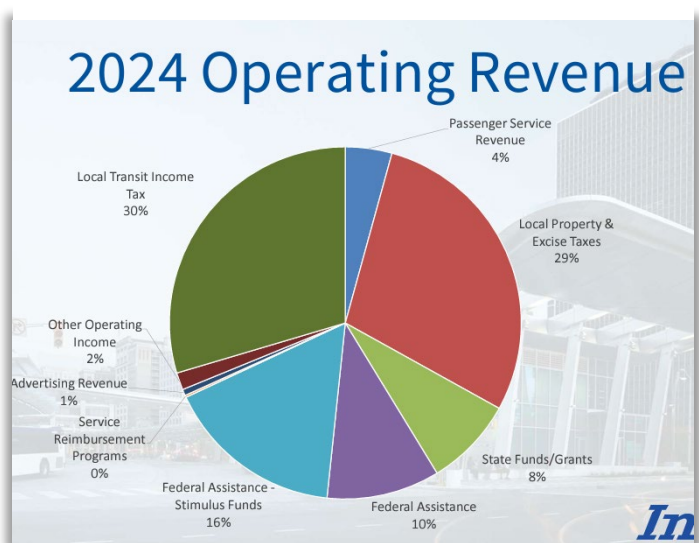
The Indianapolis Public Transportation Corporation (IndyGo) is the public transportation agency that serves Indianapolis, Indiana. IndyGo operates fixed-route bus services, BRT, microtransit, and paratransit. The agency has 31 fixed routes primarily serving Marion County, with limited fixed-route service extending into Johnson County. The mission of IndyGo is “to connect our community to economic and cultural opportunities through safe, reliable, and accessible mobility experiences²¹.” Topics discussed in this interview included sustainable funding mechanisms, TOD, and affordable housing.

Sustainable Funding Mechanisms and Regional Partnerships

In 2014, Indiana passed legislation to enable a stable and dedicated funding source for transit investments via a public referendum process. This process allowed six central Indiana counties to ask for voter approval for a local income tax that funded transit within each county after completing a planning effort outlining how revenue dollars would be spent. The Marion County Transit Plan (MCTP) was developed in response to the legislation and identified the need for increased income tax in Marion County to help fund local bus service expansion and the introduction of BRT service expansion, including the Red Line (completed in 2019), Purple Line (estimated completion in 2024), and Blue Line (estimated completion in 2027). The MCTP also initially proposed a grid network system, but in 2020, it was replaced by a spoke and wheel system with the aim of enhancing mobility throughout Indianapolis.

IndyGo’s financial structure is largely defined by their reliance on traditional transportation funding sources, including Marion County property tax revenues, a county-wide income tax, state funds from sales taxes, and federal formula and discretionary funding. In 2022, state funding and funds directly generated by the agency (fare revenue, interest and rental income, concessions and advertising, etc.) were exclusively used for operating costs. Federally and locally generated revenue (general fund, income taxes, property taxes) was spent on a mix of operating and capital costs.²² For more information about aspirational peer operating and capital breakdowns, please refer to the Sustainable Funding section (page 57). Similar to other transit agencies across the United States, IndyGo is exploring innovative funding strategies for capital and operating funding sources through 2031. Following the COVID-19 pandemic and short-term operating funding support from federal sources, long-term funding alternatives need to be identified. **Figure 29** shows the proposed operating funding sources for 2024²³.

Figure 29. IndyGo Proposed 2024 Operating Revenue.



²¹ “Mission and Values.” IndyGo, 30 Jan. 2023, www.indygo.net/about-indygo/mission-and-values/.

²² 2022 NTD Revenue Sources, <https://www.transit.dot.gov/ntd/data-product/2022-annual-database-revenue-sources>.

²³ FY 2024 Proposed Budget (as of July 27, 2023), <https://www.indygo.net/wp-content/uploads/2023/08/Proposed-Budget-Presentation-07.27.23.pdf>.

Foundation History: Following continued advocacy from the greater Indianapolis business community for the 2016 Marion County Transit Referendum, a legislatively mandated transit foundation was formed to support transit projects in Indianapolis. The IndyGo Foundation, a designated 501(c)(3) organization, was founded in 2018 and became fully operational in 2020. The IndyGo Foundation has a dedicated staff that works collaboratively with IndyGo to increase public transportation access through strategic initiatives, including subsidized rider passes, infrastructure investments, ADA accessibility investments, and providing transit related resources to nonprofits²⁴. The IndyGo Foundation is a key component of generating additional funding revenue necessary for IndyGo operations²⁵.

Indiana legislation requires that 10 percent of annual operating expenses for projects and services created or expanded must be funded by sources other than local taxes and fare revenue. Additionally, 25 percent of operating expenses must be funded by transit fares and revenues. To meet legislative requirements, IndyGo is actively exploring new funding opportunities for both operating and capital funding through the following sources, noting that the use of funding varies by source type:

- **Discretionary Funding:** IndyGo actively pursues discretionary funding opportunities at the state and federal level. In 2022, 41% of federal funding and federal grants went towards capital costs, with 59% going towards operations. In 2023, IndyGo prepared 8 grant applications among the 12 to 15 eligible programs they identified. Though preparing grant applications is time consuming, it is necessary to fill funding gaps. IndyGo also leverages capital dollars from the Indianapolis MPO, securing between \$4 and \$7 million for bus-related projects.
- **Funding Diversification:** IndyGo is exploring hydrogen fuel production to generate new revenue streams. This initiative was sparked after completing their Zero Emissions Vehicle Plan in 2020. They have also invested in revenue-generating training facilities strategically designed to be accessible to other transit providers for training. Additionally, IndyGo is exploring a cost-sharing arrangement with another private transit provider that offers workforce transportation services. These initiatives foster collaboration within the transit community around Indianapolis while generating revenue for IndyGo.
- **Transit Value Capture:** IndyGo is exploring value-capturing mechanisms such as Tax Increment Finding (TIFs) around transit stations. By utilizing the economic development potential around transit hubs, revenue can be generated and reinvested into transit services. Though IndyGo has not taken advantage of this funding source, they suggested it as an effective method of generating potential revenue.

Equitable Transit-Oriented Development and Affordable Housing

TOD is central to IndyGo's long-term vision and is a core component of their regional BRT corridor implementation. The IndyGo staff does not have dedicated personnel for TOD efforts, rather staff are embedded in the Development department and focused on planning, engineering, and construction initiatives. IndyGo collaborates with the Indianapolis Neighborhood Housing Partnership (INHP) to preserve and create affordable housing near transit stops, ensuring continued location-efficient housing options while catalyzing neighborhood development and promoting access to opportunities for low- and

“What’s good for transit is good for the neighborhood and community health.—IndyGo

²⁴ “IndyGo Foundation: Annual Report, 2021 and 2022.” IndyGo, 2022, www.indygo.net/wp-content/uploads/2023/07/IndyGo-Foundation-Sponsor-Packet.pdf.

²⁵ IndyGo Foundation Executive Director Article, June 2023, <https://www.intelligenttransport.com/transport-articles/147162/indygo-foundation-connecting-people-through-accessible-equitable-and-inclusive-mobility/>.

moderate-income families. TOD initiatives are focused near the Blue Line, which is planned for revenue service in 2027. To maximize this potential, IndyGo is pursuing federal funding for TOD projects, collaborating closely with the INHP and hoping to secure around \$2 million. The 2019 Small Starts grant application for the Blue Line included a request to explore a joint-development opportunity in coordination with a CIG Program project. One lesson learned from this effort was to uncouple joint development opportunities from CIG projects to allow the projects to advance on separate timelines and reduce complexities.

Recognizing the strategic value of BRT station locations, IndyGo is continuing to explore innovative land acquisition ideas for future affordable housing. Because IndyGo does not have a land use authority, acquiring land surrounding the transit stations has been a challenge financially and politically. Despite these challenges, IndyGo is exploring partnerships with community development corporations (CDCs). CDCs have more capacity to purchase land for TODs and can encourage the city to make transit supportive zoning changes. Similar to other aspirational peers, IndyGo mentioned the importance of educating potential developers on the role of TOD and affordable housing in development. Explaining the value of certain initiatives to developers, like unbundling parking costs from rent, is one way that IndyGo has helped prioritize transit in new housing developments.

Key Takeaways

Key takeaways from the conversations with IndyGo are summarized in **Table 11**.

Table 11. IndyGo Key Takeaways

Topic Areas	Key Takeaways
Sustainable Funding	<ul style="list-style-type: none"> • Diversifying funding sources can be a challenge but is important for long-term sustainability. TIF districts can be a helpful source for diversified income and should be implemented sooner, rather than waiting. • Actively explore innovative funding sources that may work for your agency. Evaluate existing plans and policies to identify how existing partnerships or plans may help inform new funding sources. • Federal funding can fulfill capital funding gaps; however, it is important to understand what “strings” may be attached to those funding sources. Consider exploring alternative funding approaches or partnerships as alternatives.
Regional Partnerships	<ul style="list-style-type: none"> • Alignment among transit leadership, employees, board members, and other stakeholders is crucial for the success of transit initiatives. It ensures that there is a unified vision and shared commitment.
ETOD and Affordable Housing	<ul style="list-style-type: none"> • Collaboration and partnerships with developers and community groups is a key element for creating TODs and affordable housing. • Explore partnerships with local organizations with TOD experience, especially if internal staff capacity for TOD is limited. Frequent coordination can advance agency goals. • Engagement and education with developers and community groups will help align developments with transit goals.

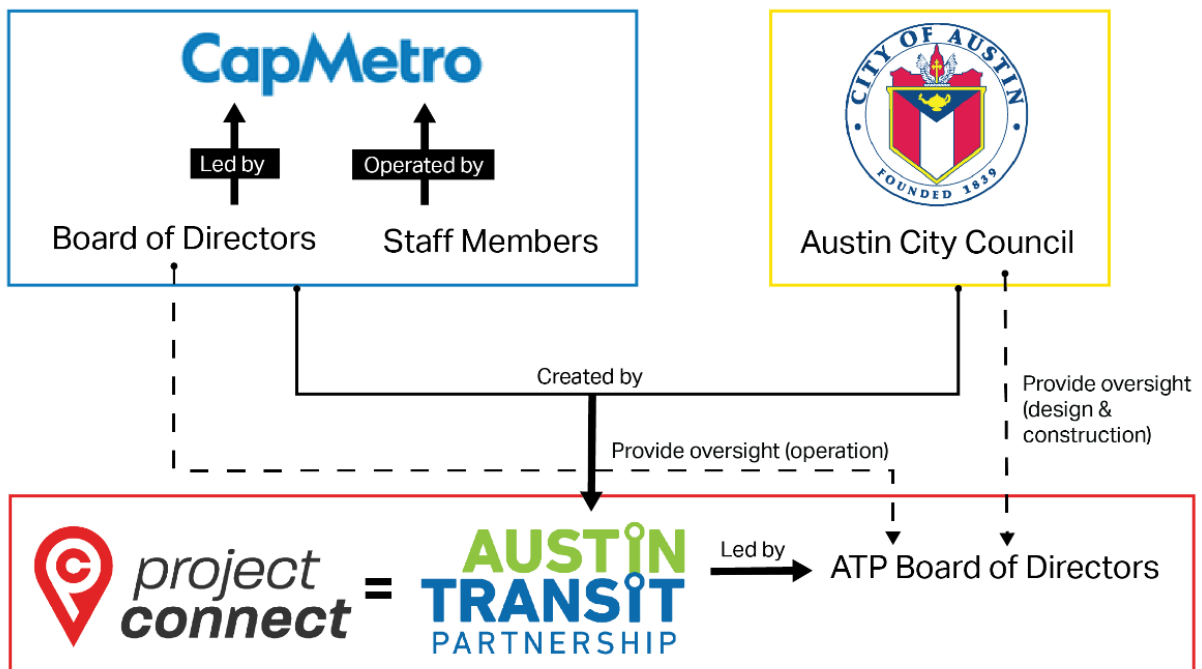
CapMetro (Austin, Texas)



Capital Metropolitan Transportation Agency (CapMetro) is Austin, Texas' regional public transportation provider. CapMetro services include bus services (traditional, commuter, rapid, university shuttles, late night buses, airport shuttles), commuter rail, curb-to-curb pickup services, rideshare services, a bikeshare system, and emergency taxi ride reimbursement. CapMetro is led by a board of directors and operated by staff members who report to the board.

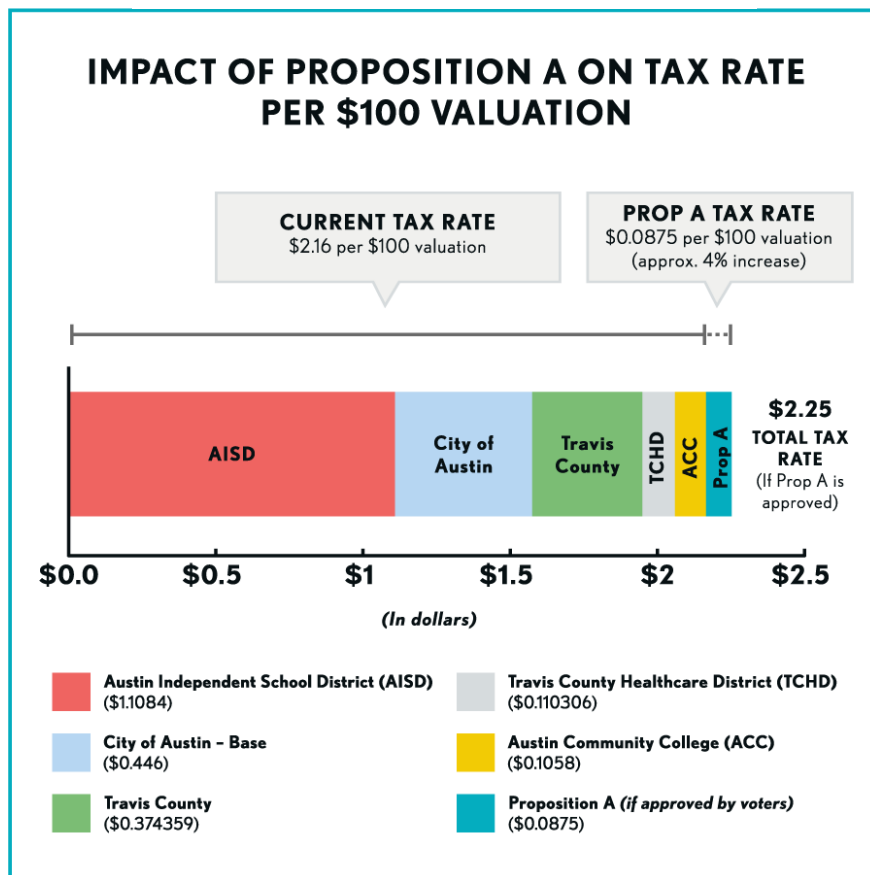
In 2018, CapMetro approved the Project Connect Long-Term Vision Plan (Project Connect), which identified HCT corridors, BRT, and other service enhancements projects. The Project Connect System Plan advances the work of the 2018 Project Connect and identifies the "initial investment" or components of the system plan to be included in Proposition A, which would dedicate 8.75 cents of the operations and maintenance portion of the City of Austin's property tax rate for Project Connect. In November 2020, Austin voters approved Proposition A²⁶. In order to implement Project Connect and the associated LRT investments included in Project Connect, the Austin Transit Partnership (ATP), a local government corporation, was formed by a joint resolution between the City of Austin and CapMetro. The ATP functions as its own business corporation with a board of directors and operational oversight from the CapMetro board and the Austin City Council (Figure 30).

Figure 30. CapMetro, City of Austin, Project Connect, and ATP Coordination.



²⁶ City of Austin, Proposition A details: <https://www.austintexas.gov/2020PropA>.

Figure 31. Proposition A Tax Rate Increase.



CapMetro was selected as an aspirational peer for their approaches to ETOD development, sustainable funding as informed by the Project Connect effort, and regional partnerships which resulted from the larger Project Connect regional effort (**Figure 31**).

Sustainable Funding and Regional Partnerships

Project Connect is an initiative aimed at expanding the local bus, BRT, and LRT systems. It is led by CapMetro, the ATP, and the City of Austin. The increased funding from the property tax approved by Proposition A in November 2020 is fully dedicated to the Project Connect program capital expenses, which invests in transit network expansion as well as affordable housing and ETOD along transit lines.

The primary consistent source of funding for CapMetro comes from a 1 percent sales tax. Growing this funding source is limited since the State of Texas caps its sales tax at 8.25 percent. Recently an 8.75-cent increase (4% percent) to the property tax rate was passed in the region²⁷. All of this funding goes towards the capital funding solely of Project Connect. The other two sources of locally generated funds are general fund revenues and revenue from the sales and disposals of assets, and all of this revenue was directed towards operations in 2022.²⁸ The vast majority (96%) of federal funding in 2022 went towards CapMetro operating expenses.²⁹ Directly generated funds go towards a mixture of capital and operating needs. CapMetro does

²⁷ "2020 Mobility Elections Proposition A," City of Austin, accessed October 23, 2023, <https://www.austintexas.gov/2020PropA>.

²⁸ 2022 NTD Revenue Sources, <https://www.transit.dot.gov/ntd/data-product/2022-annual-database-revenue-sources>.

²⁹ 2022 NTD Revenue Sources, <https://www.transit.dot.gov/ntd/data-product/2022-annual-database-revenue-sources>.

not receive any funding from the State. For more information about aspirational peer operating and capital breakdowns, please refer to the **Sustainable Funding** section (page 57).

The passage of this dedicated property tax funding for Project Connect was a big win for the region after a long-term effort requiring extensive community engagement and coordination. CapMetro attributes this success to a variety of factors—the pandemic; more young people moving to the region; improvement of agency operations over the years; and most importantly, two years of intense engagement and trust building in the community. Outreach provided information about the effects of the funding rate on property owners and showed constituents how Project Connect could serve a variety of needs in the community.

Project Connect includes a formula that allows different communities to pay different property tax rates based on their level of system use. This method has caused issues because the amounts each community is paying drives how the services are distributed throughout the community, rather than having the service be driven by demand and need.

Additionally, CapMetro has streamlined their grant application process by proactively organizing information about opportunities and building more structure into the application process. This allows them to be more strategic about which grants they apply for each year. As of 2023, the ATP can now be a direct recipient or project sponsor for a grant, which opens up doors for Project Connect to receive grant funding for design and construction of a light rail.

Equitable Transit-Oriented Development, Affordable Housing, and Innovative Marketing

CapMetro has witnessed TOD around their routes over the years, but it has not been as equitable as they had hoped. Because of this, the team developed a new vision focused on ETOD around future Project Connect BRT stations. This process included an in-depth existing conditions analysis and a robust and innovative engagement effort involving *Community Connectors*. Twelve *Community Connectors* were recruited and paid hourly to give feedback on deliverables— helping to pinpoint what sections needed to be simplified and how policies impacted different groups. When soliciting for these positions, they received 140 applications and made sure to select a group who represented different backgrounds and different parts of the city and who were connected to a community organization.

“Treat the community as subject matter experts. They will be more willing to share information and experiences when they feel valued for their time and expertise.” —CapMetro

Throughout the Project Connect outreach experience, CapMetro found it was vital to pay participants for their expertise and time. They hosted virtual focus groups focused on ETOD initiatives and provided participants with \$50 gift cards to a local grocery store, encouraging people to come back and provide robust feedback. CapMetro was transparent about the expectations they had for participants and the compensation they would receive, and they logged input on the website to ensure participants knew their voices were being heard.

Some of these outreach efforts helped contribute to the ETOD Policy Plan, which was created by the City of Austin's Housing and Planning Department through a partnership with CapMetro, the ATP, and the community. The ETOD Policy Plan serves as a citywide guide that focuses future planning and informs future programming and investment decisions³⁰. The

³⁰ “Equitable Transit-Oriented Development Policy Plan,” City of Austin, March 2023, <https://publicinput.com/Customer/File/Full/97a3315a-15ce-4dd2-b94c-0633abc49671>.

plan outlines six ETOD goals, details about station planning, a policy toolkit, and an action plan. The six ETOD goals are 1) enable all residents to benefit from safe, sustainable, and accessible transportation; 2) help close racial health and wealth gaps; 3) preserve and increase housing opportunities that are affordable and attainable; 4) expand access to high-quality jobs and career opportunities; 5) support healthy neighborhoods that meet daily needs; and 6) expand Austin's diverse cultural heritage and small, black, indigenous, and other people of color-owned, and legacy businesses. The policy toolkit includes tools to help foster small business and workforce development, housing affordability, mobility, land use and urban design, and real estate and finance strategies.

Mode Shift

CapMetro and City of Austin also developed an ETOD priority tool that can help developers, policymakers, and the community make informed decisions (CapMetro 2023).³¹ This tool enables these entities to easily understand the community context and highest-priority policy goals for a specific transit station including multi-modal connections. CapMetro and the City of Austin worked together as partners during the development of the ETOD Policy Plan and tool. This partnership continues to be strengthened through the broader Project Connect effort to achieve regional goals including moving away from single occupancy vehicle alternatives.

Although ETOD is primarily driven by the city, CapMetro is looking into the ways they can leverage their own sites to promote affordable housing and ridership. CapMetro has a dedicated TOD champion who supports the TOD effort in the region. This process has highlighted the importance of maintaining properties and development, particularly in downtown areas and growing communities. Agencies should hold on to these properties for future ETOD opportunities to help preserve the ability to develop affordable housing in areas that will be experiencing transit investment, increase transit ridership, and help transform corridors into walkable and multimodal communities. Intentional ETOD requires an intentional process that keeps long-term regional goals in mind while avoiding common barriers to maintaining property and developments, including political resistance to transit hubs, lack of leadership, and maintenance and operation costs.

³¹ "ETOD Priority Tool," CapMetro, Accessed October 24, 2023, <https://experience.arcgis.com/experience/0388c5d05c0b45d495d2c2c74500f60a/page/Policy-Recommendations>

Key Takeaways

Key takeaways from the conversations with CapMetro are summarized in **Table 12**.

Table 12. CapMetro Key Takeaways

Topic Areas	Key Takeaways
Sustainable Funding	<ul style="list-style-type: none"> • CapMetro recommends that agencies like The Rapid have one millage rate for all communities in the service area and do all that they can to keep the service area together. • CapMetro went big with their dedicated funding request. The agency recommends an intensive community engagement process leading up to election that clearly communicates what services the increased funding will provide. New services and potential improvements should also go big – Including something for everyone. • Discretionary funding opportunities are worth pursuing. CapMetro found success in pivoting to a strategic grant approach rather than reacting to grant opportunities year to year.
Regional Partnerships	<ul style="list-style-type: none"> • CapMetro continues to work with its partners at the City of Austin and ATP to advance key regional transit initiatives. Ongoing coordination is the key to overcoming challenges and meeting goals. • Establish a key agency point of contact with collaborating agencies to ensure consistent communication and coordination. Ensure that the transit agency has their representative in the room for critical conversations related to transit.
ETOD and Affordable Housing and mode shift	<ul style="list-style-type: none"> • CapMetro would encourage agencies who own existing land to consider preserving that property, especially in downtown areas or rapidly growing communities for transit or other ETOD usages where the transit agency plays a role. In Austin, downtown property is scarcer and costs have increased, making it more challenging to acquire property for transit usage. • Coordinate with developers early in the process to identify opportunities for TOD and affordable housing.
Innovative Marketing and Outreach	<ul style="list-style-type: none"> • Consider incentivizing community participants for their feedback to encourage meaningful and consistent dialog. CapMetro found success from the feedback as it relates to their ETOD policy planning development, but it could be applicable in other use cases.



LA Metro (Los Angeles, California)

The LA Metro (Metro) serves a large area of the Los Angeles, California region, with their bus service covering almost 1,500 square miles. The Metro rail and BRT lines extend even further out north to the San Fernando and San Gabriel Valleys, south to Long Beach, east to El Monte, and west to Santa Monica. Their services include bus, rail, bikeshare, on demand rideshare, vanpool, paratransit, parking services, freeway service patrol (towing and roadside assistance), and operation of the toll roads (automatic tolls and occupancy detectors).

The agency is led by a board of directors made up of 14 members. The board is currently composed of eight committees: 1) Taxpayer Oversight; 2) Planning and Programming; 3) Operations, Safety, and Customer Experience; 4) Measure M Independent Taxpayer Oversight; 5) Finance, Budget, and Audit; 6) Executive Management; 7) Construction; and 8) 2028 Olympic and Paralympic Games.

Metro was selected as an aspirational peer for their approaches to sustainable and innovative funding; TOD; and affordable housing development through their TOD and transit-oriented communities (TOC) programs, regional coordination across their 1,500 square miles, and marketing efforts realizing an increase in ridership through their ambassador program.

Sustainable Funding

Metro has unique funding opportunities since the agency also operates the region's tolling systems. They have been exploring innovative ways to charge for various transportation modes in a way that more accurately reflects the economic and societal costs of each mode. Currently, the agency's Office of Strategic Innovation is studying various methods for charging tolls. The agency does not charge fees, such as tolls, without providing an alternative. This approach opens the possibility to explore innovative funding techniques, like funding mechanisms that work similar to tax increment funding finance systems. An alternative transportation mode, like a new BRT line, could be planned and funded through a toll implemented along that route.

The agency also coordinates with the state to promote statewide policies that more accurately reflect the economic and societal costs of different transportation modes. For example, the State of California requires transportation infrastructure projects to go through a process that requires agencies to consider and mitigate environmental costs of infrastructure projects. Previously, this process used the level of service metric to evaluate traffic congestion impacts.

Recently they shifted to vehicles miles traveled (VMT) to instead measure whether the infrastructure project is effectively reducing VMT. If the agency does not meet VMT reduction goals, they need to mitigate these costs. This shifts one of the goals of transportation investment from reducing congestion to reducing VMT, which more effectively addresses climate change goals and measures whether people are opting for different, more sustainable transportation modes. The effects of this policy change are not yet fully known, but the agency hopes that it will help promote the understanding that transit investment can be an effective means of reducing VMT. However, this process has already changed the ways Metro and the state think about transportation costs and has led to conversations about other ways to use the VMT metric. Transit agencies, like Metro, and other local leaders across the country have begun conversations about the tradeoffs about implementing a VMT fee rather than a fuel-based tax to help finance transportation infrastructure.

Successful Transit-Oriented Development and Affordable Housing

Metro has two TOD focus areas within their agency:

1. **TOD Program:** The TOD Program focuses on methods to utilize excess property after construction. They also explore opportunities to coordinate with other developments which coincide with Metro stations. So far, most TOD focuses on rail stations, but the agency hopes to implement TOD strategies around BRT and bus stations as well.
2. **TOC Program:** The TOC Program works with communities throughout the region to inform about transit and transit land use planning benefits and conduct visioning, planning, and engagement activities alongside community leaders. This program was created knowing that Metro is well funded and has more resources to further this work than many smaller communities within their footprint. The TOC process includes an early assessment of community needs and opportunities, an on-the-ground assessment of community stations, and assistance with first- and last-mile planning.

The real estate department lays within the TOC and works with developers to further Metro's commitment to build 10,000 housing units. Their process includes working with a community to develop a vision for the development, releasing an Request for Information (RFI), and then working with multiple developers until a development agreement is signed. This process helps get the developers engaged early on so they can form a relationship with the community rather than having Metro serve as liaison. The department has assembled a group of developers with affordable housing expertise and are in the process of approving these developers to work closer with the agency and attend community meetings, speeding up the procurement process. Working with multiple developers keeps this process competitive.

“Communicate to the public that they need to prepare for housing affordability to get worse like it has in other communities who were not proactive about the problem. Show that the community is the way it is because of intentional planning, not because of chance.” —Metro

Regional Expansion and Partnerships

Over the years, Metro has learned their service area is stronger together. Sticking together makes the agency more successful when pursuing federal and state funding. Regionally fracturing to focus on separate initiatives has proved harmful. The region does have sub-regional council of governments where groups of cities can coordinate on initiatives specific to their areas while coordinating across city lines. Staff members have made a strong effort to coordinate and empower these councils.

Innovative Marketing

Particularly in the wake of the COVID-19 pandemic, Metro was having trouble addressing crime and meeting unhoused customers' needs. Initially, Metro explored ways to partner with law enforcement, but law enforcement communicated they were not equipped to address these needs. Instead, the agency shifted gears and envisioned the Ambassador Program. The program's purpose is to create a safe and user-friendly system. This program is funded through operating costs, and ambassadors are contracted by the agency to be present at Metro rail stations, greet customers, and provide information and wayfinding. This program started in May, since been widely hailed as a success, with Metro receiving requests to have ambassadors on buses and at bus stations as well.

Key Takeaways

Key takeaways from the conversations with Metro are summarized in **Table 13**.

Table 13. Metro Key Takeaways

Topic Areas	Key Takeaways
Sustainable Funding	<ul style="list-style-type: none"> • Metro has worked alongside the state to change traditional transportation metrics and financing mechanisms in order to reflect the economic and societal costs of different transportation modes more accurately. The agency hopes these efforts will help to align metrics and financing mechanisms with the understanding that transit investment is a vital tool in furthering regional climate and development goals.
ETOD and Affordable Housing	<ul style="list-style-type: none"> • Through their TOC Program, Metro maintains a close relationship with developers to speed up the procurement process and supports a large pool of developers to foster competition. • Through their TOC Program, Metro provides technical assistance to communities by conducting visioning, planning, and engagement alongside community leaders. This is particularly helpful for smaller communities that lack the resources to lay the ground-work and begin promoting TOD.
Regional Partnerships	<ul style="list-style-type: none"> • Metro has fought to keep their service area together to maximize federal and state funding opportunities, while working to facilitate communication between the cities and region within their service area.
Innovative Marketing	<ul style="list-style-type: none"> • Metro's ambassador program has successfully created a safer and more user-friendly system which benefits existing and future riders. • Keep track of transportation innovation. Metro has been at the forefront of testing new transportation ideas despite facing initial apprehension from the board due to the high startup costs for new technologies. By measuring their success and documenting lessons learned, they have shown the benefits of early adoption. New services often help to fill transportation gaps within their communities. Once implemented, these services can be tweaked to improve service quality and cost effectiveness.



Sound Transit (Seattle, Washington)

Central Puget Sound RTA (Sound Transit) is the transit agency service for the Seattle Metropolitan area. Their services include light rail, commuter trains, and express buses and will soon include BRT. The agency is governed by an 18-member board of directors and led by executive leadership. Funding from the agency comes from a variety of sources including voter-approved funding sources (i.e., sales tax, property taxes, Motor Vehicle Excise Tax, fare revenues, bond proceeds, and federal funding [formula and discretionary]). Sound Transit was selected as an aspirational peer for their approaches to ETOD and affordable housing and mode split.

Successful Transit-Oriented Development and Affordable Housing

Sound Transit has a TOD department that works to partner with private and non-profit developers for housing, retail, office, and community space developments. TOD work is guided by an ETOD policy that was passed by the Sound Transit board. Property for TOD comes from within the agency. Initially land is purchased for transit infrastructure, including stations, tracks, and staging. Once transit projects are complete, the TOD department writes RFPs to develop the excess property. The department is made up of nine staff members and two sub-teams—“Integrated TOD Joint Development” and “Adjacent TOD Opportunities.” The TOD department does not decide which land is acquired for projects, and eminent domain powers can only be used for transit infrastructure.

***“You need transit champions. You also need housing champions. There is always value to make the case that both transit and housing is needed.
—Sound Transit***

TOD efforts to promote affordable housing are enabled through two main mechanisms: 1) the establishment of a revolving loan fund and 2) the passage of a new state statute *TOD Strategy System Plan* enacted in 2015:

1. **Revolving Loan Fund:** As a part of the Sound Transit 3 (ST3) Plan approved by voters in 2016, Sound Transit contributes \$4 million per year for 5 years into a revolving loan fund aimed at creating more affordable housing near transit stations. The fund will fill gaps in affordable housing financing within station areas. The fund aims to be self-replenishing by utilizing interest and principal payments on old loans to issue new loans. The fund primarily helps facilitate ETOD development on agency property and supports strategies to minimize resident displacement³².
2. **Statue Statute:** A Washington State statute requires Sound Transit to offer a portion of the agency’s surplus property for affordable housing. This policy is known as the 80-80-80 policy because it requires Sound Transit to offer 80 percent of their property for housing, with 80 percent of that housing being affordable at 80 percent area median income (AMI) or below. If a developer meets the 80-80-80 qualifications, the agency is permitted to offer a discount on the land. Without this legislation, the agency would need to sell the land at market value to generate revenue for the agency, which would limit the financial feasibility of building affordable housing³³.

³² “Revolving Loan Fund,” Sound Transit, accessed October 24, 2023, <https://www.soundtransit.org/system-expansion/creating-vibrant-stations/transit-oriented-development/revolving-loan-fund>.

³³ “Transit-oriented development strategy system plan,” RCW 81.112.350, Washington State Legislature, effective 2015, <https://app.leg.wa.gov/rcw/default.aspx?cite=81.112.350>.

Although the state statute requires the 80-80-80 parameters, the agency has gone beyond these requirements. So far, they have dedicated approximately 95 percent of their surplus land to housing, with 100 percent of those housing units being affordable, most often at 40 to 60 percent AMI. However, the defined parameters are appropriate because they give the agency flexibility to pursue more innovative development opportunities and allow them to develop land faster.

Figure 32. Sound Transit Lynnwood City Center TOD.



The TOD Program has been successful with the public so far. This success is partially attributed to the with the soaring housing costs and increasing population densities in Seattle. Residents recognize that the lack of affordable housing is an issue, and the region has used its visibility and Democrat control of the state senate to promote recent legislation like the 80-80-80 bill and a recent middle missing housing bill. Similar to many

peers, Sound Transit has had to develop a specific team of dedicated staff focused on TOD efforts. The team has expanded within the past 6 years from one staffer to nine with two-sub groups, one group focused on joint development opportunities and the other focused on adjacent TOD opportunities near transit. Additionally, they coordinate with the community engagement team to have a dedicated staff person focused on engagement relative to TOD efforts. An illustrative example of a recent TOD³⁴ surplus land project cited by Sound Transit staff is shown in **Figure 32**. Sound Transit completed an online survey and open house to explore community needs and continued community conversations.

Medium City Mode Split

Sound Transit also has a team dedicated to planning for access and integration. The team analyzes how customers are connecting to stations and works to increase connections to other transportation modes. This work has been especially important as Sound Transit develops new extensions. Throughout the planning process, the access and integration team explore how to integrate routes with the current network. The TOD department contributes to these efforts by creating RFPs that ask developers to design projects that will interface with surrounding amenities like sidewalks, bike lanes, and trails.

Although Seattle has a much less car-dependent landscape than Grand Rapids, the public still raises concerns about limited parking options. The department is struggling to be proactive about walkability rather than spending time reacting to these concerns. Sound Transit has found that showing people the success of transit in the region and continuing to expand their system and improve their service is the best way to decrease car-dependent tendencies.

³⁴ Image courtesy the Sound Transit Community Engagement Summary, 2022 <https://www.soundtransit.org/sites/default/files/documents/Lynnwood-TOD-Community-Engagement-Summary-Phase-1.pdf>.

Key Takeaways

Key takeaways from the conversations with Sound Transit are summarized in **Table 14**.

Table 14. Sound Transit Key Takeaways

Topic Areas	Key Takeaways
ETOD and Affordable Housing	<ul style="list-style-type: none"> • To productively foster ETOD there needs to be legal systems in place. Take advantage of political momentum to enable affordable housing efforts at the state level. • Affordable housing is difficult to finance, and it helps to have a financing mechanism in place to fill financing gaps. Sound Transit established a revolving loan fund through a voter-approved plan to address this issue. • Sound Transit has a dedicated team of TOD experts to coordinate with TOD efforts and policies. The TOD team has grown to focus on TOD joint development efforts and adjacent TOD opportunities. • Consider developing tools for developers that outline transit priorities in coordination with new developments. Consider developer qualifications and history of executing similar projects. • Pair community engagement with TOD efforts. Engaging with the community and understanding their needs and desires can help inform TOD efforts.
Medium City Mode Split	<ul style="list-style-type: none"> • Integrate multimodal requirements into developer RFPs to coordinate TOD developments with transit and transit supportive infrastructure. • Leverage transit success and momentum to encourage other multimodal forms of transit in car-dependent communities.

BEST PRACTICES AND LESSONS LEARNED

As part of The Rapid's 20-year TMP development, a two-part peer assessment was completed. The first, a benchmarking assessment, used data from the NTD to compare and contrast The Rapid to ten transit peers, focusing on service productivity, service effectiveness, and cost effectiveness.

Compared to its peers, takeaways from the **Benchmark Peer Comparison** indicate The Rapid is providing a higher level of service to its community on a lower budget, operating at an overall higher financial efficiency. With the exception of the outlier, Gainesville RTS, The Rapid outperforms all benchmark peers for lowest operating cost per revenue mile. However, despite The Rapid's population-dense service area and the greatest revenue mile operation amongst its peers, The Rapid's fixed route services had a relatively lower rate of passengers per mile and passengers per hour compared to its peers. Findings from the TMP **Existing and Future Conditions** and **Market Analysis** reports can help to contextualize possible sources for differences in The Rapid's performance compared to its peers. Some of these findings include:

- *Stop locations and service coverage:* The Market analysis found The Rapid's geographic coverage may already be sufficient. The existing conditions analysis identified a mismatch between residential density and employment density locations, possibly exacerbating the difficulty of implementing efficient transit.
- *Wait Time, Travel Time and Frequency:* Long travel times and low frequencies make transit a much less convenient option than traveling by personal vehicle. The duration of transit trips downtown from points outside of the downtown area are 2-3 times longer than trips made by all other transportation mode, before considering the additional time spent walking to transit stops and waiting for transit to arrive.
- *Service Hours and Frequency:* The existing conditions analysis identified insufficient weekend service, with the system being heavily reliant on ridership during the weekdays. The market analysis identified opportunities for further improvements to service frequency and span so that a greater percentage of the region is near higher frequency service.

The second assessment included in-depth informational interviews with aspirational peers. As outlined in the **Aspirational Peers** section, peers were identified for their experience in sustainable funding, successful TOD, integrating affordable housing, encouraging modal split, innovative marketing, and regional partnerships. The aspirational peer interviews were guided by an interview guide to cover a range of topics; however, The Rapid staff also joined the interview to ask additional questions from the agency perspective:

- The Rapid has had success obtaining capital funding through federal funding programs such as the CIG Program and COVID-19 relief. As The Rapid, like other transit agencies, regains traction in a post-pandemic world, what other tools are available in the operational funding toolbox?
- The Rapid utilizes millage funding across its service area. What advantages or disadvantages are there to strategically modifying an existing funding apparatus to accommodate the areas where demand is greater? How can existing partnerships be utilized to improve the existing funding structure?
- What is a transit agency's role in TOD and affordable housing? How can an agency acting individually or with its partners lessen any potential fears of TOD?

- What is the power of storytelling for transit and encouraging alternative modes? How do you create community and agency inspiration for the process?
- How can a transit agency achieve aspirational goals?

Best practices and lessons learned from aspirational peers lend insight to potential solutions that can be applied in the near, mid-, and long term to advance towards The Rapid's 20-year vision as shown in **Figure 33. Best Practice Implementation Time Frame**. These potential solutions are described in the following sections and will help guide the prioritization and timing of the objectives that will be summarized in the TMP final recommendations.

Figure 33. Best Practice Implementation Time Frame.



Sustainable Funding

As part of the **Sustainable Funding** best practices analysis, a deeper exploration into operating and capital funding was conducted to understand how The Rapid compares to its aspirational peers. Transit agencies depend on a mix of operating and capital funding sources to fund the operations of the transit system, as described below:

Operating revenue supports daily operations and associated expenses including salaries and fringe benefits, supplies, and services.

Capital revenue funds capital assets and capital expenses such as land, buildings, revenue equipment, vehicles, and construction.

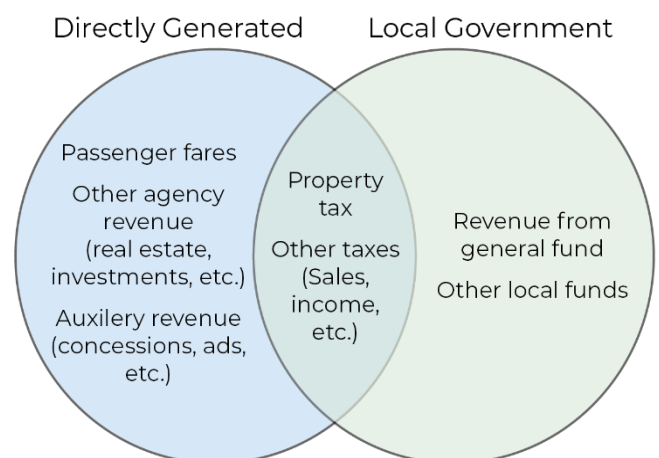
Annually, transit agencies prepare budgets that provided detailed information about operating and capital revenues and expenses. The revenue and expense information is reported to NTD by fund sources. Transit funding can come from a variety of different funding sources that are usually either directly generated by the agency or are from the local, state, or federal government sources. NTD categorizes all transit agency funding into one of four funding categories:

- **Directly Generated:** typically consists of passenger fares, advertising, or other contracted revenue.
- **Local Funding:** funding is available in various forms depending on the city, town or agency and can include property taxes, sales taxes, construction sales taxes, and development impact fees.
- **State Funding** consists of dedicated state transportation funds and/or other revenue from the state general fund. Funds may also be allocated from the state Department of Transportation (DOT).
- **Federal Funding:** is available in two primary forms – formula and discretionary funding. Formula programs allocate federal dollars to urbanized areas based on populations. Federal funding apportionments can vary year to year as they are determined by Congress and through Federal apportionment bills. Discretionary or grant funding opportunities can provide funding based on competitive application processes with specific eligibility requirements.

The way that the NTD reports local and directly generated funding can vary by agency. While one agency will categorize something as local, another may categorize it as directly generated. **Figure 34** shows how various direct or local government funding sources may be categorized, depending on the agency.

Often, funding sources specify whether the dollars associated may be used for operating or capital needs. When seeking out new funding sources, The Rapid may need to look towards different sources depending on whether they need to fill gaps in the operating or capital budgets. In the wake of the COVID-19 pandemic, transit agencies across the United States are working more closely with transit agency partners, including local and state agencies, to fill funding gaps and identify innovative ways to fund transit.

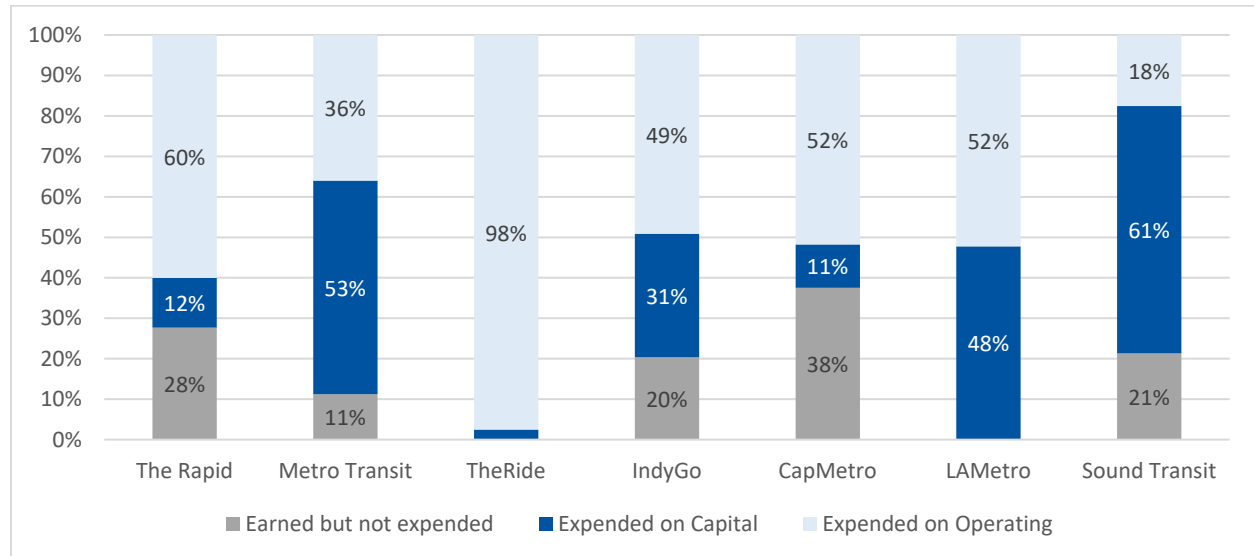
Figure 34: Typical NTD Reporting Categories - Directly Generated and Local Government



Operating and Revenue Expenditures Summary

A brief analysis comparing the operating and capital funding information using 2022 NTD data helps add context to the interviews conducted with aspirational peers. Compared with aspirational peers, in 2022, The Rapid spent a slightly smaller proportion of the budget on capital expenses and a slightly higher proportion on operating expenses (**Figure 35**). As noted in The Rapid's draft Financial Statement³⁵, the Rapid did not spend all earned revenue in 2022, because the agency is contributing funds towards an operating budget funding reserve, which will help offset fare revenue loss. This Peer Review Report seeks to explore other alternative revenue tools.

Figure 35: Aspirational Peer - Operating and Capital Revenue Expenditures (2022)



Source: 2022 NTD Revenue Sources

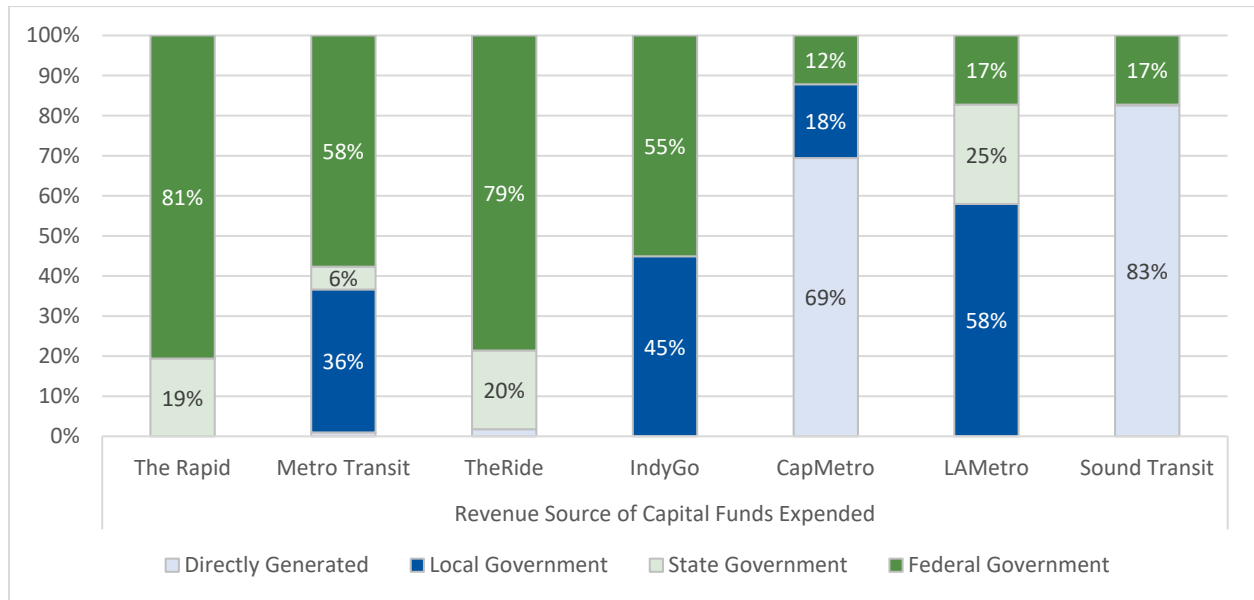
Capital Funding

In 2022, the Rapid relied on state and federal funding sources for their capital funding, as shown in **Figure 36**, Federal capital funding is provided through formula and discretionary funding sources. In Michigan, State capital funding is typically provided through the Michigan Comprehensive Transportation Fund (CTF) in the form of matches for federal grants awarded to transit agencies.³⁶ The Rapid's inability to directly generate transit revenue, through sales taxes, motor vehicle excise taxes, and income taxes, as outlined in local legislation, is one of the primary differences between the Rapid and out-of-state aspirational peers.

³⁵ Interurban Transit Partnership, Financial Statement for FY2023 and FY2022, draft as of January 17, 2024, <https://www.ridetherapid.org/assets/files/1d6/jan-17-fin-final-packet.pdf>

³⁶ "Fiscal Brief: The Comprehensive Transportation Fund (CTF) and State Support for Local Public Transportation," William Hamilton, August 8, 2023, https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_CTF_and_State_Support_for_Public_Transit_Aug2023.pdf

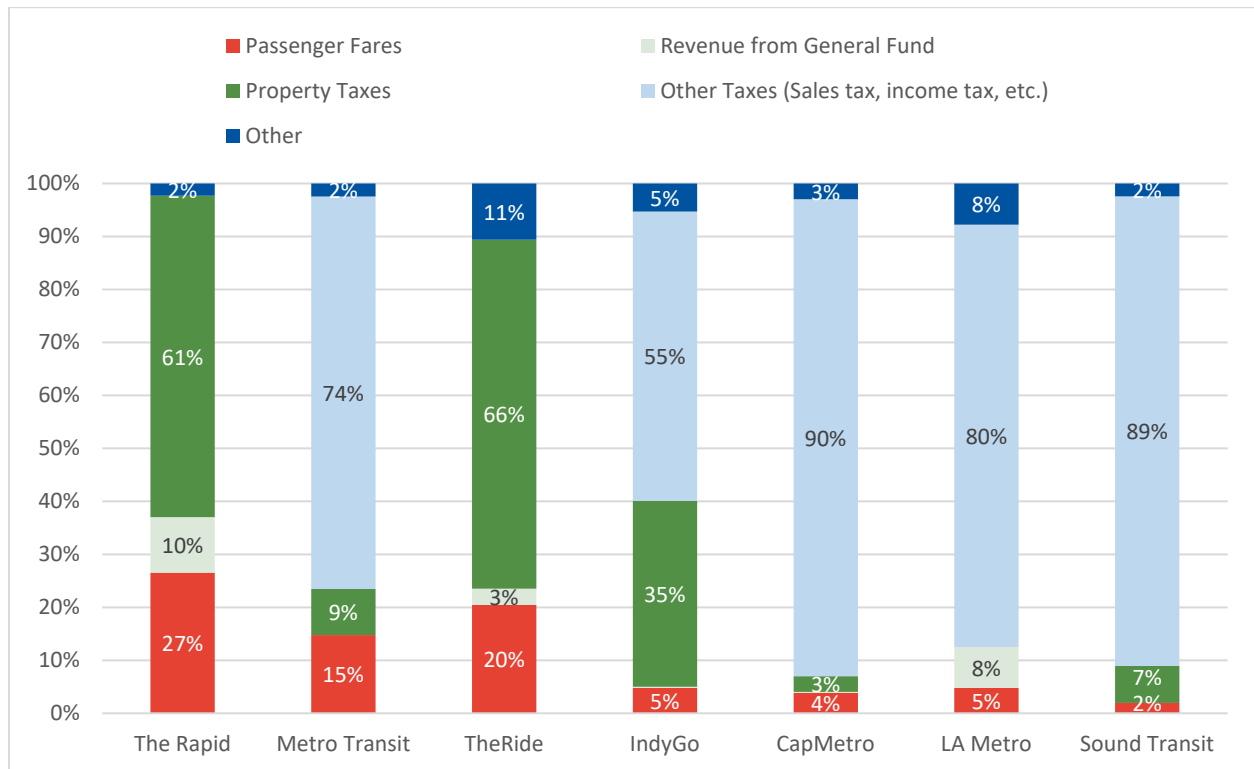
Figure 36: Capital Budget Revenue Source Breakdown



Source: 2022 NTD Revenue Sources

In 2022, The Rapid did not use directly generated or local government funding for capital needs. Other aspirational peer agencies, like Sound Transit, CapMetro, IndyGo, and LAMetro relied heavily on local and directly generated funding for their 2022 capital budgets as shown in **Figure 37**.

Figure 37. Directly and Locally Generated Revenue Sources



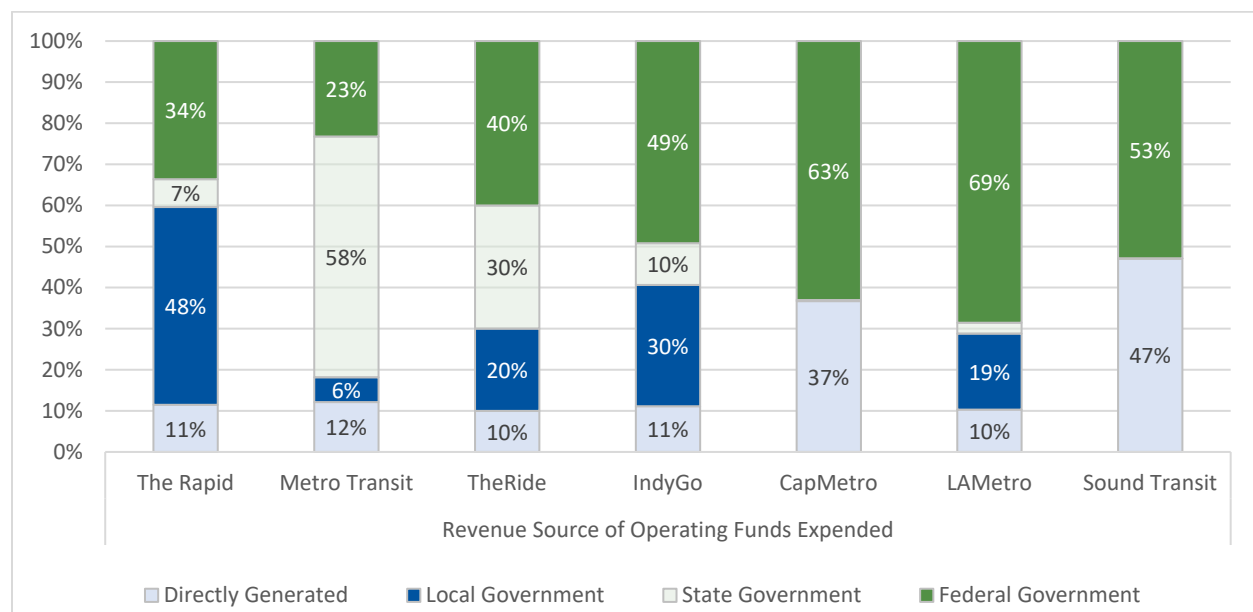
Source: 2022 NTD Revenue Sources

This is possibly because these agencies have other taxing mechanisms to raise transit revenue, such as sales and income taxes. The only tax received by The Rapid is a property tax. Implementing a local sales and use tax would generate a significant amount of additional revenue, however the State of Michigan does not allow city or local units to impose sales or use tax.³⁷ Changing this would require an amendment to the Michigan state constitution through the state legislature or ballot initiative. However, advocacy and political momentum can be powerful tools to work towards significant state level policy changes, as exhibited by the passage of Minnesota's recent sales tax for transportation passed by the Minnesota Legislature in early 2023. This sustainable revenue source will primarily help fund public transit, and Metro Transit staff attributed the passage of the tax to transit and climate advocacy work and State level political momentum.³⁸

Operating Funding

For operating funding, The Rapid relies heavily on local and federal funding sources, with minimal support from directly generated funds and the state government (**Figure 38**). All the aspirational peers have managed to draw a higher proportion of funding from the federal government for operating expenses, and some have been able to draw a higher proportion of state funding.

Figure 38: Operating Budget Revenue Source Breakdown



Source: 2022 NTD Revenue Sources

State funding sources typically come from a bucket of money set aside for public transportation at the state level, with each state distributing those funds in different ways. State Funding for TheRide and The Rapid comes from the Michigan Comprehensive Transportation Fund (CTF), which directs revenue towards Michigan transit agencies.³⁹ The amount that Michigan agencies receive for local bus operating assistance is based on a percentage of the agency's eligible operating expenses. In most instances, when agency's operating expenses increase, their proportion of state support also tends to increase. TheRide

³⁷ "Sales and Use Tax Information," Michigan.gov, <https://www.michigan.gov/taxes/business-taxes/sales-use-tax/information>; "Transit Funding for Southeast Michigan," Transit Riders United, <https://www.detroittransit.org/wp-content/uploads/2019/11/transit-funding-options-Sept-2011.pdf>.

³⁸ "Regional Transportation Sales and Use Tax," metrocouncil.org, <https://metro council.org/Transportation/Planning-2/Transportation-Funding/Regional-Transportation-Sales-and-Use-Tax.aspx>.

³⁹ "Fiscal Brief: The Comprehensive Transportation Fund (CTF) and State Support for Local Public Transportation," William Hamilton, August 8, 2023, https://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_CTF_and_State_Support_for_Public_Transit_Aug2023.pdf

leveraged a higher proportion of state government funding for their operating budget compared to The Rapid.

Federal operating assistance can come in from formula and discretionary funding sources. However, it is atypical for an agency to use discretionary funding for operations. **Table 15** shows all the federal funding programs leveraged by the aspirational peers that were used specifically for operating funding. Many of the transit agencies are relying on COVID-19 relief funding from the Federal government to continue to fund operations; however, these funding sources should not be considered a long-term funding source for operations and only covers expenses that were incurred between March 2020 and December 2022. Agencies now need to identify new operation funding sources to fill the gaps addressed by COVID-19 relief funding.

Note in 2022, The Rapid, CapMetro and LA Metro received discretionary funding from 5309-FTA Capital Program funds and/or the FTA TOD Planning Pilot Program (Section 20005(b)). Typically, discretionary grant programs limit usage on operations, however, these agencies were able to leverage these programs to expend on operations (typically less than \$1M) to support implementation of specific projects such as planning activities as designated by the grant program specific eligibilities.

Table 15: Federal Funding Sources for Operations by Aspirational Peers (2022)*

Program Type	Program	The Rapid	Metro Transit	The-Ride	IndyGo	Cap-Metro	LA Metro	Sound Transit
Formula	5303 – FTA Metropolitan Planning	X		X				
	5307 – Urbanized Area Program Funds	X	X		X	X	X	
	5310 – FTA Enhanced Mobility of Seniors and Individuals. With Disabilities			X	X	X		
	5337 – State of Good Repair							X
	5339 – Buses and Bus Facilities Formula	X					X	
	Other Federal Funds		X			X		
COVID-Relief Funding**	American Rescue Plan (ARP) Act of 2021 Program Funds	X	X	X	X	X	X	X
	Coronavirus Aid, Relief, and Economic Security (CARES) Act Program Funds	X	X	X			X	
	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) Funds - Urban	X		X		X		
	CRRSAA Funds- Rural			X				

*Excludes discretionary funding sources which may be atypical for supporting operations of a transit system

**Note COVID-relief funding was limited fund source during the COVID-19 pandemic.

Source: 2022 NTD Revenue Sources

Innovative Funding Approaches

Findings from the benchmark peers indicate The Rapid is providing a higher level of service on a lower budget, operating at an overall higher financial efficiency compared to its peers. As The Rapid, like many other transit agencies, works to recovery ridership and revenue since the COVID-19 pandemic, compared to 2019, The Rapid's the fixed-route operating costs per passenger were nearly 2 times greater in FY2022. Additionally, The Rapid had the third lowest subsidy per passenger which indicates that the Rapid collects more passenger fares and requires a lower subsidy comparatively. A subsidy, often in the form of local, state, or federal dollars can vary by transit agency funding source. For example, a transit millage rate funds a majority of The Rapid's operating funds, but these rates have not increased since 2012, while ridership and operational needs have increased.

Transit agencies are recovering from the COVID-19 pandemic and are planning to address and alleviate funding gaps between projected revenues and expenses that were fulfilled between 2020 and 2022 from various federal stimulus funds. Other local and directly generated operating funding sources like passenger fares are more reliant on ridership trends with less room for year-over-year growth. The Rapid's existing fixed-route services are beginning to recover following the COVID-19 pandemic, as indicated by gradual increases in ridership as well as annual passengers per revenue hour and revenue mile between FY2020 and FY2022. However, annual farebox recovery ratios have remained below 20 percent since the onset of the COVID-19 pandemic. To meet the service operations and capital needs of the next 20 years, The Rapid needs to diversify operating funding sources for long-term financial sustainability. Lessons learned from peers, as highlighted in **Table 16**, offer insights for The Rapid to explore alternative funding pathways.

Table 16. Sustainable Funding Lessons Learned

Aspirational Peer	Lesson Learned	Time Frame
Best Practice: Sustainable Funding		
Metro Transit (Minneapolis, Minnesota)	Explore discretionary funding opportunities to fill funding gaps or local initiatives that connect to transportation.	<i>Near term</i>
	Local and state policies can establish the framework for transit opportunities in communities where transportation has strong advocacy and where funding and transportation policies are more likely to see success.	<i>Mid term to long term</i>
TheRide (Ann Arbor, Michigan)	Explore permanent millage with member cities and a higher 5-year service area millage.	<i>Near term</i>
	Engage the community with a survey to gain insight on how much money to request in a millage election. Communicate the agencies goals and strategies before the election cycle through a long-range plan and an intense period of engagement, particularly focusing on the most hesitant jurisdiction.	<i>Mid-term</i>
	Instead of expanding the member service area to surrounding townships, look at service agreements with surrounding townships who run their own transit millages.	<i>Near term</i>

Aspirational Peer	Lesson Learned	Time Frame
Best Practice: Sustainable Funding		
	Align sustainable funding approaches with existing policies (TheRide was able to leverage its existing Long-Range Plan to make the case for expanded millage).	<i>Near term</i>
	Explore discretionary funding.	<i>Near-term</i>
	Deliver more for the community, such as packaging large transit investments (e.g. <i>capital and operating such as more BRT and local service improvements across a region</i>) when considering broad sweeping funding efforts rather than a smaller, piecemealed funding approach (e.g. <i>line by line improvements in fewer areas</i>)	<i>Mid-term</i>
IndyGo (Indianapolis, Indiana)	Explore diversifying funding sources for long-term sustainability.	<i>Near term</i>
	Evaluate existing plans and policies to identify how existing partnerships or plans may help inform new funding sources.	<i>Near term</i>
	Federal funding can fulfill capital funding gaps but often has “strings” attached. Evaluate discretionary funding requirements to align with agency goals beforehand.	<i>Near term</i>
	TIF districts can be a helpful source for diversified income and should be implemented sooner, rather than waiting. Explore potential of TIF funding.	<i>Mid-term</i>
CapMetro (Austin, Texas)	Best to have one millage rate for all communities in the service area—keep the service area together.	<i>Near term</i>
	Go big with dedicated funding requests, including an intensive community engagement process leading up to election that clearly communicates what services increased funding provides. New services and potential improvements up for elections should include something for everyone.	<i>Mid-term</i>
	Discretionary funding opportunities are worth pursuing	<i>Near term</i>
LA Metro (Los Angeles, California)	Work alongside the state legislature to develop financing mechanisms that more accurately charge for transportation services.	<i>Long term</i>

Successful Transit-Oriented Development and Integrating Affordable Housing

The Rapid should continue to explore its role in the promotion of (E)TOD and affordable housing in The Rapid service area. Lessons learned from peers indicate that a transit agency needs to identify its role in TOD. Some peer agencies acknowledge the potential of TOD but are less empowered to influence the development in alignment with transit. These agencies participate in conversations around TOD and may develop policy guidance that helps agency partners learn more about the transit component of TOD. Other agencies take a more hands-on approach and establish policies, actively work with municipalities, establish TOD departments, and offer guidance and evaluation of potential TOD developers. **Table 17** outlines the lessons learned from each of the aspirational peers.

Table 17. ETOD and Affordable Housing

Aspirational Peer	Lesson Learned	Time Frame
Best Practice: ETOD and Affordable Housing		
Metro Transit (Minneapolis, Minnesota)	Rezone for TOD preemptively, rather than reactively. Metro Transit is mindful not to burden developers with additional regulations, but rather work with cities to define a TOD site vision through the RFP process. Maintaining close relationships with city staff greatly reduces the risks of implementing TOD.	<i>Mid-term</i>
	Leverage FTA joint development resources and recent FTA to increase flexibility for transit agencies when using FTA support for joint development. This includes a simplified process for project sponsors and expanded eligibility criteria.	<i>Mid-term</i>
	Prioritize investments on transit agency-owned land and consider innovative financing tools such as selling the land to developers but maintaining a long-term lease agreement.	<i>Mid-term</i>
	Engage in zoning conversation at a local and state level to advocate for the role of transportation in development. This will help set up TOD success in the future.	<i>Near term</i>
	If a transit agency is restricted from implementing affordable housing directly, continue to coordinate with developers and provide resources that relate to the benefit of transit.	<i>Near term</i>
	Early coordination with regional (and local) partners can be leveraged to implement transit-related initiatives, plan for TOD, and identify local funding sources, among others.	<i>Near term</i>
	IndyGo (Indianapolis, Indiana)	Collaborate and partner with developers and community groups to create TODs and affordable housing.
Explore partnerships with local organizations with TOD experience, especially if internal staff capacity for		<i>Near term</i>

Aspirational Peer	Lesson Learned	Time Frame
Best Practice: ETOD and Affordable Housing		
	TOD is limited. Frequent coordination can advance agency goals.	
	Engage and educate developers and community groups to help align developments with transit goals.	<i>Near term</i>
CapMetro (Austin, Texas)	Preserve existing land for potential development opportunity especially in downtown areas or rapidly growing communities for transit or other ETOD usages where the transit agency plays a role. In Austin, downtown property is more scarce and costs have increased, making it more challenging to acquire property for transit usage.	<i>Mid-term</i>
LA Metro (Los Angeles, California)	Maintain a close relationship with developers to speed up the procurement process and support a large pool of developers to foster competition.	<i>Mid-term</i>
Sound Transit (Seattle, Washington)	There needs to be legal systems in place to productively foster ETOD. Take advantage of political momentum to enable affordable housing efforts at the state level.	<i>Mid-term to long term</i>
	Affordable housing is difficult to finance. It helps to have a financing mechanism in place to fill financing gaps. (Sound Transit established a revolving loan fund through a voter-approved plan to address this issue.)	<i>Mid-term to long term</i>
	Consider hiring and establishing a dedicated team of TOD experts to coordinate with TOD efforts and policies.	<i>Mid-term to long term</i>
	Develop tools for developers that outline transit priorities in coordination with new developments.	<i>Near-term</i>
	Consider developer qualifications and history of executing similar projects when selecting a developer for a joint development.	<i>Mid-term</i>
	Pair community engagement with TOD efforts. Engaging with the community and understanding their needs and desires can help inform TOD efforts.	<i>Mid-term</i>
	Integrate multimodal requirements into developer RFPs to coordinate TOD developments with transit and transit-supportive infrastructure.	<i>Mid-term</i>

Regional Partnerships, Connections, and Mode Split

Between 2015 and 2045, the surrounding communities outside the existing ITP service area are expected to experience the greatest employment and population growth. However, less than 2 percent of daily trips within The Rapid service area are made by transit and over 80 percent are made by single occupancy vehicles. This expected future growth and low mode split sets up the Grand Rapids region for potentially high future traffic congestion. Maintaining and expanding The Rapid's transit services is broadly supported among regional communities, as well as a priority for the region, to help maintain this growth (**Table 18**).

A synthesis of existing ridership, transit market locations, and origin-destination desire lines identified approximately a dozen key connections throughout the TMP study area that should be connected by transit services. These connections can be achieved by leveraging regional partnerships and encouraging a broader mode split and in coordination with implementing transit-supportive land development strategies. By identifying these opportunities now, The Rapid can lay the groundwork to meet this growth over the next 20 years.

Table 18. Regional Transit Connections and Partnership Lessons Learned

Peer	Lesson Learned	Time Frame
Best Practice: Leverage Regional Partnerships and Navigate Regional Expansion		
Metro Transit (Minneapolis, Minnesota)	Frequent coordination with regional (and local) partners is key to long-term success.	<i>Near term</i>
	Coordinate with MPOs and cities to develop policies that encourage allowable densities and uses around transit stations that are transit supportive. (One approach is to develop corridor-based zones around planned or existing transit that consider transit-supportive developments or uses.)	<i>Near term</i>
IndyGo (Indianapolis, Indiana)	Alignment among transit leadership, employees, board members, and other stakeholders is crucial for the success of transit initiatives. Ensure that there is a unified vision and shared commitment.	<i>Mid-term</i>
CapMetro (Austin, Texas)	Work with partners at the city to advance key regional transit initiatives. Ongoing coordination is the key to overcoming challenges and meeting goals.	<i>Near term</i>
	Establish a key point of contact with collaborating agencies to ensure consistent communication and coordination. Ensure that the transit agency has a representative in the room for critical conversations related to transit.	<i>Near term</i>
LA Metro (Los Angeles, California)	Maintain a centralized service area to maximize federal and state funding opportunities while working to facilitate communication between the cities and region within the service area.	<i>Mid-term</i>

Peer	Lesson Learned	Time Frame
Best Practice: Encourage Modal Split		
Metro Transit (Minneapolis, Minnesota)	Offer reduced fares or passes to residents of developments along or near existing or future transit. This can align with TOD policies and promote transit ridership.	<i>Mid-term</i>
	Consider opportunities to implement micromobility along existing or planned transit lines. Metro Transit continues first-last mile solutions when implementing BRT.	<i>Mid-term</i>
	Coordinate with local agencies and municipal partners to leverage existing planning opportunities that consider bike, pedestrian, trail, or transit connectivity. Planning for multi-modal opportunities can be considered through existing partnerships.	<i>Near-term</i>
Sound Transit (Seattle, Washington)	Leverage transit success and momentum to encourage other multimodal forms of transit in car-dependent communities.	<i>Mid-term</i>

Community Engagement and Microtransit Service Adjustments

Emerging mobility services such as microtransit and vehicle technologies (e.g. *connected and automated vehicles*) are changing the transportation industry and transforming the traditional transit market. Rapid Connect on-demand service was launched in January 2022 and has been successful in attracting ridership, promoting the usage of the Wave Card, and providing connections to the fixed-route network. Compared to its peers, The Rapid's Demand Response services serve more passengers per mile and passengers per revenue hour; however, this takes into account both traditional paratransit and on-demand services. Similar to other transit agencies, the cost to operate on-demand service can be significantly more expensive to operate per passenger than fixed-route services. Additionally, attracting riders to microtransit hubs can be challenging. The Rapid implemented Rapid Connect in FY 2021 which is a relatively new services and riders need continued education to understand the service.

Generally, microtransit can provide on-demand, highly flexible routing and scheduling with a smaller vehicle to serve a select geographic area of passengers compared to conventional transit options. The Rapid could continue exploring partnerships to help subsidize the on-demand service. However, as with other emerging technologies, there are challenges promoting and educating the public on the new service as well as finding the best operational model for The Rapid's needs. The Rapid should continue exploring innovative marketing tools to encourage riders to utilize both fixed route and on-demand service. Lessons learned are summarized in **Table 19**.

Table 19. Innovative Marketing and Communications Lessons Learned

Aspirational Peer	Lesson Learned	Time Frame
Best Practice: Innovative Marketing and Communications Tools		
TheRide (Ann Arbor, Michigan)	Engage the community with a survey to gain insight.	<i>Near term</i>
	Explore existing partnerships with local organizations to advocate for transit investments and enhancements.	<i>Near term to mid-term</i>
	Consider incentivizing the public for meaningful engagement with food, gift cards, or bus passes.	<i>Near term</i>
	Engage the community, including elected officials, to understand their priorities and perspectives. Elected officials can offer insights to the broader community sentiment, especially around transit.	<i>Near term</i>
CapMetro (Austin, Texas)	Incentivize community participants for their feedback to encourage meaningful and consistent dialog.	<i>Near term to mid-term</i>
LA Metro (Los Angeles, California)	Implementing an ambassador program can create a safer and more user-friendly system, consequently driving up ridership.	<i>Mid-term</i>
	Keep track of transportation innovation. Once implemented, these services can be tweaked to improve service quality and cost effectiveness. Receive the benefits of early adoption by measuring success and documenting lessons learned. Often, new services have helped to fill transportation gaps within communities.	<i>Near term to long term</i>

APPENDIX A: INTERVIEW GUIDE TEMPLATE

The Rapid Transit Master Plan—Aspirational Peer Interview Guide Template

Contact Information

- Transit agency name:
 - Transit agency contact(s):
 - Date of interview:
-

Background and Purpose:

- Introduction to interview team
 - Background and purpose of the study
 - Purpose of the study
 - Specific purpose for why we are interviewing them
 - Sustainable funding
 - Successful TOD
 - Medium-sized city with mode split
 - Innovative marketing
 - Affordable housing
 - Success with regional expansion/partnership
-

Logistics of the Discussion:

- An interview guide will be used for the discussion, but the intent of the discussion is to be conversational.
 - Study team will take notes to identify themes and best practices to include in the report.
 - Transit agency will be identified as a peer, but specific agency contacts will be only made available to The Rapid and not quoted or cited in the report.
-

Aspirational Topics

Sustainable Funding

- Briefly describe your agency's existing funding sources?
- How does your agency define innovative funding?
 - Do you have any innovative funding sources at the local level?
- Have you explored other innovative funding mechanisms such as TIF districts, legislative actions such as referendums?
- Does your agency coordinate with any third parties for funding (e.g., local jurisdictions, organizations, universities etc.)?
 - If so, how is the funding amount determined? Who determines this amount?
- How has your funding approach changed over time? Has the agency used any special tools or mechanisms to secure funding?

The Rapid Transit Master Plan—Aspirational Peer Interview Guide Template

Successful TOD

- Describe your agency's role in approaching TOD?
 - Do you have a TOD or ETOD policy?
 - If yes, describe the pathway to establishing that policy?
 - If not, does your agency have sustainability or other policy guidelines that may lead to a TOD policy?
 - What are the key ingredients to successful TOD?
 - Does your transit agency have a TOD/ETOD champion? If so, describe their role. If not, who is responsible for the TOD policy?
 - In your opinion, what kind of transit operations best support TOD (e.g., BRT, light rail, fixed route)?
 - Describe your relationship with existing jurisdictions (such as city agencies) and the transit agency when developing TOD policy?
 - How do you define successful coordination from a TOD perspective?
-

Affordable Housing

- Access to affordable housing is a key issue across the United States—what steps, if any, has your agency taken to encourage affordable housing?
 - What role do you see other transit agencies playing in the affordable housing conversation?
 - Does your agency partner with new housing developments to provide transit incentives for residents? If so, how well subscribed is the incentive program?
 - How does your ETOD effort, if applicable, inform or guide your approach to affordable housing?
-

Medium-Sized City Mode Split

- Based on American Community Survey data, [City] urban area has a high combined mode split for transit/bike/walking. What steps or actions has [Agency] taken to encourage residents to consider alternative modes?
 - Do you have any public engagement materials or surveys that might further inform why residents use other modes?
-

Innovative Marketing

- What marketing tools or strategies does your agency deploy to encourage riders to use transit?
 - Do you use digital tools such as videos?
- Where do you advertise your new products or services to your customers?
- What advice would you give to an agency that may be struggling to describe the benefits of transit?
- Are there any marketing tools that may be useful to deploy?
- Who is your target audience for marketing strategies? How has this audience changed over time?
 - When implementing a new marketing strategy, which internal teams are involved in the process?

The Rapid Transit Master Plan—Aspirational Peer Interview Guide Template

Success with Regional Expansion/Partnerships

- Describe your agency partners? What role do they play in advancing transit initiatives or policies?
 - Are all these partners funding partners?
 - Does your agency have a champion for coordinating with area partners?
 - How would you describe a successful agency partnership? What does success look like?
 - Does your agency coordinate with legislative officials at a state or local level to advocate for transit-related initiatives? If so, can you describe the initiatives?
 - What challenges arise from regional partnerships? How does your agency navigate competing priorities?
-

Lessons Learned

- What advice would you give to another transit agency looking to implement best practices around [TOPIC]?
 - What transit agencies would you consider to be your aspirational peers?
-

Conclusion of Interview:

What additional questions or comments do you have for the study team? Thank you for your time.

APPENDIX B: INTERVIEW NOTES

Metro Transit

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: Metro Transit

Date of Interview: August 10, 2023/August 16, 2023

Topics	Notes
<u>Sustainable Funding</u>	<p>Generating Public Support</p> <ul style="list-style-type: none"> • How can we tell story to local legislation and the public to raise support for transit, generating enthusiasm? <ul style="list-style-type: none"> ◦ Article suggested: https://transitcenter.org/how-transit-advocates-scored-a-major-victory-in-minnesota/ <ul style="list-style-type: none"> ▪ Really great advocacy organizations who are owed a huge amount of credit to what went on this year. <p>Existing Funding Sources</p> <ul style="list-style-type: none"> • FTA/TOD Pilot Grant Projects: Metro Transit has secured three of these grants for its system; one each for the blue, gold, and purple lines, with the purple line now being active. <ul style="list-style-type: none"> ◦ These grants have primarily assisted in the funding for the planning and conceptual work of the project's development. We have used these grants for the station area planning, which includes the bike and pedestrian supportive transportation around it. <p>Sustainable Funding Mechanisms / Funding Approach Over Time</p> <ul style="list-style-type: none"> • Capital <ul style="list-style-type: none"> ◦ Property tax plays a role. <ul style="list-style-type: none"> ▪ There is a property tax levy that's part of overall capital funding for region. ▪ One of the sources they have used for local match. <ul style="list-style-type: none"> ❖ Special assessment or dedicated property tax? ❖ <u>Recent budget presentation (below)</u> ❖ Arterial BRT update: https://metro council.org/Council-Meetings/Committees/Metropolitan-Council/2023/06-28-23/Council-ABRT-Update-PPT.aspx. Slide 8 has breakdown of capital funding sources for ABRT. • Operational <ul style="list-style-type: none"> ◦ <u>2024 operating budget presentation</u> with breakdowns of sources: https://metro council.org/Council-Meetings/Committees/Transportation-Committee/2023/July-24,-2023/Info-1--2024-Transit-Preliminary-Budget.aspx ◦ New sales tax established in last legislative session. <ul style="list-style-type: none"> ▪ Funds the BRT, arterial bus routes, and LRT.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- ❖ Operations of LRT and BRT are now fully Metro Transit but also manageable now that revenue streams got bigger through the dedicated sales tax.
 - ◆ The county role was specific to transit ways that they had a role in developing.
- Operating costs of BRT lines part of Metro Transit budget. With the transition to a new dedicated funding source, Metro Transit now has that responsibility long term.

Funding Tools—Bonds

- Still searching for a legislative fix to the bond issue.
- It's important to have staff that can take a close look at funding that is going into projects.

Third-Party Coordination

- Local, state, and federal partners
 - At the federal level, the FTA uses a joint development scheme that has been useful for us.
 - State and local partners have a more competitive process for the funding allocated to them, resulting in unsuccessful applications at times.
 - With all partners, you need to be extremely responsive and quick to make projects work, and work to address and clarify funding questions up front.

BRT

BRT—Agency Coordination

- Roles
 - Counties have strong role.
 - Corridors were left behind.
 - Metro Transit took on role of advancing project development for corridors.

Metro Transit Process for Advancing Project Development for Corridors

- Network planning first, then prioritizing and advancing projects.
- Had inspiration and best practices from arterial BRT peers as a part of this process.
 - Finding dedicated guideway was not a necessary step, larger focus on stop design, spacing, fleet, etc.
 - Development of a new mode.
- Since 2012, Metro Transit has been in the planning and implementing role for arterial BRT. Some BRTs are still developed by counties and handed off the Metro Transit for implementation.

County Role

- Typically, the county is sponsor that provides the local match. They are the project development champion up until the point that federal grant comes through.
- Most counties want to focus on dedicated BRT and LRT projects.

Minnesota Department of Transportation Role

- Given nature of corridors, typically replacing current service rather than building new. Corridors already align with TOD-like area, already trending toward intensity and density that complements transit.
 - Benefit of existing complementing land use

BRT Funding

- As they began developing this mode, it was important to develop one-time funding sources.
 - Some grants came from state TOD—trunk highway bond they applied for wanting to build on trunk highway.
 - Regional solicitation—the way discretionary funds are awarded in that period.
 - State has been a big funder.
 - Discretionary requests at pretty much every legislative session for the past 10 years.
- Early state investment coupled with federal funding has positioned them to now start going after Small Starts funding.
 - Often partnering with county or city.
 - Coordinate design, construction, and delivery of projects if there is help with funding needed, even if not directly for project (e.g., help building a platform for station).

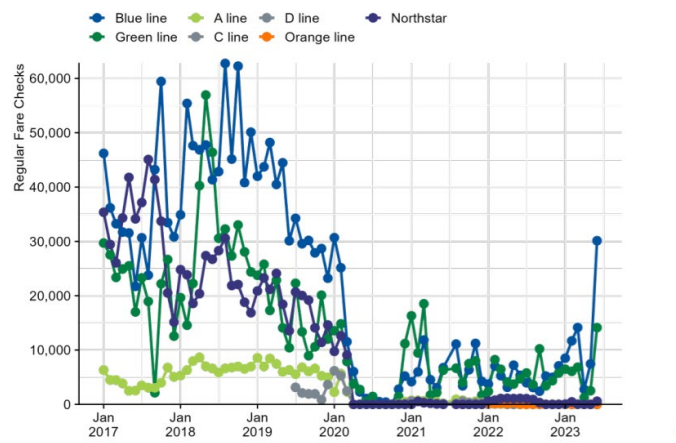
Route Spacing

- No one-step fix for route spacing.
- With A Line and C Line: Retained local service but frequency went down.
 - When there was an operator shortage, underlying service was cut and remains this way on two lines—totally or cut frequencies.
 - Outlook now informed by those decisions during time of resource constraints.
 - Future focus is now that segments for corridors will NOT have underlying service. Moving away from the assumption that they need to have underlying service for arterial BRT projects.

Fare Collecting—In COVID they stopped having contact with the operators. Not a specific challenge to BRT. Don't have police capacity to stop fare evasion.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Fare Inspections



- **Presentation update to council:** <https://metrocouncil.org/Council-Meetings/Committees/Committee-of-the-Whole/2023/08-02-23/8-2-23-Safety-and-Security-Action-Plan-PPT.aspx>

Station Design

- How to handle coordinating building stations, taking land, and assessing intrusion?
 - Really intentional kit with not a lot of flexibility. Station designs can't really change because they want to maintain consistency so they are accessible, predictable, easier to maintain, can be built out as a network.
 - This has presented some challenges in places where an existing streetscape is present. For example, red brick pavers are not ADA accessible, so they can't have them.
 - ❖ Need to work with partners to get something that bridges Metro Transit's standard with the existing communities identity.
 - ❖ These stops are in places where people want to go. So they have really specific design challenges.
 - It helps that the community knows what they are getting.
 - Currently working on a design guideline for BRT stations. At a point now where they could put something together, would have liked to had that document at the beginning though.

Medium City Encouraging Alternative Modes

Mode Split

- Amenities
 - Trail facilities, bikeways, thinking about corridors that have protected bikeways is a huge aspect.
 - Bike parking is standard features at all stations.
 - Designing flexible spaces on platforms so they can have a mobility hub— scooter parking etc.
 - Thinking about what canvases they can provide that will complement transit use.
- Coordinating with railway projects
 - Planning for stations by using temporary intervention methods to create a roadway design that will resemble the final product.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- <https://maps.app.goo.gl/95aDrDbqGciH7TXp9>

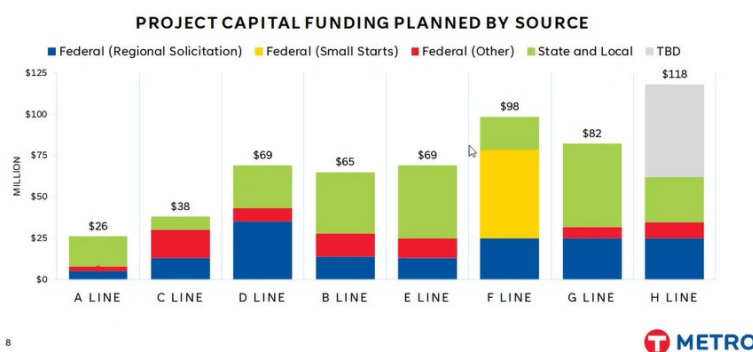
BRT v. Bus Stop Station Design

- Metro Transit has benefit of having gone through BRT-wide system wide plan update in 2020/2021.
 - Helps to coordinate with jurisdictions to not preclude BRT in the future.
 - Thinking about curb height, conduit, clearances.
 - ❖ When it becomes BRT in the future, they'd add fare collection equipment and branding.
- Shouldn't be a carbon copy of BRT because they want a separate brand for BRT.

Success with regional expansion / partnerships

- **Agency Partner Role in Transit Initiatives/Policies** (indicate if funding involved)
- Variety of partners
 - St. Paul, Ramsey, etc. A lot of suburban communities.
 - Are suburban communities supportive?
 - ❖ Because they are not building BRT projects where there is no transit, they are doing incremental changes in these corridors.
 - ◆ They already have existing partnerships in these communities.
 - ◆ Good foundation to build from.
 - Need to describe the process to new partners and explain what they can deliver. Enhancing awareness and having thorough discussions in order to build that trust.
 - The fact that there was top-down agency support for the project really helped with their A Line.
 - Deferring to partners about what level of data analysis they want to see from them. The partners help shape pretty much every aspect of the design scopes so that it can help meet their needs.
 - Recently did a community survey.
 - ❖ 74 percent said public transportation funding should be higher than what it is.

Funding for arterial BRT



Coordinating with Agencies

- Started off with A Line.
 - Had to go through first project with mix and match of jurisdictions: State highway, two county roads, municipalities.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Collaboration with Local Jurisdictions on Station Design

- Minneapolis has a street design guide that Metro Transit assisted in creating.
- For local bus network there is a regular route design guide.

Successful TOD

How was/could TOD policy be established?

Roles / Procedure: MET Council and Metro Transit

- Council: Regional governing body
 - The council is the legislative body of the transit service, who adopts all policies and documents.
- Metro Transit: Service of the council
 - Within Metro Transit, a leadership group is responsible for reviewing policies before they go to council for final approval. This group checks for conformance with the regional development guide on new projects.
- Separate Transportation Advisory Board
 - Recommends transportation investment to the council.
 - Serves as liaison between elected officials and the existing structure of Metro Transit.

Policy Documents

- Created a Regional Development Guide through collaboration with planners ensuring that policies created are TOD supportive.
 - Regional Development Guide outlines the high-level regional priorities for Metro Transit to work in conformance with.
- 2013 TOD Policy
 - Metro's guide to TOD work, adopted 2013 with no revisions or updates since then. With new goals evolving, updates will be necessary.
 - The document is great still for its very high level and flexible. However, future updates look to include equity in policy and a process to define terms.

Role—Metro Transit Office's TOD Focus

- Metro Transit-owned land: Fostering TOD
 - Efforts include negotiating agreements and doing due diligence. Will continue operating into the future and generating lease revenue.
- Private Land: Reform to guide TOD-style projects on now privately owned land.

Key Ingredients to Successful TOD

Zoning

- Transit investment is part of TOD, but only a part of the equation.
- Rezoning preemptively is important rather than doing it in a reactive state. Allow for future growth to take desired form, not necessarily changing what stands today.
- Development trends along transit report (dropped in chat):
<https://www.metrotransit.org/Data/Sites/1/media/tod/2021-dtat-report.pdf>.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Using FTA pilot grants allows you to do a lot of planning for light rail stations, but it really comes back to zoning.
- Brooklyn Center got a separate grant to implement TOD zoning district on their own. Separate from these grants.

Implementing Projects

- Project implementation is smoothest, with long-term dedicated staff required to do TOD on land that they own.
- They've focused developing land adjacent to the stadium and on agreements sites.
- At least half a dozen agreement sites using bond financing.
 - Need to work with Minnesota management budget to find path forward to advance TOD on those.
- Projects are primarily on LRT because that's where they've acquired the most right-of-way, but there is some BRT as well. LRT is where they are most likely to buy up extra land for park and rides or buy up land for the right-of-way.

TOD/ETOD Champion/Role

Staff

- One person started in 2014 and gradually grew over time to about 5 to 6 folks in the office.
- Once the projects get started, they do require full-time commitment from staff.

TOD Coordination—TOD Policy for Jurisdictions

- Cities have land use control at the end of the day, so projects need to be approved by them.
- Early coordination and action to reform policies can streamline the process.
- May need to have weekly coordination meetings with jurisdictions to talk through roles and procedures.

TOD Coordination—Developers

Reducing Risk

- Q: Did you already work with a city to upzone before doing this to get something more conducive to what a developer would want to do?
 - Process could include rezoning if necessary to clear the path for development.
 - Working with city staff is important part of the risk reduction process.
- RFP is important—working to develop the vision for the site so the developer isn't working to guess what the city is looking for.

Defined or Flexible Guidelines (for developers)

- What can be proposed on the site is typically driven by the cities.
- Level of coordination varies based on how integrated it is with transit.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Example: reconfiguring a bus turnaround. Involved: Street design, operations to maintain the site
 - They rerouted bus turnaround based on unsolicited design proposed by a developer so they can develop a more mixed-use design.
 - A lot of that design still driven by cities.
 - They are not a land use authority. They don't want to layer on more regulations. Luckily the cities are looking for TOD.

Affordable Housing

Encouraging Affordable Housing

Roles/Procedures

- Most work is at state level from a funding perspective and city level from a zoning perspective.

Zoning

- Minneapolis has attributed limited housing inflation to their zoning, which allows supply to meet demand without artificially limiting it to meet zoning codes.
 - One policy-limited single-family zoning across the board (got the most attention).
- Policy requires developer to incorporate a certain amount of affordable housing.
 - Best Practice: Adopted new policies that dramatically increased allowable densities and uses around stations. Comprehensive plan describes in vivid terms what they are trying to accomplish.
 - <https://minneapolis2040.com/topics/land-use-built-form/> > Policy 80 “Development near METRO stations: Support development and public realm improvements near existing and planned METRO stations that result in walkable districts for living, working, shopping, and recreating.”
 - Comprehensive Land Use Planning in High Frequency Transit Corridors: <https://www.metrotransit.org/Data/Sites/1/media/tod/2021-tod-comp-land-use-in-hft.pdf>
- Biggest Impact: Corridor-based zones are more aligned with what they already have developers capable of building. They are the ones that have the sophistication to build these projects.
 - Built form map—On this you can see there are higher densities along corridors: <https://minneapolis2040.com/topics/land-use-built-form/>
 - These corridors are BRT, LRT, and some high-frequency bus routes where they have zoned for higher densities (minimum 15-minute headways are their standard for high frequency).
- To achieve affordable housing goals, there needs to be effort to rebuild a framework that opens the market for projects that used to be illegal (middle housing styles).

Role of Metro in Affordable Housing Conversation

- Part of operations but limited on how far they will go to subsidize.
 - Transit is a huge part of affordable housing—a big way to drive down housing cost burden.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Some hesitation to use land for affordable housing because that takes funds away from transportation, which plays that key role.

How ETOD Informs Approach to Affordable Housing

Evaluation tools used when considering developer proposals

- Varies from site to site.
- Step 1: Look at rent they are proposing to pay.
- Step 2: Look at scope of the project. Does it increase housing to affordable housing along transit?
- Step 3: Assess developers' capacity to perform— they have market consultants who look at this and help shape RFPs.

Innovative Marketing

Marketing Tools—Brand Recognition

- Best marketing they can do is put out a strong transit product that serves a lot of needs.
 - After they opened the A Line, they gained brand recognition, which improved public appeal, making it tremendously easier to advance other projects.
 - People are more on board with the mission after the success of the first project.

Lessons Learned

Aspirational Peer Transit Agencies

- Washington Metropolitan Area Transit Authority
- Metropolitan Atlanta Rapid Transit Authority
- Sound Transit
 - Incorporation of affordable housing grants into projects.

Other Lessons Learned

- State bonding and funding implications
- FTA joint development opportunities have been helpful and accommodating.
- Able to work through issues with state and local partners.
- Need long-term staff for TOD effort (2014 started with 1 person, 2017 larger staff and built over time).

Ann Arbor Area Transportation Authority

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: TheRide, Ann Arbor

Date of Interview: September 7, 2023

Topics	Notes
<u>Sustainable Funding</u>	<p data-bbox="391 457 667 489">High level overview</p> <ul data-bbox="391 506 1425 987" style="list-style-type: none"> • Trying to showcase a lot of different hypothetical options to show legislatures and lawmakers what could be done if things were legally enabled. • Local Millage—accounts for 40 percent <ul data-bbox="440 646 1133 793" style="list-style-type: none"> ○ Ann Arbor millage (permanent) ○ City of Ypsi millage (permanent) ○ They have a 5-year millage for everything else <ul data-bbox="488 762 1133 793" style="list-style-type: none"> ▪ City of Ann Arbor, City of YPSI, YPSI Township • Federal funding • State operating assistance • Fare revenue <ul data-bbox="440 915 1333 987" style="list-style-type: none"> ○ Agreement with University of Michigan—reduced fare structure ○ Go-Pass—employers will buy to give to employees. <p data-bbox="391 1016 784 1050">Engagement for the Millage</p> <ul data-bbox="391 1066 1425 1293" style="list-style-type: none"> • Separately engage YPSI and Ann Arbor • For the 5-year plan—Completed the public and stakeholder engagement <ul data-bbox="440 1129 1425 1293" style="list-style-type: none"> ○ Board went out and took part in a lot of engagement. ○ Community support was believed to be high. ○ Challenge was in YPSI Township. They don't get as much service, and there was a BIG jump in their millage. But they don't have a permanent millage like Ann Arbor does. <p data-bbox="391 1323 870 1356">Existing Funding Sources—Capital</p> <ul data-bbox="391 1373 1425 1554" style="list-style-type: none"> • Capital <ul data-bbox="440 1415 1425 1554" style="list-style-type: none"> ○ Use of COVID relief fund ○ Capital reserve—have accumulated over \$30 million. This is something new from the pandemic. ○ Recently awarded \$7 million for YPSI transit. <p data-bbox="391 1583 659 1617">Budgeting Process</p> <ul data-bbox="391 1633 1425 1961" style="list-style-type: none"> • Working through next year budgeting process <ul data-bbox="440 1675 1425 1961" style="list-style-type: none"> ○ Change in millage <ul data-bbox="488 1707 1425 1887" style="list-style-type: none"> ▪ Plan to use millage money to cover operations and use the 5307 to cover capital ▪ Doesn't start until August 2024— need to get ready. <ul data-bbox="537 1812 1260 1887" style="list-style-type: none"> ❖ Hire more drivers. ❖ Prepare for new services starting—like express bus. ○ Long-range planning effort <ul data-bbox="488 1927 1308 1961" style="list-style-type: none"> ▪ Just approved by board last year, creating a strategic plan.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- ❖ Higher-level guidance on capitol side is needed.
- 5-year business plan reflects what is included in the strategic plan plus operational priorities.
- ❖ Will become the key document for budget process.
- Long-range plans aimed at main goal of increased ridership.
- ❖ They use that simple metric of success to guide all initiatives, projects that work well become a baseline.

Existing Funding Sources—Service Agreements

- Scio Township
 - They ran their own transit millage, and they direct that money towards the AAATA—they pay their operations.
 - Through the long-range plan, they have been working with Scio Township to work out a service improvement plan for the township to inform them how much that would require so they can decide how to increase their millage.
 - So it's THEIR millage but they pay.
 - Superior Township operates in the same way.
 - That functions like a contract per service, with annual renewals.
 - In one case, they had a route with low productivity, so they communicated with the township and ended up switching to a demand response service in that area. This collaboration with those jurisdictions allows more recommendations and service requests, and TheRide makes sure to be transparent about how much desired services cost.
- Service agreements with municipalities
 - Do you give state operating assistance to these contractors?
 - They are not really charging what it costs, with most contracts some losing money. It's a small cost and they could have charged more but they are making the connection for some of their own constituents anyway so it's not JUST a service for these other jurisdictions.
 - When determining how to charge for these trips, how do they do it?
 - They have a breakdown that evenly charges them capital. Started as a percentage of the total operating cost.
 - Not just ADA service. Both townships have requested paratransit in all of the township, and they pay separately for that. (Rather than just having a buffer going a bit into the township.)

Success with **Description of an Unsuccessful Agency Partnership**

Regional Expansion / Partnerships

- A2Zero Plan
 - They presented their idea for how to get their fleet completely electrified in 10 years.
 - Electrification, methods for increased ridership and mode-share goals were ambitious.
 - Compiled all the goals but they don't have any money.
 - If they were somehow able to achieve the monetary figure needed, the 30 percent increase in mode-share is an unrealistic goal.
 - They are currently at 5 to 6 percent with mode split.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- ❖ They haven't seen this increase. COVID has thrown a curve to all of this, hybrid workers don't take transit because they only have to pay for parking like 2 days a week, a price they're willing to pay.
- ❖ University parking all sells out.
 - ◆ They changed their structure to allow more short-term usage instead of monthly, but still sold out.
- However, they had a political goal to achieve—which they did.
- TheRide helped them identify corridors, but still haven't seen any money.
- Political agendas can be helpful to push through on projects.
 - But they achieved their goal, they got the support for their millage.

Medium City Mode Split **Public Engagement Materials or Surveys (about alternative modes)** *On Demand v. Fixed*

- On demand has been challenging operationally.
 - Community has expressed concerns that microtransit isn't working and that fixed route is unproductive, but people still prefer to have that fixed schedule.
 - During the pandemic, they extended Flexride to have a direct connection to YPSI transit center, which yielded positive results.

Affordable Housing **Encouraging Affordable Housing**

- They are working with Ann Arbor Housing Commission on Blake Transit Center expansion.
- Other projects they will review where affordable housing is happening and making sure they are providing good transit connections there.
 - Currently not running a fare program related to affordable housing.
 - But they do have a discount that goes through a third party and provides a discount based on income.
 - They rely on an outside agency to verify income—they have a long list of agencies where customers can verify their income.
- Affordable housing has become a top issue in Ann Arbor.
- They are trying to make sure they are making connections to take people to jobs and connect people between Ypsi and Ypsi Township.

Innovative Marketing **What marketing/communication strategies do you think were effective?**

- Collaboration with the A2 Zero Plan.
- Took part in a lot of public engagement and communication.
- Alignment of the A2 Zero with their own 5-year plan.
- Rushed to get the long-range plan right before the millage so that they can show the goals of the strategic plan when asking for the millage.
- Role of DTE: They just give TheRide money, contributed \$60,000 for the millage campaign and a large donor overall.

Survey

- Before the millage they did a telephone survey. They hired a surveyor who gave them results.
 - Then they'd know the range of what to ask for, so they had a guess about how much of a millage to ask for.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Sidenote: Austin also went big—going big seems to resonate very well with people. Throw everything in there and then people are more likely to support it.

Incentivizing Public for Participation

- They considered this. They had a PAG—public advisory group.
 - Offered a free monthly pass or gift card.
 - Typically, they just offer food, sometimes merchandise.
 - The PAG was a success because they engaged community members from across the community.

Marketing Tools/Strategies to Encourage Transit Use?

- They don't have a marketing group and haven't done much on their own.
- They used to do a lot of outreach—events, talking to organizations
- They have invested some effort there to talk to downtown employers and encourage them to buy the GoPass for their employees.
- But especially since the pandemic it has been hard to sell their project.
 - Not a lot of effort on marketing—they should do more; recently made a video. So far has been well received—making sure people understand how to use a bus.
- They are trying to find out barriers for new customers and trying to figure out how to convince people of the value of transit in general

Lessons Learned

Aspirational peer transit agencies

- The Rapid—success with funding
- CATA—especially because they are university town as well.
- Canadian peer systems can offer lessons learned.

IndyGo

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: IndyGo

Date of Interview: October 4, 2023

Topics

Notes

Sustainable Funding

Existing Funding Sources

- Current funding is from traditional/historical sources.
- Received a “mandate” from president/CEO to look towards diversifying funding sources (possibly TOD); facing a fiscal ledge in 2031.
- Local income tax is used, some part is set aside for transit.
 - Both income (dedicated) and property (general/non-dedicated to transit) tax.
 - The pot of money comes from property tax, but the city has to dedicate it to transit.
 - Income is used heavily for new infrastructure.
 - City General Fund provided dollars; not all parts of Marion pay property tax. Income tax is still up for approval.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- They have used state money, but Indiana hasn't raised the amount of money given to transit since 2009.
 - Overall dollar amount has not changed (\$60 mil) from the Department of Transportation.
- Federal money from formula funds (bulk of 5307 and 5309).

Innovative Mechanisms

- Operational Funding Toolbox
 - Applied and was awarded through a federal stimulus program for \$60 million.
 - Applied to 8 grants in the past year; supporting funding for certain grants holds back from further application where eligible already.

Third-party Coordination

- Another transit provider that provides workforce ride around the area, IndyGo is looking into a cos-sharing arrangement.

Funding Approach Over Time

- Zero emissions vehicle plan update sparked looking into producing enough hydrogen fuel to sell to make a new revenue stream.
 - The new training facility (east campus) is set up so other providers can use it to train their drivers.
- Value capture around the stations—IndyGo wishes they did this years ago.
 - Creating TIFs around the stations.

Special Tools or Mechanisms to Secure Funding

- Established an IndyGo foundation.
 - Strategic Plan/Priorities—Buy passes for those in need; inclusive incentives program and development payment—resulting community benefits.
 - Unlike other similar foundations, the IndyGo foundation doesn't pay for paratransit.
 - The city passed inclusive incentives for developers, either putting in bus stop infrastructure at the site of the development or give cash.
- Applied to 8 grants this year (12 to 15 that they are eligible for)
- Capital dollars from the MPO.
 - \$4 to 7 million from the MPO for bussing,

Successful TOD

Role in Approaching TOD or ETOD Policy

- Still trying to find the right system for creating successful TODs.
- Third BRT route (Blue line, in service ~2027, traverses multiple land uses)
 - Looked into a grant for TOD, local match was coming from INHP
 - \$2 million in federal funding
 - Best designed for a transit agency with surplus land (IndyGo did not have surplus land).
 - INHP is actively looking at frequent and rapid corridor.
 - Construction laydown yard could be used as an affordable housing area in the future, but it was holding up NEPA for the Blue Line

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- There was concern about federalizing the project because of concern for the regulations.
- Property for end of line charging on the Red Line is undeveloped/could be redeveloped.
 - Thought about making it a park and ride.
- Working through two housing feasibility studies.
 - Neither are on rapid transit, already have strikes against them.
 - Cannot buy property for permanent affordable housing (sales tax can evade this freedom). Challenges around speculation for property (low \$) and want to tie it to the federal network.

How was/could TOD policy be established?

- The TOD protective overlay
 - Created from the sustainable communities grant (prior to 2015)
 - Included things like no parking minimums, secondary zoning district (text only), etc.

Relationships with Existing Jurisdictions for TOD Policy

- MCTP was a partnership with IndyGo and championed at business level and city level.
- Benefit from the partnership vs IndyGo implemented/led plan.

Key Ingredients to Successful TOD

- Value proposition of protecting the Blue Line was done with a consultant.

TOD/ETOD Champion/Role

- Currently, two people are the TOD champions at IndyGo.
 - These individuals already have multiple roles.
- Supplemented by a CFO that calls appraisers, developers, etc.
- Rely heavily on MPO, private development, and city to make the right decisions.
- Talked about education of developers and showing them what they should be doing for transit, but there is not anything exact.
- At the time referendum, Indy Chamber staff really worked hard for IndyGo to be successful.

Successful TOD Coordination

- TOD overlay created from a TOD grant
 - TOD is present IndyGo, especially in the desirable locations.
 - Red Line has so much market potential.
 - A lot of the land is already optioned or built on.
 - Purple Line has a cooler market, developers have seen it but the area is a bit harder to develop with housing.
 - MPO mimicked how the National Association of Realtors looked at the split of what kind of housing is wanted.
 - Helpful for IndyGo when looking at the topic of TOD.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Affordable Housing

Encouraging Affordable Housing

- Can not currently buy property that will be affordable housing; agency not empowered to do so.
- Struggled to acquire land for affordable housing.

Role in Affordable Housing Conversation

- Working through Housing Feasibility Studies to explore market conditions.
- Previous collaboration with INHP in the CIG Project in 2019.
- IndyGo rapid notes they talked with Met Council some time ago about land purchasing.

How ETOD Informs Approach to Affordable Housing

- ETOD fund with the Indy Neighborhood housing partnership.
 - CDCs that are doing well, they are purchasing property to do TODs.
 - They can get the city to do things like zoning/rezoning.
- Partners/nondirect partners are useful for TOD.
- IndyGo's MPO is expanded; they have federal money that they need to spend so working closely with them to create.
- What's good for transit is good for neighborhood growth.

Lessons Learned

Advice for Implementing Best Practices Around Innovative Projects

- The president/CEO/board need to be on the same page for a project to be successful.
 - Ex: On ADA program, split the county into two areas.
 - Successful because the president, board, etc. were on board together.

CapMetro

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: CapMetro

Date of Interview: August 15, 2023

Topics

Notes

Overview

Project Connect

- Last service plan was Connection 2025, which included major network redesign.
 - Branded as Cap reMAP.
 - Made many services more frequent.
- Project Connect passed in 2020.
 - Project Connect = light rail vision. Included additional metro rapid, and many other elements.
 - ATP = Entity created by City of Austin and Capital Metro. They design and construct metro. CapMetro will operate.
- In the next few years going to start next long-range plan to:
 - Craft a vision.
 - Determine how things will connect with light rail once constructed.
 - Define region.
 - Look at how things have changed since pandemic.

Sustainable Funding

Existing Funding Sources—Sales Tax

- 1 cent sales tax
 - The State of Texas capped sales tax at 8.25 percent
 - Transit sales tax is 1 percent of that 8.25 percent

Existing Funding Sources—Millage

- Project Connect election created additional property tax element.
 - Dedicates portion of city's tax rate to use for operations.
 - Doesn't expire like a bond.
 - Mill rate between 8- and 9.
 - They've had public pushback in last 6 months trying to get rid of it.
 - New property tax is operations/maintenance/capital. JUST for Project Connect projects. But not enough. About half as much as they need.

Why has there been an overwhelming level of support?

- CapMetro had taken transit to the ballot many times before this election, and it had failed. Projects need to be passed by voters even if they have the funding.
- Timely with the pandemic.
- Young people moving to Austin from California and other areas that are transit supportive.
- Incredible depth of engagement that agency embarked on. Two years of intense, deep engagement, building trust with the community.
 - CapMetro focused on building trust with the community to deliver transit.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Services proposed in PC included something for everybody. CapMetro now has the opportunity to offer new services: About to open a new microtransit zone that was funded through the property tax.
- Property tax goes through the City of Austin
 - Property tax helps them set up programs and process for what they could do to get more money for implementation.

Innovative funding

- CapMetro—Expanding Grants
 - For capital projects, they have been upping their grant strategy.
 - They were successful with RAISE grant for commuter rail.
 - Grant Strategy: Streamline process, organize info related to grant, create more structure around process, make sure grant strategy is planned for the whole year. Lessens stress and helps make them more strategic.
 - Coordination with the City of Austin
- Funding through Project Connect
 - Recently determined the ATP can be a direct recipient/project sponsor for grant and can now receive grant funding for designing and constructing a light rail.

Legislative Staff / Special Tools or Mechanisms to Secure Funding (for operating)

- Michigan context: Can't levy sales tax because of constitution in Michigan. Primary tools: property taxes, fares, state operating assistance (~30 percent). In 1998, it was about 1 percent. The more urban agencies in Michigan grow, this funding becomes strained. Mechanisms in place right now are not sustainable to fund that.
- Do you seek TOD funding or coordinating with housing developments? RAPID doesn't have any other corridors that could get federal attention to build something.
 - Applying for CIG funding: Worked with the city to match the land use patterns to what they need to increase their score to get accepted into the CIG program.
 - Develop program for TOD. If you own land, that works great. Make sure the land use around the station complements transit.
 - Building programs with other departments in the city to bring strategies to those locations.

Type of Millage / Boundaries of Millage

- They think it's good that they have one level of funding for all communities. CapMetro is doing everything they can to keep service area together.
- They have a current formula where different communities pay different amounts by their use.

Successful
TOD

TOD Supportive Transit

- There's a new apartment complex along one of their routes that has been very successful.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Relationships with Existing Jurisdictions for TOD Policy

- Opportunities to align with the city as comprehensive plan is complete.

ETOD vs TOD Policy Development

- Policy Tools
 - They have had a lot of TOD but not as equitable as hoping. New vision focused on all stations for Project Connect and stations for the upcoming BRT they are planning.
 - Included In depth existing conditions analysis.
 - Included robust and innovative engagement effort.
 - ❖ To help narrow down/edit different policies.
 - ❖ Had 12 people they paid who worked with them in those meeting to help tell them which directions they thought they should go.

Successful TOD Coordination

- How did this effort (robust and innovative engagement effort) align with the broader Project Connect initiative? (CapMetro + City of Austin and ATP)
 - City council directed city staff to develop systemwide ETOD Policy Plan which will build on the ETOD strategy framework.
 - Developed an ETOD Priority Tool—The primary users are policymakers, community, developers.

ETOD Outreach

- Project connect lessons learned
 - Engagement: Treating the community like they are subject experts—because they are.
 - Paying them accordingly for their expertise and their time.
 - For ETOD, they had virtual focus groups ranging from 1 to 1.5 hours. They would send people a \$50 gift card to a local grocery store. Had people coming back and giving them robust feedback. At the beginning, they outlined what was expected of respondents to receive the compensation.
 - Set up Google JAMboard so participants could see their feedback.
 - ❖ Helped them see they were actually valuing and taking their feedback into consideration and helped to get people talking. Wrote that into their scopes as something they want their consultants to do.
 - Had “community connectors” who were paid hourly for their time and gave feedback on the deliverables and got guidance on what was too complicated, what needed to be simplified, how the policies impacted different groups.
 - Solicited for the positions. Got 140 applications. Had a screening process. Picked people who came from different backgrounds, were in different parts of the city, and were connected to a community organization that they participated in actively.
<https://www.projectconnect.com/projects/etod-resources>
<https://www.projectconnect.com/projects/etod>
<https://publicinput.com/P2886>

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Affordable Housing

How ETOD Informs Approach to Affordable Housing

- Need to work closely with the city because they set these policies.
 - The best thing to come out of the ETOD was alignment and coordination with the City of Austin.
 - Looking at developing their own sites.
 - How can they look to leverage those sites with increased ridership and affordable housing there.
-

Lessons Learned

CapMetro offered the following advice:

- Where possible continue to own property and keep it for potential TOD efforts. One example was land they previously owned but later sold. Now given rising costs in Austin, it is challenging to purchase land dedicated for transit use. Consider holding onto valuable land, especially in downtown areas.

LA Metro

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: LA Metro

Date of Interview: September 30, 2023

Notes:

Sustainable Funding

Innovative Funding

- They are looking more into the pricing of the transportation system—for all modes
 - Burden type pricing—They adjust pricing so it costs more to move through certain zones. Study underway by Office of Strategic innovation.
 - A way to fund transit improvements: commuters into Santa Monica would be charged a certain fee.
 - You shouldn't charge without providing an alternative. And the alternative was a new bus line alternative. Which could be funded in part by the commuter fee.
 - Creating toll lanes on existing HOV lanes in a few areas.
 - CEQA – California Environmental Quality Act. Process they must do to get authorization to move forward on major infrastructure projects.
 - Certain thresholds they need to meet otherwise need to mitigate the impact. Related to climate change thresholds.
 - State of California used to use LOS as their threshold for evaluating traffic congestion impacts. Now they have moved that to VMT. Unfortunately, if they don't meet the reduction of VMT, there is a calculation about how much it would cost in transit or other modes to mitigate for that. It is a great goal, but then it turns projects into very expensive projects.
 - User-mileage-based cost: Stemming from the CEQA changes, there is the idea that there needs to be a VMT fee. This is a statewide thing. This is not proposed legislation yet, just discussions with the agencies.

Successful TOD / Affordable Housing

Role in Approaching TOD or ETOD Policy

- Two TOD focus areas:
 - TOD Program: Group mostly focused on utilizing excess property after construction or in some cases taking advantages of development opportunities as they coincide with station. Aggressive affordable housing components.
 - TOC Program: Broader program. TOCs.
 - Metro is better funded than many communities that they work with and provide transit to. Sometimes smaller cities don't have the capabilities to do visioning and planning and engagement. LA is a very expansive region. Some of these communities are in the urban context and some are very rural and may not understand the benefits of transit and transit land use planning.
 - They do an early assessment to think about needs and opportunities with all the different cities. They were doing an on the ground assessment within half mile of stations.
 - First last-mile planning in this group as well.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- TOD has been primarily around rail. Eventually want to do more TOD around BRT/buses too. Talking about mobility hubs more lately which could include highly active bus stop locations.

10,000-Home Commitment

- The real estate department is within the TOC group.
 - Real estate handles all facilities around the county.
 - They provide the more transactional component of the TOC. They work on the affordable housing commitment. Working with developers to make sure affordable housing goals are met or are attempted to be met.
 - Recently challenged to build 10,000 units.
 - Real estate folks came up with an innovative way to build affordable housing. Normally develop vision with community, put out an RFI, then go into an NDA and various agreements until there is a development agreement. They found that they were a go-between the developers and the community. Which kept the developer from having a relationship with the communities.
 - So instead, the group developed a bench of developers who have expertise in affordable housing and building stations. They are in the process of getting those developers approved. They will then join community meetings. This speeds up the procurement process for developers. They work with multiple developers at the same time to make it more competitive and involves them early on when it comes to working with the communities.

How do you gain acceptance for this type of thinking?

- A variety of different counties in their service area, so it is difficult and unique to each community. Because they are different and have different levels of service.
- They have been able to track which location access using which station and communicate to employers that their employees are reliant on the system.
 - They just opened late night service for the commuter rail service line because ridership has been low and they want to increase ridership. They realized they were missing riders who are coming from the city from late nights off of their shifts.
 - Communicate the historical component. That they must prepare for housing affordability to get worse like it has in other communities who were not proactive about the problem.

They have no congestion right now (in Grand Rapids), and people don't want to pay for things they don't need before they need them.

- Show that the community is the way it is because of intentional planning, not because of chance/market forces.
- And show that times are changing, and we need to think innovatively about the way we travel.

Success with Regional Expansion / Partnerships **Agency Partner Role in Transit Initiatives/Policies**

- Lots of cities are a part of the service area. How do you keep them all together?

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Board has learned over the years that they are stronger together.
- If they pursue federal or state funding, they are more successful when they stick together.
- Board does include two council of government representatives.
 - The region is also broken up into little council of governments where groups of cities in certain areas coordinate so certain initiatives and projects across city lines are coordinated will. Council of Governments have become more empowered by the active effort of staff to coordinate with them.

Innovative Marketing

Marketing Tools/Strategies to Encourage Transit Use

- Ambassador program
 - Addressing issues of crime/unhoused
 - Tough in subway systems
 - Creating a safe and user-friendly system as people came back.
 - Hard to get maintenance crews back.
 - Maintenance crews themselves did not feel safe.
 - Looking into ways to work with law enforcement.
 - They kept saying they are not equipped to deal with social service issues.
 - Customers were being left out.
 - Idea was to get ambassadors out there to hand out maps, say hello, tell you which platform to go to.
 - Not employees of Metro, just contracted.
 - This has had a very positive response. Makes they system feel like part of the community.
 - Wayfinding, how to pay for fare, great mobile resource.
 - Funded by metro through operating costs—No grant, just knew they had to do something to help with the ridership.
 - At the stations and on-board. Keep each ambassador group within a certain number of stations. Didn't think people would like to have a booth that people had to go up to.
 - Just on the rail system, although people have been asking for it on the buses too.
 - Program started in May. Saw 30 percent increase in ridership on the rail system. Also correlates with the regional connector opening.
 - Approach for multilingual services. They do have a communications system with each other and the base. So someone at a nearby station can come over and help communicate with that person. All the materials are multilingual. A tablet some ambassadors can use.

Lessons Learned

Advice for a region like Grand Rapids that is growing.

- Keep track of innovation.
 - LA Metro is always testing new ideas about transportation.
 - They have micromobility now; at first, there was some hesitation to implement, but now they are seeing the spaces where it is effective (in certain areas it's the only way to serve riders). The board is now seeing the benefits and ways it can be tweaked to be more cost effective but still prove the service moving forward.
 - Keeping an eye on the new up and coming technologies.

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Aspirational peer transit agencies for LA Metro include San Diego, specifically SanDag, the larger metropolitan planning area of San Diego.

Sound Transit

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

Transit Agency Name: Sound Transit, Seattle, Washington

Date of Interview: September 6, 2023

Topics	Notes
<u>Links</u>	Here's our most recent quarterly report, which has more details on our projects: https://www.soundtransit.org/sites/default/files/documents/sound-transit-tod-quarterly-report-q2-2023.pdf
<u>Overview</u>	<p>Current Services, Future Services</p> <ul style="list-style-type: none"> • Link Light Rail (link 1, link T), adding 2, 3, 4 • Sounder Trains (N line, S line), extended S line • ST express bus (~24 routes), changed on an annual basis. • Stride BRT – S1, S2, S3 <p>Funding Sources</p> <ul style="list-style-type: none"> • Voter-approved funding sources: <ul style="list-style-type: none"> ○ Car registration – 1.1% ○ Property Tax – \$0.25 annually per \$1,000 of assessed valuation ○ Sales and use tax – 1.4% ○ Rental car sales – 0.8 percent • Service area map includes parts pf Tacoma/Seattle/Bellevue/Everett • Revolving Loan Fund: Sound Transit is committing \$4 million per year for 5 years into a revolving loan fund to create more affordable housing near transit stations. This was part of the voter-approved ST3 plan. <p>Overview of TOD: Sound partners with private and non-profit developers to do TOD for housing, retail, office, community spaces, etc. They often must purchase land for stations/tracks/staging. Once the project is done, they no longer need some of this land—the board committed the agency to facilitate TOD on some of this property. By law they are required to offer 80 percent of surplus property for entities to develop affordable housing at 80 percent AMI.</p>
<u>Sustainable Funding</u>	<p>Existing Funding Sources</p> <ul style="list-style-type: none"> • ST3: Allowed for new revenue—about the new tax, people try and repeal that every year • Rely a lot on federal grants: They have a robust grant team constantly going after opportunities
<u>Successful TOD</u>	<p>Preliminary Notes:</p> <ul style="list-style-type: none"> • TOD Program is empowered by a voter-approved plan (ST3 Plan) • Required to provide quarterly updates. • Housing affordability -> converts surplus property. • Board approved five goals for revolving loan and process approach, committing \$4 million per year for five years to create affordable housing.

Role in Approaching TOD or ETOD Policy

- Acquisitions are done for construction funding well before TOD staff get involved. They don't have a say about what gets acquired. And the agency isn't allowed to acquire property for TOD; they only can for staging, stations, rail, etc.
- After it has been acquired and construction is done, excess property comes to TOD.
- Eminent domain/condemnation only done for transit.
- Do you see resistance to using public dollars to capitalize on public properties?
 - Yes, that is why they aren't allowed to acquire land for purpose of TOD

High-level Background

- Working under state statute RCW 81.112.350 in WA that requires them to offer 80percent of surplus property first for affordable housing development.' (<https://app.leg.wa.gov/rcw/default.aspx?cite=81.112.350>)
 - Specific to sound transit. Known as the 80/80/80 policy. Offering 80 percent of property for housing, 80 percent of which needs to be affordable, at 80 percent AMI or below.
 - Law exists so that they can offer a discount on the land if compliant for 80/80/80
 - State just sets the baseline. They have actually offered about 95 percent of surplus land for affordable housing, 100 percent of those units have been affordable, most often between 40 to 60 percent AMI
 - While they have been exceeding the limits, it's nice that the baseline is lower because that offers flexibility. For example, once they did an affordable homeownership initiative and it was nice to have the flexibility to do that. Flexibility also avoids having a lot of the land sit empty while waiting to meet the demands of the project.
 - They have heard pressure to lower the affordability limit (lower than 80 percent AMI) since prices are so high in the region. But again, the flexibility is nice.
 - Don't do any of the development themselves. They just create the RFPs.
 - Program is very popular in the region. Lots of buy in and recognition that this a good use of public land. So there is a lot of public support and support from fellow public agencies and vendors.
- What is funding source to purchase properties in the first place?
 - Varies: Grants, dedicated revenue source through the RTA tax (which is very helpful)
- Considerations
 - Balancing need with surplus property portfolio
 - They discount property for affordable housing, often a 250,000 fee rather than the many millions the land is typically worth. The rest sold at market value to generate revenue for the agency.

How was/could TOD policy be established?

- ETOD policy passed by the board that guides work (<https://www.soundtransit>)

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

[.org/st_sharepoint/download/sites/PRDA/FinalRecords/2018/Resolution%20R2018-10.pdf](https://www.sharepoint.com/download/sites/PRDA/FinalRecords/2018/Resolution%20R2018-10.pdf)

- Relatively young TOD Program – grown a ton since the project started.

Challenges

- Seattle has a constrained resource landscape.
- Have been pushing at boundaries of individual project space to see how they can be helpful in broader affordable housing landscape.

RFPs

- Try and make sure they prepare piece of land and limit red tape so things go smooth with the developer. Try not to interfere too strongly.
- Do you use a specific tool for prioritizing developers?
 - RFPs include a section that asks a developer for qualifications—but that mostly just looks at developers' project history to try and assess their ability to follow through on projects.
- Some examples of goals they have on their RFP:
 - Meet 80/80/80 policy requirements.
 - Meet sustainability requirements.
 - THEN they look for goals—usable outdoor space, units that can accommodate families, some elements of community partnership
 - Link to the open RFPs right now: <https://biddingo.com/soundtransit>
 - Look for Lynnwood City Center TOD and Kent/Des Moines South TOD
- How do you measure success of developers after the project has been built?
 - They are negotiating the term sheet that lays out the key terms the developer committed to so that they make sure the developer is delivering on the key goals
 - They mostly track key terms for compliance purposes

Community Engagement—how does this relate to TOD?

- They have someone starting on Monday that will be dedicated to community engagement. They have been growing their equitable engagement methods. Sending out survey to a couple thousand people usually. Going out to community events. Directly engaging with community-based organizations in the communities.
 - Evolving how they ask questions they are empowered to deliver on through RFP goals.

Staff

- 9 people on team, has been growing quickly over the years.
- 2 sub teams: integrated TOD joint development and adjacent TOD opportunities.
- Community engagement staff member will be reporting to greater sound transit community engagement department.

Medium-
Sized City
Mode Split

Encouraging Alternative Modes

- Connectivity to trails/bike/ped? Ways to enhance other modes?

The Rapid Transit Master Plan—Aspirational Peer Interview Notes

- Team within planning for access and integration. Their whole mission is to look at stations and see how they are connecting to other modes of transportation and the surrounding community to see how people are accessing the station.
 - This effort has kicked into high gear while developing upcoming extensions—to make sure everything is integrated.
- They have limited control over access and integration of TOD projects, but in RFPs they do ask developers how they will design a project that will interface with community, sidewalk, surrounding amenities, trails etc.
- Hard to move the needle on mode split in Grand Rapids because they are not congested and they have ample and cheap parking. No way to induce mode split unless they do something extremely innovative. They don't have an urban density problem.
 - Seattle has high gas prices, parking costs, they ran out of room, so they can only really build up. They still have same discussions though—people say that there is not enough parking or single-family homes.
 - On the housing side—weird silver lining is the message of urgency works. People can see and feel the housing affordability problem.
 - State passed a missing middle housing bill recently. State senate recently flipped blue. Those bills protected the carriage houses. Empowering people to turn their home into a duplex. If you have any momentum politically, you have to take advantage of it.
 - In Seattle, people didn't really understand what it meant to live near transit and not be able to use a car. They didn't understand that reality until the train came. Value in making the case in the physical world to show people. You need transit and housing champions getting out there and asking people to try it.

APPENDIX C: PEERS FOR FUTURE EXPLORATION

Through the TMP peer review process, The Rapid has identified additional peers to evaluate in future efforts. These peers have been identified in **Table 20**. Learning from peers can be an ongoing effort and informative when considering new strategies or policies.

Table 20. Peer Identified for Future Exploration

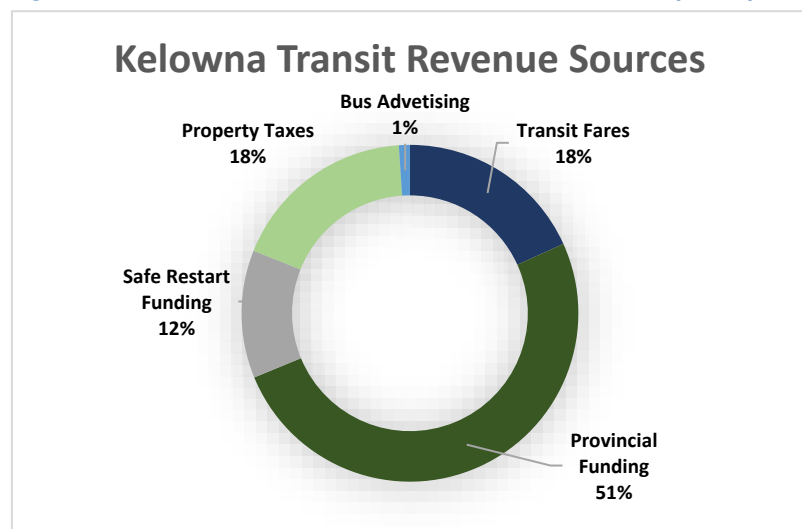
Peers Identified	Location	Topic
Valley Metro	Phoenix, AZ	TOD
GoRaleigh	Raleigh, NC	TOD
Suburban Mobility Authority for Regional Transportation (SMART)	Detroit, MI	Microtransit
Dallas Area Rapid Transit (DART)	Dallas, TX	Microtransit
Central Ohio Transit Authority (COTA)	Columbus, OH	TOD
Pittsburg Regional Transit (PRT)	Pittsburg, PA	Sustainable Funding
Regional Transportation District (RTD)	Denver, CO	TOD

International Peer: BC Transit

BC Transit is a provincial government corporation that provides planning, marketing, fleet, and funding support for almost all the transit agencies (except Metro Vancouver) in British Columbia. One of these agencies is Kelowna RTS, which is selected as an international peer because of their comparison to The Rapid.

Kelowna RTS serves a population of about 235,000 people in the City of Kelowna and its surrounding regions. Operational services are provided by Transdev Canada while planning and administrative support are offered by BC Transit. In 2022 to 2022, Kelowna Transit had about 4,585,810 passenger trips, which is about 21 percent of all trips made by BC Transit. The transit agency has over 100 buses which operates on more than 28 routes. Kelowna Transit provides more than 190,000 hours of service annually within its service area. Funding for Kelowna Transit is provided by the City of Kelowna, District of West Kelowna, District of Lake Country, District of Peachland, Westbank First Nation, and Central Okanagan Regional District. In 2020, it cost the agency about \$28.5 million to operate transit services. **Figure 39** illustrates the breakdown of revenue received in 2020 and the revenue sources. The operating cost covered by transit fares were \$5.2 million, which make the farebox recovery 18 percent⁴⁰.

Figure 39. Kelowna Transit Revenue Distribution (2020).



⁴⁰ Unlike the United States peers, Canada transit agency data is less publicly accessible; only 2020 data was available.